



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE**

**TO BE HELD IN THE COMMITTEE ROOM, TOWN AND COUNTY HALL, FORFAR
ON WEDNESDAY 30 AUGUST 2017 AT 12.30PM**

AGENDA

1. APOLOGIES

2. DECLARATIONS OF INTEREST

Members are reminded that, in terms of the Code of Conduct of Members of Devolved Public Bodies, it is their responsibility to make decisions whether to declare an interest in any item on this agenda and whether to take part in consideration of that matter.

PAGE NO

3. MINUTE OF PREVIOUS MEETING

Submit, for approval, as a correct record, the minute of meeting of this Committee of 28 June 2017.

(3 - 6)

4. INTERNAL AUDIT PLAN 2017/18

Submit Report No IJB 51/17 by the Chief Finance Officer.

(7 -29)

**5. INTERNAL AUDIT REVIEW OF POST IMPLEMENTATION DUE DILIGENCE
(ANO5/17)**

Submit Report No IJB 52/17 by the Chief Finance Officer.

(30 - 36)

**6. 2016/17 ANGUS INTEGRATION JOINT BOARD ASSURANCES RECEIVED
FROM PARTNERS**

Submit Report No IJB 53/17 by the Chief Finance Officer.

(37 - 40)

7. AUDITED ANNUAL ACCOUNTS

Submit Report No IJB 54/17 by the Chief Finance Officer.

(41 - 94)

MINUTE of MEETING of the **ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** held in the Committee Room, Town and County Hall, Forfar, on Wednesday 28 June 2017 at 4.50pm.

Present: Members of Audit Committee

DAVID BARROWMAN, Service User
JIM FOULIS, Associate Nurse Director
ALISON ROGERS, Non Executive Board Member
Councillor LOIS SPEED, Angus Council
BARBARA TUCKER, Staff Representative

Advisory Officers

SANDY BERRY, Chief Finance Officer
VICKY IRONS, Chief Officer
DAVID THOMPSON, Principal Solicitor – Place Directorate, Angus Council

Also in Attendance

RACHEL BROWNE, Senior Audit Manager, Audit Scotland
TONY GASKIN, Chief Internal Auditor, Fife, Tayside & Forth Valley Audit and Management Services (FTF)

ALISON ROGERS, in the Chair

1. APPOINTMENT OF CHAIR

Alison Rogers intimated that she would be content to Chair the meeting of the Audit Committee for this meeting. She noted that it may be more appropriate and fairer that the Chair of the Audit Committee differed in representation from the Chair of the Integration Joint Board.

The Board agreed to seek views about future chairing arrangements over the next six weeks.

There being no further nominations at this meeting, Alison Rogers took the Chair.

2. WELCOME AND INTRODUCTIONS

Introductions took place and members were welcomed to the meeting.

3. APOLOGIES

An apology for absence was intimated on behalf of Peter Burke, Carers Representative.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made.

5. MINUTE OF PREVIOUS MEETING

The minute of the previous meeting of 19 April 2017 was submitted and approved as a correct record.

6. INTERNAL AUDIT REVIEW OF FINANCIAL MANAGEMENT (ADULT SERVICES)

There was submitted Report No IJB 39/17 by the Chief Finance Officer presenting the outcomes of the Internal Audit review of Financial Management (Adult Services).

The Report noted that throughout the year, reference had been made to weaknesses in the provision of financial management support to the Integration Joint Board.

Attached as an Appendix to the Report was the Financial Management report compiled by Angus Integration Joint Board's (IJB) Internal Auditors and reflected their views of Angus IJB's Financial Management of Adult Services.

The overall view of Internal Audit was that for 2016/17 the Financial Management of Adult Services had been "inadequate" (grade D). An action plan was included in the Report with an associated series of management responses.

The Chief Finance Officer and the Chief Internal Auditor provided an overview and update. Having heard the concerns of members in relation to the audit opinion and findings, the Audit Committee agreed:-

- (i) to note the Internal Audit review of Financial Management;
- (ii) to share the Audit Committee's concerns regarding the outcomes of the Report with Angus Council;
- (iii) to approve the associated management response/action and to request an update on progress against actions at the Audit Committee meeting following the August Audit Committee meeting;
- (iv) to note the additional comments of the Chief Finance Officer; and
- (v) to note the approved overview of the overall Corporate Support arrangements.

7. 2016/17 INTERNAL AUDIT PLAN – PROGRESS REPORT

With reference to Article 9 of the minute of the previous meeting, there was submitted Report No IJB 40/17 by the Chief Finance Officer setting out progress towards delivery of the 2016/17 Internal Audit Plan.

Attached as Appendix 1 to the Report was the Angus Integration Joint Board's Internal Auditor's progress report on the 2016/17 Internal Audit Plan.

The Audit Committee agreed to note the provisional Internal Audit Progress Report.

8. REVIEW OF ROLE OF CHIEF FINANCE OFFICER

There was submitted Report No 41/17 by the Chief Finance Officer outlining the outcomes of the self-assessment of the role of the Chief Finance Officer within Angus Integration Joint Board against the principles set out in Chartered Institute of Public Finance and Accountancy (CIPFA's) "The Role of the Chief Finance Officer in Local Government", published in 2016.

The Report indicated that in 2016, CIPFA published a document "The Role of the Chief Finance Officer in Local Government". Angus Integration Joint Board was formally classified as a Local Authority body, therefore the guidance was applicable to Angus IJB. The document set out five principles that defined the core activities and behaviours of the Chief Finance Officer in Public Services organisations and the organisational arrangement needed to support them. The five principles were outlined in Section 2 of the Report.

The Audit Committee noted this was an annual assessment and therefore their expectation of in future being able to see the outcomes of annual reviews compared to the 2016/17 position.

Having heard from the Chief Officer and Chief Finance Officer, the Audit Committee agreed:-

- (i) to note the self-assessment of the role of the Chief Finance Officer in Angus Integration Joint Board;

- (ii) to note the main weaknesses arising from the review as outlined in Section 2.3 of the Report and to support the planned responses made by the Chief Finance Officer regarding the issues arising;
- (iii) to note the independent view of Angus Integration Joint Board's Internal Auditors regarding the review; and
- (iv) to request feedback in due course regarding the responses made at (ii) above.

9. 2016/17 ANNUAL INTERNAL AUDIT REPORT

There was submitted Report No 42/17 by the Chief Finance Officer presenting the Annual Internal Audit Report as produced by Angus Integration Joint Board's Internal Auditors.

Appendix 1 outlined the Angus Integration Joint Board's Internal Auditor's 2016/17 Annual Internal Audit Report. The Report was produced annually to provide the Integration Joint Board Audit Committee with an independent view of the overall adequacy and effectiveness of the framework of governance, risk management and control within the Integration Joint Board.

The main conclusions made by the Angus Integration Joint Board's Chief Internal Auditor were outlined in Section 2 of the Report.

There were a number of issues reported for consideration including progressing the further development of the Integration Joint Board's accountabilities and responsibilities in respect of all governance arrangements and reviewing the Integration Joint Board's receipt of assurances on clinical and care governance.

The Audit Committee agreed:-

- (i) to note the report setting out the evaluation in the internal control environment 2016/17 and to note the actions to be taken on the issues reported; and
- (ii) to approve the compilation of an action plan to respond to the issues raised in the Annual Internal Audit Report and that action plan being brought to the next meeting of the Audit Committee.

10. 2016/17 ANGUS INTEGRATION JOINT BOARD – GOVERNANCE STATEMENT

There was submitted Report No 43/17 by the Chief Finance Officer setting out the Integration Joint Board's draft Governance Statement for financial year 2016/17. If approved, the Governance Statement would then be formally included in the Integration Joint Board's 2016/17 Annual Accounts.

The Report indicated that on an annual basis the Integration Joint Board (IJB) required to include a Governance Statement within its Annual Accounts. The statement was intended to explain the IJB's governance arrangements and to report on the effectiveness of the IJB's system of internal control.

The IJB's Audit Committee required to consider and approve the draft Governance Statement and to confirm it was content for the Chair of the Audit Committee to write to Angus Council and NHS Tayside providing them with assurance regarding the adequacy and effectiveness of the governance arrangements within Angus IJB for 2016/17.

The Audit Committee agreed:-

- (i) to approve the Integration Joint Board's 2016/17 Governance Statement; and
- (ii) to authorise the Chair of the Integration Joint Board's Audit Committee to write to both Angus Council and NHS Tayside confirming the adequacy and effectiveness of the governance arrangements within Angus Integration Joint Board for 2016/17.

11. UNAUDITED ANNUAL ACCOUNTS

There was submitted Report No 44/17 by the Chief Finance Officer setting out the Integration Joint Board's unaudited annual accounts for financial year 2016/17. The report required to be considered by the Audit Committee and subsequently submitted to the Integration Joint Board's External Auditors for review and auditing.

The Report indicated that as a formally constituted body the Integration Joint Board was required to produce a set of formal Annual Accounts for the financial year ending 31 March 2017.

Attached as Appendix 1 to the Report was the Integration Joint Board's Unaudited Annual Accounts for 2016/17.

The Audit Committee agreed:-

- (i) to note the background regarding compilation of the 2016/17 Integration Joint Board's Unaudited Annual Accounts; and
- (ii) to confirm the submission of the Unaudited Annual Accounts to the Integration Joint Board's External Auditors.

12. DATE OF NEXT MEETING

The Audit Committee noted that the next meeting would take place on Wednesday 30 August 2017. Time and venue to be confirmed in due course.

28 Jun



**ANGUS HEALTH AND SOCIAL CARE
ANGUS INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 AUGUST 2017
INTERNAL AUDIT PLAN 2017/18
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

ABSTRACT

The aim of this paper is to seek approval for the Annual Internal Plan for Angus IJB for 2017/18.

1.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) approve the Internal Audit Plan for 2017/18. (Appendix 1)
- (ii) request that Angus IJB's Internal Auditors proceed with the implementation of the approved Audit Plan and for the Chief Finance Officer, in conjunction with Internal Audit, to report back as required to the Audit Committee regarding the progress of that plan.
- (iii) approve the Sharing of Audit Outputs Protocol (Appendix 2).

2.0 BACKGROUND

2.1 In March 2016, the IJB approved the appointment of Fife, Tayside and Forth Valley Management Services (FTF) as the IJB's Internal Auditors with support provided by Angus Council Internal Audit, all on an ongoing basis. Angus IJB's Internal Auditors require to have an approved annual Internal Audit plan.

After discussion between the IJB's Internal Auditors and the Chief Officer and Chief Finance Officer, taking into account the stage of development that the IJB is at and the IJB's Strategic Risk Register, a proposed Internal Audit plan has been put forward by the IJB's Internal Auditors. This is attached at Appendix 1. The Internal Audit plan describes how the available resource will be utilised during the year.

This Appendix includes a proposed plan and an associated assessment of audit needs based on the IJB's Strategic Risk Register. It also includes reference to a protocol (Appendix 2) for sharing the outcome of Internal Audit Outputs. The proposals reflect a range of issues from overall governance to Clinical, Care and Professional Governance, to the IJB's capacity to manage change to issues reflecting the 2016/17 Internal Audit of Financial Management.

Noting that the IJB's Internal Auditors would flexibly adjust the plan if required, the Audit Committee is now asked to approve this plan and request that Internal Audit proceed with the implementation of this plan and report back regarding progress at each Audit Committee.

3.0 CONCLUSIONS

3.1 The Audit Committee requires to approve an Internal Audit plan for 2017/18. This paper sets out the proposed plan for approval.

**REPORT AUTHOR: ALEXANDER BERRY, CHIEF FINANCE OFFICER
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List of Appendices:

Appendix 1: Internal Audit – Internal Audit Plan 2017/18

Appendix 2: Tayside IJBs / NHS Tayside / Tayside Local Authorities – Sharing of Audit Outputs Protocol

INTERNAL AUDIT PLAN 2017/18

1. PURPOSE OF THE REPORT

The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Angus Integration Joint Board (IJB) for 2017/18.

2. RECOMMENDATIONS

The IJB is asked to:

- Approve the 2017/18 annual plan.

3. BACKGROUND

As stated in the IRAG guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. Following a meeting of Angus IJB in March 2016, Fife, Tayside and Forth Valley Audit and Management Services (FTF) were appointed as the IJB's Internal Audit Service annually on an ongoing basis.

Resources to deliver the plan will be provided by the NHS Tayside and Angus Council Internal Audit services. A total of 50 days have been included in the 2017/18 Internal Audit Plans of the parties.

The 2016/17 Internal Audit Plan stated that '*Within the first year, we will identify areas for inclusion within the audit universe and develop a 3 year strategic audit plan congruent with the IJB's risk register.*' However, it is now clear that the development of a 3 year plan would not be appropriate given the emergent nature of the IJB, the continuous development and understanding of the control and risk environment in which the IJB operates and the changing needs of the organisation. It has therefore been concluded that the discretionary elements of this year's plan will be focused around the Angus IJB's Strategic Risk Register, with individual topics also informed by the professional views of the IJB Chief Officer and Chief Financial Officer and the Chief Internal Auditors of both parties.

It also takes account of assurance which can be provided to the IJB based on work performed under the Internal Audit plans of both parties.

We would highlight that the plan is predicated on the basis that operational controls over services are maintained and assured through the parties. As such, the Internal Audit plans of NHS Tayside and Angus Council are included as Annex A & B to this report. Audit Committee members are asked to note the audits highlighted which are likely to be shared under the protocol which is presented separately and which will provide additional assurance to the IJB.

The audit plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls.

The draft operational plan for 2017/18 has been designed to target the priority issues identified by our assessment of risk. The plan includes the delivery of standard products required each year, and is further based on professional judgement of the IJB risk environment. We therefore assessed audit need based on the IJB's own strategic risks as well as areas for improvement noted in the Governance Statement, our findings from our 2016/17 Annual Internal Audit Report and benchmarking with other IJBs. We have also discussed the proposed plan with the Chief Officer and Chief Finance Officer to ensure the substantive audit assignments add value.

The proposed plan is set out below:

Ref	Audit	Indicative Scope	Days	Target Audit Committee
AN01-18	Audit Planning	Agreeing audit universe and preparation of strategic plan	3	August 2017
AN02-18	Audit Management	Liaison with managers and Directors and attendance at Audit Committee	4	Ongoing

AN03-18	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	7	June 2018
AN04-18	Risk Management	Review of systems of risk management, assessment of risk maturity and consideration of assurances mechanisms for key controls	10	December 2017
AN05-18	Clinical, Care & Professional Governance	Review of arrangements established to control and mitigate Risk 5 from the strategic level risk register - Clinical, Care & Professional Governance	6	March 2018
AN06-18	Capacity	This audit will review the IJB's capacity to implement its strategic priorities and affect service change as well as the governance oversight of these processes. A more detailed scope which may include aspects such as project management or corporate support will be discussed in detail and agreed with management. Links to Strategic risks 4 & 6	10	March 2018
AN07-18	Financial Management (to include Follow Up of AN07/17)	Review of progress to address issues identified by management and Internal Audit in relation to Adult Services financial management	10	December 2017

Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor. An Internal Audit Joint Working Protocol has been agreed by the Internal Auditors of both parties as has the draft Protocol for sharing Internal Audit Outputs which is presented separately.

4. CONSULTATION

The Chief Officer, the Chief Finance Officer and the Chief Internal Auditor of Angus Council have been consulted on the content of this paper. The draft plan has also been issued to the IJB's external auditors for comment.

A Gaskin BSc ACA
Chief Internal Auditor

Audit Need Assessment based on Angus IJB Strategic Risk Register as at June 2017		Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
Risk Title / Description			L = Likelihood C = Consequence		
<p>1</p> <p>STRATEGIC RISK 1 – SUSTAINABILITY OF PRIMARY CARE SERVICES</p> <p>As a result of an increase in GP vacancies due to retirement and difficulties being experienced in relation to recruitment and retention, there is a risk that NHS Tayside will be unable to provide GP services in hours cover to a number of Practices and out of hours when GP practices are closed and the NHS Tayside Out of Hours Services covers. This risk includes risk of being able to cover smaller more specialist areas such as Forensic and Custody Healthcare and Prison Healthcare.</p> <p>This risk recognises that failure to maintain sustainable Primary Care Services both in and out of hours in each locality across Tayside will result in a failure to achieve the 20/20 Vision, the National Clinical Strategy and local Primary Care Strategy resulting in patient being unable to access Primary Care Services across the geographical location and provide continuity of service, which may lead to adverse publicity, reputational damage and unsatisfactory patient experience</p>	<p>Associate Director – Primary Care</p> <p>Head of Prisoner Healthcare/Out of Hours/Forensic Medical Services</p>	<p>L= 4 C= 3</p> <p><u>12</u></p>	<p>L= 3 C= 3</p> <p>9</p>	<p>Included? No</p> <p><u>Rationale</u> Previously reviewed under NHS Tayside Internal Audit T16/15 and therefore not considered highest priority for 2017/18- to be included in future audit plans</p>	

Audit Need Assessment based on Angus IJB Strategic Risk Register as at June 2017		Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
Risk Title / Description			L = Likelihood C = Consequence		
2	<p>STRATEGIC RISK 2 – GP PRESCRIBING</p> <p>Angus IJB has a c£21m FHS prescribing budget. This budget could be c£2.6m overspent this year. This is the single most significant costs pressure within the IJB and the overspend is equivalent to about 1.75% of the IJB's overall budget. Without a material reduction in FHS prescribing spend, then Angus IJB will need to realign resources from other services to support ongoing prescribing spend levels.</p>	<p>Clinical Director Primary Care Manager/Long Term Conditions Lead</p>	<p>L= 5 C= 5 <u>25</u></p>	<p>L= 4 C= 5 <u>20</u></p>	<p>Included? No</p> <p><u>Rationale</u> Other source of assurance available – to be reviewed under NHS Tayside Internal Audit T20/18 Medicines Management</p>

Audit Need Assessment based on Angus IJB Strategic Risk Register as at June 2017		Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
Risk Title / Description			L = Likelihood C = Consequence		
3	STRATEGIC RISK 3 – EFFECTIVE FINANCIAL MANAGEMENT	Chief Officer Chief Finance Officer	L= 5 C= 5 <u>25</u>	L= 4 C= 5 <u>20</u>	Included? Yes <u>Rationale</u> AN07/17 Financial Management was graded D- (Inadequate). We will review of progress to address issues identified by management and Internal Audit in relation to Adult Services financial management <u>Any previous audit coverage?</u> Yes- see above <u>Other relevant assurance</u> The 2017/18 NHS Tayside Internal Audit plan contains consideration of savings plans, medicines management and rostering, all of which have an impact on Angus IJB. Angus Council 2017/18 Internal Audit plan includes a review of procurement which will include procurement for the IJB.
4	STRATEGIC RISK 4 – ENHANCED COMMUNITY SUPPORT Ability to deliver on Enhanced Community Support (ECS) across all Angus localities.	Risk Owner: Head of Community Health & Care Services (North Angus) Risk Manager: Clinical Services Manager, Adult Services	L= 4 C= 4 <u>16</u>	L= 2 C= 2 4	Included? Yes <u>Rationale</u> Controls have a strong effect on the risk score, audit may add value. To be included in planning AN06/18- Capacity (Compare strategic risk 6)

Audit Need Assessment based on Angus IJB Strategic Risk Register as at June 2017		Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
Risk Title / Description			L = Likelihood C = Consequence		
5	<p>STRATEGIC RISK 5 – Clinical, Care & Professional Governance Unable to provide effective and embedded systems for Clinical, Care & Professional Governance in all services within the Angus Health & Social Care Partnership</p> <p>As a result of the complexities associated with becoming an Angus Health and Social Care Partnership, there is a risk that we will be unable to deliver reliable, safe, effective and person centred care and meet statutory requirements due to the number and diversity of services within the partnership.</p>	<p>Risk Owner: Clinical Director Risk Manager: Chief Social Work Officer (CSWO)/Clinical Director (CD)/Associate Nurse Director (AND)</p>	<p>L= 3 C= 3 <u>9</u></p>	<p>L= 2 C= 3 <u>6</u></p>	<p>Included? Yes <u>Rationale</u> Issues highlighted as part of annual report work and in other Tayside IJB audits</p>
6	<p>STRATEGIC RISK 6 – IMPLEMENTATION OF STRATEGIC PLAN PRIORITIES Failure to deliver the intentions set out in the health and social care partnership strategic plan leads to the inability to meet the aspirations of the Integration Joint Board (IJB) and deliver on commitments made to the population of Angus.</p>	<p>Risk Owner: Head of Community Health & Care Services (South Angus) Risk Manager: Principal Planning Officer, Strategic Planning & Performance</p>	<p>L= 3 C= 4 <u>12</u></p>	<p>L= 2 C= 4 <u>8</u></p>	<p>Included? Yes <u>Rationale</u> The IJB's capacity to implement its strategic priorities and affect service change as well as the governance oversight of these processes will be a fundamental factor in its ability to deliver its strategic objectives.</p>

Audit Need Assessment based on Angus IJB Strategic Risk Register as at June 2017		Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
Risk Title / Description			L = Likelihood C = Consequence		
7	STRATEGIC RISK 7 – PERFORMANCE MANAGEMENT Failure to deliver an appropriate performance management framework and arrangements for delivery of the framework.	Risk Owner: Head of Community Health & Care Services (North Angus) Risk Manager: Principal Planning Officer, Strategic Planning & Performance	L= 5 C= 4 <u>20</u>	L= 2 C= 4 <u>8</u>	Included? No <u>Rationale</u> Previous audit coverage in 2016/17 plan under AN06/17
8	STRATEGIC RISK 8 – WORKFORCE OPTIMISATION As a result of changing demographics affecting our staff and people who use our services there is a risk that Angus HSCP will be unable to develop and sustain its workforce to meet its legal obligations under the Public Bodies (Joint Working) (Scotland) Act 2014	Risk Owner: Head of Mental Health Services Risk Manager: Head of HR, IT & Organisational Development/HR Business Lead	L= 4 C= 3 <u>12</u>	L= 2 C= 3 <u>6</u>	Included? No <u>Rationale</u> Low risk score <u>Any previous audit coverage?</u> No <u>Other relevant assurance</u> Yes-partly covered under NHS Tayside audit T22/18 Workforce planning (including capable and effective workforce) which will cover partnership staff employed by the health board Further assurance will need to be provided in future audit plans

Audit Needs Assessment based on Angus IJB 2016/17 Governance Statement development issues 2017/18	Source	Internal Audit coverage 2017-18
Development of Large Hospital Set Aside arrangements in conjunction with NHS Tayside	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> This is an area in progress and would best be reviewed once settled arrangements have been in place and operating for a period sufficient to allow meaningful assessment.
Development of improved Hosted Services arrangements including improved sharing of information between the three Tayside IJBs.	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> This is an area in progress and would best be reviewed once settled arrangements have been in place and operating for a period sufficient to allow meaningful assessment.
Review the quality of corporate support arrangements that the IJB is reliant upon and that are currently provide by Angus Council and NHS Tayside.	Angus IJB Governance Statement 2016/17	Included? Yes <u>Rationale</u> To be included in planning AN06/18
Review the overall governance framework that supports the relationship between Angus Council and NHS Tayside and Angus IJB.	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18
Develop further the role of localities including clarifying local financial planning arrangements.	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> This is an area in progress and would best be reviewed once settled arrangements have been in place and operating for a period sufficient to allow meaningful assessment.
Continue to review the training requirements for Board members and new Board members in particular.	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18
Undertake a broad review of the IJB's overall governance arrangements after the first full year of integration.	Angus IJB Governance Statement 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18

In addition to developments identified by management, Internal Audit made the following additional recommendations in the 2016/17 Annual Internal Audit report:

	Source	Internal Audit coverage 2017-18
<p>Audit Needs Assessment based on 2016/17 Annual Internal Audit report</p> <p>Formal agreement on accountability and responsibilities of the IJB in respect of all governance arrangements</p>	<p>Finding from Angus IJB Annual Internal Audit report 2016/17</p>	<p>Included? No</p> <p><u>Rationale</u></p> <p>Being considered by the Governance Review Group which includes IJB Chief Officer and Chief Finance Officers, following which discussion will take place with Angus Council.</p>
<p>IJB membership (non-voting members' positions)</p>	<p>Finding from Angus IJB Annual Internal Audit report 2016/17</p>	<p>Included? No</p> <p><u>Rationale</u></p> <p>Will be reviewed as part of Annual Internal Audit report 2017/18</p>
<p>Risk management and assurance</p>	<p>Finding from Angus IJB Annual Internal Audit report 2016/17</p>	<p>Included? Yes</p> <p><u>Rationale</u></p> <p>See above</p>
<p>Formal deputising arrangements</p>	<p>Finding from Angus IJB Annual Internal Audit report 2016/17</p>	<p>Included? No</p> <p><u>Rationale</u></p> <p>Will be reviewed as part of Annual Internal Audit report 2017/18</p>
<p>Best Value</p>	<p>Finding from Angus IJB Annual Internal Audit report 2016/17</p>	<p>Included? No</p> <p><u>Rationale</u></p> <p>Parent bodies both provide assurance on best value through their own governance and audit processes.</p>

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
Clinical, Care & Professional Governance- assurance on implementation and reporting arrangements	Finding from Angus IJB Annual Internal Audit report 2016/17	Included? Yes <u>Rationale</u> See above
Reporting on workforce issues, needs and opportunities	Finding from Angus IJB Annual Internal Audit report 2016/17	Included? No <u>Rationale</u> See above

We also benchmarked against other IJBs and used our professional judgement to identify further potential audit areas:

Information governance	Included? No
Engagement	<u>Rationale</u>
Health equity	The risk management review will consider the completeness of the risk register and whether these items should be considered for inclusion

NHS Tayside Operational Internal Audit Plan 2017-2018		Appendix 1 ANNEX A	
Reference	Description	Scope	2017/18 Days
AUDIT PROCESS			
T	18 Audit Risk Assessment & Planning	Audit Risk Assessment & Operational Planning	13
T	18 Audit Management & Liaison with Directors	Audit Management, Liaison with Directors of Finance and other Officers	16
T	18 Liaison with External Auditors	Liaison and co-ordination with External Audit	4
T	18 Audit Committee	Briefings, preparation, attendance and action points	16
T	18 Clearance of Prior Year	Provision for clearance and reporting of 2016-17 Audit Reports	15
CORPORATE GOVERNANCE			
<i>Accountability and Assurance</i>			
T	18 Annual Internal Audit Report	CIA's annual assurance to Audit Committee	18
T	18 Governance Statement	Preparation of portfolio of evidence to support governance statement	18
T	18 Interim Review	Report to show progress and allow remedial action in-year	20
T	18 Audit Follow-up	Review of the audit follow-up mechanism & selective examination	5
<i>Control Environment</i>			
T	18 Code of Corporate Governance (SOs, SFIs and SoD)	To include assistance with development at Governance Review Group, provision of ad-hoc advice (inc. Risk Management)	8
T	18 Board, Operational Committees and Accountable Officer	CIA attendance at Board meetings and provision of advice	10
<i>Risk Management</i>			
T	18 Staff and Patient Environment	Including Health and Safety, Fire and Security	15
<i>Sustainability</i>			
T	18 Environmental Costs	Review of Carbon Reduction Commitment	10
HEALTH PLANNING			
<i>Health Plan</i>			
T	18 Strategic Planning	Advice and assistance from CIA around NHS Tayside design of system	10
<i>Service Monitoring</i>			
T	18 Organisational Performance Management	Benefits realisation for workstream programmes	20
<i>Effective Partnerships and Integrated Care</i>			
T	18 Health and Social Care Integration	Working with Local Authority Partners to deliver IJB Internal Audit plan. Ongoing review of Health Board HSCI risk and associated controls.	80
CLINICAL GOVERNANCE			
<i>Quality of Care</i>			
T	18 Clinical Effectiveness	Review the processes in place for Mortality reviews across the Surgery Directorate	20

T	18	18	18	18	<i>Patient Safety</i>	Review of arrangements to manage the Corporate risk on control of HAI and adherence to policy	15
T	19	18	18	18	Infection Control	To include follow up of previous report T21-14 including Ransomware issue	20
T	20	18	18	18	Medical Equipment and Devices Medicines Management	Arrangements for efficient and effective prescribing. Increased to 30 to cover PMG/Homecare/ Formulary compliance/Improving repeat prescribing systems	30
					STAFF GOVERNANCE		45
					<i>Staff Governance Arrangements</i>		
T	21	18	18	18	Staff Governance (inc Remuneration Sub-Committee)	To include bi - annual review of Remuneration Committee Self assessment checklist	10
T	22	18	18	18	Workforce planning including capable and effective workforce	Review of workforce planning and monitoring to deliver the right workforce in the short, medium and long-term. Bench marking of investigations process. Benefits realisation of rostering changes	35
					FINANCIAL ASSURANCE		30
					<i>Accountability</i>		
T	23	18	18	18	Fraud & Probity arrangements	Input of Regional Audit Manager as the Board's Deputy Fraud Liaison Officer and input to National Fraud Initiative	10
					<i>Use of Resources</i>		
T	24	18	18	18	Savings Programme	Identification, delivery and reporting of savings	20
					CAPITAL INVESTMENT		10
T	25	18	18	18	Property Transaction Monitoring and Property disposals	Post Transaction Monitoring	10
					TRANSACTION SYSTEMS		23
T	26	18	18	18	Financial Process Compliance	Compliance testing of central payroll, travel, accounts payable, account receivable, bank arrangements	15
T	27	18	18	18	National Payroll Maintenance	Assurance on the maintenance of the Scottish Standard Payroll System	8
					ENDOWMENT FUNDS		30
T	28	18	18	18	Endowments	Review of endowments on 5 year risk based audit plan	30
					INFORMATION GOVERNANCE		10
					<i>Data</i>		
T	29	18	18	18	NHS Scotland Waiting Times Methodology	Annual independent assurance over the monthly audit process and control matrix evaluation of Trakcare	10
					CONTINGENCY		50
					<i>Contingency</i>		
T	30	18	18	18	Contingency	Contingency reserve for investigations and reviews	10
T	31	18	18	18	Departmental Reviews	Tailored reviews of individual departments/wards/programmes selected following detailed discussion with management	40
					TOTAL		561

Angus Council Internal Audit Plan**Revised Internal Audit Plan 2017/18**

Audits	Output	Commentary	CRR ref.	Comments on change to plan
Corporate Governance				
Retained as originally planned				
General Data Protection Regulations (GDPR) Readiness	Report	To review corporate arrangements for compliance with new data protection legislation that will be enacted May 2018.	6,8	No reduction to allocated time as this area is new and risks associated with non-compliance are very high. This work will consider Data Sharing arrangements, detailed work on which has been removed from later in the plan.
Revised allocation and scope				
Corporate Governance annual review – 2016-17	Management letter	Review of the self-assessment process and progress with action plans.	10	Reduce detailed testing
Public Accountability	Report	This review will assess the Council's response to Audit Scotland's Best Value report identifying public accountability as an area for improvement.	8	Reduce scope of work to high level check on activity
Corporate Governance				
Revised allocation and scope				
Performance Information	Report	This review will assess the Council's response to Audit Scotland's Best Value report identifying performance management as an area for improvement.	8	Reduce scope of work to high level check on activity
Financial Governance				

Audits	Output	Commentary	CRR ref.	Comments on change to plan
Retained as originally planned				
Schools' Funds – Governance (primary schools)	Report	Review of processes in place to manage primary schools' funds. Informed by findings of 2016/17 review on secondary school funds governance.	1	
Revised allocation and scope				
Central Administration Recharging	Report	Review of processes related to the recharging of central administration costs	1,8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Data Analysis – Payroll and Accounts Payable	Report(s)	Data analytics will be used to review the applications' data to identify trends, as well as missing or anomalous transactions.	1,8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Corporate Tendering Process	Report	The review will ensure the administration of the corporate tendering process is compliant with good practice and internal policies.	1	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.

IT Governance				
Revised allocation and scope				
IT User Access Administration	Report	As the administration of user access to IT systems is devolved to local managers a core financial system will be selected for review.	6	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Internal Controls				
Retained as originally planned				
Property Repairs Work Allocation	Report	To review the allocation of work to contractors via the Archimedes system	1,8	
Internal Controls				
New item				
Council oversight of IJB	Report	Review of monitoring framework to ensure all risks are included appropriately.	15	New and developing area with financial and reputational risk for the Council.
Revised allocation and scope				
Contractual Arrangements	Report	A review of significant supplier spending to review contractual arrangements and delivery of services provided through the contract(s).	1,8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Service Level Agreements	Report	A review of the use of SLAs for the monitoring of services provided to the Council	4	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.

Asset Management				
Revised allocation and scope				
Stocks (year-end)	Management letter	Annual stock checks	8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Community Asset Transfer Process	Report	The review will consider the impact of the new legislation related to community asset transfer and assess the adequacy of processes established in relation to applications.	8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Fixed Asset Register	Report	We will assess the controls and processes in place over the Council's fixed asset register and progress made in responding to the issues identified in Audit Scotland's Annual Audit Report regarding fixed assets.	1	Reduce scope of work to high level check on activity. External Audit will review this as part of 2017 accounts audit. Re-consider for 2018/19 if this is reported by them again.
Legislative and Other Compliance				
Retained as originally planned				
LEADER - European Maritime Fisheries Fund (Rural Funding)	Report	Annual review of LEADER programme expenditure.	8	Annual sign off required
Legislative and Other Compliance				

Revised allocation and scope				
Carbon Reduction	Report	Annual review of Carbon Reduction return	1,4,8	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Interreg (European Funding)	Report	Review of processes and procedures relevant to payment of claims prior to external assessment (i.e. excl 1 st level controller role).	8	Limit input to review of first claim prior to submission.
Other				
Retained as originally planned				
Follow-up of previous recommendations	Quarterly update	Continuing work to identify progress in implementing agreed audit actions. Maintain quarterly update when new recording system established.	N/A	
Staff and Team Development	Nil	Ensuring staff have knowledge and expertise to perform reviews in new areas and that Internal Audit meets relevant standards and achieves best practice.	N/A	

Other				
Revised allocation and scope				
PSIAS (Public Sector Internal Audit Standards) Review and Contingency	Annual Report	Annual internal quality assessment and compliance with standards as required	N/A	The scope will be adjusted, and/or the level of detailed testing reduced, to allow work to be completed in fewer days than originally planned.
Consultancy – Advice/Specific				
Retained as originally planned				
Attendance at Transforming Angus Programme Boards	Advisory	As agreed by the Transforming Angus Programme Board	3	
Consultancy support for specific Member and/or management advisory work	Advisory	As determined by requests.	N/A	

Tayside IJBs / NHS Tayside / Tayside Local Authorities – Sharing of Audit Outputs Protocol

1. SITUATION AND BACKGROUND

Following the creation of the three IJBs within the NHS Tayside area, there has been a corresponding need, informed by Integrated Resource Advisory Group (IRAG) guidance, for each of these bodies to have an Internal Audit function. The nature of Health and Social Care Integration is such that the control systems of the Health Board, the IJBs and the three Local Authorities are inextricably linked and it is therefore necessary to consider how relevant audit outputs of each of these bodies should be shared.

Following discussions with Local Authority Chief Internal Auditors, the attached paper has been prepared for consideration by all relevant Audit Committees.

In addition there is the need to consider the rights of IJB audit staff who may require access to both Health Board and Council employees, documents and property. Currently, under the Standing Angus IJB Internal Audit Charter, such rights are granted in respect of the IJB but do not specifically refer to the parent bodies:

The IJB shall ensure that, for all audits relating to all IJB functions, internal auditors are entitled without necessarily giving prior notice to require and receive:

- ◇ *Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;*
- ◇ *Access at all reasonable time to any land, premises or employee of each organisation;*
- ◇ *The production of any cash, stores or other property of each organisation under an employee's control; and*
- ◇ *Explanations concerning any matter under investigation.*

2. ASSESSMENT

Sharing of Internal Audit outputs

IRAG guidance requires the sharing of IJB Internal Audit plans and annual reports with the parent bodies. The attached paper extends that principle to allow for relevant assurances to be provided to each body within the system. Additional consideration will also need to be given to the scope of the information provided; NHS Tayside's Internal Audit Reporting protocol allows all Audit Committee members full access to all NHS Tayside Internal Audit Reports and all reports graded 'D' or below are presented in full to the Audit Committee. A similar system operates within Angus Council. To date, Angus IJB audit committee members have received full reports with reporters also available to IJB members on request. Further discussion is now needed on the issue of whether IJB Audit Committee members will be entitled to receive full reports from the parent bodies and vice-versa.

Access to information

The NHS Tayside Chief Executive has agreed that it would be sensible to grant IJB Internal Auditors the access required to fulfil the IJB Internal Audit plans. In discussion with Local Authority Chief Internal Auditors, it became clear that this principle may not be as readily accepted by Local Authorities and they agreed to consult with their legal teams.

Equally, under the new arrangements, there may be circumstances in which Local Authority or Health Board Internal Auditors may require access to IJB documentation, a situation which will become more

complex as joint working progresses. Whilst, in most circumstances, this will not be an issue, there are likely to be occasions where staff of any of the bodies may question the bona fides of an individual seeking to access records and this will require these formalities to be considered in advance. The Internal Auditors will also jointly consider the Data Protection aspects of any such access and seek to incorporate any necessary adjustments within the Tayside Information Sharing Agreement.

3. RECOMMENDATIONS

The Audit Committee is asked to:

- comment on the attached paper (Annex 1) as a basis for agreement with partner Health Board and Local Authority Audit Committees and;
- Authorise the Chief Finance Officer, through the IJB Chief Internal Auditor to grant parent bodies' auditors rights of access whilst conducting relevant Internal Audits

4. REPORT SIGN OFF

Tony Gaskin

Chief Internal Auditor

Date

Alexander Berry

Chief Finance Officer

Tayside IJBs / NHS Tayside / Tayside Local Authorities – Sharing of Audit Outputs Protocol

Introduction

FTF Audit, the Internal Audit service providers for NHS Tayside, were appointed to provide the Chief Internal Auditor function for all Tayside IJBs with the Internal Auditors of both parties providing input to the delivery of the IJB audit plans. This arrangement will be reviewed by all Tayside IJBs in 2017/18.

In the new integrated environment, there may be a need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the output (e.g. internal audit reports, follow-up reports, internal audit plans and internal audit annual report / opinion) is considered relevant to one or more of the other partners for assurance purposes. It is important that this sharing of information happens in a controlled manner to facilitate joint working, protect confidentiality and avoid duplication of effort.

Integrated Resource Advisory Group (IRAG) guidance states that “ *To ensure that the risk based audit plans for the Integration Joint Board, Local Authority and Health Board are co-ordinated to ensure proper coverage, avoid duplication of efforts and determine areas of reliance from the work of each team, it is recommended that the Chief Internal Auditors for each of the respective bodies share information, co-ordinate activities with each other and with other external providers of assurance and consulting services.* ”

This paper sets out principles in relation to the sharing of Internal Audit outputs and granting of access, in order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their purview, including controls operated by other bodies which impact on their control environment. Throughout this paper, Audit Committee refers to the Standing Committee of the organisation charged with responsibility for audit and assurance.

Audit Planning

IRAG guidance states that ‘*The risk based audit plan should be developed by the Chief Internal Auditor of the Integration Joint Board and approved by the Integration Joint Board or other committee (see 2.6 Audit Committees). It is recommended that it is shared with the relevant committees of the Health Board and Local Authority.*’ This principle is agreed and the approved IJB annual internal audit plans will be shared with the relevant committees of NHS Tayside and the Tayside Local Authorities.

Given that the IJBs are reliant on assurances provided by the parties on their systems and also to ensure that plans can be seen to be coherent over the whole system, the Internal Audit plans of the Health Board and Local Authorities will also be presented to the IJB Audit Committee for noting. This will also provide each Audit Committee, whilst respecting the primacy of the organisation for whom the report is prepared, with the opportunity to identify any relevant audits from another body which they may wish to receive assurance from and to highlight any areas where they might wish to ensure that particular issues, relevant to their IJB are taken into account.

Individual Audit Reports

IJB Audits

When conducting audits of the IJB, FTF and Local Authority Internal Auditors will use their respective methodologies, both of which are compliant with Public Sector Internal Audit Standards (PSIAS). However, an agreed standard report format will be used for all IJB Internal Audit Reports. The Internal Auditors have separately agreed a joint working protocol which sets out the audit process for all work which will be conducted within the terms of Internal Audit Charter approved by each IJB Audit Committee and the requirements of PSIAS.

A summary final report for each audit assignment will be presented to the IJB Audit Committee for scrutiny purposes, with a full copy available to IJB Audit Committee members on request. These summary reports shall also be shared with the NHS Tayside and relevant council Audit Committee(s).

NHS and Local Authority Internal Audits

At the beginning of each audit year, and on an ongoing basis, the respective internal auditors, taking into account the views of the IJB Chief Officer, IJB Chief Internal Auditor and IJB Audit Committee, will review their audit plans to identify any audits of the parent bodies (NHS Tayside and Dundee City Council, Perth & Kinross Council, Angus Council) that may be of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit Committee.

If, for any other completed audits, the auditor believes there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor will be notified so that arrangements can be made to report the relevant findings to the IJB Audit Committee.

The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented to their respective Audit Committees. The parent body Audit Committee shall be advised if the report, or any part thereof, is to be shared with the IJB Audit Committee.

When either an NHS Tayside or a Dundee City Council/ Perth & Kinross Council/ Angus Council final internal audit report has been identified as relevant to the IJB, the audit report shall be presented in summary at the next meeting of the IJB Audit Committee. These summary reports shall also be shared between NHS Tayside and Dundee City Council / Perth & Kinross Council / Angus Council internal audit services.

Annual Internal Audit reports

IRAG guidance states that *'It is recommended that the Integration Joint Board annual internal audit report is shared with the partner Health Board and Local Authority through the reporting arrangements in those bodies for internal audit.'* The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion and in accordance with IRAG guidance, it will be shared with the parent bodies and reported through their own internal audit reporting procedures. Again, this principle will be extended and reciprocated so that Local Authority and Health Board Annual Internal Audit Reports are presented to the IJB Audit Committee for noting as part of the overall assurance portfolio in support of the governance statement.

Review Date: September 2018



ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP

AUDIT COMMITTEE – 30 AUGUST 2017

INTERNAL AUDIT REVIEW OF POST IMPLEMENTATION DUE DILIGENCE (AN05/17)

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The aim of this paper is to brief the Audit Committee on the outcomes of the Internal Audit review of Post Implementation Due Diligence.

1.0 RECOMMENDATION

It is recommended that the Integration Joint Board Audit Committee:-

- (i) note the Internal Audit review of Financial Management (Audit AN05/17).

2.0 BACKGROUND

2.1 Some Committee members will recall the Due Diligence process undertaken in advance of April 2016, the date from which Angus IJB formally took on responsibility for services. That process was subject to an Internal Audit review prior to April 2017. Scottish Government guidance also set out need for a post implementation review of the process and this Internal Audit report covers that post implementation Due Diligence exercise.

2.2 The recommendations are limited reflecting the completion of the overall post implementation Due Diligence process. While there is limited direct learning from the Due Diligence process for future years, the overall need for financial recovery and savings plans to support the IJB's overall financial position is still relevant. The overall principles of the Due Diligence exercise should also be applied to any further budgets devolved to Angus IJB.

3.0 CONCLUSIONS

3.1 The Audit Committee should note the outcome of this Internal Audit report which concludes the Due Diligence process associated with the early stages of Health and Social care Integration.

REPORT AUTHOR: ALEXANDER BERRY, CHIEF FINANCE OFFICER
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List of Appendices:
Appendix 1: Internal Audit – Post Implementation Due Diligence – Report AN05-17

ANGUS IJB
INTERNAL AUDIT SERVICE



POST IMPLEMENTATION DUE DILIGENCE
REPORT NO. AN05/17

Issued To: V Irons, Chief Officer
S Berry, Chief Financial Officer

Audit Committee
External Audit

Date: 26 June 2017

INTRODUCTION & SCOPE

1. The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal assent in April. It establishes the framework for the integration of health and social care in Scotland. Detailed supplementary Statutory Guidance on financial assurance was published in May 2015. This includes the following requirement for the period post integration:

The post-integration period is a critical stage of the change process and the audit committees (or the committee(s) carrying out an equivalent function) have a key role in assessing whether the objectives of integration are on line to be achieved. It is recommended that the three audit committees (or the committee carrying out equivalent function in the IJB) are provided with a post integration report within the first year of the establishment of the IJB to evaluate the actual risk and financial performance against the pre-integration assumptions, performance on relevant integration milestones, identify lessons learned and assess whether the IJB is on course to deliver the long-term benefits. The results of the review should be shared with the Scottish Government to enable wider learning.

OBJECTIVES

2. Our audit work was designed to evaluate whether appropriate systems were in place and operating effectively to mitigate risks to the achievement of the objectives identified below.
3. The relevant service objectives of the review were:
 - ◇ The integration of health and social care represents the radical reform required to improve care, particularly for adults with multiple complex support needs, many of whom are frail older people, and to make better use of the substantial resources that are committed to adult health and social care.

RISKS

4. The following risks could prevent the achievement of the above objectives and were identified as within scope for this audit.
 - ◇ Risks and assumptions may not be comprehensive, accurate and clear
 - ◇ The post integration due diligence process may not have followed national guidance

AUDIT OPINION AND FINDINGS

5. We can provide assurance that in our opinion the post integration due diligence work undertaken covered the requirements of the national financial assurance guidance and the report to the Angus Integration Joint Board (IJB) provided a full picture of the risks and assumptions.
6. In accordance with the statutory guidance on financial assurance published in May 2015, a due diligence process for the resources delegated to Angus IJB took place during 2015/16 including a series of reports to the IJB. This was examined

by internal audit with a report issued in March 2016 concluding that *'the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance guidance and the reports to the Angus Integration Joint Board (IJB) provided a full and detailed picture of the financial position of the budgets in scope. In addition, in our opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment.'*

7. The original HSCI - Financial Assurance internal audit report made three recommendations which we have now followed up. Of these, two action points have been addressed in full. The remaining recommendation related to financial metrics to assess whether integration has met its objectives; we note that the recent June 2017 Annual Strategic Progress and Performance Report (Performance Area 3- Resources) states that *'One aim of our strategic plan is to evidence a shift in resources from health to social care provision'* and sets out ongoing work in this regard.
8. In addition to the detailed guidance for the process to be followed prior to delegation of budgets, the financial assurance guidance also addressed the post integration period and stated that the IJB should be *provided with a post integration report within the first year of the establishment of the IJB to evaluate the actual risk and financial performance against the pre-integration assumptions, performance on relevant integration milestones, identify lessons learned and assess whether the IJB is on course to deliver the long-term benefits. The results of the review should be shared with the Scottish Government to enable wider learning.*
9. Performance management was subject to separate internal audit review and detailed findings are reported under AN06/17. Therefore, this report concentrates on the evaluation undertaken of the actual risk and financial performance against the pre-integration assumptions. In relation to the last sentence of the guidance, management should consider whether there are any lessons to be learned from the Angus IJB experience and share these appropriately.
10. At its meeting in April 2017, Angus IJB was presented with a paper on the Budget Settlement for 2017/18. This paper included two appendices showing the post integration review of the due diligence exercise regarding resources devolved from both Angus Council and NHS Tayside. Risks remaining at the end of the original due diligence exercise were set out alongside a conclusion on how they feature in the IJB's current financial performance.
11. We compared a sample of the Due Diligence risks to the current financial risk register which accompanies the regular financial monitoring reports to the IJB as well as to reports going to the IJB on financial issues and service change and noted that the assessments reached in the original due diligence exercise appear reasonable in hind sight. However, as originally noted in our HSCI- Financial Assurance internal audit report, our positive view of the risk assessment and transparency of reporting does not provide assurance on the risks themselves. 2017/18 is the last year in which any overspend *'will be met by the Party to which the spending Direction for service delivery is given'* after that date *'the overspend will be shared in proportion to the spending Direction for each Party for that financial year'*.

12. We would therefore highlight the importance of the ongoing work in relation to financial recovery and savings plan actions to mitigate these risks prior to the IJB becoming fully responsible for any overspends incurred.

Action

13. An action plan has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.

ACKNOWLEDGEMENT

14. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
1.	Financial Assurance states that the results of the review should be shared with the Scottish Government to enable wider learning.	Guidance Management should consider whether there are any lessons to be learned from the Angus IJB experience and share these appropriately.	2	The IJB undertook the Due Diligence process in conjunction with both Angus Council and NHS Tayside and at the same time as all other IJBs in Scotland. Therefore in relation to HSCI, there is little to be learned from retrospectively sharing info on the Angus Due Diligence experience with others.	N/A
				The CFO does participate in monthly IJB CFO Network meetings and does contribute to discussion re national and IJB budget setting in those forums.	CFO - Complete

DEFINITION OF ASSURANCE CATEGORIES AND RECOMMENDATION PRIORITIES

Categories of Assurance:

A	Good	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives.
B	Broadly Satisfactory	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives, although minor weaknesses are present.
C	Adequate	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/ effectiveness of risk management, control and governance.
D	Inadequate	There is increased risk that objectives may not be achieved. Improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance.
E	Unsatisfactory	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance and to place reliance on the system for corporate governance assurance.
F	Unacceptable	The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Immediate action is required to improve the adequacy and effectiveness of risk management, control and governance.

The priorities relating to Internal Audit recommendations are defined as follows:

Priority 1 recommendations relate to critical issues, which will feature in our evaluation of the Governance Statement. These are significant matters relating to factors critical to the success of the organisation. The weakness may also give rise to material loss or error or seriously impact on the reputation of the organisation and require urgent attention by a Director.

Priority 2 recommendations relate to important issues that require the attention of senior management and may also give rise to material financial loss or error.

Priority 1 and 2 recommendations are highlighted to the Audit Committee and included in the main body of the report within the Audit Opinion and Findings

Priority 3 recommendations are usually matters that can be corrected through line management action or improvements to the efficiency and effectiveness of controls.

Priority 4 recommendations are recommendations that improve the efficiency and effectiveness of controls operated mainly at supervisory level. The weaknesses highlighted do not affect the ability of the controls to meet their objectives in any significant way.



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 AUGUST 2017

2016/17 ANGUS INTEGRATION JOINT BOARD – ASSURANCES RECEIVED FROM PARTNERS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

In compiling the Integration Joint Board's Annual Governance statement, reference was made to receipt of assurance from NHS Tayside and Angus Council. This report provides an update on those assurances.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) note that the IJB has issued confirmation of the adequacy and effectiveness of the governance arrangements in place within Angus IJB for 2016/17 to NHS Tayside and Angus Council.
- (ii) note the receipt of the confirmation of assurance from NHS Tayside.
- (iii) note the confirmation of receipt of the assurance from Angus Council.
- (iv) note that the receipt of assurances from NHS Tayside and Angus Council is consistent with the contents of the updated Governance Statement in the audited Annual Accounts.

2. BACKGROUND

On an annual basis the IJB has to include a Governance Statement within its Annual Accounts. Angus IJB Audit Committee considered Angus IJB's draft 2016/17 Governance Statement at its June meeting (paper 43/17).

Paper 43/17 noted that Angus IJB had to provide assurances to both NHS Tayside and Angus Council. This was duly completed after the June Audit Committee.

Paper 43/17 also noted that, at the time of the June Audit Committee, assurances had yet to be received from NHS Tayside and Angus Council. This is because those assurances can only be provided based on timelines associated with those organisations own internal processes. Since the last Audit Committee, assurances have now been received from NHS Tayside and Angus Council. These assurances are attached as Appendix 1 (NHS Tayside) and Appendix 2 (Angus Council).

Receipt of these assurances confirms preliminary statements included in the June draft of the Angus IJB Governance statement.

3. CONCLUSIONS

The IJB's Audit Committee needs to note the receipt of these assurances confirmations which have already been shared with the IJB's Internal and External Auditors.

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List of Appendices:

Appendix 1: 2016/17 Assurance Confirmation – NHS Tayside
Appendix 2: 2016/17 Assurance Confirmation – Angus Council

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Ms Alison Rogers
Chairperson
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Date 14 July, 2017
Your Ref
Our Ref LB/LM/
Enquiries to Miss Alison Stibbles
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Email alison.stibbles@nhs.net

ASSURANCES PROVIDED BY TAYSIDE NHS BOARD

At the Tayside NHS Board Meeting dated 29 June, 2017, I provided assurance to the Board following the review of the System of Internal Control operating within NHS Tayside during 2016/17 financial year that had been considered by the NHS Tayside Audit Committee at its meeting on 22nd June 2017.

The Audit Committee undertook a review of the Governance Statement that has operated within NHS Tayside during financial year 2016/17. In undertaking this review, the Committee considered the following:

- (1) The review of the System of Internal Control,
- (2) The Annual Reports and assurances by Committees including Best Value Assurances;
- (3) The Audit Committee considered the assurance provided by Scott-Moncrieff as Service Auditor to NHS National Services Scotland on the payment processes operated by the Practitioner Services Division (PSD); Internal and External Audit plans and reports considered by the NHS Tayside Audit Committee up to and including 22 June 2017;
- (4) The Audit Committee considered the assurance provided by Scott-Moncrieff, as Service Auditor to NHS National Services Scotland on the services provided by National Information Technology Services provided by the Atos Origin Alliance;
- (5) The Audit Committee considered the assurance provided by BDO UK LLP as Service Auditor to NHS Ayrshire & Arran hosting the National Single Instance Financial Ledger Services (eFinancials) on behalf of 22 NHS Boards including NHS Tayside;
- (6) The FTF Internal Audit 2016/17 Annual Report, noting the satisfactory conclusions of the Chief Internal Auditor;
- (7) Audit Committee Lead Officer's statement to the Chief Internal Auditor with regard to assurances affecting the Governance Statement;



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Chief Executive, Ms Lesley McLay

- (8) The Patient Exemption Checking report on progress around Patient Exemption Checking as a direct result of the checks undertaken by Counter Fraud Services;
- (9) The Audit Committee Annual Report for 2016/17 previously submitted to the Audit Committee;

Following review, the conclusion of the Audit Committee and the recommendation made to and accepted by Tayside NHS Board, was that adequate and effective governance arrangements were in place throughout NHS Tayside, including those functions delegated to the IJBs, during the year 2016/17.

A copy of the NHS Tayside 2016/17 Annual Internal Audit Report can be found at:-

http://staffnet.tayside.scot.nhs.uk/NHSTaysideDocs/idcplg?IdcService=GET_FILE&dDocName=PRO D_279785&Rendition=web&RevisionSelectionMethod=LatestReleased&noSaveAs=1

I trust that this is helpful to your Audit Committee.

Yours sincerely

Steven Hay (Signed Electronically)

Stephen Hay
Chairperson
On behalf of NHS Tayside Audit Committee

Cc Sandy Berry – Chief Finance Officer, Angus Health and Social Care Partnership

AK/RB

11 August 2017



Mrs Vicky Irons
Chief Officer
Angus Integration Joint Board
St Margaret's House
Orchard Loan
Orchardbank Business Park
FORFAR
DD8 1WS

Dear Mrs Irons

ASSURANCES PROVIDED BY ANGUS COUNCIL – YEAR TO 31 MARCH 2017

Angus Council provides support services to the Angus Integration Joint Board (Angus IJB) under the agreement dated 4 February 2016.

The Angus Council Scrutiny & Audit Committee has overseen delivery of a risk-assessed Internal Audit plan for 2016/17. At its meeting in June 2017, the Committee considered the Audit Manager's Annual Report for 2016/17 and the draft Angus Council Governance Statement for 2016/17.

An Internal Audit review of Financial Management services provided by the Council to Angus IJB identified weaknesses that meant the system was assessed as inadequate.

As Chair of the Scrutiny & Audit Committee, taking into account the work undertaken by the Scrutiny & Audit Committee in the year 2016/17, I confirm that, with the exception of financial management, where required improvements have been identified, adequate and effective governance arrangements were in place throughout Angus Council during the year 2016/17, in relation to the support services provided to the Angus IJB.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. King'.

Councillor King
Convenor, Angus Council Scrutiny & Audit Committee

Copy to Sandy Berry, Chief Finance Officer, Angus Health & Social Care Partnership

Members' Services | Chief Executive's Unit | 5-7 The Cross | Forfar | Angus | DD8 1BX
T: (01307) 461460 | E: members@angus.gov.uk | www.angus.gov.uk



ANGUS HEALTH AND SOCIAL CARE

ANGUS INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 AUGUST 2017

AUDITED ANNUAL ACCOUNTS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

1. ABSTRACT

This report sets out the Integration Joint Board's Annual Accounts, and the External Auditor's annual audit of Angus IJB, for the period to 31 March 2017. The External Auditors annual report and then the Annual accounts now need to be considered by the Audit Committee.

2. RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) consider and accept the External Auditor's annual report of Angus IJB and associated covering letter/ proposed Independent Auditors Annual report for the period to 31st March 2017 including noting the key recommendations and the action plan, recommendations and associated agreed management actions; and
- (ii) consider the Annual Accounts and then approve the audited Annual Accounts for signature by the Chair, Chief Officer and Chief Finance Officer of the IJB.

3. BACKGROUND

As a formally constituted body the IJB is required to produce a set of formal Annual Accounts for the financial year ending 31st March 2017. The accounts have been produced in line with LASAAC (Local Authority Scotland Accounts Advisory Committee) guidance "Additional Guidance on Accounting for the Integration of Health and Social Care 2016/17" and with reference to template for IJB Annual Accounts produced by CIPFA (Chartered Institute of Public Finance and Accountancy).

The Audit Committee considered the IJB's unaudited Annual Accounts at the Audit Committee meeting of 28th June 2017. Those accounts were subsequently available for public inspection during July.

The Accounts have now been audited by the IJB's External Auditor (Audit Scotland) and the IJB has received feedback in the form of the attached External Auditor's report on the Annual Accounts (Appendices 1 & 2).

The IJB's Audited Annual Accounts for 2016/17 are included at Appendix 3.

4. CURRENT POSITION

The Audit Committee should now consider the External Auditor's report on the Annual Accounts and the revised Audited Annual Accounts.

External Auditors 2016/17 Annual Audit report (Appendix 1 & 2)

Appendix 1 is a covering letter to the External Auditors Annual Audit Report. This also includes a copy of the proposed Independent Auditors Annual Report that will appear in the final version of the Annual Accounts. The report at Appendix 2 is a summary of the External Auditors findings arising from the 2016/17 audit of Angus IJB. The scope was set out in the Annual Audit plan presented at the April 2017 Audit Committee. Key messages are included in the report (page 4). The audit report also includes a series of recommendations for improvement (an "Action Plan 2016/17). The recommendations have now been considered by the IJB and agreed management responses are included in the report.

2016/17 Annual Accounts (Appendix 3)

There have been a number of revisions to the IJB's Annual Accounts since the June Audit Committee meeting including the following:-

- Revisions to the Management Commentary to reference the status of Angus Integration Board as a "Going Concern" for 2017/18.
- Corrections to some of the prior year costs reported within the remuneration statement. (As noted at Audit Committee in June 2017).
- A small number of presentational adjustments.
- Inclusion of updated internet links to IJB papers and the inclusion of extra links to papers describing developments within the IJB.

These changes reflect the feedback received from External Auditors during the audit period.

5. CONCLUSIONS

The IJB's Audit Committee needs to note and accept the External Auditor's annual report on the IJB's Annual Accounts for period to 31st March 2017. Following consideration of the Annual Report and associated covering papers, the Audit Committee are requested to consider the Annual Accounts and then approve the audited Annual Accounts.

REPORT AUTHOR: ALEXANDER BERRY, CHIEF FINANCE OFFICER

EMAIL DETAILS: hscianguus.tayside@nhs.net

List of Appendices:

Appendix 1- Covering letter to the External Auditors Annual Audit Report.

Appendix 2- Annual Audit Report by the External Auditor on the IJB's 2016/17 Annual Accounts.

Appendix 3- Angus Integration Joint Board's Audited Annual Accounts for period to 31 March 2017.

Angus Integration Joint Board
Audit Committee

18 August 2017

Angus Integration Joint Board 2016/17 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2016/17 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 30th August 2017 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the Angus IJB Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Proper Officer (Chief Finance Officer) on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Proper Officer with the signed financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Angus Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Angus Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of Angus Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Angus Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of Angus Integration Joint Board and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters. In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman
Assistant Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

30 August 2017

Angus Integration Joint Board

2016/17 Annual Audit Report DRAFT



 AUDIT SCOTLAND

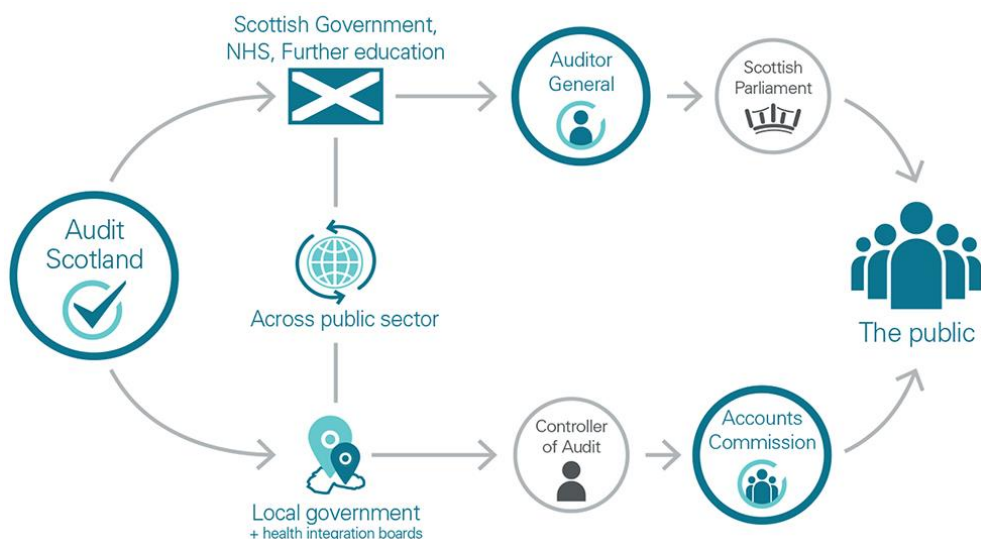
Prepared for the Angus Integration Joint Board and the Accounts Commission

30 August 2017

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2016/17 annual accounts

- 1 Our audit opinions are all unqualified. These cover the financial statements, the remuneration report, the management commentary and the annual governance statement.

Financial management

- 2 Angus IJB has a sound system in place to report on financial performance to members on a regular basis. It is noted that the financial report is developing as more information becomes available to the finance staff.
- 3 Angus IJB needs to work closely with Angus Council to ensure that the council puts in place all the actions identified in the internal audit report on Financial Management of Adult Services to improve budget monitoring in that area.

Financial sustainability

- 4 Angus IJB concluded 2016/17 with an operating surplus. This is being held as a reserve by Angus Council on behalf of the IJB.
- 5 Angus IJB made good progress in 2016/17 to identify and implement savings plans to remain within budget. However more work is required in 2017/18 to identify savings and this will be challenging given the financial position faced by partner organisations.
- 6 Angus IJB financial plans do not currently extend beyond one year. Robust longer term financial planning needs to be developed to support delivery of the IJB's strategic objectives.

Governance and transparency

- 7 Angus IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.

Value for money

- 8 The annual performance report was presented to Angus IJB in June 2017. The report contains the performance information required. However it does not include financial performance information or an assessment of Best Value in the delivery of services. The financial information is, however, included in the Annual Report and Accounts. An assessment of Best Value remains outstanding.
- 9 National reports on Health and Social Care Integration published by Audit Scotland are considered by the Audit Committee. Angus IJB has yet to develop a plan to ensure that all other relevant Audit Scotland publications are considered by the Audit Committee.

Introduction

1. This report is a summary of our findings arising from the 2016/17 audit of Angus Integration Joint Board (the 'IJB'). The report is divided into sections which reflect our public sector audit model.
2. The scope of our audit was set out in our Annual Audit Plan presented to the April 2017 meeting of the IJB Audit Committee. It comprises an audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public sector audit requirements as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2016/17 have been:
 - a review of the IJB's main financial systems and governance arrangements
 - an audit of the IJB's 2016/17 annual accounts including the issue of an independent auditor's report setting out our opinions.
4. The IJB is responsible for preparing annual accounts that show a true and fair view and for establishing effective arrangements for governance which enable it to successfully deliver its objectives.
5. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), and supplementary guidance, and are guided by the auditing profession's ethical guidance.
6. These responsibilities include giving independent opinions on the financial statements, the remuneration report, the management commentary and the annual

governance statement. We also review and report on the arrangements within the IJB to manage its performance, and use of resources. In doing this, we aim to support improvement and accountability.

7. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.

8. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist. Also, our annual audit report contains an action plan at [Appendix 1 \(page 18\)](#). It sets out specific recommendations, responsible officers and dates for implementation.

9. Communication in this report of matters arising from the audit of the annual accounts or of risks or of weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

10. As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

11. This report is addressed to both the Integration Joint Board and the Accounts Commission and will be published on Audit Scotland's website www.audit-scotland.gov.uk.

12. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

Part 1

Audit of 2016/17 annual accounts



Main judgements

Our audit opinions are all unqualified. These cover the financial statements, the remuneration report, the management commentary and the annual governance statement.

Unqualified audit opinions

13. The annual accounts for the year ended 31 March 2017 were approved by the Audit Committee on 30 August 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements;
- unqualified opinions on the remuneration report, management commentary and the annual governance statement.

14. Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

Submission of annual accounts for audit

15. We received the unaudited financial statements on 30 June 2017, in line with our agreed audit timetable. The working papers provided with the unaudited financial statements were of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

16. Assurances were received from Angus Council and NHS Tayside on the operation of internal controls over the main financial systems used to provide information to the IJB for its financial statements.

17. The IJB provided information to NHS Tayside for consolidation into the health board financial statements in line with the recommended timescale of 31 May 2017.

Risks of material misstatement

18. [Appendix 2](#) provides a description of risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also included within the appendix are wider dimension risks, how we addressed these and our conclusions thereon.

The annual accounts are the principal means for the IJB to account for the stewardship of its resources and its performance in the use of those resources.

Materiality

19. Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

20. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically with regard to the annual accounts, we assess the materiality of uncorrected misstatements, both individually and collectively.

21. On receipt of the annual accounts, we reviewed our materiality calculations and concluded that they remained appropriate.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£1.6 million
Performance materiality - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 70% of overall materiality.	£1.1 million
Reporting threshold - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of overall materiality (rounded).	£15,000

Evaluation of misstatements

22. There were no material adjustments to the unaudited financial statements arising from our audit.

Significant findings

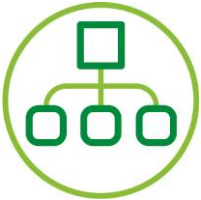
23. International Standard on Auditing (UK and Ireland) 260 requires us to communicate to you significant findings from the audit. There are no significant findings from the audit of Angus IJB.

Other findings

24. Our audit identified a number of minor presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited financial statements.

Part 2

Financial management



Main judgements

Angus IJB has a sound system in place to report on financial performance to members on a regular basis. It is noted that the financial report is developing as more information becomes available to finance staff.

Angus IJB needs to work closely with Angus Council to ensure that the council puts in place all the actions identified in the Internal Audit report on Financial Management of Adult Services to improve budget monitoring in this area.

Financial management

25. Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. It is the Board's responsibility to ensure that its financial affairs are conducted in a proper manner.

26. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the Chief Finance Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

27. From attendance at IJB meetings and review of Board and Audit Committee papers and minutes we have concluded that the Chief Finance Officer has appropriate status. The governance documentation for the IJB is comprehensive and up to date and published on the website. Budget monitoring reports are provided regularly to members and members provide a good level of challenge on the reports.

28. It is noted that the Internal Audit report on Financial Management of Adult Services gave the service a "D - Inadequate" rating. The budget monitoring and underlying service information from Angus Council requires to be improved to

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

provide robust information for the IJB to allow for service redesign, where appropriate.

Appendix 1, Action plan point 1

Financial performance in 2016/17

29. The IJB does not have any assets, nor does it incur expenditure directly or employ staff, other than the Chief Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. Satisfactory arrangements are in place to identify and report the financial information to the IJB.

30. NHS Tayside provided the IJB with additional budget of £2.007 million in 2016/17 to cover an overspend in Prescribing. This is in line with the risk sharing arrangements in the Integration Scheme to cover overspends on NHS budgets.

31. The IJB has a surplus of £0.582 million at year end which is held as a usable reserve for the IJB by Angus Council. The surplus arises from an underspend on the services provided by Angus Council.

Exhibit 1 Budget Summary

IJB budget objective summary	Original Budget £m	Additional Funding £m	Actual Outturn £m
Net Expenditure	159.272		161.281
Funding from NHS Tayside	115.830	2.007	117.837
Funding from Angus Council	43.442		44.026
Total Funding	159.272		161.863
Surplus (to be retained by the IJB)			0.582
Earmarked Reserves			0.582

Source: 2016/17 Angus IJB audited accounts.

Internal controls

32. Angus IJB relies on services provided by both NHS Tayside and Angus Council. The key financial systems within both NHS Tayside and Angus Council are used to employ and pay staff and services and to record transactions on behalf of the IJB.

33. In accordance with ISA 402: Audit considerations relating to an entity using a service organisation, as part of our audit we sought and obtained assurances from the external auditors of NHS Tayside and Angus Council. The assurances confirmed there were no material weaknesses in those systems of internal control within the NHS board and the council that are of relevance to the IJB Board.

Standards of conduct and arrangements for the prevention and detection of bribery and corruption

34. The staff who provide services on behalf of the IJB remain employees of Angus Council and NHS Tayside and as such they are bound by the employee and corporate codes of conduct that exist in these organisations. Management have confirmed that they are not aware of any cases of fraud or corruption that relate to the provision of IJB services.

Part 3

Financial sustainability



Main judgements

Angus IJB concluded 2016/17 with an operating surplus. This is being held as a reserve by Angus Council on behalf of the IJB.

Angus IJB made good progress in 2016/17 to identify and implement savings plans to remain within budget. However more work is required in 2017/18 to identify savings and this will be challenging given the financial position faced by partner organisations

Financial planning

35. The IJB allocates the resources it receives from the NHS board and council in line with its Strategic Plan. A due diligence review was undertaken by the IJB's Internal Audit service to provide assurance as to the sufficiency of the 2016/17 budget provided to the IJB.

36. As reported in paragraph 31 the IJB achieved a surplus in 2016/17. The surplus was not budgeted for and is a result of underspends in Angus Council budgets, including specific non-recurring underspends in Mental Health Services (£0.180 million) and Learning Disabilities (£0.130 million).

37. The financial projections for 2017/18 are forecasting a breakeven position, although recognising significant challenges ahead. The most significant challenge will be the achievement of savings targets that reflect the financial position of the two funding bodies.

38. The IJB does not currently have financial projections beyond 2017/18. The partner organisations have financial planning frameworks for a four year period (Angus Council) and a five year period (NHS Tayside). The IJB should develop its longer term financial planning to support delivery of the Strategic Plan.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Appendix 1, Action plan point 2

Reserves strategy

39. Angus IJB has a reserves policy that allows it to carry reserves of up to 2% of budgeted expenditure. The current reserve levels are well within the limit of the policy. The reserves being held by the IJB may be used to offset overspends in future years.

Efficiency savings

40. The IJB is required to make efficiency savings to maintain financial balance. In 2016/17 the IJB had a target to make efficiency savings of £3.7 million. The actual outturn was £3.3 million.

41. Within these savings the NHS met its target of £1.4 million, in services provided to Angus IJB. Within hosted services (i.e. services managed by Angus IJB on behalf of the other IJBs in the Tayside area and services hosted by the other IJBs on behalf of Angus IJB) the position was fluid, however at the year end there was a shortfall of £0.8 million against required savings. This will have to be addressed in partnership with the other Tayside IJBs.

42. Angus Council services were left with a shortfall of £0.393 million against required savings. Angus Council has recently revised how it intends to deliver savings under the Transforming Angus change programme with the dissolution of its partnership with the external partner who had been employed to assist with the identification of savings programmes. The delivery of the required 2017/18 savings as well as recovery of the 2016/17 £0.393 million shortfall in the Adult Services budget will be challenging.

43. The 2017/18 budgets that have been agreed with the partner organisations include savings targets of £3.1 million. To date savings of £2.3 million have been identified by Angus IJB. Discussions are on-going to identify the additional savings required. A risk remains that not all of the identified saving will be achieved.

44. In addition to the savings above the Prescribing budget includes an initial recurring shortfall of £3.0 million. Angus IJB has identified £1.119 million savings within the Prescribing spend but more work needs to be completed to bring the spend down to the budgeted level. Prescribing expenditure remains a major risk for Angus IJB and regular reports are discussed by the Board.

45. The achievement of the savings targets will require close monitoring by Angus IJB. Developments in the Angus Council transformational change programme will need to be monitored. The IJB may require additional areas to be reviewed to achieve savings, especially in Older People's Services and Learning Disabilities, to help manage overall service pressures.

Appendix 1, Action plan point 3

Part 4

Governance and transparency



Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.

Governance arrangements

46. Angus IJB has a clear governance structure and the IJB Board and Audit Committee hold their meetings in public. The Board is supported by various groups that cover: strategic planning, staff partnership and clinical and care governance. All the groups report to the Board as required.

47. With this governance structure there are clear links between strategic governance and operational governance. The Board is provided with regular reports on all aspects of the strategic direction of the organisation and Board members provide robust and constructive challenge to officers who attend meetings.

48. We observe that the agendas for Board meetings can be long, with the associated papers running to hundreds of pages. This may limit the ability of members to read and digest the information presented to allow them to provide clear and constructive challenge.

Internal audit

49. Internal audit provides the IJB Board and Accountable Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

50. The internal audit function is carried out by Fife, Tayside and Forth Valley (FTF) Audit Services with assistance from the internal audit section within Angus Council. We carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

51. In 2016/17, we did not place formal reliance on the work of internal audit in Angus IJB for the purpose of our financial audit. We have, nevertheless, considered the findings of all internal audit reports that impact upon the IJB, for example the internal audit report on Financial Management of Adult Services, and the Internal Audit Annual Report. We also await with interest the results of the audits on performance management and post implementation due diligence.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Transparency

52. Transparency is concerned with the public, in particular local residents, having access to understandable, relevant and timely information about how Angus IJB is taking decisions and how it is using resources.

53. There is evidence from a number of sources which demonstrates Angus IJB's commitment to transparency including: holding all IJB meetings in public, reserving only sensitive details for private sessions and having all the papers relating to the Angus IJB board available on the website.

54. Angus IJB has its own website, https://www.angus.gov.uk/social_care_and_health/angus_health_and_social_care_partnership which holds details of the IJB including the members, the integration scheme, and information on performance as well as the Board and Audit Committee agendas, papers and minutes. It is noted that governance documentation is now included in the revised website and this is a positive step.

Other governance arrangements

55. From our audit we note that community planning partners, representatives of the third sector, the independent sector and local communities are closely involved in the development of the strategic plan, and have positions on the Board. This is evidence of Angus IJB being committed to partner involvement in the design, redesign and delivery of services to the local population.

Part 5

Value for money



Main judgements

The annual performance report was presented to Angus IJB in June 2017. The report contains the performance information required; however it does not include financial performance information or an assessment of Best Value in the delivery of services. The financial information is included in the Annual Report and Accounts; however the assessment of Best Value remains outstanding.

National reports relating to Health and Social Care Integration published by Audit Scotland are considered by the Audit Committee. However Angus IJB has yet to develop a plan to ensure that all relevant Audit Scotland publications are considered by the Audit Committee.

Performance management

56. In order to achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards strategic objectives and holding partners to account.

57. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and the Integration Scheme for the Board set out the legislative changes required to implement adult health and social care both operationally and financially. One of these is in respect of performance management arrangements.

58. The IJB board receives performance reports on a quarterly basis and these are available on the IJB's website.

59. The Strategic Plan identifies four strategic priorities and three performance areas that are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. These are:

- Improving health, wellbeing and independence
- Supporting care needs at home
- Developing integrated and enhanced primary care and community responses
- Improving integrated care pathways for priorities in care

Performance Areas

- Workforce
- Clinical and care governance

Value for money is concerned with using resources effectively and continually improving services.

- Resources

60. The Public Bodies (Joint Working) (Scotland) Act 2014 requires an annual performance report to be completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of the strategic commissioning plan.

61. A Strategic Progress and Performance Report was submitted to the IJB Board meeting on 28 June 2017. The report assesses the performance of Angus IJB in relation to national health and wellbeing outcomes, reporting by localities in addition to the IJB as a whole, and includes a review of the strategic plan.

62. The performance report shows that Angus is performing well against the local and national outcomes. However the “Readmissions within 28 days of discharge” figure has increased for Angus as a whole. The IJB has highlighted a number of initiatives that it is hoped will improve readmission rates.

63. The performance report does not contain any financial information as this is included in the annual report and accounts. The performance report does not currently conclude on whether the IJB has achieved Best Value in terms of planning and delivery of services; this is a requirement of the statutory guidance on performance reporting.

Appendix 1, Action plan point 4

National performance audit reports

64. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, we published a number of reports which are of direct interest to the Board. These are outlined in [Appendix 3 \(page 23\)](#) accompanying this report.

65. The Audit Committee considers national Health and Social Care Integration reports that have been published by Audit Scotland and Audit Committee members receive updates on progress made by Angus IJB against recommendations in these reports.

66. The Audit Committee has yet to receive any information on reports that do not specifically relate to health and social care partnerships, but relate to the wider NHS and Local Government. Relevant national performance audits should be provided to the Audit Committee.

Appendix 1, Action plan point 5

Good practice

67. Angus IJB receives quarterly reports on how the partnership is performing against targets, and regular financial reports.

Appendix 1

Action plan 2016/17

2016/17 recommendations for improvement



Page no.	Issue/risk	Recommendation	Agreed management action/timing
10	<p>1. Financial Management of Adult Services</p> <p>Internal audit identified a number of weaknesses in the provision of Financial Management support from Angus Council to the IJB for Adult Services. The overall audit opinion given for this audit was “Inadequate”. These weaknesses affected the completeness, accuracy and usefulness of detailed budget monitoring information at a level below that reported to the Board.</p> <p>Risk</p> <p>There is a risk that the IJB is not aware of the full budget position including activity for Adult Services which may impact on the ability to redesign services.</p>	<p>The internal audit plan has an action plan and the Chief Finance Officer should ensure, in conjunction with Angus Council, that actions are being progressed within Adult Services to ensure that the information required is available to the Board.</p>	<p>Angus IJB Audit Committee has confirmed all action described in the Internal Audit report will be progressed in conjunction with Angus Council.</p> <p>Chief Finance Officer December 2017</p>
12	<p>2. Financial Planning</p> <p>Angus IJB has financial projections for 2017/18 but financial planning does not currently extend beyond one year.</p> <p>Risk</p> <p>The IJB does not have robust financial plans to support the delivery of its longer term objectives.</p>	<p>The IJB should develop a robust medium to long term financial planning framework to support delivery of its Strategic Plan.</p>	<p>The IJB intends to increasingly set out its financial planning on a multi-year basis. The creation of multi-year financial plans can be complex due to the level of clarity available regarding both future year budgets and pressures.</p> <p>Chief Finance Officer December 2017</p>
13	<p>3. Efficiency Savings</p> <p>It is reported that as at June 2017 the IJB still needs to agree a total of £0.317million</p>	<p>A plan needs to be agreed with Adult Services to identify savings that are required to enable the Board to break</p>	<p>Angus IJB continues to develop responses to 2017/18 challenges (including undertaking a Care Home review and review of Learning</p>



Page
no.

Issue/risk

Recommendation

Agreed management
action/timing

of savings to break even. The majority of the savings required relate to services provided by Angus Council.

Risk

The developments within Angus Council relating to the Transforming Angus change programme may impact on the ability of Adult Services to deliver the required savings.

even in 2017/18.

Disability Services). Updates on the overall position will be provided regularly to the IJB Board.

Chief Finance Officer

December 2017

17

4. Performance Report

Whilst Angus IJB produced a performance report by the end of June 2017, the report does not include an assessment on Best Value in the provision of services. This is one of the prescribed areas that the report should cover.

Risk

The performance report does not meet the requirements of the Scottish Government.

Angus IJB should reflect on how it will report on Best Value in the 2017/18 performance report.

The IJB will remedy this for 2017/18 reporting.

Chief Finance Officer/ Head of Community Health and Care Services (with responsibility for Performance Management)

March 2018

17

5. Framework for consideration of Audit Scotland national reports

Audit Scotland produces a number of national reports that, whilst they do not relate specifically to the IJB, contain information that should be considered by the IJB.

Risk

The members of Angus IJB are not fully aware of emerging national issues in Health and Social Care that may impact on their ability to deliver services locally.

The Chief Finance Officer should develop a system to allow for the consideration of relevant national performance reports and to report the main findings to Angus IJB members as appropriate.

The IJB will develop a mechanism for sharing the main findings of national reports with Audit Committee members.

Chief Finance Officer

December 2017

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating to our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Results</p> <p>Audit procedures were undertaken at the year end to ensure the figures in the accounts are accurate.</p> <p>Conclusion</p> <p>No issues identified as part of the year end audit regarding management override of controls.</p>
<p>2 Risk of Fraud over Expenditure</p> <p>The expenditure of the IJB is processed through the financial systems of Angus Council and NHS Tayside. There is a risk that non IJB related expenditure is incorrectly coded to the IJB account codes.</p>	<p>Robust budget monitoring.</p> <p>Assurances to be provided to the IJB by Angus Council and NHS Tayside on the completeness and accuracy of transaction coded to IJB account codes.</p>	<p>Results</p> <p>Assurances have been received from NHS Tayside and Angus Council.</p> <p>Conclusion</p> <p>No issues identified in either of the assurances.</p>
<p>3 Financial Statements Preparation</p> <p>Preparation of the IJB financial statements relies on the provision of financial and non-financial information from the systems of the two partner bodies. The Chief Finance Officer of the IJB must obtain assurance that the costs transferred to the accounts of the IJB are complete and accurate and incurred on behalf of the IJB for services prescribed in the integration scheme. There is a risk that the Chief Finance Officer does not obtain adequate assurance</p>	<p>Strong working relationships with Angus Council and NHS Tayside</p> <p>The integration scheme specifies the financial reporting responsibilities of both Angus Council and NHS Tayside</p> <p>Monthly monitoring of financial information</p> <p>Assurances provided through internal audit arrangements.</p> <p>Consideration of the 2016/17 Code of Practice on Local Authority Accounting (the Code) changes through the final accounts working group.</p>	<p>Results</p> <p>Assurances have been received from NHS Tayside and Angus Council audit committees.</p> <p>Audit procedures undertaken at the year end on the completeness of figures.</p> <p>Conclusion</p> <p>No issues arising from the audit of the financial statements.</p>





















Audit risk	Assurance procedure	Results and conclusions
<p>that information received from each party is accurate and complete.</p> <p>In addition the 2016/17 Code of Practice on Local Authority Accounting (the Code) introduces changes to the presentation of the financial statements including changes to the requirements of the annual governance statement to provide additional disclosures.</p>		
<p>Financial Performance</p> <p>The latest financial monitoring report from February 2017 reported a projected outturn of £158.6 million against a delegated budget of £156.8 million, an overspend of £1.8 million. The overspend relates mainly to an NHS Tayside related cost of prescribing.</p>	<p>Finance Monitoring reports provided to IJB Board.</p> <p>Assurances provided through internal audit arrangements (including internal audit review of Financial Management)</p>	<p>Results:</p> <p>The final outturn for the IJB showed that the spend against the NHS budget was overspent by £2.007 million.</p> <p>Conclusion</p> <p>In line with the Integration Scheme the shortfall in funding was matched by an increase in budget from NHS Tayside.</p>
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>Financial sustainability</p> <p>NHS Tayside and Angus Council face significant financial pressures from funding reductions and increasing demand.</p> <p>There is a risk that the IJB, in partnership with NHS Tayside and Angus Council, may not be able to identify sustainable savings measures or meet costs pressures as they arise.</p>	<p>Budget settlement and Budget Update papers provided to IJB Board.</p>	<p>Results</p> <p>The latest financial budget position notes that there is a shortfall in savings identified of £0.787 million.</p> <p>Conclusion</p> <p>We will continue to monitor the achievement of savings targets as part of the audit process.</p>
<p>Governance: Finance Support Services</p> <p>Finance support services are provided to the IJB by both Angus Council and NHS Tayside This support continues to evolve but is subject to issues such as staff turnover. The IJB has noted this as an area of risk potentially affecting the IJB's ability to improve its Locality Finance reporting.</p>	<p>The Chief Finance Officer continues to work with both Angus Council and NHS Tayside to ensure required support is in place.</p>	<p>Results</p> <p>The lack of appropriate support from Angus Council was highlighted in the recent internal audit report on <i>Financial Management in Adult Services</i>.</p> <p>Conclusion</p> <p>This area will continue to be monitored to ensure that the support required for the IJB is received from Angus Council.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Governance and Transparency</p> <p>In order to ensure transparency, information about the nature of the IJB, its performance and governance should be readily accessible to the public.</p> <p>Certain governance documentation has been agreed by the IJB (e.g. financial regulations) but is not listed in the Downloads section of the IJB website. The documentation is located within agenda papers for IJB meetings; this makes it harder for stakeholders to find. There is a risk that information on the governance and performance of the IJB is inaccessible to stakeholders.</p>	<p>Compliance with Model Publication Scheme.</p>	<p>Results</p> <p>The IJB website has undergone a refresh as part of the Angus Council website refresh. The website now includes background and performance information on the Board and the governance arrangements within the Board.</p> <p>Conclusion</p> <p>The Angus IJB website is sufficiently transparent to meet the expectations of stakeholders: it now includes more information relating to the background and performance of the Board and the governance arrangements within the Board.</p>

Appendix 3

Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

IJB relevant reports

[The National Fraud Initiative in Scotland](#) – June 2016

[Angus Council Best Value audit report](#) – October 2016

[NHS in Scotland 2016](#) – October 2016

[Local Government in Scotland: Financial overview 2015/16](#) – November 2016

[Social work in Scotland](#) – September 2016

[Scotland's NHS workforce](#) – February 2017

[Local Government in Scotland: Performance and Challenges 2017](#) – March 2017

Angus Integration Joint Board

2016/17 Annual Audit Report DRAFT

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Management Commentary

1. Introduction

Angus Integration Joint Board (Angus IJB) was established on 3rd October 2015 as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB took over delegated responsibility for Health and Social Care in Angus from 1st April 2016. This set of annual accounts is the IJB's first set of annual accounts since taking over that responsibility and covers the period from 1st April 2016 to 31st March 2017. The IJB is required to prepare annual accounts under the Local Authority Accounts (Scotland) Regulations 2014 and Regulations under Section 106 of the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This Management Commentary outlines key messages regarding the objectives and strategy of the Angus IJB, its financial reporting and performance for the 2016/17 financial year and provides an indication of risks which may impact upon the IJB in the future.

2. Purpose and objectives

Angus IJB is a formal Partnership between NHS Tayside and Angus Council (the Parties) as described in the Angus IJB Integration Scheme. That Integration Scheme describes the health and social care functions that have been delegated by the Parties to Angus IJB from 1st April 2016.
(<https://www.angus.gov.uk/media/angus-integration-scheme>)

The IJB's Strategic Plan for 2016-2019 was approved at a meeting of Angus IJB Board on 23rd March 2016. The following is an extract from the Strategic Plan:-

"From April 2016 Angus Council, NHS Tayside, the third and independent sectors are working together in a new Angus Health and Social Care Partnership (HSCP). The Angus HSCP has been established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The partnership has been formed following the signing, by the parent bodies, of an Integration Scheme setting out the legal arrangements. The work of the partnership is overseen by the Integration Joint Board."

Angus IJB provides Community Health and Social Care Services for the population of Angus (c117,000 - National Records of Scotland mid-2016 population estimate) across an area that is co-terminus with Angus Council. Services provided are fully described in the Integration Scheme and include, amongst others, services for Older People, Mental Health Services, Learning Disability Services, Physical Disability Services and Substances Misuse Services. As one of three IJBs in Tayside, Angus IJB also hosts Tayside wide services including Out of Hours and Speech Therapy and is the lead Health and Social Care Partnership for Primary Care in Tayside.

3. Strategic Plan

Progress towards the objectives of the Strategic Plan are regularly reported to the IJB Board and the bi-monthly Strategic Planning Group. A first year review of the Strategic Plan is required by the IJB by the end of June 2017 accompanied by a Service Delivery Plan, Market Facilitation Plan and Annual Performance Report. The Angus IJB Strategic Plan contained four main priorities as follows:-

- Priority 1 – Improving Health, Wellbeing and Independence.
- Priority 2 – Supporting care needs at Home.
- Priority 3 – Developing integrated and enhanced Primary care and community services.
- Priority 4 – Improving integrated care pathway for priorities in care.

The strategic improvement actions identified in the Strategic Plan all relate to one of the four priorities. Many of the objectives are implemented through the four Locality Improvement Plans.

4. Operational Review

The IJB has successfully delivered services throughout 2016/17 in line with the Integration Scheme. While the Strategic Plan and operational imperatives create a busy landscape for the IJB in terms of operational service delivery much progress has been made including:-

- The completion of sheltered housing changes originally agreed by Angus Council prior to April 2016 and the successful introduction of a social enterprise tenancy support model, supported by an enhanced community alarm service.
- Further progression with the Help to Live at Home programme including a revised delivery model for home care with significantly increased home care delivery and more direct contact time with service users. (See report 33/17 at http://www.angus.gov.uk/sites/angus-cms/files/2017-06/Item_13_Report%2033_17%20HTLH%20Programme%20Progress%20Report.pdf).

- The undertaking of a partnership review of residential and nursing care home provision, both in-house and external.
- The development of priorities for accommodation for people with learning disabilities, progression of the rehabilitation of some Strathmartine Hospital patients and the progressed the replacement for the Gables residential care home.
- Taking forward the increased integration of the Partnership's Occupational Therapy services and Substance Misuse Services.
- The consolidation of existing Enhanced Community Services and the approval of plans to roll out this development across the whole of Angus. (See report 85/16 at https://www.angus.gov.uk/media/angus_health_and_social_care_integration_joint_board_14_december_2016)
- The consolidation of in patients bed numbers in line with planned needs reflecting both the increased home care capacity and the consolidated investment in Enhanced Community Services.

The IJB has had to manage a number of challenges throughout the year including workforce issues particularly prevalent in medical and nurse staffing. This presents an ongoing risk for the IJB.

5. Financial Management

The IJB's finances are overseen by the IJB's Chief Finance Officer with support from Finance functions within Angus Council and NHS Tayside. This support is provided as part of overall arrangements for corporate support services whereby Angus Council and NHS Tayside provide a range of services, including Finance, Human Resources and Legal & Democratic Services, without charge to Angus IJB.

Prior to April 2016, the IJB had developed the financial governance infrastructure required to allow it to assume new responsibilities from 1st April 2016. That financial governance infrastructure continues to be reviewed and refreshed.

6. Analysis of Financial Statements

A main objective of these Annual Accounts is to provide information about the financial position, financial performance and cash flows of the IJB that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. During 2015/16, the IJB was non-operational and consequently comparisons with previous years are of limited value.

The 2016/17 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that the IJB made an overall surplus of £582k (i.e. under spent by £582k) in 2016/17 on the total income of £162m. This under spend (0.4% of 2016/17 income) was within Adult Services (Social Care) and will be carried forward into 2017/18 through the IJB's reserves.
During the financial year the IJB received reports setting out projected overspends on devolved NHS resources. Due to the IJB's Integration Scheme, at the end of the financial year NHS Tayside has increased its contribution to the IJB to offset those overspends. The Annual Accounts reflect the position after the increased contributions of £2.007m have been allowed for. The over spends covered by the increased contributions were principally attributable to Prescribing costs being in excess of available funding.
- b) Movement in Reserves – The IJB carried nil reserves into 2016/17 but, due to the operating surplus noted above, has year-end reserves of £582k. These are held in line with the IJB's reserves policy.
- c) Balance Sheet – In terms of routine business the IJB does not hold assets, however the reserves noted above are reflected in the year-end balance sheet.
- d) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2016/17 do not include a Cash Flow Statement as the IJB does not hold any cash or cash equivalents.

7. Financial Outlook

Angus IJB has now agreed budget settlements with Angus Council and NHS Tayside, subject to final confirmation, for 2017/18 as follows:-

Budgets to be delegated from Angus Council - £44.290m

Budgets to be delegated from NHS Tayside - £119.739m
 Total budgets to be devolved to the IJB - £164.029m.

Both settlements present significant challenges in terms of accommodating demographic and inflationary type pressures. Angus IJB receives regular updates regarding progress with regard to managing the challenges inherent in the budget settlements including the delivery of required levels of efficiencies or cost reductions.

The position regarding recurring 2017/18 shortfalls in budget settlements is as follows:-

Devolved Budget	Angus Council	NHS Tayside (Excluding Prescribing)	Prescribing	Total
	£000	£000	£000	£000
Initial Shortfall	1,648	1,427	3,030	6,105
Plans in place	1,380	1,378	1,119	3,877
Residual Shortfall (June 2017)	268	49	1,911	2,228

This table clearly demonstrates the importance of Angus IJB being able to deliver all the plans currently in place and the need to identify further measures, particularly regarding Prescribing, that will resolve the overall residual shortfall. There remains a need to develop financial planning across the whole breadth of the partnership and to undertake all financial planning in a manner reflecting the challenging financial environment the IJB will be operating in.

The financial outlook for the IJB was previously described within the IJB's Strategic Plan, an extract of which appears below:-

"The Partnership's financial planning environment will be challenging reflecting that of the public sector generally and Angus Council and NHS Tayside specifically. Both organisations face significant financial challenges and the budgets to be devolved to the Partnership...reflect the need to deliver significant efficiencies. "

The IJB will monitor all funding streams available from the Scottish Government and the overall financial positions of NHS Tayside and Angus Council as ultimately all three will have an impact on the financial resources available to Angus IJB.

In terms of financial sustainability it is important to note that the Angus Integration Scheme states that "In the event that an overspend is evident following the application of recovery plan, use of reserves or where the Strategic Plan can not be adjusted, the following arrangement will apply:

- 1st and 2nd financial year of Integration Joint Board – the overspend will be met by the Party to which the spending direction for service delivery is given i.e. the Party with operational responsibility, unless agreed otherwise through a tri-partite agreement between the Integration Joint Board and the parties;
- 3rd financial year of the Integration Joint Board onwards – the overspend will be shared in proportion to the spending Direction for each party for that financial year. Adjusting these spending directions to ensure the Parties are on a like for like basis."

Therefore 2017/18 represents the last year before the planned change in the above arrangements - often referred to as "risk-sharing" arrangements. Angus IJB will work with both Parties to ensure a successful migration from the arrangements in place in years 1 and 2 to the long term arrangement.

8. Management of Risks

Angus IJB has an approved Risk Management Policy and Strategy in place. The IJB monitors a series of strategic and operational risks using agreed methodologies. Risks monitored include financial, clinical care and professional governance, performance management and workforce risks. Updates are provided bi-monthly to the Angus HSCP Clinical Care and Professional Governance Forum chaired by the Health & Social Care Partnership's Clinical Director, and then summarised for the IJB Board quarterly.

From a financial planning perspective the IJB faces a number of risks many of which are consistent across Public Services generally. Beyond a number of specific financial risks (e.g. those that relate to prescribing and workforce), the generic financial risks of the IJB reflect the combination of managing increased demand for services due to demographic factors (e.g. Older Peoples Services, Learning Disability) and managing inflationary type pressures (e.g. Living Wage) against a background of challenging financial settlements while overseeing, often complex, service and strategic changes.

Workforce issues continue to present a challenge throughout the IJB. While the IJB works to limit the service delivery impact of workforce challenges, there can also be financial implications. Areas of particular concern include General Practitioner recruitment, recruitment of Home Care and Nursing staff into Independent Sector service providers and NHS Medical, Nursing and AHP staff. These issues are not exclusive to Angus and Angus IJB will work hard towards mitigating the impact of national workforce issues. However, availability of workforce may ultimately have a financial impact and this may impact on future service provision.

9. Public Performance Reporting

Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 states that Integration Authorities must prepare an annual performance report for each reporting year. A performance report is described as a report which sets out an assessment of performance by each Integration Authority in planning and carrying out its integration functions. Each Authority is required to report on its performance against a set of prescribed national outcomes and indicators.

Angus IJB regularly receives Performance Report updates. Angus IJB's first annual performance report is for the reporting year 2016/17 and was issued in June 2017 (see report 32/17 at https://www.angus.gov.uk/media/agenda_item_12_report_no_ijb32_annual_strategic_progress_and_performance_report and associated appendix at https://www.angus.gov.uk/media/agenda_item_12_report_no_ijb32_annual_strategic_progress_and_performance_report_appendix_1).

10. Further Information

These Annual Accounts refer to both the Angus IJB Integration Scheme and Angus IJB Strategic Plan. These can be found at:-

Angus IJB Integration Scheme: <https://www.angus.gov.uk/media/angus-integration-scheme>

Angus IJB Strategic Plan:

https://www.angus.gov.uk/directories/document_category/health_and_social_care_partnership_strategic_plan_2016_19

Angus IJB publishes all formal Board papers at:

https://www.angus.gov.uk/social_care_and_health/angus_health_and_social_care_partnership/integration_joint_board_agendas

Further information regarding the Annual Accounts can be obtained from Chief Finance Officer, Angus IJB, St Margaret's House, Orchardbank Business Park, Forfar, DD8 1AF.

11. Conclusion and Acknowledgements

We are pleased to record that during 2016/17 the IJB has successfully delivered health and social care services to the population of Angus and, for hosted services, to the population of Tayside. We acknowledge this has been a challenging year and the IJB's success has only been achieved through the hard work of staff employed in Angus Council and NHS Tayside and other partner organisations.

Looking forward, while the IJB faces continuing challenging financial circumstances it also plans to continue to take advantage of the opportunities available through Health and Social Care Integration to best deliver affordable health and social care services for the population of Angus.

Vicky Irons	Hugh Robertson	Alexander Berry
Chief Officer	Chairperson	Chief Finance Officer
30 August 2017	30 August 2017	30 August 2017

Annual Governance Statement

Introduction

In October 2015, the Scottish Government approved Angus IJB's Integration Scheme thus formally constituting the Partnership with the intention of it being responsible for services from 1st April 2016. Angus IJB duly assumed responsibility for services from 1st April 2016 and this Governance Statement therefore reflects the responsibilities assumed from 1st April 2016.

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Scope and Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk and to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHS Tayside and Angus Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and System of Internal Control

The Board of the IJB comprises voting members, nominated by either NHS Tayside or Angus Council, as well as non-voting members including a Chief Officer appointed by the Board.

Angus IJB also has an Audit Committee chaired by a member of the IJB and comprising 4 further IJB members. During 2016/17, the Audit Committee met 3 times and the membership at the year end was as follows:-

Councillor Jim Houston (attended 3 of 3 meetings)
Alison Rogers (attended 2 of 3 meetings)
Jim Foulis (attended 1 of 1 meeting, member for part year only)
David Barrowman (attended 3 of 3 meetings)
Peter Burke (appointed after final 2016/17 meeting).

The main features of the governance framework in existence during 2016/17 were:

- Approved Integration Scheme, Scheme of Delegation, Standing Orders and Financial Regulations.
- Bi-monthly public meetings of the IJB.
- Code of Conduct and Register of Interests for all IJB members.
- Monthly Executive Team and Senior Leadership Team meetings.
- Formal bi-monthly Strategic Planning Group overseeing the IJB's Strategic Plan and its implementation and development.
- Bi-monthly Clinical and Care Governance Committee.
- Bi-monthly Staff Governance Committee.
- Audit Committee meetings approximately 4 times per annum (3 in 2016/17) with responsibility for agreeing the Annual Internal Audit Plan, considering the results of any external or internal inspections, assessments or audits of the IJB and to scrutinise the Annual Accounts and Governance Statement of the IJB.
- Appointment of Fife, Tayside and Forth Valley Management Services as Internal Auditors for the IJB with support from Angus Council Internal Audit.
- Appointment of Audit Scotland as External Auditors for financial years 2016/17 to 2020/21.
- Chief Officer in post for duration of 2016/17.
- Chief Finance Officer in post for the duration of 2016/17 with the Chief Finance Officer having overall responsibility for the IJB's financial arrangements, being professionally qualified and having suitable experience to lead the IJB's finance function and to direct staff. In line with overall Corporate Support arrangements, the Chief Finance Officer is reliant on the finance support provided by both NHS Tayside and Angus Council.

The governance framework described above operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2016/17 this included the following:

- Approval and implementation of an IJB Risk Strategy.
- Approval and implementation of an IJB Performance Reporting Framework.
- Provision of regular financial monitoring reports to the IJB.
- Provision of regular budget settlement reports to the IJB.
- Approval and delivery of an Annual Internal Audit Plan.
- Issuing of Directions to Partner organisations.
- Approval and implementation of a Complaints handling procedure.
- Implementation of Clinical and Care Governance monitoring arrangements.
- Reliance on the procedures, processes and systems of partner organisations.

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA publication) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA publication). The Head of Internal Audit reports directly to the Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit Committee.

Development Issues for 2017/18

The IJB is required to review the effectiveness of its governance structures regularly. The IJB acknowledges that as a relatively new body, working in a complicated environment, further development and review of governance structures is still required. A number of areas for continued development and review have been described at recent Audit Committee meetings (including 19 April 2017). The developments and areas of review for 2017/18 will include:-

- Development of Large Hospital Set Aside arrangements in conjunction with NHS Tayside
- Development of improved Hosted Services arrangements including improved sharing of information between the three Tayside IJBs.
- Review the quality of corporate support arrangements that the IJB is reliant upon and that are currently provide by Angus Council and NHS Tayside.
- Review the overall governance framework that supports the relationship between Angus Council and NHS Tayside and Angus IJB.
- Develop further the role of localities including clarifying local financial planning arrangements.
- Continue to review the training requirements for Board members and new Board members in particular.
- Undertake a broad review of the IJB's overall governance arrangements after the first full year of Integration.

It is important to note that during 2016/17, the IJB's Internal Auditors undertook review of the Financial Management of Adult Services. This Internal Audit received a D (“Inadequate”) grading. The IJB has subsequently compiled a series of Management responses to this Internal Audit and these will be progressed with the relevant Corporate Support Services.

Review of Effectiveness

As noted, the IJB has responsibility for reviewing the effectiveness of its governance structures regularly. Throughout 2016/17 governance updates have regularly been provided to the IJB's Audit Committee. In addition the IJB's Chief Internal Auditor has reviewed the IJB's governance arrangements and in the IJB's 2016/17 Annual Internal Audit report notes...

1. *As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2016/17*
2. *Based on work undertaken I have concluded that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2016/17*
3. *In addition, I have not advised management of any concerns around the following:*
 - a. *Consistency of the Governance Statement with information that we are aware of from our work;*
 - b. *The format and content of the Governance Statement in relation to the relevant guidance;*
 - c. *The disclosure of all relevant issues.*

While there remain a number of areas of governance that are still developing and require to be developed further, it is the opinion of the IJB Chairperson and Chief Officer that at 31 March 2017, reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance

arrangements. We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. Additionally systems are in place to regularly review and improve the internal control environment.

Hugh Robertson	Vicky Irons
Chairperson	Chief Officer
30 August 2017	30 August 2017

Angus IJB Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

Senior officers and board members

Both the Chief Officer and Chief Finance Officer of Angus IJB are employed by NHS Tayside and the remuneration and pension benefits of both are reported here.

At 31st March 2017, Angus IJB has 6 voting members and 12 non-voting members reflecting the Integration Scheme. The IJB held 6 meetings during 2016/17.

Voting Members:-

Angus Council

Councillor Glennis Middleton – Vice Chair (attended 6 of 6 meetings)

Councillor Jim Houston (attended 6 of 6 meetings)

Councillor David May (attended 5 of 6 meetings)

NHS Tayside

Hugh Robertson, Non Executive Board Member – Chair (attended 6 of 6 meetings)

Judith Golden, Non Executive Board Member (attended 3 of 6 meetings)

Alison Rogers, Non Executive Board Member (attended 5 of 6 meetings).

Non-voting Members:-

Vicky Irons, Chief Officer

Kathryn Lindsay, Chief Social Work Officer

Peter Burke, Carers Representative

Mavis Leask, Staff Representative (Angus Council)

Ivan Cornford, Independent Sector Representative

David Barrowman, Service User Representative

Alexander Berry, Chief Finance Officer

Douglas Lowdon, Registered Medical Practitioner

Jim Foulis, Associate Nurse Director

Bill Muir, Third Sector Representative

Barbara Tucker, Staff Representative, NHS Tayside

Alison Clement, Clinical Director

NHS Tayside has been requested to determine a registered medical practitioner whose name is included in the list of primary medical services performers to be a non-voting member of the Board but this has still to be confirmed.

Councillor Middleton was Chair of the IJB until 2 October 2016 when she was succeeded by Hugh Robertson.

Following the Local Government elections in May 2017, the IJB now has three new Angus Council nominated representatives on the IJB in 2017/18. These new representatives are Councillor David Fairweather (Vice Chair), Councillor Julie Bell and Councillor Lois Speed.

Remuneration : IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Angus Council and NHS Tayside. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs or taxable expenses borne by the partner.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration : Officers of the IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Board. Both the Chief Officer and Chief Finance Officer of Angus IJB are employed by NHS Tayside and the remuneration and pension benefits of both are reported here.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer adheres to the legislative and regulatory framework of NHS Tayside. For the Chief Officer, the remuneration arrangements and performance appraisal is consistent with other Executive Directors and Senior Managers and is governed by decisions of the NHS Tayside Remuneration Committee. Decisions have been strictly in accordance with the provision of circulars issued by the Scottish Government Health and Social Care Directorates and are subject to regular audit scrutiny. The membership of NHS Tayside's Remuneration Committee is reported in the Directors Report in NHS Tayside's Annual Accounts.

Other Officers

No other staff are appointed by the IJB under a similar legal regime to the Chief Officer. An assessment has been made of the other non-voting board members who meet the criteria for disclosure and consequently the Chief Finance Officer is included in the disclosures below.

The following table provides details of the remuneration paid to the relevant Angus IJB's officers for the period 1 April 2016 to 31 March 2017.

Total 2015/16 £	Post	Senior Employee	Salary, fees & allowances £	Taxable Expenses £	Total 2016/17 £
40,120 (FYE – 81126)	Chief Officer	V Irons	83,178	0	83,178
30,101 (FYE – 60867)	Chief Finance Officer	A Berry	62,228	998	63,226
70,221 (FYE – 141993)	Total		145,406	998	146,404

Where 2015/16 Full Year Effects (FYE) are shown these reflect full year pro-rata effect of 2015/16 part year costs.

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Post	Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
		For Year to 31/03/16 £	For Year to 31/03/17 £		Difference from 31/03/16 £	As at 31/03/17 £
Chief Officer	V Irons	5,978	12,394	Pension	1,545	25,433
				Lump sum	15	67,058
Chief Financial Officer	A Berry	4,485	9,272	Pension	1,913	16,566
				Lump sum	2,283	42,969
	Total	10,463	21,666	Pension	3,458	41,999
				Lump Sum	2,298	110,027

Disclosure of Employees by Remuneration Band

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50000 or above, in bands of £5000. The figures therefore include those senior employees on which additional remuneration information is provided in the table above.

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£60,000 - £64,999	1
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	1
0	Total	2

Audit Review

All information disclosed within the tables in the Remuneration Report is audited by the IJB's appointed External Auditors. The other sections of the Remuneration Report are reviewed by the External Auditors to ensure that they are consistent with the financial statements.

Vicky Irons	Hugh Robertson
Chief Officer	Chairperson – Angus IJB
30 August 2017	30 August 2017

THE STATEMENT OF RESPONSIBILITIES

The Integration Joint Board’s Responsibilities

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Audit Committee at its meeting on 30 August 2017.

Signed on behalf of Angus Integration Joint Board

Hugh Robertson
Chairperson – Angus IJB
30 August 2017

The Chief Finance Officer’s Responsibilities

The Chief Finance Officer is responsible for the preparation of the Integration Joint Board’s Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept adequate accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the annual accounts give a true and fair view of the financial position of the Angus Integration Joint Board as at 31 March 2017 and its income and expenditure for the year then ended.

Alexander Berry
Chief Finance Officer
30 August 2017

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the period of providing services, in accordance with generally accepted accounting practices, which are funded by budget requisitions from the parties listed in the Integration Scheme.

The 2015/16 Comprehensive Income and Expenditure analysis has been restated to reflect the IJB's organisational structure, as required for the 2016/17 financial statements.

2015/16		2016/17
Net Expenditure £000		Net Expenditure £000
0	Older Peoples Service	54,191
0	Mental Health	10,244
0	Learning Disabilities	15,944
0	Physical Disabilities	3,642
0	Substance Misuse	1,512
0	Community Services	11,263
0	Planning / Management Support	1,269
94	IJB Operational Costs	207
0	GP Prescribing	23,483
0	General Medical Services	16,356
0	Family Health Services	11,411
0	Large Hospital Set Aside	11,759
94	Cost Of Services	161,281
(94)	Non-Specific Grant Income (Note 4)	(161,863)
0	(Surplus) or Deficit on Provision of Services	(582)
0	Total Comprehensive Income and Expenditure	(582)

The IJB was established on the 3 October 2015 and did not have delegated authority for services in 2015/16. Integrated health and social care services commenced from 1st April 2016. Consequently the 2016/17 financial year is the first fully operational year for the IJB and the figures above reflect this.

The IJB's Comprehensive Income and Expenditure Statement shows the net cost of Partners providing directed services. It does not separately identify income received from service users as this remains the statutory responsibility of the Partners.

There are no statutory or presentation adjustments which effect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The IJB only holds a General Fund Balance within overall usable reserves. There were no reserves held at 31 March 2016 and no movement in reserves during 2015/16.

Movement in reserves 2016/17	General Fund Balance (Usable Reserve) £000
Opening Balance at 31 March 2016	0
Total Comprehensive Income and Expenditure	(582)
Increase or Decrease in 2016/17	(582)
Closing Balance at 31 March 2017	(582)

Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2016 £000		Notes	31 March 2017 £000
	Current Assets		
5	Short term debtors	6	582
	Current Liabilities		
5	Short term creditors	7	0
0	Net Assets		582
0	Usable Reserves		582

Usable reserves may be used to provide services and to assist the IJB with longer term financial planning subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The audited accounts were authorised for issue by the Chief Finance Officer on the 30 August 2017.)

Alexander Berry
Chief Finance Officer
30 August 2017

Notes to the Financial Statements

Note 1 – Significant Accounting Policies

General Principles

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. The Financial Statements summarise the authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment. The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income may not be received, expected income is adjusted.

Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Angus Council and NHS Tayside (the Parties). Expenditure is incurred as the IJB directs specified health and social care services from the Parties for the benefit of service recipients in Angus.

Going Concern

For 2017/18 the IJB has agreed budget settlements with Angus Council and NHS Tayside, subject to final confirmation. The IJB has a series of plans in place to assist the IJB deliver a 2017/18 balanced budget. However there remain underlying risks regarding, for example Prescribing. The Angus Integration Scheme states that in the event of the IJB ultimately overspending in 2017/18 then any overspend will be met, depending on circumstances, by Angus Council or NHS Tayside. On that basis the IJB's can be treated, from a financial reporting perspective, as a going concern.

Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions liability in its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the remuneration report. The charges from the employing partner are treated as employee costs.

Overheads and Support Services

For the year 2016/17, all corporate support services provided by NHS Tayside and Angus Council, and as described in the IJB's Integration Scheme, are provided without charge by NHS Tayside and Angus Council.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a charge of expenditure to the IJB's Comprehensive Income and Expenditure Statement when there is an obligation as at 31 March due to a past event, settlement of the obligation is probable, and a reliable estimate of the amount can be made.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Comprehensive Income and Expenditure Statement, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Comprehensive Income and Expenditure Statement, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The IJB is able to hold reserves albeit these will be reserves held through one of the Partner agencies as the IJB will not directly hold cash balances. Reserves may be designated for specific purposes or for the general purposes of the IJB. The balance of the general purpose reserve as at 31 March shows the extent of resources which the IJB can use in later years to support service provisions though these balances need to be considered in the context of the overall financial position of the IJB as per the Integration Scheme (sections 8.17, 8.21, 8.22).

Indemnity Insurance

As a member of CNORIS (Clinical Negligence and Other Risks Indemnity Scheme) the IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Tayside and Angus Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they are directed to provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore comparable to normal insurance arrangements.

The IJB currently has no known or potential claims against it.

Value Added Tax (VAT)

The IJB is not VAT registered however for expenditure incurred on behalf of the IJB by partners, the VAT treatment of expenditure in the IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where Angus Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and NHS Tayside will charge the full cost to the IJB.

Note 2 – Events after the Balance Sheet Date

The unaudited annual accounts were authorised for issue on 30 June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

For 2016/17, no such adjustments have been required.

Note 3 – Expenditure and Income Analysis by Nature

2015/16 £000		2016/17 £000
0	Services commissioned from Angus Council	56,067
0	Services Commissioned from NHS Tayside	105,007
88	Other IJB Operating Expenditure ¹	187
1	Insurance and Related Expenditure ²	3
5	Auditor Fee : External Audit Work ³	17
(44)	Partners Funding Contribution (Angus Council)	(44,026)
(50)	Partners Funding Contribution (NHS Tayside)	(117,837)
0	(Surplus) or Deficit on the Provision of Services	(582)

The IJB was established on 3 October 2015 and did not have delegated authority for services in 2015/16. Integrated health and social care services commenced from 1st April 2016. Consequently the 2016/17 financial year is the first fully operational year for the IJB and the figures above reflect this.

1. Costs associated with Chief Officer and Chief Finance Officer.
2. 2016/17 CNORIS costs (see note 1).
3. Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor.

Note 4 – Taxation and Non Specific Grant Income

2015/16 £000		2016/17 £000
(44)	Contributions from Angus Council	(44,026)
(50)	Contributions from NHS Tayside	(117,837)
(94)	Total	(161,863)

The "contributions" received by Angus IJB represent the funding provided by the Parties (Angus Council and NHS Tayside).

The funding contribution from the NHS Board shown above includes £11,759k in respect of Large Hospital 'set aside' resources relating to acute hospital resources. While the associated services are provided by NHS Tayside, which retains responsibility for service management, the IJB has formal responsibility for the strategic planning of Large Hospital "set aside" resources including considering the level of planned consumption of these resources.

Note 5 – Offsetting Debtors and Creditors

The IJB does not hold cash and cash equivalents. Instead the funding partners utilise, as directed by the IJB, the amount of funding due to the IJB to pay for services.

The IJB and the funding partners have confirmed that there is a 'right of offset', and that there is an intention to allow settlement of balances to be undertaken on a net basis. On this basis the IJB's financial statements present the balances due to and from the funding partners on a net basis rather than as separate creditors and debtors.

The offsetting of debtors and creditors by the IJB primarily relates to the funding contributions due from the funding partners as at 31 March (a debtor balance), and the commissioning expenditure relating to 2016/17 that the IJB is committed to paying the funding partners for, as at 31 March (a creditor balance).

Note 6 – Debtors

2015/16 £000		2016/17 £000
0	Angus Council	582
5	NHS Tayside	0
5	Debtors	582

The debtors balance with Angus Council represents Angus IJB reserves held by Angus Council at March 2017.

Note 7 – Creditors

2015/16 £000		2016/17 £000
0	Angus Council	0
5	NHS Tayside	0
5	Debtors	0

Note 8 – Reserves

The IJB holds a balance on the general fund for two main purposes:

- To ear-mark, or build up funds, which are to be used for specific purposes.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework. While the target level is 2% of net expenditure it is acknowledged that at the outset, due to the financial constraints within which the IJB is operating, it will be difficult to establish contingency reserves at the target level.

Balance at 3 October 2015 £000	Transfer in 2015/16 £000	Transfer Out 2015/16 £000	Balance at 31 March 2016 £000		Transfer In 2016/17 £000	Transfer Out 2016/17 £000	Balance at 31 March 2017 £000
0	0	0	0	General Fund	582	0	582

Note 9 – Agency Income and Expenditure

On behalf of all IJBs within the NHS Tayside area, Angus IJB acts as the host Partnership for Out of Hours, Speech Therapy, Continence, Pharmacy and Forensic Medical Services. The IJB directs services on behalf of Dundee and Perth & Kinross IJBs and reclaims the full costs involved. The payments that are made on behalf of other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below.

2015/16 £000		2016/17 £000
0	Expenditure on Agency Services	8,741
0	Reimbursement for Agency Services	(8,741)
0	Net Agency Expenditure excluded from the CIES	0

Note 10 - Related Parties

The IJB is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. Disclosure of these transactions allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the IJB.

Scottish Government

The Scottish Government has significant influence over the general activities of the IJB – it is responsible for providing the statutory framework within which the IJB is constituted and will operate, through partner agencies provides the majority of the IJB's funding and prescribes the terms of many of the transactions that the IJB has with other parties (e.g. Angus Council, NHS Tayside).

Members

Members of the IJB Board have control over the IJB's financial and operating policies to the extent they are transacted through the IJB.

Other Public Bodies (subject to common control by Scottish Government)

The IJB has related party relationships with Angus Council and NHS Tayside. In particular the nature of the Partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

Table 1 – Transactions with Angus Council

2015/16 £000		2016/17 £000
44	Funding Contributions received	44,026
0	Expenditure on Services	(56,067)
44	Net Transactions with the Council	(12,041)

This table shows that expenditure within Angus Council is £12,041k greater than Angus Council funding contributions. The difference largely represents IJB funding received from NHS Tayside being directed into Angus Council.

Key Management personnel: Angus Council employs the Staff (Council) and Chief Social Work Officer representatives on the IJB Board but there is no discrete charge for this representation.

Table 2 – Transactions with NHS Tayside

2015/16 £000		2016/17 £000
50	Funding Contributions received	117,837
0	Expenditure on Services	(105,007)
(88)	Key Management Personnel	(187)
(6)	Expenditure on Other IJB Costs	(20)
(44)	Net Transactions with NHS Tayside	12,623

Key Management personnel: NHS Tayside employs two Non-voting Board members, the Chief Officer and Chief Financial Officer. These posts are discretely costed and reflected in the Remuneration Statement. NHS Tayside also employs the Nursing, Staff (NHS), Registered Medical Practitioner and Clinical Director representatives on the IJB Board but there is no discrete charge for this representation.

Table 3 – Balances with Angus Council

31 March 2016 £000		31 March 2017 £000
0	Debtor Balances – Amounts due from Angus Council	582
0	Creditor Balances – Amounts due to Angus Council	0
0	Net Balance with Angus Council	582

The debtors balance with Angus Council represents Angus IJB reserves held by Angus Council at March 2017.

Table 4 – Balances with NHS Tayside

31 March 2016 £000		31 March 2017 £000
5	Debtor Balances – Amounts due from NHS Tayside	0
(5)	Creditor Balances – Amounts due to NHS Tayside	0
0	Net Balance with NHS Tayside	0

Independent auditor’s report to the members of Angus Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Angus Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of Angus Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Angus Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council’s Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of Angus

Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters. In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman
Assistant Director
Audit Scotland
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EH3 9DN

30 August 2017