

SCH/KM

3 January 2018



ALL MEMBERS OF ANGUS HEALTH AND
SOCIAL CARE INTEGRATION JOINT
BOARD AUDIT COMMITTEE

Dear Member

ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE

You are requested to attend a meeting of the Angus Health and Social Care Integration Joint Board Audit Committee to be held in the Committee Room, Town and County Hall, Forfar on Wednesday 10 January 2018 at 12.30pm.

The agenda and papers are enclosed.

If you have any queries, please contact Karen Maillie on (01307) 476265 or e-mail MaillieK@angus.gov.uk.

Yours sincerely

SHEONA C HUNTER

Head of Legal and Democratic Services

DISTRIBUTION:

Members and Officers of Angus Health and Social Care Integration Joint Board Audit Committee

Councillor Julie Bell/Derek Wann
Alison Rogers, Non Executive Board Member
Peter Burke, Carers Representative
Jim Foulis, Associate Nurse Director
Barbara Tucker, Staff Representative

David Barrowman, Service User Representative
David Thompson, Principal Solicitor, Angus Council
Vicky Irons – Chief Officer
Alexander Berry – Chief Finance Officer

FOR INFORMATION ONLY

Councillor Julie Bell/Derek Wann
Councillor Lois Speed
Kathryn Lindsay, Chief Social Work Officer
Alison Clement, Clinical Director
Chris Boyle – Staff Representative
Ivan Cornford, Independent Sector Representative

George Bowie, Head of Community Health and Care Services – South
Gail Smith, Head of Community Health and Care Services – North
David Coulson, Associate Director of Pharmacy, NHS Tayside

Hugh Robertson, Non Exec Board Member - Chair
Judith Golden, Non Executive Board Member
Douglas Lowdon, Consultant, Acute & Elderly Medicine
GP Representative - tbc
Bill Muir – Third Sector Representative
Michelle Watts, Associate Medical Director, NHS Tayside
Drew Walker, Director of Public Health, NHS Tayside
Bill Troup, Head of Integrated Mental Health Services



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

**TO BE HELD IN THE COMMITTEE ROOM, TOWN AND COUNTY HALL, FORFAR
ON WEDNESDAY 10 JANUARY 2018 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 30 August 2017.

(3-6)

4. GOVERNANCE UPDATE

Members are asked to note that a routine Governance report has not been provided to this meeting.

In terms of concluding governance issues, limited issues have been fully resolved with most issues still being work in progress. Issues include those listed in the 2016/17 Governance Statement and issues emanating from previous Internal Audit (assignment) reports, the 2016/17 Annual Internal report and the 2016/17 External Auditors Annual report.

5. SHARING OF AUDIT OUTPUTS PROTOCOL

Submit Report No IJB 1/18 by the Chief Finance Officer.

(7)

6. 2017/18 INTERNAL AUDIT PLAN – PROGRESS UPDATE

Submit Report No IJB 2/18 by the Chief Finance Officer.

(8-10)

7. 2017/18 EXTERNAL AUDIT ANNUAL AUDIT PLAN

Submit Report No IJB 3/18 by the Chief Finance Officer.

(11-26)

8. EXTERNAL REPORTS

Submit Report No IJB 4/18 by the Chief Finance Officer.

(27-32)

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 30 August 2017 at 12.30pm.

Present: Members of Audit Committee

PETER BURKE, Carers Representative
ALISON ROGERS, Non Executive Board Member
Councillor LOIS SPEED, Angus Council

Advisory Officers

SANDY BERRY, Chief Finance Officer
VICKY IRONS, Chief Officer
WENDY SUTHERLAND, Senior 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)
GILLIAN WOOLMAN, Assistant Director, Audit Scotland
ELAINE LONGWILL, Solicitor – Place Directorate, Angus Council - Observer

ALISON ROGERS, in the Chair

Prior to the commencement of business, in terms of Standing Order 6.1, the Clerk advised that the meeting was inquorate and that no substantive decisions could be taken. The Chair, in consultation with the Chief Finance Officer agreed to informally appraise the business to be transacted.

Following Councillor Speed's arrival, a summary of the terms of discussion was intimated, thereafter the meeting was quorate and proceeded as normal.

1. APOLOGIES

An apology for absence was intimated on behalf of David Barrowman, Service User Representative.

2. DECLARATIONS OF INTEREST

The Committee noted there were no declarations of interest made.

3. MINUTE OF PREVIOUS MEETING

The minute of the previous meeting of 28 June 2017 was submitted and approved as a correct record, subject to the following minor amendment, shown below in italics, to Item 6, Report IJB 39/17 Internal Audit Review of Financial Management (Adult Services) which should read:-

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

4. INTERNAL AUDIT PLAN 2017/18

With reference to Article 9 of the minute of meeting of this Committee of 29 June 2016, there was submitted Report No IJB 51/17 by the Chief Finance Officer seeking approval of the Annual Internal Plan for Angus Integration Joint Board for 2017/18.

The Report indicated that Angus Integration Joint Board Auditors required to have an approved annual Internal Audit plan. Attached at Appendix 1 to the Report was the proposed Internal Audit plan and associated audit needs assessment based on the Integration Joint Board's Strategic Risk Register.

The Sharing of Audit Outputs Protocol was attached as Appendix 2 to the Report. The proposals reflected a range of issues from overall governance to Clinical, Care and Professional Governance, to the Integration Joint Board's capacity to manage change to issues reflecting the 2016/17 Internal Audit of Financial Management.

The Chief Internal Auditor provided an update to the Report and highlighted his concerns in relation to the sharing of Internal Audit outputs and the access to information.

Following discussion and having heard from some members, the Audit Committee agreed:

- (i) to approve the Internal Audit Plan for 2017/18, as appended at Appendix 1 to the Report;
- (ii) to request that Angus Integration Joint Board's Auditors proceed with the implementation of the approved Audit Plan for the Chief Finance Officer, in conjunction with Internal Audit; and to report as required to the Audit Committee regarding the progress of the Plan;
- (iii) to approve the Sharing of Audit Outputs Protocol as attached at Appendix 2 to the Report; and
- (iv) to provide an update in relation to the sharing of audit outputs and the access to information position to the next meeting of the Audit Committee.

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

There was submitted Report No IJB 52/17 by the Chief Finance Officer briefing members on the outcomes of the Internal Audit review of post implementation Due Diligence.

The Report indicated that the Due Diligence process was undertaken in advance of April 2016, the date from which Angus Integration Joint Board formally took on responsibility for services. While the Due Diligence process was reviewed by Internal Audit in advance of formal integration, the process had also now been subject to a post-implementation Internal Audit review.

The recommendations were limited reflecting the completion of the overall Due Diligence process. Whilst there was limited direct learning from the Due Diligence process for future years, the overall need for financial recovery and savings plans to support the Integration Joint Board's overall financial position were relevant. The overall principles of the Due Diligence exercise would also be applied to any further budgets devolved to Angus Integration Joint Board.

The outcome of the Report were noted as was the fact that this concluded the Due Diligence process.

The Audit Committee agreed to note the Internal Audit review of Financial Management (AN05/17).

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

With reference to Article 10 of the minute of meeting of this Committee of 28 June 2017, there was submitted Report No IJB 53/17 by the Chief Finance Officer providing an update on assurances from NHS Tayside and Angus Council.

The Report indicated that the Integration Joint Board required to include a Governance Statement within its Annual Accounts.

This Committee, at their meeting on 28 June 2017 considered the Angus Integration Joint Board's draft 2016/17 Governance Statement. At that time, it was noted that assurances from NHS Tayside and Angus Council had not been received and that these assurances could only be provided based on timelines associated with those organisations own internal processes.

These assurances had now been received and were attached in the Appendices to the Report.

The Committee noted that these assurances had been shared with the Integration Joint Board's Internal and External Auditors.

The Audit Committee agreed:-

- (i) to note that the Integration Joint Board had issued confirmation of the adequacy and effectiveness of the governance arrangements in place within Angus Integration Joint Board for 2016/17 to NHS Tayside and Angus Council;
- (ii) to note the receipt of the confirmation of assurance from NHS Tayside, as appended at Appendix 1 to the Report;
- (iii) to note the receipt of the confirmation of assurances from Angus Council, as appended at Appendix 2 to the Report;
- (iv) to note that the receipt of assurances from NHS Tayside and Angus Council was consistent with the contents of the updated Governance Statement in the audited Annual Accounts.

7. AUDITED ANNUAL ACCOUNTS

With reference to Article 4 of the minute of meeting of this Committee of 31 August 2016, there was submitted Report No IJB 54/17 by the Chief Finance Officer setting out the Integration Joint Board's Annual Accounts, and the External Auditor's annual audit of Angus Integration Joint Board for the period to 31 March 2017.

The Report indicated that the Accounts had now been audited by the Integration Joint Board's External Auditor, Audit Scotland. Appendix 1 and 2 to the Report contained the External Auditor's report. Appendix 3 to the Report contained the Integration Joint Board's Audited Annual Accounts for 2016/17.

Gillian Woolman, Assistant Director, Audit Scotland provided an overview of the Report and highlighted a number of key areas in relation to the Audit of 2016/2017 Annual Accounts, Financial Management, Financial Sustainability, Governance and Transparency and Value for Money.

Following discussion and having heard from some members who highlighted that they considered the Report to be accessible, comprehensive and easy to understand, the Audit Committee agreed:-

- (i) to accept the External Auditor's annual report of Angus Integration Joint Board and associated covering letter/proposed Independent Auditors Annual Report for the period to 31 March 2017 including to note the key recommendations and the action plan, recommendations and associated agreed management actions;
- (ii) to approve the Audited Annual Accounts for signature by the Chair, Chief Officer and the Chief Finance Officer of the Integration Joint Board; and
- (iii) to commend the work of the Chief Finance Officer and Chief Officer.

The Chief Finance Officer also noted his thanks to Audit Scotland colleagues for support and guidance provided during the process of producing the Annual Accounts.

8. DATE OF NEXT MEETING

The Audit Committee noted that the next meeting would take place in December 2017. The Audit Committee also recommended that a timetable of meetings be prepared for 2017/18.

The Committee Officer advised that the timetable of meetings in respect of the Integration Joint Board meetings including reference to the Audit Committee would be submitted, for noting, to the next meeting of the Integration Joint Board in October 2017.



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 10 JANUARY 2018
SHARING OF AUDIT OUTPUTS PROTOCOL
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

ABSTRACT

This report presents an update on Internal Audit Output Sharing Protocols.

1. RECOMMENDATIONS

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

- (i) note the update provided;
- (ii) note a further update will be provided to future Committees.

2. BACKGROUND

Audit Committee paper 51/17 (Internal Audit Plan 2017/18) noted the need to develop a "Sharing of Audit Outputs Protocol". At the time Angus IJB Audit Committee approved this protocol.

At the NHS Tayside Audit Committee meeting of 24 August 2017, paper AUDIT73/2017, considered the same issue and agreed to adopt consistent proposals and to ensure that IJB Auditors were granted the same rights of access as Health Boards auditors when conducting audits.

At the Angus Council Policy and Resources Committee of 28 November 2017, paper 417/17 considered rights of access issues and agreed that Angus IJB's Internal Auditors (Fife, Tayside and Forth Valley Management Services) should have equal access to all Angus Council employees, premises, systems and information as Angus Council's own Internal Auditors.

Angus Council's Scrutiny and Audit Committee meet in January 2018 and will consider the broader "Sharing of Audit Outputs Protocol".

This now means that issues regarding right of access are now resolved but the full "Sharing of Audit Outputs Protocol" still needs to be ratified by Angus Council.

3. CONCLUSION

The Angus IJB Audit Committee requires to note the above update. A further update will be provided to future Committees.

**REPORT AUTHOR: Alexander Berry, Chief Finance Officer
E-mail Details: hsciangustayside@nhs.net**

December 2017



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 10 JANUARY 2018
2017/18 INTERNAL AUDIT PLAN – PROGRESS UPDATE
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

ABSTRACT

To present a report setting out progress towards delivery of the 2017/18 Internal Audit Plan.

1. RECOMMENDATION

It is recommended that the Angus Integration Joint Board Audit Committee consider and note the attached provisional Internal Audit Progress Report.

2. BACKGROUND

Appendix 1 is Angus IJB's provisional Internal Auditor's progress report on the 2017/18 Internal Audit Plan. An equivalent report will be produced routinely for all Audit Committee meetings describing progress with Internal Audit Plans.

3. CONCLUSION

The IJB requires to consider and note the attached progress report.

**REPORT AUTHOR: Alexander Berry, Chief Finance Officer
E-mail Details: hscianguis.tayside@nhs.net
December 2017**

INTERNAL AUDIT PROGRESS UPDATE

1. PURPOSE OF THE REPORT

The aim of this paper is to brief the Audit Committee on the progress on the 2017/18 internal audit plan.

2. RECOMMENDATIONS

The Audit Committee is asked to note the progress on the 2017/18 internal audit plan.

3. PROGRESS REPORT

An update on the progress of all the IJB's Internal Audits for 2017/18 is shown in Appendix 1a.

4. MEASURES FOR IMPROVEMENT

Each audit report includes an action plan that contains prioritised actions, associated lead officers and timescales.

5. RESOURCE IMPLICATIONS

Financial

There are no direct financial implications.

Workforce

Resources to deliver the plan will be provided by the NHS Tayside and Angus Council Internal Audit services.

6. TIMETABLE FOR IMPLEMENTATION

Audit work is planned so as to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts.

A Gaskin, BSc, ACA
Chief Internal Auditor

14 December 2017

APPENDIX 1a

	Audit	Indicative Scope	Planned Audit Committee	Planning commenced	Work progress in	Draft Issued	Completed	Grade	
AN01-18	Audit Planning	Agreeing audit universe and preparation of strategic plan	Aug-17	✓	✓	✓	✓	N/A	
AN02-18	Audit Management	Liaison with managers and Directors and attendance at Audit Committee	Ongoing	ongoing					
AN03-18	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	Jun-17	✓	✓	✓	✓	N/A	
AN04-18	Risk Management	Review of systems of risk management, assessment of risk maturity and consideration of assurances mechanisms for key controls	Apr-18	✓					
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	Apr-18	✓	✓	✓			
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	Apr-18	✓					
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	Apr-18	✓	✓				



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 10 JANUARY 2018
2017/18 EXTERNAL AUDIT ANNUAL AUDIT PLAN
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

ABSTRACT

This report provides Audit Committee members with information regarding the 2017/18 External Audit Annual Audit Plan.

1. RECOMMENDATIONS

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

- (i) consider and note the attached External Audit Annual Audit Plan;
- (ii) approve the new 2017/18 audit fee.

2. BACKGROUND

2.1 Requirement to Produce a formal set of Financial Accounts for 2017/18

As Board members will be aware, Angus IJB is required to produce a set of Financial Accounts. These will be produced in accordance with updated guidance from IRAG (Integrated Resources Advisory Group) and LASAAC (The Local Authority Scotland Accounts Advisory Group).

In line with the guidance, Angus IJB's accounts will be produced in a manner consistent with Local Authority accounting and in compliance with The Code of Practice on Accounting for Local Authorities in the United Kingdom. As the IJB's annual accounts are produced in line with Local Authority principles, support in the production of these accounts will be provided by Angus Council as part of the Corporate Support Services arrangements.

2.2 External Audit Arrangements

As the accounts are being produced in accordance with Local Authority accounting principles, so the national position has been determined that the External Audit of the IJB's accounts will be undertaken by the relevant Local Authority's existing External Auditor. For Angus IJB and Angus Council this is Audit Scotland.

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. Audit appointments are generally for a 5 year period with 2017/18 being the second year of the current 5 year cycle.

The Chief Finance Officer will have regular discussion with the External Audit team to discuss the planning, production and audit of 2017/18 annual accounts. This will build on the output of the 2016/17 Audit Reports.

2.3 External Audit Plan – 2017/18

Angus IJB's External Auditor has now produced an Annual Audit Plan for 2017/18. This is attached at appendix 1 for consideration and noting. The Audit will be undertaken to meet statutory reporting requirements and timescales as set on in exhibit 4 on page 9 of the attached Annual Audit Plan. In order to meet these timescales, the Audit Committee will require to approve the unaudited accounts on 27 June 2018 and agree the audited accounts on 29 August 2018.

3. FINANCIAL IMPLICATIONS

3.1 The only direct financial implications from the completion of an External Audit is the cost of the Audit itself. Audit Scotland have intimated that the 2017/18 Audit Fee will be £24,000 in line with similar IJB audits elsewhere in Scotland.

REPORT AUTHOR: ALEXANDER BERRY, CHIEF FINANCE OFFICER
EMAIL DETAILS: hscianguis.tayside@nhs.net

20 December 2017

List of Appendices:
Appendix 1: Angus Integration Joint Board Annual Audit Plan 2017/18

Angus Integration Joint Board

Annual Audit Plan 2017/18



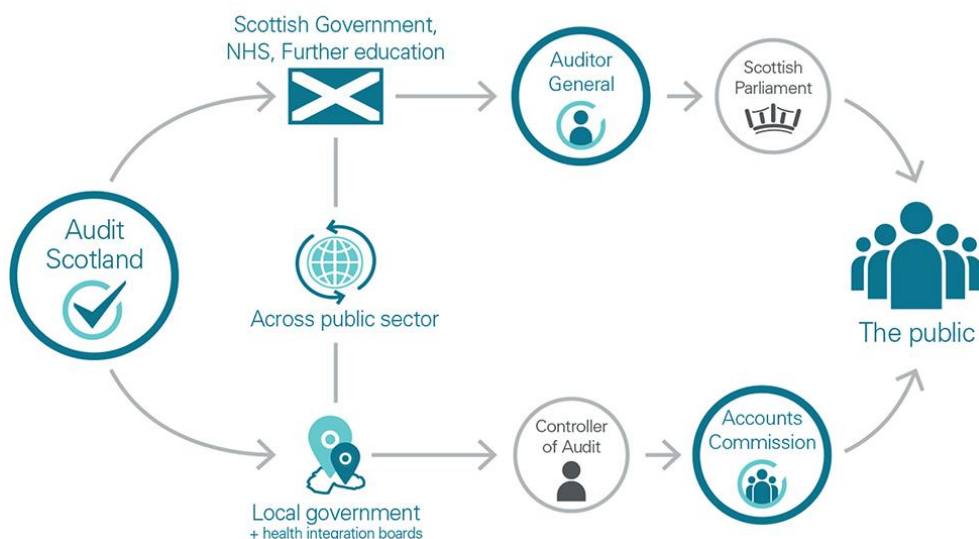
 AUDIT SCOTLAND

Prepared for Angus Integration Joint Board
December 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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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

3. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Angus Integration Joint Board (Angus IJB). We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statement issues and risks		
<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>Detailed testing of accounting entries.</p> <p>Service auditor assurances will be obtained from the audits of Angus Council and NHS Tayside over the completeness, accuracy and allocation of the income and expenditure.</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>Obtain assurances from the auditors of Angus Council and NHS Tayside over the accuracy and completeness and appropriate allocation of the IJB ledger entries.</p> <p>Carry out audit testing to confirm the accuracy and correct allocation of IJB transactions, and that they are recorded in the correct financial</p>

Audit Risk	Source of assurance	Planned audit work
<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 that information received from each party is accurate and complete.</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 including the follow up of the Internal audit recommendations made on financial management within Angus Council.</p> <p>Update on the latest position with regard to the large hospital set aside.</p>	<p>year.</p> <p>Review of the governance statement to ensure it adequately reflects the position of the IJB and compliance with the Code</p> <p>Confirm appropriate action is taken on issues raised in internal audit reports</p> <p>Confirm that financial reporting throughout the year is accurately reflected in the year end position</p> <p>Carry out audit testing to confirm the accuracy and correct allocation of IJB transactions, and that they are recorded in the correct financial year</p> <p>Obtain formal assurances from the auditors of Angus Council and NHS Tayside.</p>
<p>4 Financial Performance</p> <p>The latest financial monitoring report from October 2017 reported a projected outturn of £166.4m against a delegated budget of £163.8m, an overspend of £2.6m. The majority of the overspend relates to costs associated with prescribing.</p>	<p>Finance Monitoring reports provided to IJB Board.</p> <p>Assurances provided through internal audit arrangements which will include a detailed follow up of the Financial support from Angus Council report.</p> <p>As the forecast overspend relates to services delivered by NHS Tayside, the integration scheme allows for this overspend to be met by additional one off funding from NHS Tayside. From 2018/19 any overspends will be required to be split between NHS Tayside and Angus Council.</p>	<p>Confirmation of agreement of funding and balances with host bodies.</p> <p>Ensure budget monitoring is robust and accurately reflects the financial position.</p>
Wider dimension risks		
<p>5 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</p>	<p>Budget Settlement and Budget Update papers provided to IJB Board.</p>	<p>Review progress made on meeting savings targets and dealing with cost pressures.</p> <p>Reviewing the long term financial plan and the assumptions made to ensure that they are reasonable.</p> <p>Review how the IJB will deal with overspends once the two year cost sharing period as</p>

Audit Risk	Source of assurance	Planned audit work
<p>savings measures or meet cost pressures as they arise.</p> <p>A key element of this is the production of a long term (3-5 year) financial plan to ensure members of the board are aware of the cost pressures facing the IJB.</p>		<p>defined in the integration scheme ends.</p>
<p>6 Governance: Finance Support Services</p> <p>Finance support services are provided to the IJB by both Angus Council and NHS Tayside</p> <p>The level and quality of the support has been highlighted as being essential to support reporting and decision making within the IJB.</p> <p>The IJB have highlighted the provision of financial support as being a key risk to the delivery of the IJB objectives.</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>Internal Audit follow-up of its 2016/17 Financial Management report, which highlighted a number of areas that require to be improved in the Angus Council finance support provided to the IJB.</p>	<p>Monitor the IJB's management of this risk and the development of IJB financial reporting.</p> <p>Review Internal Audit's follow up findings on the Financial Management report.</p>

Reporting arrangements

4. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

5. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

6. We will provide an independent auditor's report to Angus Integration Joint Board and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit Committee Date
Annual Audit Report	30 September 2018	29 August 2018
Signed Independent Auditor's Report	30 September 2018	29 August 2018

Audit fee

7. In line with the audit fees being set for all IJBs the proposed audit fee for the 2017/18 audit of Angus Integration Joint Board is £24,000 (2016/17 £17,470). In determining the audit fee we have taken account of the risk exposure of Angus Integration Joint Board, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 30 June 2018.

8. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Chief Finance Officer

9. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

10. The audit of the financial statements does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

11. Our responsibilities as independent auditor are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

12. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

13. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Angus Integration Joint Board and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Angus Integration Joint Board will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

14. We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the financial position of the IJB and its expenditure and income
- whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements



Materiality

15. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinion in the auditor's report.

16. We calculate materiality at different levels as described below. The calculated materiality values for Angus Integration Joint Board are set out in [Exhibit 3](#).

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the latest finance report to the Board in October 2017.	£1.639 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 75% of planning materiality.	£1.229 million
Reporting threshold (i.e. clearly trivial) – 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 planning materiality (rounded).	£16,000



17. We review and report on other information published with the financial statements including the management commentary, annual governance statement and the remuneration report. Any issue identified will be reported to the Audit Committee.

Timetable

18. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit Committee dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Agreement of year end balances with NHS Tayside	By 31 May 2018
Consideration of unaudited financial statements by those charged with governance	27 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	30 June 2018
Latest date for final clearance meeting with Chief Finance Officer	8 August 2018
Issue of letter of representation and proposed independent auditor's report	17 August 2018

Agreement of audited unsigned annual accounts	17 August 2018
Issue of Annual Audit Report including ISA 260 report to those charged with governance	By 30 Sep 2018
Independent auditor's report signed	By 30 Sep 2018

Internal audit

19. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by Fife, Tayside and Forth Valley Audit and Management Services (FTF), overseen by the Chief Internal Auditor, and supported by Angus Council's internal audit section.

Adequacy of Internal Audit

20. Our annual assessment of internal audit is based on a standard review programme informed by the Public Sector Internal Audit Standards (PSIAS), review of a range of work carried out by the service and discussions with the Internal Audit Regional Audit Manager.

21. We have concluded that the FTF operate in accordance with PSIAS and has sound documentation standards and reporting procedures in place.

22. However, we note that FTF is yet to meet one of the requirements of PSIAS, which requires internal audit to have an external review of PSIAS compliance at least once every five years (PSIAS 1312).

23. In respect of our wider dimension audit responsibilities we plan to consider areas of internal audit work including: Risk Management; Clinical, Care and Professional Governance; Capacity and Financial Management follow up.

Audit dimensions

24. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

25. The appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

26. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the IJB can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Financial management

27. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether the IJB has arrangements in place to ensure systems of internal control are operating effectively
- whether the IJB can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how the IJB has assured itself that its financial capacity and skills are appropriate
- whether the IJB has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

28. 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. We will review, conclude and report on:

- whether the IJB can demonstrate that the governance arrangements in place are appropriate and operating effectively (including services delivered by, or in partnership with, others).
- whether there is effective scrutiny, challenge and transparency on the decision – making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

Value for money

29. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- the IJB can provide evidence that it is demonstrating value for money in the use of its resources.
- the IJB can demonstrate that there is a clear link between money spent, output and outcomes delivered.
- the IJB can demonstrate that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

Independence and objectivity

30. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

31. The engagement lead for Angus Integration Joint Board is Gillian Woolman, Assistant Director. Auditing and ethical standards require the appointed auditor Gillian Woolman to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Angus Integration Joint Board.

Quality control

32. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

33. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and relevant supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

34. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Adding Value

35. Through our audit work we aim to add value to Angus Integration Joint Board. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well the IJB has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

36. The Auditor General and Accounts Commission will publish a second report on health and social care integration in the autumn of 2018. These reports use information from the audited accounts and annual audit reports but will also require local audit teams to provide some additional information.

Angus Integration Joint Board

Annual Audit Plan 2017/18

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 10 JANUARY 2018

EXTERNAL REPORTS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The aim of this paper is to update the Audit Committee regarding external, often national, reports that are of interest to the Audit Committee.

1. RECOMMENDATIONS

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

- (i) note the publication of the reports described in this paper;
- (ii) specifically consider the “Checklist for NHS Non-Executive Directors” published as part of the Audit Scotland - “NHS in Scotland 2017” report.

2. BACKGROUND

- 2.1 On a regular basis reports are published by external bodies that are relevant and useful to Angus IJB. As part of the 2016/17 External Audit process, Audit Scotland particularly recommended that Angus IJB consider the relevant Audit Scotland reports on a regular basis. The principle associated with Audit Scotland reports should be extended to other relevant reports. This report to the Audit Committee highlights reports of relevant, but also notes specific issues or potential actions that could emanate from those reports.
- 2.2 As this is the first report of this type, this report lists recent reports of interest to members as follows:-

Published By	Title	Date	Link
Scottish Government – Health and Sports Committee	ARE THEY INVOLVING US? INTEGRATION AUTHORITIES' ENGAGEMENT WITH STAKEHOLDERS	12 September 2017	https://digitalpublications.parliament.scot/Committees/Report/HS/2017/9/12/Are-they-involving-us--Integration-Authorities--engagement-with-stakeholders-1#Introduction Noted by Angus HSCP Communication , Participation and Engagement Group in October 2017 - reflected on the recommendations within the report with general agreement to continue with current plans.
Audit Scotland	NHS in Scotland 2017	October 2017	http://www.audit-scotland.gov.uk/report/nhs-in-scotland-2017
Audit Scotland	The 2016/17 Audit of NHS Tayside : Financial Sustainability	10 October 2017	http://www.audit-scotland.gov.uk/uploads/docs/report/2017/s22_171010_nhs_tayside.pdf
Scottish Government – Health and Sports Committee	LOOKING AHEAD TO THE SCOTTISH GOVERNMENT HEALTH AND SPORT DRAFT	13 November 2017	https://digitalpublications.parliament.scot/Committees/Report/HS/2017/11/13/Looking-ahead-to-the-Scottish-Government-Health-and-Sport-Draft-Budget-2018-19--A-call-for-greater-transparency-1

	BUDGET 2018-19: A CALL FOR GREATER TRANSPARENCY		
Scottish Government	Review of Targets and Indicators for Health and Social Care in Scotland	15 November 2017	http://www.gov.scot/Publications/2017/11/4782/0
Audit Scotland	Local Government in Scotland: Financial Overview 2016/17	28 November 2017	http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_171128_local_government_finance.pdf

2.3 NHS in Scotland 2017

This report makes regular reference to IJBs and does include a useful checklist written for NHS Health Board Non-Executive Directors. However that checklist may act as a useful tool for Angus IJB Audit Committee to consider and consequently the checklist is included in full at Appendix 1.

3. CONCLUSION

The Audit Committee requires to note the publications described and consider the other matters raised within this paper.

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December 2017

List of Appendices:

Appendix 1: Audit Scotland – NHS in Scotland 2017 – Checklist for Non-Executive Directors.

Prepared by Auditor General | October 2017

Checklist for councillors and board members

The following checklist is designed to help non-executive directors with their role in overseeing the performance of NHS boards and is aimed at promoting good practice, scrutiny and challenge in decision-making.

The checklist should be read in conjunction with the report, ***NHS in Scotland 2017***, published in October 2017. This report examines how different parts of the healthcare system in Scotland performed in 2016/17 and why healthcare needs to change. It identifies the progress being made and the barriers which urgently need to be overcome to ensure the NHS can continue to provide high-quality care in the future.

The checklist is divided into two sections covering:

- Financial and service performance
- Adapting for the future.

The questions should help non-executive directors seek evidence, and subsequently gain assurance, on their board's approach in these areas. If the answer to any question is 'no', then we would encourage non-executive directors to speak with the board's senior executive team, or, where appropriate, the Chief Executive, to discuss how improvements can be made.

Section 1: Financial and service performance

The challenges facing the NHS in Scotland include continuing increases in demand, a tightening financial environment, difficulties in recruiting staff, advances in expensive technology and medicines, and a demanding public and political environment. In 2016/17, these challenges continued to intensify. The following questions consider financial health, savings and service performance.

1. Do I have a good understanding of the overall financial health of the board?	Yes	No
Am I aware of the current underlying financial performance of the board against its annual revenue and capital budget limits?		
Do I have sufficient assurance that both annual revenue and capital limits will be met?		
Am I aware of all significant cost pressures facing the board and their implications? Cost pressures may include: increased demand for services from a growing, ageing population increasing staff costs, in particular spending on temporary staff rising spending on drugs.		
Do I know the extent to which the board is using short-term approaches / one-off measures to achieve financial balance?		
Am I satisfied that appropriate action is being taken to address potential future funding gaps?		

Do I have confidence that appropriate action is being taken to help improve the financial health of the board?		
Does the board have a long-term financial strategy (covering five to ten years)?		
Do I know how the board plans to use resources differently to achieve the aim of delivering more healthcare in the community?		
Do I have a good understanding of the current condition and future investment needs of the board's estate and other assets (such as medical equipment)?		
Am I aware of issues and pressures facing general practice in my board area? For example: <ul style="list-style-type: none"> • the number of GP practices taken over by the board and action plans to address to hand them back • recruitment and retention issues. 		
Do I have a good understanding of the current condition and future investment needs of the board's estate and other assets (such as medical equipment)?		

2. Does the board have a robust savings plan in place?	Yes	No
Where savings are identified, do plans demonstrate how savings will be achieved within the timescales given?		
It is important that the majority of savings are recurring to ensure the sustainability of the board's financial position. Am I confident that the board has an appropriate balance between recurring and non-recurring savings to ensure the board will meet its future savings targets?		
Where savings are identified, does the board have appropriate plans to identify them within the underlying financial period?		
Has the clinical impact of savings proposals been assessed?		

3. Do I have a good, overall understanding of the board's service performance and quality?	Yes	No
Do I have a good understanding of the wider performance of the board, including indicators of quality of care covering all parts of the healthcare system, and not just performance against national LDP standards?		
Do I have a good understanding of the board's performance against national waiting time targets and standards?		
Am I aware of the general short-term and long-term trends in performance against each target and standard?		
Am I satisfied that appropriate action is being taken to improve both short-term and long-term performance?		
Am I aware of the costs involved in trying to improve performance?		
Am I made aware of any potential difficulties in meeting targets and standards in the future?		

Am I aware of staff and patients' views on the quality of service provided and actions planned to address concerns?		
Do I know the public health trends in the communities in my board area and the health inequalities that exist? This includes: <ul style="list-style-type: none"> • differences by equality group and deprivation • differences in how different groups access and use health services, and their experiences of care. 		

Section 2: Service reform

Health and social care integration marks a significant change in how the different parts of the health and social care system work together and how the Scottish public will access and use services in future years. Yet the scale, complexity and interdependencies of health and care make this a highly complicated and long-term undertaking. The following questions consider boards' progress in changing and improving services, their long-term workforce requirements and how they are working with the public and staff to change how people access, use and receive services.

1. Is the board taking ownership of changing and improving services? Yes No		
Am I aware of what the board is doing to change and improve services?		
Am I satisfied with the board's level of engagement with integration authorities and other relevant partner organisations to change and improve services?		
Am I satisfied that changes and improvements to services are happening fast enough?		
Am I satisfied that the board and integration authorities are working together effectively, for example in relation to:		
governance arrangements		
reporting arrangements		
budget-setting processes?		
Do I feel I receive appropriate and timely information on the performance of the local IJBs, including financial and service performance?		
Am I aware what the board is doing in line with national policy on realistic medicine in:		
• working to reduce over-investigation and variation in treatment		
• ensuring patients are involved in making decisions and receive better information about potential treatments?		

2. Am I confident the board is making good progress in addressing long-term workforce requirements Yes No		
Am I satisfied that the board is making good progress in implementing the recommendations in Audit Scotland's report, NHS workforce planning , published in July 2017?		
Does the board have a good understanding of its long-term workforce requirements such as the number and types of jobs needed, including skills required, roles and responsibilities?		

Is the board developing a long-term workforce plan (more than five years) in partnership with integration authorities?		
If yes to the above, does the long-term workforce plan address: Recruitment retention succession planning costs of future workforce changes?		

3. Is the board engaging with the public and staff about the need for change in how they access, use and receive services?	Yes	No
Am I aware of what the board is doing to engage with the public and staff about the need for, and benefits of, changing how services are provided?		
Am I satisfied that the board provides enough information to the public on our activities? Including: <ul style="list-style-type: none"> • can the public attend all meetings of the board • can the public access board and committee papers and minutes easily • does the board tell patients about the length of waiting lists and their likely wait for appointments and treatment 		
Am I aware of what the board is doing to encourage the public to take more responsibility for looking after their health and managing long-term conditions?		
Do I know the extent to which the board is working with partner organisations when engaging with the public about the need for change in how services are provided?		