



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

**TO BE HELD IN THE COMMITTEE ROOM, TOWN AND COUNTY HALL, FORFAR
ON WEDNESDAY 28 JUNE 2017 IMMEDIATELY FOLLOWING THE ANGUS HEALTH AND
SOCIAL CARE INTEGRATION JOINT BOARD SCHEDULED TO BEGIN AT 2.00PM**

AGENDA

1. APPOINTMENT OF CHAIR

2. APOLOGIES

3. 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

4. MINUTE OF PREVIOUS MEETING

Submit, for approval, as a correct record, the minute of meeting of this Committee of 19 April 2017.

(1 - 4)

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

Submit Report IJB 39/17 by the Chief Finance Officer.

(5 - 20)

6. 2016/17 INTERNAL AUDIT PLAN – PROGRESS REPORT

Submit Report IJB 40/17 by the Chief Finance Officer.

(21 - 24)

7. REVIEW OF ROLE OF CHIEF FINANCE OFFICER

Submit Report IJB 41//17 by the Chief Finance Officer.

(25 - 56)

8. 2016/17 ANNUAL INTERNAL AUDIT REPORT

Submit Report IJB 42/17 by the Chief Finance Officer.

(57 - 68)

9. 2016/17 ANGUS INTEGRATION JOINT BOARD – GOVERNANCE STATEMENT

Submit Report IJB 43/17 by the Chief Finance Officer.

(69 - 72)

10. UNAUDITED ANNUAL ACCOUNTS

Submit Report IJB 44/17 by the Chief Finance Officer.

(73 - 94)

11. DATE OF NEXT MEETING

The next meeting of the Angus Health and Social Care Integration Joint Board Audit Committee will be held on Wednesday 30 August 2017 in the Committee Room, Town and County Hall, Forfar. Time to be confirmed in due course.

AGENDA ITEM NO 4

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 19 April 2017 at 12.30pm.

Present: Members of Audit Committee

Councillor JIM HOUSTON, Angus Council
DAVID BARROWMAN, Service User
PETER BURKE, Carers Representative

Advisory Officers

SANDY BERRY, Chief Finance Officer
VICKY IRONS, Chief Officer
DAVID THOMPSON, Principal Solicitor – Resources, 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
WENDY SUTHERLAND, Senior Solicitor, Resources, Angus Council – Observer

1. APOLOGIES

An apology for absence was intimated on behalf of Alison Rogers, Non Executive Board Member, NHS Tayside.

2. WELCOME AND INTRODUCTIONS

Introductions took place. The Chair, on behalf of the Committee, welcomed Peter Burke, Carers Representative to his first meeting.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made.

4. MINUTE OF PREVIOUS MEETING

The minute of the previous meeting of 14 December 2016 was submitted and approved as a correct record.

5. INTERNAL AUDIT CHARTER

There was submitted Report No IJB 20/17 by the Chief Finance Officer presenting the proposed Internal Audit Charter for Angus Integration Joint Board.

The Report indicated that the Internal Audit Charter has been drafted in line with the requirements of the Public Sector Internal Audit Standards applicable to both Health and Local Authority Internal Audit services. The Charter would take effect from the date of approval until such times as it was revoked or replaced.

Having heard from the Chief Finance Officer and Chief Internal Auditor, the Audit Committee agreed to approve the proposed Internal Audit Charter.

6. AUDIT ARRANGEMENTS – EXTERNAL AUDIT ANNUAL AUDIT PLAN

There was submitted Report No IJB 21/17 by the Chief Finance Officer providing members with information regarding the 2016/17 External Audit Annual Audit Plan.

The Report indicated that the Angus Integration Joint Board was required to produce a set of Financial Accounts. These would be produced in accordance with updated guidance from IRAG (Integrated Resources Advisory Group) and LASAAC (The Local Authority Scotland Accounts Advisory Group).

The Annual Audit Plan contained an overview of the planned scope and timing of the audit of the Angus Integration Joint Board and was carried out in accordance with International Standards on Auditing (ISAs), the Code of Audit Practice, and any other relevant guidance. The plan identified the audit work to provide an opinion on the financial statements and related matters and to meet the wider scope requirements of public sector audit.

The Annual Audit Plan for 2016/17 was attached as Appendix 1 to the Report. The Audit would be undertaken to meet statutory reporting requirements. To meet these timescales, the Audit Committee would require to approve the unaudited accounts at their next meeting on 28 June 2017 and to agree the audited accounts at the following meeting on 30 August 2017.

Gillian Woolman, Assistant Director, Audit Scotland provided an overview and update in relation to the External Audit Annual Audit Plan for 2016/17.

The Audit Committee agreed to note the External Audit Annual Audit Plan, as appended to the Report.

7. RESERVES POLICY

There was submitted Report No IJB 22/17 by the Chief Finance Officer setting out the proposed Reserves Policy for the Angus Integration Joint Board (IJB) for consideration and approval and described the purposes for which reserves may be held.

The Report indicated that Angus Integration Joint Board had the same legal status as a local authority and was empowered to hold reserves under Section 106 of the Local Government (Scotland) Act 1973. The IJB's financial regulations, Section 6.1.1 set out the requirement to develop a Reserves Policy. The purpose of the Reserves Policy was outlined in Section 2.3 of the Report.

The proposed Reserves Policy recommended setting a prudent level of contingency general reserve at 2% of the IJB net expenditure. It was acknowledged that due to the financial constraints on the IJB, this would be challenging to deliver in the early years and could only be delivered when the need to maintain an appropriate level of service delivery for the population in each year had been met. Earmarked Reserves related to specific funds for specific purposes and would only be used for these purposes. Any change of use, or decisions relating to residual balance would require to be approved by the Integration Joint Board.

It was important for the long term financial stability of both the Integration Joint Board and the parent bodies that sufficient usable funds were held in reserve to manage unanticipated pressures from year to year.

The Board noted that due to the structure of the IJB, at any given year end reserves are actually held by one of the IJB's Partners. It was noted that how this will be actioned would need to be clarified in future years.

The Audit Committee agreed to approve the proposed Reserves Policy.

8. GOVERNANCE UPDATE

With reference to Article 7 of the minute of the previous meeting, there was submitted Report No IJB 23/17 by the Chief Finance Officer providing an update on a series of governance issues within the Integration Joint Board and making a series of general and specific recommendations.

The Report provided an overview of the current status of governance arrangements within the Integration Joint Board. The Appendices to the Report outlined the work under review and recommended that a further review of governance be undertaken in mid-2017.

Following discussion and having heard from the Chief Officer, Chief Finance Officer and Chief Internal Auditor in relation to the governance update, and also the issue in relation to the Corporate support, the Chief Officer agreed to consider whether the Corporate support issue required to be included in the Risk Register.

The Audit Committee agreed:-

- (i) to note the provision of Audit Committee member development session in 2016/17 and to approve the proposal for annual development sessions in future years;
- (ii) to endorse the proposal to increase the membership of the Audit Committee from 5 members to 6 members to increase the continuity of the Audit Committee, subject to the formal change being reflected in the IJB's overall governance review;
- (iii) to note the planned re-scheduling of the review of the IJB's financial regulations;
- (iv) to note the planned approach to the review of the role of the IJB's Chief Finance Officer in the context of CIPFA's Statement on the role of the Chief Finance Officer in Local Government;
- (v) to note the "Follow up Actions" from the Annual Internal Audit report and to note the updates in Section 5 of the Report;
- (vi) to note the updated response to the Audit Scotland self assessments and note the updates in Section 6 of the Report;
- (vii) to also further develop hosted services relationships with other IJBs; and
- (viii) to a further review of governance arrangements being undertaken in early 2017/2018.

9. 2016/17 INTERNAL AUDIT PLAN – PROGRESS REPORT

With reference to Article 6 of the minute of the previous meeting, there was submitted Report No IJB 24/17 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 provisional Internal Auditor's progress report on the 2016/17 Internal Audit Plan. An equivalent report would be produced routinely for all Audit Committee meetings.

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

10. DATE OF NEXT MEETING

To be confirmed.

As this was the last meeting before the Local Government Elections, Councillor Jim Houston intimated that he was not standing for re-election and expressed his thanks to officers and Audit Scotland. The Committee thereafter thanked Councillor Houston for his contribution and support to the Audit Committee.



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017

INTERNAL AUDIT REVIEW OF FINANCIAL MANAGEMENT (ADULT SERVICES)

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 Financial Management (Adult Services).

1.0 RECOMMENDATIONS

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

- (i) note the Internal Audit review of Financial Management.
- (ii) agree to the associated management response/action and ask for an update on progress against actions at the Audit Committee meeting succeeding the August Audit Committee meeting.
- (iii) note the additional comments of the Chief Finance Officer.

2.0 BACKGROUND

2.1 As the Audit Committee will recall in creating the 2016/17 Internal Audit plan, resources were set aside to be made available to allocated to issues that became apparent during 2016/17. As noted at the December 2016 Audit Committee, it was by then agreed that reviewing the provision of Financial Management support from Angus Council regarding Adult Services was a priority and it was agreed that Internal Audit would review this aspect of the IJB.

Throughout the year, reference has been made to weaknesses in the provision of financial management support to the IJB in, for example, Financial Monitoring reports to the main IJB Board. This reflects, amongst other things, significant underlying weaknesses in the budgetary framework and financial management systems that the IJB has inherited. While much work was progressed in 2016/17 to improve the financial reporting, weaknesses have prevailed throughout 2016/17 regarding budgetary framework.

2.2 This report, attached at appendix A, has been compiled by Angus IJB's Internal Auditors and reflects their views of Angus IJB's Financial Management of Adult Services. The overall view of Internal Audit is that for 2016/17 the Financial Management of Adult Services has been "inadequate" (grade D). An action plan is included in the report with an associated series of Management responses. The overall report is for noting at the Audit Committee and the proposed Management responses/actions are for agreement. An update will be provided to the Audit Committee meeting succeeding the August Audit Committee meeting.

2.3 While the main recommendations cover many of the issues raised in the report, the Chief Finance Officer also believes there are underlying issues associated with the quality of information the general ledger receives from feeder systems for example:-

- Payroll – Payroll systems provide minimal information to the general ledger requiring separate spreadsheet recording and monitoring of pay information.
- Income – Minimal detail recorded in general ledger understating the importance of charging income streams.

These issues are all related to the outcomes of this report and the Chief Finance Officer will seek address these with Angus Council in due course.

- 2.4 While this report clearly sets out the assessment, findings and recommendations of the Internal Audit report, it is important for Audit Committee members to be fully aware of the impacts of poor financial managements. Poor financial management exposes the IJB to increased financial planning difficulties and risks, means decision making - to the extent that it relies of financial information - is weakened, and does lead to multiple inefficiencies.

While progress has been made with financial reporting throughout 2016/17, it is the view of the Chief Finance Officer that, until improvements are embedded in the budgetary framework at the start of 2017/18, the concerns regarding the financial management of the IJB will continue. Noting the status of this Internal Audit and this paper, the outcomes of this report will be reflected in the IJB's 2016/17 Governance Statement.

3.0 CONCLUSIONS

- 3.1 The Audit Committee is requested to note the Internal Audit review of Financial Management, note the additional comments of the Chief Finance Officer and to agree to the associated action plan and ask for an update on progress against actions at the Audit Committee meeting succeeding the August Audit Committee meeting.

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

List of Appendices:

Appendix 1: Internal Audit – Financial Management – Report AN07-17

ANGUS IJB
INTERNAL AUDIT SERVICE



FINANCIAL MANAGEMENT

REPORT NO. AN07-17 (ANGUS COUNCIL REPORT NO. 16 – 21)

Issued To: V Irons, Chief Officer
S Berry, Chief Financial Officer
G Bowie, Head of Community Health & Care Services

S Coombs, Acting Service Manager, Governance & Consultancy,
Angus Council
I Lorimer, Head of Corporate Improvement & Finance, Angus Council
C Wyllie, Audit Manager, Angus Council

M Allan, Corporate Procurement Manager, Angus Council
V Davidson, Principal Planning Officer, Angus Council
E Davies, Finance Services Manager, Adult Services, Angus Council
D Sim, Senior Contracting Officer, Angus Council

Tayside Audit Follow-Up
Angus IJB Audit Committee
Angus IJB External Audit- M O'Connor

Date: 19 June 2017

Introduction and Scope

1. Internal Audit has completed an audit of the financial management of the Adult Services of the Integration Joint Board as part of the 2016/17 annual plan. The audit was carried out by Angus Council Internal Audit on behalf of FTF as part of the agreement of shared services. The audit was carried out in the Resources Directorate (Finance section) of Angus Council and the Angus Health and Social Care Partnership.
2. The IJB is required under sections 18 and 22 of the Public Bodies (Joint Working) Scotland Act to direct the resources it receives from the Health Board and Local Authority in line with its Strategic Plan. These directions are in accordance with IJB financial regulations and related contractual standing Orders.
3. The IJB was established on 3 October 2015 and became fully operational on 1 April 2016. Angus Health and Social Care Partnership provides adult care services under direction of the IJB. Angus Council support services provide financial support to the Angus Health and Social Care Partnership and the IJB Chief Finance Officer.
4. Our audit work was designed to evaluate whether appropriate controls were in place and operating effectively to mitigate risks to the achievement of the objectives identified below.
5. The relevant control objectives of the review were:
 - ◇ There is an appropriate financial management and reporting framework which reflects and supports the structure and operations of the organisation.
 - ◇ Finance staff are sufficiently briefed regarding their roles and services such that they can adequately support the IJB.
 - ◇ Financial reports are circulated to the IJB in a timely manner and are of sufficient detail to support decision making and effective scrutiny.
 - ◇ The financial ledger interfaces with other key management information systems to provide timely and accurate financial data.
 - ◇ The accounting data can be analysed and reported in a way that supports management decisions and actions.
 - ◇ Budgets are constructed and maintained in an efficient and logical manner and support delivery of the current business model

- ◇ Accurate and achievable budget forecasts are prepared and approved before the start of the period to which they relate and financial performance is monitored against targets, with variations promptly identified and investigated.

Risks

6. The following risks from the IJB risk register as at December 2016 could prevent the achievement of the above objectives and were identified as within scope for this audit.

Effective Financial Management

- (Current Risk Exposure - Red. Probability: Very High x Risk Exposure: Critical)

Audit opinion and findings

7. The audit opinion is **Category 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. A description of all audit opinion categories is given in the final section of this report.
8. The following chart shows where the grade lies within the D band:

A	B	C	D	E	F
			X		

Key Control Objective 1 - There is an appropriate financial management and reporting framework which reflects and supports the structure and operations of the organisation.

Findings

9. The Financial reporting framework has been strengthened during 2016/17; however it does not yet reflect fully the structure of the organisation. It is anticipated this will be addressed for the 2017/18 budgets.
10. Report No IJB 19/16 on the progress on Corporate Supporting arrangements went to the Angus Health and Social Care Integration Joint Board on 17 February 2016. The appendix to this report details the support services, including Finance services, to be delivered by Angus Council. This document, dated 04/02/16, is marked as draft but has been agreed by the IJB. The support services agreement for Finance is to be reviewed in July 2017.
11. Budgets in Angus Health and Social Care Partnership have not been fully aligned to the structure in financial year 2016/17. Monitoring statements show that there are costs allocated to budgets that the budget holder is not responsible for, staff coded to the wrong cost centre, third party payments allocated to the wrong service area as well as cost centres in the wrong service area. We understand these issues are being rectified for the 2017/18 budget.
12. A sample of budget holders and finance staff stated that, initially, there were extremely large variances of hundreds of thousands of pounds in some services. We viewed the Adult Services Management Accounts Summary for February 2017 which showed a projected overspend of £2,989,232 in the Older People's service; Included in this figure was an underspend of £126,768 in Older People Day Care, £190,388 in Older People Residential Care and overspends of £2,187,377 in Care & Assessment and £1,554,561 in Private & Voluntary. Each service was showing a projected variance. Budget holders said that, in conjunction with Finance staff, budgets are being worked through line by line with information becoming better, although there is still work required to complete this. Budget holders also stated that, at present, they were not confident to make budget decisions based on the financial information that they received without further Finance input.
13. The Scottish Living Wage budget is showing in reports under centrally managed budgets. This figure was agreed in October 2016 but still has not been allocated to services.

14. We have been informed that significant turnover of staff in the Finance section has negatively impacted financial management and led to a subsequent loss of knowledge, with the lack of continuity and knowledge hindering the progress in accurate budgeting. Budget holders reported that financial reporting has improved in the last two months and budget support has improved since the new Finance Service Manager took over responsibility for the IJB.
15. Monitoring information to budget holders was initially infrequent with this being resolved by November 2016. The Finance team has put a timetable in place for the issue of monitoring reports to, and monitoring meetings with, budget holders to ensure that the information is available for IJB meetings. Budget managers now receive monthly monitoring information. Draft reports are now available to budget holders on Sharepoint approximately a week in advance of budget meetings. Further changes can be made, if needed, after the budget meeting between the budget holder and the Finance representative and a final position agreed prior to reporting to the Board.
16. Budget holders have a monthly monitoring meeting with their allotted accountant to discuss budgets, outturns and variances for the service they are responsible for. There is also a monthly meeting of all IJB budget holders together with the finance staff responsible for the IJB to discuss the overall picture.

Key Control Objective 2 - Finance staff are sufficiently briefed regarding their roles and services such that they can adequately support the organisation.

Findings

17. Part of Angus Council Finance Team A's duties are to support the IJB.
18. The budget holders that we interviewed all knew and understood their responsibilities regarding their budget.
19. The lack of continuity, legacy budgeting framework issues and loss of knowledge of Adult Services has hindered the support to Angus Health and Social Care Partnership.
20. The Finance Service Manager is working towards putting systems in place to predict costs more accurately by working with the Contracts team and liaising with the Carefirst administrator.

Key Control Objective 3 - Financial reports are circulated to the Board in a timely manner and are of sufficient detail to support decision making and effective scrutiny.

Findings

21. Due to issues with the budgetary framework there is a risk that the IJB is not provided with complete and accurate financial information in sufficient detail to inform appropriate decision making, resulting in a failure to achieve financial savings and meet budgetary constraints.
22. Finance reports are provided to the Board as a standing item on the agenda.
23. Financial reporting to the Board commenced in July 2016.
24. As noted at paragraph 15 above, prior to November 2016 monitoring information was provided to budget holders infrequently. A reporting timetable has been put in place for 2017 with the first deadlines being in February for the January reporting cycle. As part of our audit work we confirmed these deadlines were met. The Financial Monitoring reports issued to the board contain information for the total of each overarching service area only, for example Older Peoples Services, with the individual service areas left blank. We were informed this is due to significant variances in each individual budget in the service.

Key Control Objective 4 - The financial ledger interfaces with other key management information systems to provide timely and accurate financial data.

Findings

25. Integra, the financial system used by Angus Council does not automatically interface with other management information systems. There is an interface between the Carefirst system and Integra for income, but all income is posted to one code so the information is unable to be broken down.
26. Third party payments are the major part of the IJB budget, being approximately £40 million out of a total of a £55 million budget. The Contracts team, which sits in the People Directorate, are responsible for IJB contracts to third parties.
27. The Finance Service Manager has been working with the Contracts team to get a consistent approach to the annual uplift of budgets and implications of the Scottish

- Living Wage to enable accurate forecasts to be made. There is an Angus Council Contracts Register, but this is not up to date so the financial information cannot be used for budgeting purposes.
28. The Carefirst system records the costs of service users care packages, using information on contract costs.
 29. Reports are produced from Carefirst at present and are reconciled to Integra. The Finance Service Manager has been working with the Information Systems and Performance Officer with responsibility for Carefirst to ensure that information aligns with Integra to enable more accurate budgeting and forecasting.
 30. After the work has been completed it is planned to use the information contained in the Carefirst report to show the cost of each provider, monitor trends and more accurately forecast budgets.

Key Control Objective 5 - The accounting data can be analysed and reported in a way that supports management decisions and actions.

Findings

31. The budget holders we interviewed were not confident enough in the financial information contained in reports to make management decisions without further correspondence with their Finance contact. The significant budget variances and lack of budgetary alignment with the organisational structure do not give budget holders confidence to make financial decisions.
32. Budget holders stated that the financial reporting had improved since it was initially received, with miscodings being correctly vired into the appropriate budget.
33. During 2016/17 legacy and loss of knowledge has not helped with correct construction of budgets. We were informed that the budgets will increasingly be correctly aligned to the business as from budget year 2017/18.

Key Control Objective 6 - Budgets are constructed and maintained in an efficient and logical manner and support delivery of the current business model.

Findings

34. Through monitoring meetings between finance staff and budget holders budgets are constantly being reviewed and will increasingly be aligned to the current business model. Budgets have not been correct in 2016/17 however we have been informed that they will be in 2017/18.
35. There is guidance for Accountants on preparing the provisional revenue budget. This makes reference to Financial Regulations, the budget timetable and gives step by step guidance on building up the budget. This includes the movement of budgets, and gives advice to review the final outturn and virements of recent years to identify trends and 'hot spot' areas and to consider adjustments to better align budgets with service provision.
36. There is also budget guidance available on the Angus Council intranet page The budget holders interviewed said they received help and guidance from their Finance contact.

Key Control Objective 7 - Accurate and achievable budget forecasts are prepared and approved before the start of the period to which they relate and financial performance is monitored against targets, with variations promptly identified and investigated

Findings

37. During 2016/17 legacy budgeting framework and loss of knowledge has not helped Finance with the correct construction of budgets. While we have been informed that this is being rectified for 2017/18, recommendation 2 will follow this up to ensure that budgets for 2017/18 are accurate and in line with the structure of the IJB.
38. Variances are highlighted in monitoring reports for budget holders, with commentary from Finance staff and a commentary box to be completed by the budget holder. These are discussed at monitoring meetings and actions are agreed.

39. Budget forecasts are included in the Finance Monitoring report to the Angus Health and Social Care Integrated Joint Board. This is high level reporting of the budgets showing the projected over or underspend for each service area.

40. As stated previously in this report, budgets have not been accurate as they have not been fully aligned with the structure of the IJB and there have been errors in the budget. Projections have shown large variances, with some showing hundreds of thousands of pounds over or underspends. These should now be identified and increasingly rectified for the 2017/18 budget.

Action

41. 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

42. 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

Action Plan

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
1	The support services document underpinning the financial services provided by the Council to the IJB is dated February 2016 and is still marked as draft but was approved by committee. The support services agreement for Finance is to be reviewed in July 2017. (Paragraph 10)	Angus Council and the Angus Health and Social Care Integration Joint Board should agree the financial services to be delivered and ensure the agreement is implemented fully.	2	AHSCP will review overall provision of Corporate Support arrangements (including Finance) from July 2017	Chief Officer – 30 September 2017
2	During 2016/17 budgets have not been correctly aligned to current commitments although financial reporting has been improving over the year especially since December 2016. IJB budgets are planned to be aligned to planned commitments for 2017/18. (Paragraphs 11, 31, 37 and 40)	The IJB budgets should be reviewed in the 2017/18 financial year to confirm that they are correctly aligned, and that budgets are constantly monitored to ensure that costs are in the correct cost centre.	2	AHSCP to complete revision of Adult Services budgetary framework. AHSCP to confirm completion of revision to Adult Services budgetary framework. To monitor and review new budgetary framework.	Chief Finance Officer/Adult Services Finance Manager – 31 July 2017 Chief Finance Officer/Adult Services Finance Manager – 31 August 2017 Chief Finance Officer/Adult Services Finance Manager – from 31 August 2017

Action Plan

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
3	Financial reports to the IJB contain financial information for the client group area but not for each individual service within each client group (paragraph 24)	Information should be provided by Finance to enable reports to IJB to contain a full breakdown of all service areas to ensure variances can be investigated and managed appropriately.	2	To be completed as part of review of budgetary framework	Chief Finance Officer/Adult Services Finance Manager – from 31 August 2017
4	Significant turnover of staff in the Finance section has negatively impacted financial management and led to a subsequent loss of knowledge, with the lack of continuity and knowledge hindering the progress in accurate budgeting. (paragraph 14)	The IJB Chief Finance Officer should discuss with the Council how they can best maintain continuity of service as far as possible and build resilience into the process to mitigate changes in staffing that are out-with their control	2	CFO to develop discussion with Angus Council (Head of Finance) and to compile a plan to address documented concerns.	Chief Finance Officer – 30 September 2017
5	The Contracts register contains financial information on third party payments to providers, but it is not up to date so therefore cannot be used for budgeting purposes. (paragraph 27)	The Angus Council Contract register should be updated and kept up to date to enable reconciliation with finance systems.	2	An improved contract register to be routinely and functionally reconciled to finance systems generally and budget framework particularly. Reflecting fixed annual contracts (SLAs, block contracts), annualised client dependent contracts and spot purchases/framework contracts.	Corporate Procurement Manager/ Senior Contracting Officer/ Adult Service Finance Manager – 30 November 2017

Action Plan

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
6	Care plan information in Carefirst contains financial information that can be used to inform budgets. The Finance Service Manager and the Angus Health & Social Care Partnership Information Systems & Performance officer are working together to identify information needed and produce meaningful reports from Carefirst to be able to be fed into Integra to accurately predict spend (paragraph 29).	A plan with a completion date should be put in place for completion of the project to isolate feeder information from Carefirst to Integra	3	From finance perspective, the Adult Services Finance Manager has reviewed the quality of data captured in Care First. It has become apparent that an extensive review of data capture is required to inform robust performance analysis reporting and a sound base for the third party provider budgetary framework is required.	Head of Community Health & Care Services / Principal Officer (Planning)/ Adult Services Finance Manager – 31 December 2017
				AHSCP to develop and implementation an improvement plan for Carefirst / care recording to facilitate improved data capture, data recording and data reporting for the whole Partnership, to develop and implement an improved interface with Finance systems (thereby improving the budgetary framework and financial reporting) and to improve Performance reporting.	

Action Plan

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
7	Angus Council Finance team have put a timetable in place for budget monitoring reporting and meetings, however this was not in liaison with the IJB (paragraph 24).	A timetable to suit the IJB needs should be agreed and put in place each year, including when the first monitoring information will be received.	3	Reporting timetables were acceptable from Jan/Feb 2017 onwards. Reporting timescales for 2017/18 to be issued.	Adult Services Finance Manager – 30 June 2017
				AHSCP to continue discussion with Angus Council intended to bring forward appropriate corporate reporting schedules to mutual benefit.	Chief Finance Officer/Adult Services Finance Manager – 31 August 2017

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.



AGENDA ITEM NO. 6

REPORT NO IJB 40/17

**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017
2016/17 INTERNAL AUDIT PLAN – PROGRESS REPORT
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

ABSTRACT

To present a report setting out progress towards delivery of the 2016/17 Internal Audit Plan.

1. RECOMMENDATION

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

2. BACKGROUND

Appendix 1 is Angus IJB's Internal Auditor's progress report on the 2016/17 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: hsci Angus.tayside@nhs.net
June 2017

Appendix 1 : 2016/17 Internal Audit Plan – Progress Report

INTERNAL AUDIT PROGRESS REPORT**1. PURPOSE OF THE REPORT**

The aim of this paper is to brief the Audit Committee on the progress on the 2016/17 internal audit plan.

2. RECOMMENDATIONS

The Audit Committee is asked to:

- Note the progress on the 2016/17 internal audit plan.

3. EXECUTIVE SUMMARY

Work on the completion of the 2016/17 internal audit plan is continuing and progress is as expected.

In addition, work has commenced on the annual and strategic audit plans for 2017/18 onwards. To ensure coordination of assurance activity, following agreement by their respective Scrutiny and Audit Committees, the parties' internal audit plans are to be shared with the IJB alongside the proposed plan at the Audit Committee meeting in August 2017.

3.1 COMPLETED AUDIT WORK

The following audit product, with the audit opinion shown, has been issued in 2016/17.

		Opinion	Draft Issued	Finalised
AN03-17	Angus IJB Annual Report	N/A	8 June 2016	15 June 2016
AN07-17	Financial Management	D-	11 April 2017	19 June 2017

3.2 DRAFT REPORTS ISSUED

		Draft Issued
AN06-17	Performance Management	26 June 2017
AN05-17	Due Diligence (Post Implementation)	21 June 2017

3.3 YEAR END SUMMARIES

The following are projects for which we do not produce a formal report. A year end summary is provided below:

AN01-17	Audit Planning	Agreeing audit universe and preparation of strategic plan for 2016/17. This included discussions and risk assessment with the Chief Officer and Chief Finance Officer as well as Council Internal Audit colleagues.
AN02-17	Audit Management	Liaison with managers and directors and attendance at Audit Committee Internal Audit attended meetings of the Audit Committee including preparation of required papers.
AN04-17	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures, including issues identified as part of the annual report process

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. 20 days have been included in the 2016/17 Internal Audit Plans for each party. Progression of the audit plan is undertaken under the supervision of the Chief Internal Auditor.

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



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017

REVIEW OF THE ROLE OF CHIEF FINANCE OFFICER

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

The aim of this paper is to brief the Audit Committee on the outcomes of a self assessment of the role of the Chief Finance Officer with in Angus IJB against the principles sets out in CIPFA's "The Role of the Chief Finance Officer in Local Government" – published 2016.

1.0 RECOMMENDATIONS

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

- (i) Note the self assessment of the role of the Chief Finance Officer in Angus IJB.
- (ii) Note the main weaknesses arising from this review and support the planned responses made by the Chief Finance Officer regarding the issues arising.
- (iii) Note the independent view of Angus IJB's Internal Auditors regarding this review.
- (iv) Request feedback in due course regarding the responses made at (ii) above.

2.0 BACKGROUND

2.1 In 2016 CIPFA (Chartered Institute of Public Finance & Accountancy) published a document "The Role of the Chief Finance Officer in Local Government". As Angus IJB is formally classified as a Local Authority body, so this guidance is applicable to Angus IJB. It has also been suggested by Angus IJB's Internal Auditors that a self assessment based on the document should be undertaken by Angus IJB.

The document notes that it "sets out 5 principles that define the core activities and behaviours of the CFO in Public Services organisation and the organisational arrangement needed to support them." The overall document is described as the CIPFA Statement on the role of the Chief Finance Officer in a public service organisation and has the 5 principles within it are :-

The CFO in Public Sector Organisation:

1. Is a key member of the leadership team, helping it develop, and implement strategy and to resource and deliver the organisation's strategic objectives sustainability and in the public interest.
2. Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully consider and alignment with the organisation financial strategy.
3. Must lead the promotions and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately , economically, efficiently and effectively.

To deliver these responsibilities the CFO:

4. Must lead and direct a finance function that is resource to be fit for purpose.
5. Must be professionally qualified and suitably experienced.

2.2 As per the recommendations of Internal Audit a self–assessment has now been completed of the CFO role in Angus IJB and this is shared at Appendix 1.

2.3 While the CFO role in Angus IJB is generally self assessed as being compliant, there are number of weaknesses. The main weaknesses are described in the table below with associated planned management responses. A number of the weaknesses overlap with issues raised elsewhere (for example the Internal Audit Review of Financial Management within Adult Services).

Ref.	Issue	Management Response	Lead/Timeline
2a(i) & multiple references	Lack of Medium Term Financial Strategy / Plan	Reflecting the scale of the current financial challenge and financial planning uncertainties, the IJB does not currently have a multi-year financial plan.	CFO - Autumn 2017
2a(i) & multiple references	Lack of robust financial information / weaknesses in budgetary framework.	Links to weaknesses identified in Internal Audit review of Financial Management. Response as per Internal Audit review.	See Internal Audit review.
2a(iv)	Reserves position.	The IJB will work towards its reserves policy.	N/A
3a(xi)	Assess financial skills required by managers.	Needs further development in conjunction with Partners.	CFO – March 2018
4a(i) & multiple references	Provide finance system with resources, expertise and systems necessary to perform its role effectively.	The current structure of IJBs does not facilitate CFO providing Finance with systems to perform its role or, readily, the resources to perform its role. Discussion to be developed with Partners.	CFO – March 2018
4a(ii)	Ensure there is a line of professional accountability to the CFO for finance staff throughout the authority.	The current structure of IJBs and corporate support does not facilitate this. Discussion to be developed with Partners.	CFO – March 2018

Updates will be provided regarding the main issues within the table above to a future Audit Committee meeting (suggested as the meeting after the August 2017 meeting). The Audit Committee are asked to support these planned responses.

It is worth noting some indicators are “Not Applicable” to Angus IJB – e.g. re Treasury Management where the full role is undertaken by Partners on behalf of Angus IJB.

2.4 This review of the Role of the Chief Finance Officer is a material part of the review of the IJB’s overall governance. As such Angus IJB’s Internal Auditors have reviewed this self-assessment and within their Annual Internal Audit report have made the following comments and observations:-

“The CIPFA statement on ‘The role of the Chief Financial Officer in Local Government’ includes 5 principles which are broken down into the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. A self assessment assessing compliance against each of these elements as well as referring to evidence demonstrating compliance and explanations for non-compliance was completed.

We have validated this self assessment through review of available documentary evidence, and through professional judgment of subjective assessments and have concluded that all assessments reached are consistent with our findings.”

3.0 CONCLUSIONS

3.1 The Audit Committee is requested to note the self assessment of the role of the Chief Finance Officer and the main weaknesses identified within that self-assessment. The Committee are also asked to support the Management responses to those main issues, to note the independent Internal Audit view of the self–assessment and to request feedback at a future IJB Audit Committee meeting regarding the planned responses.

Generally it can be seen that while the CFO role is generally compliant with the CIPFA principles, there are some weaknesses and some of these weaknesses overlap with some of the weaknesses described in the Internal Audit review of Financial Management (Adult Services).

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

List of Appendices:

Appendix 1: Annual Governance Statement – Angus IJB Statement on the Role of the Chief Finance Officer Checklist (2016/17).

APPENDIX 1

ANNUAL GOVERNANCE STATEMENT

ANGUS IJB - STATEMENT ON THE ROLE OF THE CHIEF FINANCIAL OFFICER - CHECKLIST (2016/17)

In order to support Chief Financial Officers (CFOs) in the fulfilment of their duties and to ensure that local authorities have access to effective financial advice at the highest level, CIPFA has introduced a 'comply or explain' requirement in the Annual Statement of Accounts.

This is covered by five principles, each of which requires the right ingredients in terms of:

- a) The Organisation;
- b) The Role; and
- c) The Individual.

Principle 1	The CFO in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.	Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation	
a) Governance Requirements	Supporting Principle:				
	i)	Set out clear statement of the respective roles and responsibilities of the Leadership Team and its members individually.	Yes	Scheme of Delegation to Chief Officer (CO), Financial Regulations.	Note Scheme of Delegation and Financial Regulations to be reviewed in 2017/18.
	ii)	Ensure that the CFO reports directly to the Chief Executive and is a member of the Leadership Team with a status at least equivalent to other members.	Yes	AHSCP Exec Team, Regular one to one meetings.	
	iii)	If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.	N/A		
iv)	Determine a scheme of delegation and reserve powers,	Yes	Scheme of Delegation to		

		including a formal schedule of those matters specifically reserved for collective decisions by the Board, and ensure that it is monitored and updated.		Chief Officer (CO), Financial Regulations.	
v)	Ensure that authority's governance arrangements allow the CFO: <ul style="list-style-type: none"> to bring influence to bear on all material business decisions; and direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit. 	Yes	Member of IJB Board, Exec Team, Senior Leadership Team (SLT). Direct Access to CO, Chair of IJB. Advisor to Audit Committee meetings. Attends Board pre-agenda discussion. Regular direct liaison with Internal and External Audit. Right to submit reports direct to IJB Board.		
vi)	Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised.	Yes	Job Description from appointment still current.		
vii)	Assess the financial skills required by members of the Leadership Team and commit to develop those skills to enable their roles to be carried out effectively.	Yes	Finance is agenda item at all IJB Board, Exec Team and SLT meetings. Work underway to develop financial reporting to better support Service Managers and Senior Managers		
viii)	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.	Yes	Finance support under review through Internal Audit accepting shortcomings in 2016/17.		
b) Core CFO Responsibilities	i)	Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.	Yes	Member of IJB Board, Exec Team, SLT	
	ii)	Contributing to the effective corporate management of the authority, including strategy implementation, cross	Yes	Member of IJB Board, Exec Team, SLT & SPG. Regular	

		organisational issues, integrated business and resource planning, risk management and performance management.		liaison with NHST & AC. Contributes to Third Party Contract Discussions, development plans (e.g. Enhanced Community Services (ECS) developments, In Patients review). Finance Risk Assessments.	
iii)	Supporting the effective governance of the authority through development of: <ul style="list-style-type: none"> • corporate governance arrangements, risk management and reporting framework; and • corporate decision making arrangements. 	Yes	Advisor to Audit Committee and regular author of Audit Committee papers. Regular Finance and financial risk assessments provided to IJB Board.		
iv)	Contributing to the development of public service partnership to deliver objectives	Yes	Regular liaison with NHST & AC. Member of Angus Community Planning Partnership (Resources Group), Tayside Prescribing Management Group (PMG).		
v)	Leading or promoting change programmes within the authority.	Yes	Through Finance support to IJB Planning.		
vi)	Leading development of a medium term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	Yes	Regular updates to IJB Board (Budget Settlement and Finance Monitoring). Budget discussion with AC and NHST.		
i)	Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Yes	Job Description; Appraisal. Attendance at, and contributions to, IJB Board, Exec Team, Senior Leadership Team & Strategic Planning Group.		
c) Personal skills & professional standards					

	ii) Adopt a flexible leadership style, able to move through visioning to implementation and collaboration /consultation to challenge as appropriate.	Yes	Job Description; Appraisal. Through attendance at IJB Board, Exec Team, Senior Leadership Team & Strategic Planning Group.	
	iii) Build robust relationships both internally and externally.	Yes	Attends CFO Network, regular meetings with NHST/AC, Tayside PMG & Primary Care Group member, regular contact with Independent and Third Sector via Finance Monitoring Group (FMG).	
	iv) Work effectively with other Leadership Team members with political awareness and sensitivity.	Yes	Through attendance at IJB Board, Exec Team, SLT & SPG.	
	v) Support collective ownership of strategy, risks and delivery.	Yes	Through attendance at IJB Board, Exec Team, SLT & PMG.	
	vi) Address and deal effectively with difficult decisions.	Yes	Through attendance at IJB Board, Exec Team, SLT & SPG. Production of Budget settlement papers for IJB Board.	
	vii) Demonstrate best practice in change management and leadership.	Yes	Contributes to IJB Strategic developments (E.g. via SPG, financial planning – ECS)	
	viii) Balance conflicting pressures and needs, including short and longer term trade-offs.	Yes	Production of Budget settlement papers for IJB Board.	
	ix) Facilitate the growth of effective partnerships whilst balancing the need to protect the individual financial position.	Yes	Regular contact with Independent and Third Sector via FMG.	
	x) Demonstrate strong commitment to innovation and	Yes	Contributes to IJB Strategic	

	performance improvement.			developments (E.g. via SPG, financial planning – ECS, Help to Live at Home (HTLH)).	Portfolio of services managed by CFO limited by structure of IJB.
xi)	Manage a broad portfolio of services to meet the needs of diverse communities.	No			
xii)	Facilitate the growth of effective partnership enabling improved service delivery.	Yes		IJB Board, joint working with AC, NHST, voluntary sector and Ind. Sector.	
xiii)	Maintain an appropriate balance between the technical financial aspects of the CFO role and broader focus on the environment and stakeholder expectations and needs.	Yes		Oversee financial and management accounting for IJB. Reflect strategic plans of IJB in financial planning.	
xiv)	Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by virtue of their professional status as a member of CIPFA or another accountancy institute. (i.e. integrity, objectivity, professional competence & due care, confidentiality, and professional behaviour. Impartiality is a further requirement).	Yes		Member of CIMA, associated CPD, appraisals.	

Principle 2		The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.			
Supporting Principle:		Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation	
a) Governance Requirements	i)	<p>Establish a medium term business and financial planning process to deliver the authority's strategic objectives, including:</p> <ul style="list-style-type: none"> • a medium term financial strategy to ensure sustainable finances; • a robust annual budget process that ensures financial balance; and • a monitoring process that enables this to be delivered. 	<p>No</p> <p>Yes</p> <p>No</p> <p>Budget settlement papers.</p>	<p>IJB still to develop a multi-year financial plan due to scale of current financial challenge and funding uncertainties.</p> <p>The IJB is still working towards developing a robust financial monitoring framework for LA based services. This is work in progress (See Internal Audit report ~ 16/21).</p>	
	ii)	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.	Yes	Budget Settlement papers regularly updated.	
	iii)	Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	Yes	Attends all pre-agenda meetings, represented on service discussions as required, financial implications sections of IJB reports.	
	iv)	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance.	No <p>No</p>	See 2ai <p>The IJB has a</p>	

					reserves policy but has limited ability to create reserves given operational pressures. (Nil reserves until March 2017)
v)	Ensure that those making decisions are provided with information that is fit for purpose - relevant, timely and giving clear explanations of financial issues and their implications.	Partly	IJB Finance support provided to all managers as required. Finance reports provided to IJB Board routinely.	See 2ai	
vi)	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	Partly	IJB Finance support provided to all managers as required.	See 2ai	
vii)	Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.	N/A – Prudential borrowing managed via LA			
viii)	Ensure the authority understands the budgetary commitment of a contracted service including the longer term financial implications.	Yes	Implementation of Scottish Living Wage, HTLH (noting weaknesses in some LA information)		
ix)	Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.	Yes	Note – nil reserves until March 2017.		
x)	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.	N/A – Prudential borrowing managed via			

			LA			See 2ai
	x i)	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role.	Partly	NHS Financial support meets required standards. Monthly financial reporting, ad hoc data available to support managers.		
	xii)	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.	Partly	NHS Financial support meets required standards. Monthly financial reporting, ad hoc data available to support managers.		See 2ai
	xiii)	Ensure that the medium-term business and financial planning systems along with ongoing performance monitoring cover the services provided through partnerships and alternative delivery models.	No			IJB still to develop a multi-year financial plan due to scale of current financial challenge and funding uncertainties.
	xiv)	Ensure that the prudential financial framework accurately reflects the commitments and potential future impact of contracted future services.	N/A – Prudential borrowing managed via LA			
b) Core CFO Responsibilities	<i>Responsibility for financial strategy:</i>					
	i)	Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.	Yes	Budget settlement papers and discussion with AC and NHST in advance of those papers.		

	ii)	Maintaining a long term financial strategy to underpin the authority's financial viability within the agreed performance framework.	No		IJB still to develop a multi-year financial plan due to scale of current financial challenge and funding uncertainties.
	iii)	Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.	Yes	Partly reliant on AC and NHST. Development of transparent financial plans – budget settlement papers.	
	iv)	Evaluating the financial implications of alternative delivery models.	Yes	HTLH, Medications Administration, In Patient Service review.	
	v)	Appraising and advising on commercial opportunities and financial targets.	Yes	Implementation of Scottish Living Wage, arrangements with other third parties.	
	vi)	Developing and maintaining an effective resource allocation model to deliver business priorities.	Yes	Budget settlement papers.	
	vii)	Developing an approach for the delivery of collaborative services within a structured framework.	Yes	Examples include Joint Community Equipment store with Dundee, Volunteer drivers.	
	viii)	Leading on asset and balance sheet management to allow the authority to maximise it's effective use of resources.	N/A – due to structure of IJB, there is a limited balance sheet.		
	ix)	Co-ordinating the planning and budgeting processes.	Yes	Budget settlement papers.	
	x)	Involvement in strategic assets management.	N/A – due to	Community Planning	

		structure of IJB there is limited asset management	Partnership (Resources Group)	
	<i>Influencing decision making:</i>			
	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Yes	Strategic Plans, Budget settlement papers, Risk registers.	
xii)	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	Yes	Committee and team membership. Support to all decision makers.	
xiii)	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support councillors' strategy development.	Yes	IJB Board meetings. Budget settlement papers.	
xiv)	Ensuring that clear, timely, accurate advice is provided to the executive in setting the funding plan / budget.	Yes	IJB Exec Team and SLT meetings and Budget settlement papers.	
xv)	Ensuring that advice is provided to the scrutiny function in considering the funding plan / budget.	Yes	Advice to Audit Committee and IJB Board.	
xvi)	Ensuring that the authority's capital projects are chosen after appropriate value for money analysis and evaluation using relevant professional guidance.	N/A – due to structure of IJB Capital investment overseen by AC/NHST		
xvii)	Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	Yes	Consultation with CIPFA, Legal, Procurement as required.	

<i>Financial information for decision makers:</i>					
	xviii)	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Partly	Regular Financial reporting (NHS).	See 2ai
	xix)	Preparing timely management records.	Partly	Regular Financial reporting (NHS). Financial Monitoring reports for IJB Board.	See 2ai
	xx)	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Yes	Hosted Services reported in IJB Monitoring reports., Voluntary Services (via Partnership Funds)	
	xxi)	Monitoring the service impact of third party contracts on the delivery of organisational objectives.	Yes	Third Party Providers discussions.	
	xxii)	Monitoring the longer-term financial impact of third party contracts.	Yes	Third Party Providers discussions.	
c) Personal skills & professional standards	i)	Take all reasonable steps to ensure that: <ul style="list-style-type: none"> • budgets are planned as an integral part of the strategic and operational management of the authority and are aligned with its structure of managerial responsibilities; • budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner; • responsibilities for budget management and 	Partly	Financial Regulations; Service Financial Reports, Finance Monitoring reports, budget Settlement papers.	See 2ai

	control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs; and			
	<ul style="list-style-type: none"> the accounting and financial information systems make available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the authority. 	Yes	Via input to IJB Board, Exec Team and SLT	
ii)	Implement other appropriate management, business and strategic planning techniques.	Yes	Budget Settlement papers	
iii)	Link financial strategy and overall strategy.	Yes	E.g. In Patients review, HTLH	
iv)	Demonstrate a willingness to take and stick to difficult business decisions, even under pressure.	Yes	Finance risk register.	
v)	Take ownership of relevant financial and business risks.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.	
vi)	Network effectively within the authority to ensure awareness of all material business decisions to which CFO input may be necessary.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups. Attend internal Pre-agenda meetings and national CFO Network	
vii)	Role model persuasive and concise communication with a wide range of audiences internally and externally.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups. Attend internal Pre-agenda meetings and national CFO Network	
viii)	Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary	

			Care groups.	
ix)	Apply relevant statutory, regulatory and professional standards both personal and organisational.	Yes	Annual Accounts follow national guidance. Member of CIMA.	
x)	Demonstrate a strong desire to innovate and add value.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.	
xi)	Challenge effectively, and give and receive constructive feedback.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.	
xii)	Operate with sensitivity in a political environment.	Yes	Via input to IJB Board, pre-agenda meetings and in advice to Board.	

The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.					
Principle 3		Supporting Principle:	Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
a) Governance Requirements	i)	Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.	Yes	Scheme of Delegation to Chief Officer (CO), Financial Regulations. (Noting some systems and processes provided via AC/NHST.).	
	ii)	Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.	Yes	Financial Regulations, Audit Committee, External and Internal Audit reviews. (Noting some systems and processes provided via AC/NHST.).	
	iii)	Ensure that the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the authority's underlying framework of corporate governance and that they are reflected in its local code.	Yes	Financial Regulations; Internal Audit review. (Noting some systems and processes provided via AC/NHST.).	
	iv)	Address the authority's arrangements for financial and internal control and for managing risk in Annual Governance Reports.	Yes	Annual Governance Statement; Internal Audit Committee Governance updates.	

v)	Publish annual accounts on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	Yes	2015/16 Annual Accounts	
vi)	Ensure an effective internal audit function is resourced and maintained.	Yes	Internal Auditors appointed and Annual Internal Audit plan approved.	
vii)	Develop and maintain an effective Audit Committee.	Yes	Committee in place from April 2016.	
viii)	Ensure that the authority makes best use of resources and that taxpayers and/or service users receive value for money.	Yes	Formalities of Best Valued delivered via Partners in there procurement role.	
ix)	Embed financial competencies in person specifications and appraisals.	N/A	Partnership staff employed via Partners.	
x)	Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.	No		Needs further development in conjunction with employing partners.
xi)	Ensure that councillors' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.	Yes	Clear finance reports to IJB Board meetings, with clear approval requirements. Development sessions. Discrete Audit Committee overseeing reviews of governance.	
xii)	Ensure ongoing monitoring of assurance arrangements in respect of partnerships and alternative service delivery models and that appropriate access to information is maintained.	Yes	Regular review via Audit Committee.	

b) Core CFO Responsibilities	<i>Promotion of financial management:</i>			
	i)	Assessing the authority's financial management style and the improvements needed to ensure it aligns with the authority's strategic direction.	Yes	Monitor through input to IJB Board, Exec Team and SLT.
	ii)	Actively promoting financial literacy throughout the authority.	Yes	Ensure regular finance input and papers to IJB Board, Exec, SLT.
	iii)	Actively promote good financial management throughout all partnerships and alternative delivery models.	Yes	Ensure regular finance input and papers to IJB Board, Exec, SLT.
	iv)	Assisting the development of a protocol which clearly sets out the roles and responsibilities of both democratically elected councillors, whether acting in executive or scrutiny roles, and of officers for financial management, including delegated authority / powers.	Yes	Scheme of Delegated Powers; Standing Orders; Financial Regulations.
	v)	Ensure effective monitoring of partnerships through monitoring and access to information.	Yes	Regular contact with Independent and Third Sector via Finance Monitoring Group. Share info re Hosted Services.
	<i>Value for money:</i>			
	iv)	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by the finance function or being clear on the reasons for alternative selection.	Yes	Attends all pre-agenda meetings, represented in service discussions as required, financial implications sections of IJB reports.

v)	Advising on the financial thresholds for 'key' decisions where there is a requirement to do so.	Yes	Financial Regulations. (Noting some systems and processes provided via AC/NHST.)	
vi)	Developing and maintaining appropriate asset management and procurement strategies.	N/A – due to structure of IJB there is limited asset management		
vii)	Managing long term commercial contract value.	Yes	Third Party Providers discussions. HTLH.	
<i>Safeguarding public money:</i>				
viii)	Applying strong internal controls in all areas of financial management, risk management and asset control.	Yes	Financial Regulations; Internal and External Audit Reviews.	
ix)	Establishing budgets, financial targets and performance indicators to help assess delivery.	Yes	Financial Monitoring reports. Budget settlements. Performance Reporting.	
x)	Implementing effective systems of internal control that include standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Yes	Financial Regulations; Internal Audit.	
xi)	Ensuring that the authority has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Yes	Internal Auditors appointed and Annual Internal Audit plan approved.	
xii)	Ensuring that delegated financial authorities are respected.	Yes	Financial regulations and Partner controls.	

					Financial Risk Register and CNORIS membership.	
	xiii)	Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.		Yes		
	xiv)	Overseeing of capital projects and post completion reviews.		N/A – due to structure of IJB there is limited asset management		
	xv)	Applying discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.		N/A – Delivered via Partners		
	xvi)	Ensuring the effective management of cash flows, borrowings and investments of the authority's own funds or the pension and trust funds it manages on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks.		N/A – Delivered via Partners		
	xvii)	Implementing appropriate measures to prevent and detect fraud and corruption.		Yes	For directed services delivered via Partners.	
	xviii)	Establishing proportionate business continuity arrangements for financial processes and information.		N/A – Delivered via Partners		
	xix)	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.		Yes	As described in Annual Governance Statement.	
	xx)	Be alert to potential conflicts of interest and ensure the authority has access to appropriate independent advice.		Yes	Audit Committee membership is independent and IJB Board members all have to notify other interests.	
	<i>Assurance and scrutiny:</i>					

	xx)	Reporting performance of both the authority and its partnerships to the board and other parties as required.	Yes	Financial Monitoring reports, information shared with AC & NHST.	
	xxi)	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance is accurate, clear, relevant, robust and objective.	Yes	Annual Report and Accounts; Regular consistent finance monitoring reports to public meetings.	
	xxii)	Supporting and advising the Audit Committee and relevant scrutiny groups.	Yes	Advisor to Audit Committee.	
	xxiii)	Ensuring that clear, timely, accurate advice is provided to the executive and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.	
	xxiv)	Preparing published budgets, annual accounts and consolidation data for government-level consolidated accounts.	Yes	Annual Accounts info shared with Partners.	
	xxv)	Ensuring that the financial statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in CIPFA's Code of Practice on Local Authority Accounting in the UK.	Yes	External Audit Report	
	xxvi)	Certifying the annual statement of accounts.	Yes	See 2015/16 Annual Accounts	
	xxvii)	Ensuring that arrangements are in place so that other accounts and grant claims (including those where the authority is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes.	Yes	TEC Grants from SG	
	xxviii)	Liaising with the external auditor.	Yes	Regular meetings.	
c) Personal skills &	i)	CFOs should take all reasonable steps to ensure that: <ul style="list-style-type: none"> • effective systems and procedures operate to 	Partly	Regular Financial	See 2a1

<p>professional standards</p>	<ul style="list-style-type: none"> • monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place; that payments, including benefits and taxation, are made on time, accurately and in accordance with legal requirements; • cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions; • the accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of the authority's financial transactions; • all financial reports are relevant, reliable and consistent, are compatible with the authority's accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the authority; • within the specific legislative framework for each authority, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for and to prevent any tax losses; and • treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place. 	<p>N/A – Delivered via Partners N/A – Delivered via Partners</p> <p>Partly</p> <p>Partly</p> <p>N/A – Delivered via Partners</p> <p>N/A – Delivered via Partners</p>	<p>reporting (NHS).</p> <p>Regular Financial reporting (NHS).</p> <p>Regular Financial reporting (NHS).</p>	<p>See 2a1</p> <p>See 2a1</p>
-------------------------------	--	--	---	-------------------------------

ii)	Generate 'buy-in' to, and support delivery of, good financial management across the authority.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.		
iii)	Develop and sustain partnerships, and engage effectively in collaboration.	Yes	Regular contact with Independent and Third Sector via FMG. Tayside & National CFO network		
iv)	Deploy effective facilitation and meeting skills.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups.		
v)	Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Yes	Via input to IJB Board, Exec Team and SLT. Input to PMG and Primary Care groups. See Risk registers.		
vi)	Place stewardship and probity as the bedrock for management of the authority's finances.	Yes	Financial Regulations.		

Principle 4		The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.		
Supporting Principle:		Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
a) Governance Requirements	i)	Partly	CFO provides advice to finance staff routinely	The current structure of IJBs does not facilitate CFO providing Finance with systems to perform its role or, readily, the resources to perform its role.
	ii)	No		The current structure of IJBs and corporate support does not facilitate this.
b) Core CFO Responsibilities	i)	Yes	CFO provides advice, direction and leadership to finance staff to the extent the current arrangements allow.	
	ii)	Partly	CFO provides expertise to finance staff routinely	The current structure of IJBs does not facilitate CFO providing Finance with resources or systems to finance function. CFO does routinely provide

					advice to Partners.
iii)	Managing partnership delivery.	Yes	Regular contact with Independent and Third Sector via FMG. PMG, Primary Care groups re Hosted Services		
iv)	Implementing robust processes for recruitment of finance staff and/or outsourcing of functions.	No		Overseen by Partners – this remains an area of ongoing concern	
v)	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Yes	2016/17 Internal Audit review.		
vi)	Seeking continuous improvement in the finance function.	Yes	CFO provides advice, direction and leadership to finance staff to the extent the current arrangements allow.		
vii)	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future whether directly or indirectly employed.	Yes	CFO provides advice, direction and leadership to finance staff to the extent the current arrangements allow and via IJB Exec Team and SLT.		
viii)	Ensuring that the Head of Profession role for all finance staff in the authority is properly discharged.	N/A	For Finance staff engaged via NHST or AC, then so professional governance through those channels.		

c) Personal skills & professional standards	ix)	Acting as the final arbiter on application of professional standards.	Yes	As required.	
	i)	Create, communicate and implement a vision for the finance function.	Yes	CFO provides advice, direction and leadership to finance staff to the extent the current arrangements allow and via IJB Exec Team and Senior Leadership Team.	
	ii)	Role model a customer focussed culture within the finance function.	Yes	Maintain CFO visibility via IJB Board, Exec Team and SLT.	
	iii)	Establish an open culture, built on effective coaching and a "no blame" approach.	Partly	Provide support and advice to Finance staff within constraints of corporate support arrangements.	
	iv)	Promote effective communication within the finance department, across the broader authority and with external stakeholders.	Yes	Regular contact with all Finance staff, accessible to all Finance staff. Regular meetings with AC/NHST, other Tayside and National CFOs.	
	v)	Apply strong project planning and process management skills.	Yes	Support HTLH, In Patient Reviews	
	vi)	Set and monitor meaningful performance objectives for the finance team.	No		Difficult in current corporate support arrangements – this needs to be

					reviewed.
vii)	Role model effective staff performance management.	No			Difficult in current corporate support arrangements – this needs to be reviewed.
viii)	Coach and support staff in both technical and personal development.	Partly	Provide support and advice to Finance staff within constraints of corporate support arrangements.		Difficult in current corporate support arrangements – this needs to be reviewed.
ix)	Promote high standards of ethical behaviour, probity, integrity and honesty.	Yes	Appraisal		
x)	Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.	Yes	Internal Audit reviews (2016/17)		
xi)	Promote discussion on current financial and professional issues and their implications.	Yes	In context of JJB staff but N/A re Finance staff due to current corporate support arrangements.		Difficult in current corporate support arrangements – this needs to be reviewed.

Principle 5		The CFO in a local authority must be professionally qualified and suitably experienced.		
Supporting Principle:		Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
a) Governance Requirements	i)	Yes	Job Description.	
	ii)	Partly	Job description, appraisal.	Resources constrained by current corporate support arrangements.
b) Core CFO Responsibilities	<i>Not applicable to this principle.</i>			
c) Personal skills & professional standards	i)	Yes	CIMA Member	
	ii)	Yes	CIMA Member, CPD.	
	iii)	Yes	Appraisal. All Finance reporting.	
	iv)	Yes	Job application.	
	v)	Yes	National CFO Network.	
	vi)	Yes	As required.	
	vii)	Yes	Third Party Provider	

	relevant alternative delivery models.		Discussions, Living Wage implementation.	
viii)	Understand personal and professional strengths.	Yes	Appraisal	
ix)	Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	Yes	Appraisal and development plan.	

Abbreviations:-

IJB – Integration Joint Board
CO – Chief Officer
CFO – Chief Finance Officer
SLT – Senior Leadership Team
SPG – Strategic Planning Group
PMG – Prescribing Management Group
AC – Angus Council

NHST – NHS Tayside
FMG – Finance Monitoring Group
ECS – Enhanced Community Services
HTLH – Help to Live at Home
CIMA – Chartered Institute of Management Accountants
CPD – Continuing Professional Development
CIPFA – Chartered Institute of Public Finance & Accountancy



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017

2016/17 ANNUAL INTERNAL AUDIT REPORT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To present the Annual Internal Audit Report as produced by Angus IJB's Internal Auditors.

1. RECOMMENDATIONS

It is recommended that the Angus IJB Audit Committee:-

- (i) note this report in evaluating the internal control environment for 2016/17 and consider any actions to be taken on the issues reported for consideration;
- (ii) 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.

2. BACKGROUND

Appendix 1 is Angus IJB's Internal Auditor's 2016/17 Annual Internal Audit Report. This is a document that is produced annually to provide the IJB Audit Committee with an independent view of the overall adequacy and effectiveness of the framework of governance, risk management and control within the IJB. In turn this informs the compilation of the IJB's Annual Governance Statement – part of the IJB's Annual Accounts (see paper 43/17).

This report is for noting only. The main conclusion made by Angus IJB's Chief Internal Auditor (see sections 14,15 of the report) is as follows:-

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 IJBs 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 issue.*

This conclusion is reflected in the IJB's Governance Statement.

The Audit Committee are also required to consider any actions required on the issues reported for consideration. There are a number of issues reported for consideration including progressing the further development of the IJB's accountabilities and responsibilities in respect of all governance arrangements and reviewing the IJB's receipt of assurance on clinical and care governance. These issues and others will be reflected in an action plan that will be brought to the August 2017 meeting of the Audit Committee.

3. CONCLUSION

The IJB's Audit Committee requires to note this report and consider the issues reported for consideration. The Audit Committee should 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.

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

List of Appendices:
Appendix 1: 2016/17 Annual Internal Audit Report

**ANGUS IJB
INTERNAL AUDIT SERVICE**



ANNUAL INTERNAL AUDIT REPORT

2016/2017

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

Angus Integration Joint Board
External Audit- Audit Scotland

Date: 20 June 2017

ANNUAL INTERNAL AUDIT REPORT 2016/17

INTRODUCTION AND CONCLUSION

1. Legislation to implement health and social care integration came into force on 1 April 2016, following the Public Bodies (Joint Working) (Scotland) Act 2014.
2. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
3. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
4. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
5. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - i) Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:
 - (a) facilitates the effective exercise of the authority's functions; and
 - (b) includes arrangements for the management of risk.
 - ii) Conduct a review at least once in each financial year of the effectiveness of its system of internal control.
6. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
7. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. 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.

8. This review examined the framework in place during the financial year 2016/2017 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:

✧ Corporate Governance

- Clinical Governance
- Staff Governance
- Financial Governance
- Information Governance

9. The 2015/16 IJB Annual Internal Audit Report recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. While the challenges to describing the new HSCI relationships and governance arrangements are well understood by the parties, there remains a need to document a clear, consistent and coherent understanding of HSCI risks and accountabilities, so that comprehensive assurance systems can be developed which reflect shared understanding, minimise duplication as far as possible and ensure there are no omissions.

10. Whilst not all key principles were formally agreed by year-end and there is no formal agreement setting out the precise responsibilities of the IJBs, Tayside NHS Board and the Councils in relation to operational activities and the exact nature of the delegation of functions to the IJBs, significant progress has been made.

11. As IJBs continue to evolve it is important that there is clarity around these issues particularly in relation to the provision of assurances and risk management as well as a clear understanding around the tripartite roles of IJB Chief Officers.

12. The IJB has produced a draft Governance Statement for 2016/17. This includes areas identified for development in 2017/18 and also takes account of the internal audit report on financial management of adult services.

13. 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.

14. Based on work undertaken I have concluded that:

- | |
|---|
| <ul style="list-style-type: none">• Reliance can be placed on the IJBs governance arrangements and systems of internal controls for 2016/17. |
|---|

15. In addition, I have not advised management of any concerns around the following:

- | |
|---|
| <ul style="list-style-type: none">• Consistency of the Governance Statement with information that we are aware of from our work;• The format and content of the Governance Statement in relation to the relevant guidance;• The disclosure of all relevant issues. |
|---|

16. The CIPFA publication 'Delivering Good Governance in Local Government Framework 2016' lists key elements of the structures and processes that comprise an authority's governance arrangements and this includes the requirement for 'Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact'.
17. The CIPFA statement on 'The role of the Chief Financial Officer in Local Government' includes 5 principles which are broken down into the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. A self assessment assessing compliance against each of these elements as well as referring to evidence demonstrating compliance and explanations for non-compliance was completed.
18. We have validated this self assessment through review of available documentary evidence, and through professional judgment of subjective assessments and have concluded that all assessments reached are consistent with our findings.

ACTION

19. The IJB is asked to **note** this report in evaluating the internal control environment for 2016/17 and **consider** any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

20. Following a meeting of Angus IJB in March 2016, FTF were appointed as the IJB's Internal Audit Service. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). The 2016/17 internal audit plan was approved by the IJB Audit Committee in June 2016. Audit work has been undertaken, in partnership with the Angus Council Internal Audit Service, sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
21. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation.
22. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2017; as well as ongoing and planned work in 2017/18. Based on our assessment, we also recommend further issues for consideration by management.
23. Our evaluation of the IJB's Governance Framework is summarised below.

A - Corporate Governance

A1 - Key arrangements in place as at year end 2016/17

- I. From 1 April 2016, delegated and hosted functions transferred to Angus IJB and in turn, the IJB issued directions for the performance of these functions by Angus Council or NHS Tayside, in accordance with all legal and regulatory requirements.
- II. In May 2016, the IJB approved the Code of Conduct for Members of the Angus Integration Joint Board in line with the Ethical Standards in Public Life (Scotland) Act 2000 and this was subsequently approved by the Scottish Government. Standing Orders were appropriately updated to take account of this. Templates for registering interests and declaring interests at meetings are also in place.
- III. The IJB received a report on Angus Strategic Plan Implementation Priorities in May 2016, as well as Strategic Plan Implementation Progress reports in August 2016 and February 2017.
- IV. In May 2016, the IJB approved the Performance Management Framework and then a draft performance report in August 2016. A performance report to quarter 2 was received in December 2016.
- V. Risk management featured as a regular agenda item for the IJB with progress updates on the work ongoing to establish the IJB's risk register.
- VI. In May 2016, the IJB considered the two Audit Scotland reports on Health and Social Care Integration. The IJB's position with regard to these recommendations was monitored by the Audit Committee in 2016/17.
- VII. Membership of the Audit Committee was agreed in May 2016 and the first meeting took place in June 2016.
- VIII. In May 2016, the IJB approved the Mainstreaming Equalities Report and agreed that an annual report on progress against the outcomes would be reported as part of the annual performance report.
- IX. A Communication, Participation and Engagement Strategy 2016-2019 was approved in December 2016.
- X. A more proactive approach in relation to equality monitoring and impact assessment was agreed in December 2016 and an equalities champion appointed in February 2017.
- XI. Following the 2015/16 Annual Internal Audit Report, a governance action plan was developed and regularly reported to the Angus IJB Audit Committee. A number of actions remained outstanding at year end and these issues have been addressed within this report (Large Hospital, Clarification of governance arrangements with partners and Corporate Services Support).
- XII. Standard IJB report template instructions require consideration to be given to implications arising in relation to risk management and equalities.
- XIII. The IJB has worked with the Communities function of Angus Council to deliver effective engagement activity and ensure consistency regarding locality plans.

A2- Developments in 2017/18- in place or planned by management

- I. A draft Governance Statement has been prepared for 2016/17 as part of the annual accounts process and will be presented to the Audit Committee in June 2017.
- II. Further work is required on both a Tayside and Angus basis to implement a Memorandum of Understanding for Hosted Services as well as performance reporting for hosted services and sharing information across the partnerships.
- III. In line with ongoing national work, Angus IJB is participating in ongoing work in relation to further clarification in relation to Large Hospital services and set aside budget. We would recommend that the IJB should receive regular updates on these arrangements.
- IV. Updates on the implementation of the Communication, Participation and Engagement Strategy 2016-2019 are planned to come forward during 2017/18.
- V. A review of the Strategic Plan due for completion by June 2017 will include the performance report for 2016/17, a Delivery Plan and the Market Facilitation Strategy.
- VI. A review of corporate support arrangements is scheduled for 2017/18 to include an assessment of whether this support is sufficient.
- VII. As stated in relevant guidance, directions issued at the start of the year should be subsequently revised during the year in response to developments. Directions reflecting the changes which took place in year in relation to funding and resulting in the year end position are to be issued for 2016/17.
- VIII. Under the Community Empowerment (Scotland) Act, a Local Outcome Improvement Plan is to be developed by 1 October 2017. In addition, an IJB member is to be nominated as the partnership's representative on the Community Planning Partnership.

A3 - Recommended further issues for consideration by management

- I. The 2015/16 IJB Annual Internal Audit Report recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. Whilst progress has been made, not all key principles were agreed by year-end and there is as yet no formal written agreement setting out the precise responsibilities of the IJB, Tayside NHS Board and the Council in relation to operational activities and the exact nature of the delegation of functions to the IJBs.
- II. Under the Public Bodies (Joint Working) (Integration Joint Boards) order 2014, the IJB is legally obliged to appoint members in respect of each of a number of distinct groups. Not all non-voting members' positions were filled during 2016/17 such as representatives of the independent sector and General Practitioners.
- III. The December 2016 IJB received a list of risks and their current and planned risk ratings but no information on controls and assurances in place for each risk. Whilst assurance frameworks have been completed for each strategic risk, these were not reported to the IJB in 2016/17. IJB reporting arrangements should be reviewed, specifically in relation to explicitly linking objectives, risks, controls/actions and assurances/performance reporting

<p>within the context of the IJB governance structures. As set out in paragraphs 9-11 above, risk management arrangements including the Risk Management Strategy should also be reviewed following the conclusion of the governance work currently underway.</p> <p>IV. Formal reporting of the clarification of deputising arrangements is still due to be presented to the IJB.</p> <p>V. Whilst high level arrangements have been made to refer to Best Value in the IJB's Annual performance report, consideration should be given to how the IJB will fulfil the requirements of the Local Government in Scotland Act 2003 Best Value Guidance and receive assurance on the characteristics.</p>
<p>B - Clinical & Care Governance/ Financial Governance/ Staff Governance/ Information Governance</p>
<p>B1 - Key arrangements in place as at year end 2016/17</p>
<p>I. On an annual basis the IJB has to formally agree a devolved budget with Angus Council and NHS Tayside. The IJB received regular updates on the budget settlements for 2016/17. In June 2016, the IJB received Information on the Budget Agreement with NHS Tayside 2016/17 which set out the risks of overspending and therefore the likely need to invoke the risk sharing agreement whereby overspend on services delivered by NHS Tayside would revert to the Health Board at the end of the financial year. Minutes of the October 2016 IJB meeting report that the 2016/17 budget agreement with NHS Tayside was still not officially agreed. We have received assurance that NHS Tayside provided the required information to allow the agreement to be finally accepted. A 6 months update report on the Budget Agreement with Angus Council for 2016/17 came to the August 2016 IJB.</p> <p>II. The IJB received regular financial monitoring reports including updates on the financial position, financial outturn forecasts, savings plans and risk assessments. Specific risks in relation to (GP) prescribing budgets as well as implementation of the living wage were addressed and a Financial Recovery plan was presented to the June 2016 IJB.</p> <p>III. Partnership funds were the subject of separate monitoring reports as well as the work of the Finance Monitoring Group.</p> <p>IV. An overall underspend position was achieved at year end 2016/17. However, this includes a substantial overspend on NHS Tayside services currently covered by the risk sharing agreement. Underspends on Angus Council Services can be carried forward in reserves.</p> <p>V. A Freedom of Information Publication Scheme and associated Guide to Information, Policies and Procedures as well as an internal review and appeals process are in place.</p> <p>VI. A Records Management plan to comply with the Public Records (Scotland) Act 2011 was adopted.</p> <p>VII. Updates were received in relation to the implementation of the Clinical, Care & Professional Governance Framework and the Angus R2 group started meeting in May 2016. The R2 group receives inspection reports and includes a member from the Care Inspectorate. A schedule of R3 groups is now in place.</p> <p>VIII. The Chief Social Work Officer's Annual report for 2015/16 was reported to the</p>

<p>October 2016 IJB meeting.</p> <p>IX. Revised primary care governance arrangements were established from November 2016 and noted by the IJB. Following a Primary Care Update to its meeting in February 2017, the IJB supported the ongoing work to deliver safe services.</p>
<p>B2- Developments in 2017/18 - in place or planned by management</p>
<p>I. A costed action plan for prescribing describing actions taken regionally and locally to return prescribing budgets towards breakeven was discussed by the IJB in April 2017.</p> <p>II. A Complaints Handling procedure has been drafted and is to be presented to the June 2017 IJB meeting for approval.</p> <p>III. The R2 group is now reporting to the NHS Tayside Clinical Quality Forum.</p> <p>IV. An internal audit report concluded that financial management arrangements provided to the Angus HSCP in respect of adult services were inadequate. An action plan to address weaknesses identified is in place.</p> <p>V. A Scheme of Further Delegation needs to be documented for IJB services directed to NHS Tayside and Angus Council.</p> <p>VI. Financial regulations are to be reviewed in 2017/18 and this review will include a Scheme of Delegation for the CFO.</p> <p>VII. Work is underway to develop a Joint Workforce Plan and an OD Strategy has been drafted for approval.</p> <p>VIII. Training and development for new IJB and Audit Committee members is underway.</p>
<p>B3 - Recommended further issues for consideration by management</p>
<p>I. In May 2016, the IJB agreed that a Clinical, Care & Professional Governance report would be presented to the IJB on an annual basis and quarterly thereafter. Current assurance on implementation of the Getting it Right For Everyone Framework comes to the IJB only in the form of certain indicators in the performance management report. We would recommend that the IJB receive more regular assurance on clinical and care governance. Management should give consideration whether this should become a standing agenda item of the IJB or whether minutes of the R2 group should be reported directly to the IJB in reserved business if required.</p> <p>II. The requirement for arrangements for ensuring adequate assurance on social work has been recognised. Any arrangements implemented should comply with the Social Work Scotland guidance document on Governance for quality social care in Scotland.</p> <p>III. Overall, the IJB should receive assurance that there are effective and embedded systems for Clinical, Care & Professional Governance in all services within Angus Health and Social Care Partnership. Reporting on workforce and staff governance is currently limited at IJB level. Consideration should be given to consider workforce issues, needs and opportunities.</p>

ACKNOWLEDGEMENT

24. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
1.	Our evaluation of the IJB's governance framework has identified planned improvements for 2017/18 as well as further issues for consideration by management.	We would recommend that an action plan setting out a timetable for implementation is drawn up by officers and approved and monitored by the IJB or an appropriate governance committee.	2	Agreed: Action Plan to be reported to Audit Committee.	Chief Officer 31 August 2017



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017

2016/17 ANGUS INTEGRATION JOINT BOARD – GOVERNANCE STATEMENT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report sets out the Integration Joint Board's draft Governance Statement for financial year 2016/17. If approved this Governance Statement will then be formally included in the IJB's 2016/17 Annual Accounts.

1. RECOMMENDATIONS

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

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

2. BACKGROUND

On an annual basis the IJB has to include a Governance Statement within its Annual Accounts. This statement is intended to explain the IJB's governance arrangements and it reports on the effectiveness of the IJB's system of internal control.

The statement describes:-

- The Scope and responsibility of the IJB.
- The IJB's Governance Framework and Internal Control System.
- Development Issues for 2017/18.
- Review of Effectiveness.

It is important to note the following points:-

- The attached draft governance report is also reported within the Unaudited Annual Accounts, pending its approval by the Audit Committee.
- Reference is made to assurance having been received from both NHS Tayside and Angus Council as to the effectiveness and adequacy of their systems of Internal Control. At the time of compiling this report, that assurance was still pending.
- Reference is made to views provided by the IJB's Internal Auditors. Those views are informed by work undertaken by Internal Audit as described in the 2016/17 Annual Internal Audit Report.

The Governance Statement makes reference to the IJB receiving assurance from NHS Tayside and Angus Council as to the effectiveness of their systems of internal control. In turn, Angus IJB requires to provide reassurance to both NHS Tayside and Angus Council regarding Angus IJB's Systems of Internal Control, It is proposed to do this by asking the Chair of the Audit Committee to confirm to Angus Council and NHS Tayside a view as to the acceptability of the IJB's systems of internal control. It is suggested that the following wording is shared with Angus Council and NHS Tayside.

"ASSURANCES PROVIDED BY ANGUS INTEGRATION JOINT BOARD

Angus Integration Joint Board (Angus IJB) took on responsibility for delegated services from 1 April 2016. The IJB has an Audit Committee with devolved responsibility for Governance issues including assessing the adequacy and effectiveness of systems of internal control. As Chair of the Audit Committee, taking into account the work undertaken by the Audit Committee in the year 2016/17 and the developing nature of the IJB, I can confirm that adequate and effective governance arrangements were in place throughout Angus IJB during the year 2016/17."

3. CONCLUSIONS

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

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

List of Appendices:
Appendix 1: Angus IJB's Draft 2016/17 Governance Statement.

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 Integrations Scheme, Scheme of Delegation, Standing Orders and Financial regulations.
- Bi-monthly public meetings of the IJB.
- Code of Conduct and Register of Interest 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 terms 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) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). 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, so 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 Committees 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 Integrations.

It is important to note that during 2016/17, the IJB's Internal Auditors undertook review of the IJB's Financial Management of Adult Services. This Internal Audit received a D ("Inadequate") grading. The IJB has subsequently complied 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 IJBs 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 issue.

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
Date TBC	Date TBC



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JUNE 2017

UNAUDITED ANNUAL ACCOUNTS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

1. ABSTRACT

This report sets out the Integration Joint Board's unaudited annual accounts for financial year 2016/17. These reports required to be considered by the Audit Committee and will then be submitted to the IJB's External Auditors for review and auditing.

2. RECOMMENDATIONS

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

- (i) notes the background regarding compilation of this year's IJB's Unaudited Accounts; and
- (ii) confirms the submission of the unaudited annual accounts to the IJB's External Auditors.

3. BACKGROUND

The IJB's Unaudited Annual Accounts for 2016/17 are included at Appendix 1.

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).

While both the above documents provide a helpful framework for the completion of the IJB's Annual Accounts, as this is the first full year of operation of the IJB, there may still be a requirement for revision to the content of these accounts pending External Audit review.

The Annual Accounts includes a draft Annual Governance Statement that will be considered separately at this meeting of the Audit Committee.

4. CONCLUSIONS

The IJB's Audit Committee needs to consider the IJB's unaudited annual accounts and then confirm that it is content for these accounts to be submitted to the IJB's External Auditors.

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

List of Appendices:
Appendix 1: Angus IJB's Unaudited Annual Accounts 2016/17.



Angus Integration Joint Board - Annual Accounts 2016/17

Contents

Management Commentary	pages 2-5
Annual Governance Statement	pages 6-8
Remuneration Report	pages 9-11
The Statement of Responsibilities	page 12
Comprehensive Income and Expenditure Statement	page 13
Movement in Reserves Statement	page 14
Balance Sheet	page 15
Notes to the Accounts	pages 16-20
Note 1 – Significant Accounting Policies	
Note 2 – Events after the Balance Sheet Date	
Note 3 – Expenditure and Income Analysis by Nature	
Note 4 – Taxation and Non Specific Grant Income	
Note 5 – Offsetting Debtors and Creditors	
Note 6 - Debtors	
Note 7 – Creditors	
Note 8 – Reserves	
Note 9 – Agency Income and Expenditure	
Note 10 – Related Parties	
Independent Auditor’s report	page 21 (Note : not included in unaudited accounts)

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 2015/16.

This Management Commentary outlines key messages regarding the objectives and strategy of the Angus IJB, its financial reporting 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.
(http://www.angus.gov.uk/downloads/file/1900/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 provide 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.

- 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.
- 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 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 receive 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 shortfalls in budget settlements is as follows:-

Devolved Budget	Angus Council	NHS Tayside (Excluding Prescribing)	Prescribing	Total
	£000	£000	£000	£000
Initial Shortfall	£1648	£1427	£3030	£6105
Plans in place	£1380	£1378	£1119	£3877
Residual Shortfall (June 2017)	£268	£49	£1911	£2228

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-partita 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 final 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 will be for the reporting year 2016/17.

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: http://www.angus.gov.uk/downloads/file/1900/angus_integration_scheme

Angus IJB Strategic Plan:

http://www.angus.gov.uk/downloads/download/356/health_and_social_care_partnership_strategic_plan_2016-19

Angus IJB publishes all formal Board papers at: <http://www.angus.gov.uk/downloads/20448/meetings>

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
Xx August 2017	Xx August 2017	XX 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 Integrations Scheme, Scheme of Delegation, Standing Orders and Financial regulations.
- Bi-monthly public meetings of the IJB.
- Code of Conduct and Register of Interest 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 terms 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) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). 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, so 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 Committees 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 Integrations.

It is important to note that during 2016/17, the IJB's Internal Auditors undertook review of the IJB's 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 IJBs 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 issue.*

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
Date TBC	Date TBC

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 will have three new Angus Council nominated representatives on the IJB in 2017/18.

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 £
40120 (FYE – 81126)	Chief Officer	V Irons	83178	0	83178
30101 (FYE – 59047)	Chief Finance Officer	A Berry	62228	998	63226
70221 (FYE – 140173)	Total		145405	998	146404

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	5978	12394	Pension	1545	25433
				Lump sum	15	67058
Chief Financial Officer	A Berry	4485	9272	Pension	1913	16566
				Lump sum	2283	42969
Total	Total	10463	21665	Pension	3458	41999
				Lump Sum	2298	110027

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	£60000 - £64999	1
0	£65000 - £69999	0
0	£70000 - £74999	0
0	£75000 - £79999	0
0	£80000 - £84999	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. (SUBJECT TO CONFIRMATION BY EXTERNAL AUDIT)

Vicky Irons	Hugh Robertson
Chief Officer	Chairperson – Angus IJB
TBC	Xx 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 of the Angus Integration Joint Board
XX August 2017

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Integration Joint Boards 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
XX 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	54191
0	Mental Health	10244
0	Learning Disabilities	15944
0	Physical Disabilities	3642
0	Substance Misuse	1512
0	Community Services	11263
0	Planning / Management Support	1269
94	IJB Operational Costs	207
0	GP Prescribing	23483
0	General Medical Services	16356
0	Family Health Services	11411
0	Large Hospital Set Aside	11759
94	Cost Of Services	161281
(94)	Non-Specific Grant Income (Note 4)	(161863)
0	(Surplus) or Deficit on Provision of Services	(582)
0	Total Comprehensive Income and Expenditure	(582)

The IJB was established on 3 October 2016 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 Board.

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 unaudited accounts were issued for audit on the 29 June 2017(TBC). (To add to final accounts – “The audited accounts were authorised for issue by the Chief Finance Officer on the XX August 2017.”)

Alexander Berry
Chief Finance Officer
XX 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.

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 29 June 2016. 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	56067
0	Services Commissioned from NHS Tayside	105007
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)	-44026
(50)	Partners Funding Contribution (NHS Tayside)	(117838)
0	(Surplus) or Deficit on the Provision of Services	(582)

The IJB was established on 3 October 2016 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	(44026)
(50)	Contributions from NHS Tayside	(117838)
(94)	Total	(161863)

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 £11759k in respect of Large Hospital ‘set aside’ resources relating to acute hospital resources. The associated services are provided by NHS Tayside which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the strategic planning of these resources and consumption of, and level of demand placed on, 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	8741
0	Reimbursement for Agency Services	(8741)
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 £12041k 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	117,838
0	Expenditure on Services	(105,007)
(88)	Key Management Personnel	(187)
(6)	Expenditure on Other IJB Costs	(20)
(44)	Net Transactions with NHS Tayside	12623

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 reserves 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