



**ANGUS HEALTH AND SOCIAL CARE**

**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 27 JUNE 2018**

**2017/18 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 2017/18. If approved this Governance Statement will then be formally included in the IJB's 2017/18 Annual Accounts.

**1. RECOMMENDATIONS**

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

- (i) consider and approve the IJB's 2017/18 Governance Statement;
- (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 2017/18; and
- (iii) requests that the Chief Finance Officer develops a Governance Action Plan for 2018/19 and submits this to the August 2018 Audit Committee.

**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 2018/19.
- Review of Effectiveness.

It is important to note the following points:-

- The attached draft governance report (Appendix 1), once approved, will form part of the unaudited Annual Accounts submitted to the IJB's external auditors.
- Reference is made to reliance being placed on both NHS Tayside and Angus Council systems of Internal Control. In due course, and prior to the next Audit Committee, assurances will be sought from Partners re these internal controls and their adequacy and effectiveness.
- 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 2017/18 Annual Internal Audit Report.
- The Governance Statement makes reference to the IJB's reliance on NHS Tayside and Angus Council maintaining 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. Since then, the IJB has had 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 2017/18 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 2017/18.”*

- The Governance statement acknowledges that a number of the issues for development in 2018/19 had previously been documented for development in 2017/18. The lack of progress with these issues is linked to their complexity, the fact that some of them can only be developed in conjunction with other parties (e.g. other IJBs/NHS Tayside) and the capacity constraints within the IJB (i.e. the IJB has had a very busy year from an operational perspective and this has limited the scope to fully resolve governance issues).

It is therefore recommended that the Audit Committee request a formal Governance Action Plan is submitted to the next IJB Audit Committee setting out timelines for addressing outstanding governance issues, noting that some actions may be dependent on engagement with other parties. This is consistent with recommendations made in report 50/18.

**3. CONCLUSIONS**

The IJB's Audit Committee needs to consider and approve the draft Governance Statement and to confirm it is content for 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 2017/18.

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14 June 2018

List of Appendices:  
Appendix 1: Angus IJB's Draft 2017/18 Governance Statement.

## Appendix 1 : Angus IJB Draft 2017/18 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 1<sup>st</sup> April 2016. Angus IJB duly assumed responsibility for services from 1<sup>st</sup> April 2016 and this Governance Statement therefore reflects the responsibilities assumed from 1<sup>st</sup> 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 5 further IJB members. During 2017/18, the Audit Committee met 4 times and the membership at the year end was as follows:-

David Barrowman (attended 2 of 4 meetings)  
Councillor Julie Bell (appointed after final 2017/18 meeting)  
Peter Burke (attended 3 of 4 meetings)  
Jim Foulis (attended 2 of 4 meetings)  
Alison Rogers (attended 3 of 4 meetings)  
Barbara Tucker (attended 2 of 3 meetings, member for part year only).

During the financial year, other Audit Committee members included Councillor Jim Houston (attended 1 of 1 meeting) and Councillor Lois Speed (attended 2 of 2 meetings).

Since the end of March 2018, Alison Rogers' term of office as a Non Executive Board member has concluded and she has stepped down from the Audit Committee; a new Audit Committee member will be appointed in June 2018. (to be refreshed post IJB mtg of June 2018)

The main features of the governance framework in existence during 2017/18 were:

- Approved Integration Scheme, Scheme of Delegation, Standing Orders and Financial Regulations.
- Bi-monthly public meetings of the IJB.
- Code of Conduct and Register of Interests for all IJB members.
- Monthly Executive Management 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, Care and Professional Governance forum.
- Bi-monthly Staff Governance Committee.
- Audit Committee meetings approximately 4 times per annum (4 in 2017/18) with responsibility for agreeing the Annual Internal Audit Plan, considering the results of any external or internal inspections, assessments or audits of the IJB and to scrutinise the Annual Accounts and Governance Statement of the IJB.

- Appointment of Fife, Tayside and Forth Valley Management Services as Internal Auditors for the IJB with support from Angus Council Internal Audit.
- Appointment of Audit Scotland as External Auditors for financial years 2016/17 to 2020/21.
- Chief Officer in post for duration of 2017/18.
- Chief Finance Officer in post for the duration of 2017/18 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 2017/18 this included the following:

- Implementation of, and revisions to, an IJB Risk Strategy.
- Implementation of, and revisions to, an IJB Performance Reporting Framework.
- Provision of regular financial monitoring reports to the IJB.
- Provision of regular budget settlement reports to the IJB and production of a multi-year financial plan.
- Approval and delivery of an Annual Internal Audit Plan.
- Issuing of Directions to Partner organisations.
- Implementation of a Complaints handling procedure.
- Implementation of Clinical, Care and Professional Governance monitoring arrangements.
- Development of GDPR (General Data Protection Regulations protocols).
- Reliance on the procedures, processes and systems of partner organisations.

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

In 2016/17, the IJB's Internal Auditors undertook a review of the Financial Management of Adult Services. This Internal Audit received an 'Inadequate' grading. In 2017/18, the IJB's Internal Auditors subsequently completed a follow-up audit and noted that while some issues still remain to be resolved, many of the concerns had been addressed.

Due to ongoing concerns during 2017, NHS Tayside (through whom Angus IJB deliver many services) has been subject to a number of internal (e.g. Internal Audit) and external (e.g. Scottish Government) reviews. These reviews have reported back to NHS Tayside and national forums. A series of actions have resulted to address identified weaknesses. These actions will be monitored locally by NHS Tayside's new leadership team and by the Scottish Government. While some of NHS Tayside's weaknesses have less of a direct impact on Angus IJB, there are some weaknesses within NHS Tayside that do have a more direct impact on Angus IJB. Examples might include the development of strategic plans and the development of Large Hospital Set Aside arrangements.

#### Development Issues

The IJB is required to review the effectiveness of its governance structures regularly. The IJB acknowledges that as a relatively new body, working in a complicated environment, further development and review of governance structures is still required. Areas for continued development and review include:-

Area for Improvement	Lead Officer	Planned Completion Date
Development of Large Hospital Set Aside arrangements in conjunction with NHS Tayside.	Chief Officer/Chief Finance Officer	December 2018
Development of improved Hosted Services arrangements including improved sharing of information between the three Tayside IJBs	Chief Officer / Head of Service (Strategic Planning)	December 2018
Review the quality of corporate support arrangements that the IJB is reliant upon and that are currently provide by Angus Council and NHS Tayside.	Chief Officer	December 2018
Develop further the role of localities including clarifying local financial planning arrangements.	Chief Officer/ Chief Finance Officer	December 2018

Review the overall governance framework that supports the relationship between Angus Council and NHS Tayside and Angus IJB.	Chief Officer	December 2018
Undertake a broad review of the IJB's overall governance and management arrangements.	Chief Officer	December 2018

All the above issues were noted in the 2016/17 Governance Statement. Progression with these issues has been limited due to their complexity, the requirement to work with other parties (e.g. large hospitals), the management capacity available and the competing demands across a range of governance and operational issues.

### Review of Effectiveness

As noted, the IJB has responsibility for reviewing the effectiveness of its governance structures regularly. Throughout 2017/18 governance reports 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 2017/18 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 2017/18.*
2. *Based on work undertaken I have concluded that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2017/18.*
3. *In addition, I have not advised management of any concerns around the following:*
  - a. *Consistency of the Governance Statement with information that we are aware of from our work;*
  - b. *The format and content of the Governance Statement in relation to the relevant guidance;*
  - c. *The disclosure of all relevant issues.*

While there remain a number of challenging 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 2018, 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
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