



AGENDA ITEM NO 12

REPORT NO IJB 34/20

ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 24 JUNE 2020

2019/20 ANGUS INTEGRATION JOINT BOARD ANNUAL GOVERNANCE STATEMENT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report sets out the Integration Joint Board's draft Annual Governance Statement for financial year 2019/20. If approved, this Annual Governance Statement will then be formally included in the IJB's 2019/20 Annual Accounts.

1. RECOMMENDATIONS

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

- (i) consider and approve the IJB's 2019/20 Annual Governance Statement; and
- (ii) authorises the Chair of the IJB's Audit Committee to write to both Angus Council, NHS Tayside, Dundee IJB and Perth & Kinross IJB confirming the adequacy and effectiveness of the governance arrangements within Angus IJB for 2019/20, including sharing the latest version of the Annual Governance Statement.

2. BACKGROUND

On an annual basis the IJB has to include an Annual 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 with, for 2019/20, references to responses to COVID-19.
- An update regarding the MSG report.
- Development Issues for 2020/21 with reference to current issues regarding Mental Health Services.
- 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, Angus Council, Dundee IJB and Perth & Kinross IJB 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 2019/20 Annual Internal Audit Report (separate report to June 2020 Audit Committee). At the point of writing this report, the Annual Internal Audit Report was still to be finalised.
- As noted above, the Annual Governance Statement makes reference to the IJB's reliance on NHS Tayside, Angus Council, Dundee IJB and Perth & Kinross IJB maintaining the effectiveness of their systems of internal control. In turn, Angus IJB requires to provide reassurance to each of Angus Council, NHS Tayside, Dundee IJB and Perth & Kinross IJB 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 these four parties a view as to the adequacy and effectiveness of Angus IJB's systems of internal control. It is suggested that the following wording is shared with the four parties:-

“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 a range of 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 2019/20, I can confirm that adequate and effective governance arrangements were in place throughout Angus IJB during the year 2019/20. This is more described in Angus IJB's Annual Governance Statement attached.”

A copy of the most recent version of the Annual Governance Statement would then be provided alongside this statement.

- The Annual Governance statement acknowledges that a number of the issues for development in 2020/21 have been documented in previous years. As noted elsewhere, it is important to note that factors such as the complexity of these issues, the requirement to work with other parties (e.g. regarding Large Hospital Set Aside), the management capacity available and the competing demands across a range of governance and operational issues – all factors that have been prevalent in previous years - remain concerns in resolving these issues. It has been agreed that updates will be provided on these long-standing matters to every second IJB Board meeting.

3. CONCLUSIONS

The IJB's Audit Committee needs to consider and approve the draft Annual Governance Statement and to confirm it is content for the Chair of the Audit Committee to write to Angus Council, NHS Tayside, Dundee IJB and Perth & Kinross IJB providing them with confirmation of the adequacy and effectiveness of the governance arrangements within Angus IJB for 2019/20.

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DATE: June 2020

List of Appendices:

Appendix 1: Angus IJB's Draft 2019/20 Governance Statement.

Appendix 1: Angus IJB Draft 2019/20 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 IJB's Integration Scheme has been updated since 2015 to allow for additional Carers Act responsibilities.

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. Reliance is similarly placed on Dundee IJB and Perth & Kinross IJB with respect to Hosted Services.

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. Board membership during 2019/20 is documented in the Angus IJB Remuneration Report within the Annual Accounts.

Angus IJB also has an Audit Committee chaired by a member of the IJB and comprising 6 (from February 2020, previously 5) further IJB members. During 2019/20, the Audit Committee met 4 times and the membership at the year end was as follows:-

Councillor Julie Bell (Chair of Audit Committee, attended 4 of 4 meetings).
Peter Burke (attended 4 of 4 meetings).
Andrew Jack (attended 4 of 4 meetings).
Kathryn Lindsay (attended 2 of 3 meetings).
Graeme Martin (attended 2 of 3 meetings).
Charlie Sinclair (attended 2 of 2 meetings).

During the financial year, other Audit Committee members included Jim Foulis (attended 1 of 1 meeting). Kathryn Lindsay, Graeme Martin and Charlie Sinclair all joined the Audit Committee during the 2019/20. As noted above, the Audit Committee's membership has been increased by 1 member in February 2020 and the IJB will seek to fill this role in due course.

The main features of the governance framework in existence during 2019/20 were:

- Approved Integration Scheme, Scheme of Delegation, Standing Orders (reviewed February 2020) and Financial Regulations.
- Bi-monthly public meetings of the IJB, with one additional meeting in January 2020.
- 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 updating.

- Bi-monthly Clinical, Care and Professional Governance forum.
- Bi-monthly Staff Governance Committee.
- The Audit Committee met 4 times in 2019/20 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 2019/20, noting the IJB appointed a new Interim Chief Officer during 2019/20.
- Chief Finance Officer in post for the duration of 2019/20 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 (staff and systems) provided by both NHS Tayside and Angus Council. During 2019/20 responsibility for management of associated NHS finance staff was devolved to the Chief Finance Officer.
- Review of the "Role of the Chief Finance Officer in Local Government".

The governance framework described above operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2019/20 this included the following:

- Implementation of the IJB's Risk Strategy, including the first stages of a review of that strategy.
- Implementation of the IJB's Performance Reporting Framework.
- Provision of regular financial monitoring reports to the IJB.
- Provision of regular budget settlement reports.
- Provision of regular Strategic Financial Planning reports to the IJB.
- Approval and delivery of an Annual Internal Audit Plan.
- Issuing of high-level Directions to Partner organisations and noting new Scottish Government guidance regarding the issuing of directions in.
- Implementation of the IJB's Complaints handling procedure.
- Implementation of Clinical, Care and Professional Governance monitoring arrangements.
- Implementation of the IJB's GDPR (General Data Protection Regulation) protocols.
- Reliance on the procedures, processes and systems of partner organisations for which assurance is received from partner bodies.

During 2019/20 the IJB, in conjunction with Angus Council, did initiate an ongoing review of its overall income management to seek to address some emerging operational issues.

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 and to submit reports directly to the Audit Committee. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit Committee.

During March 2020, the Health and Social Care Partnership initiated rapid changes in its management arrangements to address COVID-19 planning and operational issues and maintain governance and internal control requirements. This included developing leadership and command structures. These structures in turn interfaced with similar structures in NHS Tayside and Angus Council. As the COVID-19 response develops during 2020/21, an increasing focus is expected to be placed on recovery from the COVID-19 pandemic. In due course COVID-19 will require a review of the IJB's Strategic Commissioning Plan and its underlying assumptions and this may result in significant revisions to the overall plan, supporting documents and the IJB's Risk Register with a likely focus on recovery, reconfiguration and transformation to meet revised population needs, resources and ways of working.

MSG Report

In August 2019 an update and action plan were shared with the IJB regarding the Joint Ministerial Groups report aimed at improving integration. While updates have subsequently been provided to the Strategic Planning Group, the IJB recognises the need to provide updates to the IJB Board directly.

Comprehensive progress will require close working with partners and generally there will need to be a recognition that some of the target dates for completion of actions may require revision – partly due to the impact of COVID-19.

Development Issues

The IJB is required to review the effectiveness of its governance structures regularly. The IJB acknowledges that as a maturing organisation, working in a complicated environment, further development and review of governance structures is still required.

During 2019/20 a review of the Standing Orders was completed and a review of Financial Regulations is planned for 2020/21. The IJB's Integration Scheme was originally valid for 5 years from October 2015 and was scheduled for review by September 2020. As part of re-scheduling priorities to allow for COVID-19 responses, the Scottish Government has intimated that a full review of Integration Schemes does not require to be completed by September 2020, but a review does still need to be progressed by the IJB's partners setting out what issues need to be considered further. Meantime, the current Integration Scheme will remain in force.

In the 2018/19 Annual Governance Statement, the IJB noted a number of governance "Areas for Improvement". An update is provided as follows:-

Area for Improvement	Lead Officer	Progress in 2019/20	Proposals for 2020/21
Development of Large Hospital Set Aside arrangements with NHS Tayside.	Chief Officer/Chief Finance Officer	Limited local progress. NHS Tayside have increasingly acknowledged this issue in their financial planning.	Updates provided regularly to IJB Board and continue to develop dialogue with NHS Tayside.
Development of improved Hosted Services arrangements including improved sharing of information between the three Tayside IJBs	Chief Officer	Limited local progress.	Improved sharing of more detailed financial information planned for 2020/21 and consideration as part of refreshing the Integration Scheme. The IJB is also participating in a review Clinical and Care Governance arrangements which will include significantly enhanced reporting on hoisted services.
Review corporate support arrangements.	Chief Officer	Not formally started.	To be considered as part of MSG response.
Review the overall governance framework that supports the relationship with Partners.	Chief Officer	Not formally started.	To be considered as part of more detailed review of the Integration Scheme.

All the above issues have been noted in Annual Governance Statements since 2016/17. The resolution of these issues remain characterised by their complexity, the requirement to work with other parties (e.g. NHS Tayside with respect to Large Hospital Set Aside) and the challenges of competing demands placed on limited management capacity across a range of governance and operational issues. However, as noted by the IJB's Internal Auditors, these are issues that the IJB does need to make progress with. An update was shared with the IJB on these issues in February 2020 (report 4/20). It is proposed that during 2020/21, updates on these issues are provided to the IJB board every 4 months (i.e. August and December 2020).

During 2020/21 the IJB will also respond to updated Scottish Government guidance regarding the use of directions and the IJB issuing these to its Partners.

The Independent Inquiry in to Mental Health Services in Tayside: Trust and Respect, was published in February 2020. A collaborative Tayside response to this has now been issued in the form of a draft action plan, "Listen. Learn. Change." One of the significant recommendations from the action plan is

that from June 2020, the responsibility for operational management of inpatient General Adult Psychiatry Services in Tayside would be led by NHS Tayside, having previously (for In Patient Services) been led by Perth & Kinross IJB.

Review of Effectiveness

As noted, the IJB has responsibility for reviewing the effectiveness of its governance structures regularly. Throughout 2019/20 governance updates have regularly been provided to the IJB's Audit Committee. However, reflecting COVID-19 responses (in terms of social distancing and capacity), the April 2020 Audit Committee was cancelled.

At the end of 2019/20, the IJB's Chief Internal Auditor has reviewed the IJB's governance arrangements and in the IJB's 2019/20 Annual Internal Audit report notes:-

1. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2019/20.
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 2019/20.
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 (described above in "Development Issues" section), it is *the* opinion of the IJB Chairperson and Chief Officer that at 31 March 2020, 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.

Councillor Lois Speed	Gail Smith
Chairperson	Interim Chief Officer
XX August 2020	XX August 2020