

SCH/KM

22 June 2016



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

Dear Member

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

You are requested to attend a meeting of the Angus Health and Social Care Integration Joint Board Audit Committee to be held in the Committee Room, Town and County Hall, Forfar on **Wednesday 29 June 2016 immediately following the Angus Health and Social Care Integration Joint Board scheduled to begin at 2.00pm.**

The agenda and papers are enclosed.

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

Yours sincerely

SHEONA C HUNTER

Head of Legal and Democratic Services

DISTRIBUTION:

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

Councillor Jim Houston  
Alison Rogers, Non Executive Board Member  
Neil Prentice, Third Sector Representative  
Alison Myles, Carers Representative

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

**FOR INFORMATION ONLY**

Councillor Glennis Middleton  
Councillor David May  
Councillor Colin Brown – Proxy Member  
Councillor Lynne Devine – Proxy Member  
Councillor Sheila Hands – Proxy Member  
Sue Mackie, Associate Nurse Director (Development)  
George Bowie, Head of Community Health and Care Services – South  
Gail Smith, Head of Community Health and Care Services - North  
Drew Walker, Director of Public Health, NHS Tayside

Hugh Robertson, Non Executive Board Member  
Judith Golden, Non Executive Board Member  
Tim Armstrong, Chief Social Work Officer-People  
Mavis Leask, Staff Representative  
Chris Curnin, Independent Sector Representative  
Douglas Lowdon, Consultant Acute & Elderly Medicine  
David Coulson, Associate Director of Pharmacy, NHS Tayside  
Michelle Watts, Associate Medical Director, NHS Tayside





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

**TO BE HELD IN THE COMMITTEE ROOM, TOWN AND COUNTY HALL, FORFAR  
ON WEDNESDAY 29 JUNE 2016 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. TERMS OF REFERENCE AND MEMBERSHIP**

Submit Report No IJB 58/16 by the Chief Finance Officer. (1 - 2)

**5. ADDITIONAL OFFICERS**

Consideration to be given as to whether additional advisory officers require to be in attendance.

**6. ANNUAL INTERNAL AUDIT REPORT**

Submit Report No IJB 59/16 by the Chief Finance Officer. (3 - 12)

**7. UNAUDITED ANNUAL ACCOUNTS**

Submit Report No IJB 60/16 by the Chief Finance Officer. (13 - 34)

**8. INTERNAL AUDIT PLAN 2016/17**

Submit Report No IJB 61/16 by the Chief Finance Officer. (35 - 38)

**9. PLANNED BUSINESS AND DEVELOPMENT REQUIREMENTS**

Submit Report No IJB 62/16 by the Chief Finance Officer. (39 - 40)

**10. DATE OF NEXT MEETING**

The next meeting of the Angus Health and Social Care Integration Joint Board Audit Committee will take place on Wednesday 31 August 2016 at 11.45am. Venue to be confirmed.





**ANGUS HEALTH AND SOCIAL CARE**  
**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 29 JUNE 2016**  
**TERMS OF REFERENCE AND MEMBERSHIP**  
**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

The purpose of this report is to advise the Committee of the membership and remit of the Committee.

**1. RECOMMENDATION**

It is recommended that the Committee note the role and remit of the Audit Committee as agreed by the Integration Joint Board at its meeting on 23 March 2016.

**2. REPORT**

2.1 The Angus Integration Joint Board considered, at its meeting on 23 March 2016, a report by the Chief Finance Officer in respect of establishing an Audit Committee (Report 32/16 refers). The Board agreed that:-

- (a) the Audit Committee should comprise two voting members of the Integration Joint Board (one each from voting membership from Angus Council and NHS Tayside) who are not the Chair or Vice Chair of the Integration Joint Board (who shall be entitled to vote at the Audit Committee),
- (b) the Audit Committee should also comprise three non voting members of the Integration Joint Board (who shall also be entitled to vote at the Audit Committee) (excluding the Chief Officer and Chief Financial Officer who cannot be members of the Audit Committee but who will be expected to attend); and
- (c) the membership of the Audit Committee should be reviewed and re-selected when the holder of the office of Chair and Vice Chair of the Integration Joint Board changes in accordance with the Integration Scheme,
- (d) the Audit Committee should meet three times per year unless circumstances require additional meetings,
- (e) the Audit Committee shall appoint a Chair and Vice Chair of the Audit Committee at their first meeting (who need not be a voting member of the Integration Joint Board),
- (f) the Standing Orders of the Integration Joint Board shall apply (with the necessary changes) to the business and meetings of the Audit Committee; and
- (g) members of the Audit Committee will require to attend one development event a year in respect of their role as Audit Committee members.

- 2.2 In respect of the remit of the Committee, the Board agreed that the remit of the Committee shall be:-
- (a) to agree the Internal Audit Plan for the Integration Joint Board (without further reference to the Integration Joint Board),
  - (b) to consider the terms of any external or internal Inspections, Assessments or Audits of the Integration Joint Board with a view to making recommendations to the Integration Joint Board in respect thereof; and
  - (c) to scrutinise the Annual Accounts and Governance Statements of the Board.
- 2.3 The Committee is asked to note that the arrangements for the Audit Committee will be reviewed and any necessary changes to enable the Audit Committee and, in turn, the Board, to perform its function more effectively, efficiently and economically will be presented to the Board for consideration in due course. It is anticipated that this review will take place within a year of the date of the first meeting of this Committee.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The establishment of an Audit Committee is consistent with good practice in corporate governance.

### **4. CONCLUSIONS**

- 4.1 It is recommended that the Committee note the role and remit of the Audit Committee as agreed by the Integration Joint Board at its meeting on 23 March 2016.

**Alexander Berry**  
**Chief Finance Officer**

**REPORT AUTHOR: David Thompson**  
**EMAIL DETAILS: [ThompsonD@angus.gov.uk](mailto:ThompsonD@angus.gov.uk)**

16 June 2016



**AGENDA ITEM NO 6**

**REPORT NO IJB 59/16**

**ANGUS HEALTH AND SOCIAL CARE  
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 29 JUNE 2016  
ANNUAL INTERNAL AUDIT REPORT  
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**1. PURPOSE**

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

**2. RECOMMENDATION**

It is recommended that the Angus IJB Audit Committee:-

- (i) Consider and note the Annual Internal Audit Report.

**3. BACKGROUND**

Appendix 1 is Angus IJB's Internal Auditor's Annual Internal Audit Review. This is a document that will be 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.

This report is for consideration and noting only. The main conclusion of the report – that the Chief Internal Auditor concludes that "The IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16" will be reflected in the IJB's Governance Statement.

**4. CONCLUSION**

The IJB requires to consider and note the attached Annual Internal Audit report.

**Alexander Berry  
Chief Finance Officer  
June 2016**

Appendix 1 – Angus IJB's Internal Auditor's Annual Internal Audit Review





DRAFT REPORT

**ANGUS IJB  
INTERNAL AUDIT SERVICE**



**ANNUAL INTERNAL AUDIT REPORT**

**2015/2016**

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

[Angus Integration Joint Board]  
[External Audit- Audit Scotland]

Date: 16 June 2016

## **ANNUAL INTERNAL AUDIT REPORT 2015/16 INTRODUCTION AND CONCLUSION**

1. The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional 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 the arrangements for risk management, governance and control of the delegated resources.
2. This guidance also states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
3. 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 the Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2015/16.
4. The Order establishing the Angus Integration Joint Board (the IJB) was passed by the Scottish Parliament on 3 October 2015. The Chief Officer took up post in May 2015 and the Chief Finance Officer in October 2015. These appointments were confirmed by the IJB at its meeting in October 2015.
5. The IJB did not have operational responsibility in year for delegated services. Formal transfer of functions took place on 1 April 2016. My review of the internal control environment for 2015/16 is therefore based solely on the responsibilities of the IJB in year.
6. The IJB has produced a draft Governance Statement with no disclosures for 2015/16.
7. Based on work undertaken I have concluded that:
  - **The IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16**
8. In addition, I have not advised management of any concerns around the following:
  - **Consistency of the Governance Statement with information that we are aware of from our work**

### **ACTION**

9. The IJB is asked to **note** this report in evaluating the internal control environment for 2015/16 and **consider** any actions to be taken on the issues reported for consideration.

## INTERNAL CONTROL

10. FTF was appointed as the IJB's Internal Audit Service for 2015/16 in November 2015. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). Our work in year reviewed, in partnership with the Angus Council Internal Audit Service, compliance with the national Financial Assurance (Due Diligence) guidance. We found that the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance and reports met all the requirements of the guidance in relation to risk assessment. Internal Audit also provided advice on the draft financial regulations.
11. 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. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation.
12. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2016; as well as ongoing and planned work in 2016/17. Based on our assessment, we also recommend further issues for consideration by management.
13. Our evaluation of the IJB's Governance Framework is summarised below and shows that the control standards we expected to see at this stage of development of the IJB are in place.

<b>Corporate Governance</b>
<b>Key arrangements in place as at year end 2015/16</b>
<ul style="list-style-type: none"> <li>• The Integration Scheme was approved by the Cabinet Secretary for Health, Wellbeing and Sport in August 2015;</li> <li>• Standing Orders were approved in October 2015 including a Code of Conduct and committee support arrangements in place;</li> <li>• A Scheme of Delegation was approved in March 2016;</li> <li>• In March 2016, the IJB agreed the establishment of an Audit Committee and the appointment of Internal Auditors for 2016/17;</li> <li>• The IJB's Risk Policy &amp; Strategy was approved in November 2015 and updates on the risk register have also been considered during the year;</li> <li>• An update on the involvement and engagement work undertaken as part of the development of the strategic plan was reported to the IJB in November 2015;</li> <li>• A Strategic Planning Group is in place and the Strategic Commissioning Plan was approved in March 2016 following appropriate consultation. Localities are in place;</li> </ul>

- Directions were formally issued to the parties in March 2016 to carry out delegated functions;
- The IJB noted the operational framework and first line management arrangements in January 2016;
- The IJB has links in place with the Community Planning Partnership through membership.

**Developments in 2016/17- in place or planned by management**

- A draft Governance Statement has been prepared for 2015/16 as part of the annual accounts process and is planned to be presented to the IJB in June 2016;
- Work is ongoing on management arrangements for the partnership;
- Clarification of deputising arrangements is due to be presented to the June 2016 IJB meeting;
- In May 2016, the IJB considered the two Audit Scotland reports on HSCI and agreed that the IJB's position with regard to these recommendations will be assessed and findings reported back to the second Audit Committee meeting of 2016/17;
- Approval of the 2016/17 annual internal audit plan is planned for June 2016;
- Further work is planned on the Large Hospital plan and arrangements for hosted services;
- Consideration is being given to how the IJB will formally assess if the level of Corporate Support will be sufficient to enable the IJB to successfully deliver the Strategic Plan;
- A Draft Performance Management Framework was agreed in May 2016 and work is ongoing to develop this further.

**Recommended further issues for consideration by management**

- Accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB and the Parties and flow through to risk management and assurance arrangements;
- Assurance arrangements should include consideration of reporting lines and the flow of assurance including any officer and governance groups in place;
- The IJB's strategic risk profile should reflect that emphasis has now shifted from the risks the IJB faced during the implementation phase and set out the risks to the delivery of strategic objectives;
- Adoption of an Assurance Framework linking the strategic risk profile and associated controls with assurance processes (*Cf Risk Management Policy and Strategy Appendix 2*);
- A workplan/ report schedule should be developed for the Board, showing when items of business require to be considered in year to deliver the purpose and remit of the IJB as well as any additional reporting agreed by members;
- Development of the Performance Management Framework should include consideration of how the framework will address Best Value requirements (*cf Performance Management guidance issued as well as Local Authorities Best Value guidance*);

<ul style="list-style-type: none"> <li>• A template code of conduct for IJB members was issued by the Scottish Government in April 2016. Angus IJB should review its code to ensure it complies with the most recent guidance.</li> </ul>
<b>Clinical &amp; Care Governance/ Financial Governance/ Staff Governance/ Information Governance</b>
<b>Key arrangements in place as at year end 2015/16</b>
<ul style="list-style-type: none"> <li>• A Tayside-wide Clinical and Care Governance Framework ('Getting it right for everyone') was adopted and progress on implementation reported to the IJB in year;</li> <li>• Financial Assurance (Due Diligence) was undertaken on budgets to be transferred. This was reviewed by internal audit and reported in March 2016;</li> <li>• Financial regulations were approved in March 2016;</li> <li>• A draft Workforce and Organisational Development Strategy was agreed in February 2016; with the final version feeding in to the Strategic Plan;</li> <li>• Development sessions have been held for IJB members at each of their meetings to date;</li> <li>• The IJB holds CNORIS membership to ensure appropriate liability and indemnity cover;</li> <li>• The IJB agreed to enter into the Scottish Accord for the Sharing of Personal Information with Angus Council and NHS Tayside in February 2016.</li> </ul>
<b>Developments in 2016/17- in place or planned by management</b>
<ul style="list-style-type: none"> <li>• Work is ongoing on the implementation and embedding of the Clinical &amp; Care Governance Strategy; including the operation of the local R2 group;</li> <li>• The IJB will work with the parties to develop a further scheme of delegation within the partnership;</li> <li>• Further development of the draft Workforce and Organisational Development Strategy to embed this in practice;</li> <li>• Objectives and appraisal processes for the Chief Officer and Chief Finance Officer will be considered.</li> </ul>
<b>Recommended further issues for consideration by management</b>
<ul style="list-style-type: none"> <li>• Consideration should be given to adverse event management arrangements for integrated services;</li> <li>• The Integration Scheme includes a requirement for the IJB to receive Staff Governance and Workforce Planning reports. Consideration should be given to the needs of the IJB in this respect and reporting arrangements put in place accordingly.</li> </ul>

## **ACKNOWLEDGEMENT**

14. 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 this challenging first 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 2016/17 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.	<b>2</b>	Agreed- to be reported to Audit Committee. These recommendations will be taken into account when developing the action plan to address recommendations made by Audit Scotland in their December 2015 and March 2016 reports.	Chief Officer 31 December 2016







**ANGUS HEALTH AND SOCIAL CARE**

**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 29 JUNE 2016**

**UNAUDITED ANNUAL ACCOUNTS**

**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

This report sets out the Integration Joint Board's unaudited annual accounts for financial year 2015/16. These reports require to be considered by the Audit Committee and will then be submitted to the IJB's External Auditors for review and auditing.

**1. RECOMMENDATION**

It is recommended that the Audit Committee:-

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

**2. IJB ANNUAL ACCOUNTS – BACKGROUND**

The IJB's Unaudited Annual Accounts for 2015/16 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 31<sup>st</sup> March 2016. With the IJB only taking responsibility for service provision from 1<sup>st</sup> April 2016, the financial content of the Annual Accounts is limited. The Annual Accounts do still contain or reference the main components of a set of Annual Accounts including Management Commentary, Remuneration Reports, and the standard financial statements.

It is important for the Committee to note that there are a number of ongoing discussions between Angus IJB, Angus IJB's External Auditors and External Auditors of other IJBs regarding the content and presentation of the figures in the IJB's Annual Accounts. This reflects the nature of the IJBs relationship with Partner bodies (NHS Tayside, Angus Council), the fact the IJB was not operationally responsible for services during 2015/16 and the fact that this is the first year of the IJB's existence and much of the national accounting guidance is still developing. Because of this, there is an increased likelihood of a need to amend the financial treatments adopted in the 2015/16 unaudited accounts once the External Auditor's Annual Audit Report is issued.

At the time of issuing these accounts, information was still awaited to allow completion of appendix 3 of the remuneration report.

The Committee will note that within the Annual Accounts, reference is made to the IJB's Strategic Plan. This reflects the relevance of the Strategic Plan to this stage of the development of the IJB. The Annual Accounts also includes an Annual Governance Statement that references the Annual Internal Audit Report already considered at this meeting of the Audit Committee.

**3. CONCLUSION**

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.

**Alexander Berry**  
**Chief Finance Officer**  
**June 2016**

**Appendix 1 – IJB Unaudited Annual Accounts 2015/16**



**Angus Integration Joint Board - Annual Accounts 2015/16**

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## Management Commentary

### 1. Introduction

This Management Commentary outlines key messages regarding the objectives and strategy of the Angus Integration Joint Board (Angus IJB) and its financial reporting for the 2015/16 financial year and also provides an indication of issues and risks which may impact upon the finances of the Integration Joint Board in the future.

#### Principal Activities

Angus IJB was established in 2015 as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014 on 3<sup>rd</sup> October 2015.

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 functions that will be delegated by the Parties to Angus IJB from 1<sup>st</sup> April 2016. For the financial year 2015/16, the IJB was established but had taken on responsibility for the delivery of functions.

The objective of Angus IJB is to deliver the undertakings described within the Angus IJB Strategic Plan. The IJB's Strategic Plan for 2016-2019 was approved at a meeting of Angus IJB Board on 23<sup>rd</sup> 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.*

The intention of the legislation in bringing about the new arrangements is to provide:

- *Better Services and Outcomes - to improve services and supports for patients, carers, service users and their families*
- *Better Integration - to provide seamless, joined-up quality health & social care for people in their homes or in a homely setting where it is safe to do so*
- *Improved Efficiencies - to ensure that resources are used effectively and efficiently to deliver services that meet the increasing number of people with longer term and often complex needs, many of whom are older.*

*Integration will allow us to think innovatively about how a growing population of people in need of support can be supported differently and how we can respond to peoples' expressed wishes to remain at home for longer. Our multi-agency approach will be delivered through working in four localities that make up Angus, delegating financial responsibility over time so more locally based decisions can be made on appropriate services. The partnership will also continue to work with NHS secondary care to reduce avoidable admissions to hospital, to reduce the need for emergency admissions to hospital, and to secure discharge from hospital at the earliest opportunity.*

*The vision for health and social care in Angus is one which is shared not just within the integrated organisation, but with our communities. Our vision and priorities have been tested through public engagement in a range of different ways, including at locality commissioning events held in September 2015. There has been significant support for our four identified priorities described later in this plan."*

Angus IJB has 6 voting members reflecting the Integration Scheme and 12 non-voting members as follows:-

Voting Members at 31 March 2016 :-

#### **Angus Council**

Councillor Glennis Middleton – Chair  
Councillor Jim Houston  
Councillor David May

#### **NHS Tayside**

Hugh Robertson, Non Executive Board Member  
Judith Golden, Non Executive Board Member  
Alison Rogers, Non Executive Board Member

Non-voting Members at 31 March 2016:-

Vicky Irons  
Tim Armstrong  
Alison Myles  
Mavis Leask  
Chris Curnin  
David Barrowman

Alexander Berry  
Douglas Lowdon  
Andrew Thomson  
Neil Prentice  
Lesley McCallum  
Sue Mackie

The management of Angus IJB is led by Chief Officer, Vicky Irons.

## **2. Annual Accounts 2015/16**

This publication contains the financial statements for Angus IJB for the year ended 31 March 2016, and its main purpose is to demonstrate the stewardship of public funds entrusted to the IJB. In line with national guidance, the Annual Accounts have been compiled in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 ("The Code") which governs the format and content of Integration Joint Boards and local authorities' annual accounts.

The IJB is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Chief Financial Officer for submission to the Controller of Audit so that they may scrutinise their accuracy and completeness. In preparing the Accounts the IJB must comply with recognised accounting practice as it applies to Integration Joint Boards and local authorities. The Accounts represent the culmination of the year's financial transactions and are an essential means of demonstrating the proper stewardship of public funds and financial control.

The main objective of the Accounting Statements 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. The quantity of information included in future years Annual Accounts will increase to reflect the responsibilities undertaken from 1<sup>st</sup> April 2016.

The Accounting Statements comprise:-

- a) Comprehensive Income and Expenditure Statement for the period;
- b) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Accounting Statements and other explanatory information.

The Accounting Statements for 2015/16 do not include Movement in Reserves Statement, Balance Sheet or Cash Flow Statement for the period as these are nil or not relevant to the structure of the IJB for year to March 31<sup>st</sup> 2016. The IJB had nil reserves at the start and end of financial year 2015/16, no material assets or liabilities and does not hold any cash or cash equivalents during the financial year 2015/16.

## **Financial Performance in 2015/16**

### **Income and Expenditure**

For the financial year 2015/16, reflecting the period prior to the IJB assuming further responsibilities, the IJBs Income and Expenditure is limited to a small agreed list of transactions.

### **Assets and Liabilities**

Angus IJB's Accounting Statements do not include a Balance Sheet as the IJB has nil assets and nil liabilities reflecting the activity undertaken to 31<sup>st</sup> March 2016 and the structure of the IJB.

### **Reserves**

As at 31<sup>st</sup> March 2016, the IJB has £nil reserves. The IJB has a reserves policy for future years.

## **3. Financial Outlook, Key Risks and Plans for the Future**

### **Financial Management**

The IJB's finances are overseen by the IJB's Chief Finance Officer, appointed in October 2015, with support from Finance functions within Angus Council and NHS Tayside. The support from Angus Council and NHS Tayside is provided as part of overall arrangements for Corporate Support Services.

The IJB has developed the financial governance infrastructure required to allow it to assume new responsibilities from 1<sup>st</sup> April 2016 including the development of local financial regulations and the creation of an Audit Committee.

Angus IJB's Strategic Plan describes a number of Financial Management issues that will be relevant for financial year 2016/17 including the need to develop financial planning across the whole breadth of the partnership, to develop the financial planning regarding localities and Large Hospital services and to undertake all financial planning in a manner reflecting the challenging financial environment the IJB will be operating in.

### **Financial Outlook**

The financial outlook for the IJB was recently 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 in 2016/17 reflect the need to deliver significant efficiencies.*

*Efficiency initiatives totalling £2.466m (rising to £2.566m in 2017/18) associated with Angus Council resources devolved to the Partnership, have been developed and approved through Angus Council and are reflected in the budget settlement between Angus Council and Angus HSCP.*

*Efficiency savings targets for 2016/17 associated with NHS Tayside resources being devolved to the Partnership have been set at 5.5% as part of the budget settlement between NHS Tayside and Angus HSCP. This is as described in NHS Tayside's "Financial Framework 2016/17-2020/21". For IJB Services (excluding Prescribing) this equates to c£2.6m. Plans to deliver these saving are at an early stage of formulation.*

*In addition, Angus HSCP has a significant forecast variance (over £2.0m) between historic General Practice Prescribing costs and associated budgets for 2016/17 (noting these budgets are after allowing for a 5.5% efficiency savings target). Prescribing will continue to be a major focus for Angus HSCP and major factor in financial planning in 2016/17 and beyond.*

*Decision regarding working towards savings targets and managing services within available resources will be taken forward through due planning and governance procedures.*

*As with 2016/17, future financial planning assumptions for both Angus Council and NHS Tayside will form part of the discussion regarding the resources available to Angus IJB in future years. Both Angus Council and NHS Tayside have published medium term financial plans that set out the scale of efficiencies they are required to make for 2016/17 and estimates for future years. These are set out in the table below to provide context to the environment Angus IJB will operate within. While there is a defined process for agreeing resources that will be devolved to Angus IJB from both partners, this process will be undertaken against the background of the constraint faced by both partners.*

Partner	2017/18	2018/19
Angus Council <sup>1</sup>	5.4%	4.3%
NHS Tayside <sup>2</sup>	1.3%	1.2%

#### Notes

- 1. This information is an extract of Angus Councils Medium Term Financial Strategy (September 2015)*
- 2. This information is derived from NHS Tayside 2016/17 Financial Framework – 2016/17 – 2020/21. These figures assume that all planned 2016/17 savings are delivered on a recurring basis, NHS Tayside's Financial Framework assumes 40% of 2016/17 savings are delivered on a recurring basis with consequent impact on future years."*

The IJB will also monitor closely the 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 position of Angus IJB.

#### 4. Management of Risk

Throughout 2015/16 the IJB has monitored the risks associated with the implementation phase of Health and Social Care Integration. This included reviewing risks associated with financial governance issues, partnership scoping, financial planning, budgetary issues and reporting frameworks. A final update regarding the risks associated with implementation was set out for the IJB Board in May 2016.

A significant Financial Assurance process was undertaken 2015/16. This process reviewed the resources being devolved to the IJB and sought to assess the adequacy of the proposed devolved budgets. This process was reviewed by Angus IJB's Internal Auditors and their formal report noted:-

*"We can provide assurance that in our opinion the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance guidance and the reports to the Angus Integration Joint Board (IJB) provided a full and detailed picture of the financial position of the budgets in scope. In addition, in our opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment. We would commend the approach taken in providing IJB members with an overall view of financial risks."*

There are ongoing risk that are still under consideration including a review of the budget settlement with NHS Tayside (June 2016) and a planned review of the budget settlement with Angus Council (August 2016).

The most significant risks faced by the IJB over the short and medium term are deliverability of devolved savings targets from NHS Tayside, viability of the devolved Prescribing budget from NHS Tayside, the financial implications of the implementation of the Living Wage within the context of the initial 2016/17 budget settlement with Angus Council and risks associated with Partnership Funds (funds received from the Scottish Government) in future years.

## 5. 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.

In May 2015, Angus IJB Board received a report setting out work on Performance reporting to date and approving collaboration with Dundee and Perth and Kinross Partnerships to develop a common reporting platform with an agreed suite of indicators for adoption at a Tayside-wide level.

Angus IJB's first annual performance report will be for the reporting year 2016/17.

## 6. Plans for the Future

The financial year 2016/17 will be very different to 2015/16 for the IJB with the IJB formally delivering services from 1<sup>st</sup> April 2016 in line with the Integrations Scheme and approved Strategic Plan. Angus IJB's Strategic Plan included an "Annual Financial Statement" that noted indicated IJB budgets of £157m for 2016/17 comprising £44m devolved from Angus Council and £133m devolved from NHS Tayside.

## 7. Further Information

These Financial Statements 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](http://www.angus.gov.uk/downloads/file/1900/angus_integration_scheme)

Angus IJB Strategic Plan: TBC

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.

## 8. Conclusion and Acknowledgements

We are pleased to record that during 2015/16 the IJB successfully undertook all the necessary requirements to allow it to undertake the delivery of Services from 1<sup>st</sup> April 2016 and to plan for service delivery from 1<sup>st</sup> April 2016. We acknowledge this has only been deliverable through the hard work of staff employed in Angus Council and NHS Tayside and other partner organisations.

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

Vicky Irons	Councillor Glennis Middleton	Alexander Berry
Chief Officer	Chairperson , Angus IJB	Chief Finance Officer
Date	Date	date

## Annual Governance Statement

### Introduction

The Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use. In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes systems of internal control. These are designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

During 2015/16 Angus IJB was operating with a governance framework suitable for the implementation phase of the IJB and was also developing a governance framework for the period when the IJB takes on operational responsibilities from 1<sup>st</sup> April 2016. On that basis the governance statement is set out to describe the position in terms of the 2015/16 governance framework and the work undertaken to prepare for 2016/17, an assessment of where we are now, and an indication of the areas for further development in our governance.

### 2015/16 Governance Framework

The IJBs governance framework for 2015/16 was built around the following:-

- The appointment of a Chief Officer in May 2015 and a Chief Finance Officer in October 2015.
- Regular meetings of the IJB Board (Shadow Board to September 2015) and then formally constituted from October 2015.
- Regular development sessions for IJB Board members.
- Regular meetings of a Strategic Planning Group throughout the year to aid with collation of the IJB's Strategic Plan.
- Appointment of Internal Auditors for financial year 2015/16 (Fife, Tayside and Forth Valley Management Services or FTF).
- Appointment of External Auditors for financial year 2015/16 (Audit Scotland).
- Completion of a financial assurance process regarding proposed devolved budgetary resources.

### Preparations for 2016/17

- In October 2015, the Scottish Government approved the IJB's Integration Scheme thus formally constituting the Partnership with intention of it being responsible for services from 1<sup>st</sup> April 2016.
- In March 2016, the IJB Board approved a Strategic Plan that is the main document determining the direction of the IJB for period 2016-2019. The Strategic Plan included Angus IJB's Annual Financial Statement setting out the available budgets.
- The IJB has approved a series of final or draft documents that will aid its governance from 2016/17 as follows:-
  - Financial regulations
  - Standing Orders
  - Code of Conduct
  - Scheme of Delegation
  - Agreeing formation of an Audit Committee
  - Directions to Partners
  - Risk Strategy
  - Complaints handling
  - Performance Framework
  - Clinical and Care Governance framework
  - Agreement of Internal Audit arrangements (FTF)
  - Staff Governance and Organisation Development plan
  - Approval of SASPI (Scottish Accord in the Sharing of Personal Information) protocols
  - Appointment of Standards Officer.

As these agreements have been reached so a number of them will be reviewed in coming year to ensure they remain fit for purpose as the IJB 's role develops.

### Assessment of Arrangements for 2016/17

The process of developing the IJB's governance framework was ongoing throughout 2015/16 and this will stretch into 2016/17. The IJB has also undertaken a review of its overall governance framework using a self assessment checklist compiled by the IJB's 2015/16 Internal Auditors. Angus IJB's Internal Auditors have produced an Annual Internal Audit Report and that report concluded that the Chief Internal Auditor view was "The IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16". The report also noted that the



content of the Governance Statement was consistent with the information Internal Audit were aware of from their work.

The IJB will also undertake to consider self-assessment checklists included in Audit Scotland audits of Health and Social Care Integration published in December 2015 and March 2016.

#### Developments in 2016/17

There are a number of areas of development required in 2016/17, many of these follow on from work already undertaken or will flow from Internal Audit recommendation or the outcomes of other assessments. The developments will include:-

- Initial meetings of Audit Committee.
- Confirmation of 2016/17 Internal Audit plan.
- Undertaking Performance Management in line with agreed procedures.
- Progressing Clinical and care Governance in line with agreed plan.
- The IJB will seek to address any gaps in governance identified by the Internal Audit of the self –assessment.
- The IJB's full management reporting structures will be confirmed in the early part of 2016/17 as new management structures are embedded.
- Hosting arrangements will be finalised with other Tayside IJBs in a tri-partite agreement.

While there remain a number of areas of governance that are work in progress it is the view of the IJB Chief Officer and Chairperson that at the end of the March 2016 the progress with governance arrangement was sufficient to allow the IJB to successfully take on its agreed responsibilities. It is also the accepted position of the Chief Officer and Chairperson that a number of reviews and revisions will be required to IJB Governance arrangements as the IJB goes through 2016/17.

#### **Management of Risk**

Throughout 2015/16 the IJB has monitored the risk associated with the implementation phase of Health and Social Care Integration. This included reviewing risks associated with financial governance issues, partnership scoping, financial planning, budgetary issues and reporting frameworks. A final update regarding the risks associated with implementation was set out for the IJB Board in May 2016.

A significant Financial Assurance process was undertaken 2015/16. This process reviewed the resources being devolved to the IJB and sought to assess the adequacy of the proposed devolved budgets. This process was reviewed by Angus IJB's Internal Auditors and their formal report noted:-

"We can provide assurance that in our opinion the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance guidance and the reports to the Angus Integration Joint Board (IJB) provided a full and detailed picture of the financial position of the budgets in scope. In addition, in our opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment. We would commend the approach taken in providing IJB members with an overall view of financial risks."

There are ongoing risk that are still under consideration including a review of the budget settlement with NHS Tayside (June 2016) and a planned review of the budget settlement with Angus Council (August 2016).

The most significant risks faced by the IJB over the short and medium term are deliverability of devolved savings targets from NHS Tayside, viability of the devolved Prescribing budget from NHS Tayside, the financial implications of the implementation of the Living Wage within the context of the initial 2016/17 budget settlement with Angus Council and risks associated with Partnership Funds (funds received from the Scottish Government) in future years.

#### **Certification**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus IJB's systems of governance and that the annual review demonstrates compliance with generally accepted standards of good corporate governance. It is also noted that the IJB fully expects to review and develop its systems of governance during 2016/17 to reflect developments in 2016/17 and further shared learning.

Vicky Irons	Councillor Glennis Middleton
Chief Officer	Chairperson
Date XXX	Date XXX

## Angus IJB Remuneration Report 2015/16

### Background

During the financial year 2015/16 Angus employed nil employees. Both the Chief Officer and Chief Finance Officer were employed by NHS Tayside.

The Local Authority Accounts (Scotland) Amendment Regulations 2014 ("The 2014 Regulations") require Integration Joint Boards to prepare a Remuneration Report as part of the annual statutory accounts.

In accordance with this requirement this report sets out:-

- The number of employees whose remuneration was in excess of £50,000 per annum;
- The remuneration and pension rights of senior employees.

For employees employed through NHS Tayside the remuneration arrangements and performance appraisal of Executive Directors and Senior Managers are 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.

Remuneration policy is determined by the Cabinet Secretary for NHS Scotland employers and directed through official circulars. This is regulated through a National Performance Management Committee (NPMC), established to assure Ministers and public on the robustness of the performance management and appraisal processes for Executives across NHS Scotland and to ensure that any increases in pay are only made on evidence-based performance, and the National Evaluation Committee which holds responsibility for senior job grading - and is unique in the UK in this respect. In light of wider public sector financial pressure, the effective management of senior salaries remains a key feature, as is the targeted reduction of overall senior management numbers. All decisions made by the Remuneration Committee are consistent with this policy framework.

The remainder of the employment package is the same as other members of staff in respect of pension and other entitlements. Executives and senior managers above certain salary levels will pay higher proportionate contributions to the pension scheme. All executives were required to agree to new contracts when the revised pay arrangements were introduced in 2005. This included a standard contract with a 3 month notice period. There are no specific termination payments. These are in line with the Agenda for Change Handbook.

Table 1

Post	2015/16 Salary £	2014/15 Salary £	Movement £
Senior Management			
Chief Officer	74067	N/A	N/A
Total		N/A	N/A

### Audit Review

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

Vicky Irons	Councillor Glennis Middleton
Chief Officer	Chairperson – Angus IJB
Date	Date

**Remuneration of Senior Employees**

**Appendix 1**

The following table provides details of the remuneration paid to Angus IJB's senior officers. For 2015/16 this is Chief Officer only.

Post	Senior Employee	Note	2015/16 Salary, fees & allowances £	2015/16 Taxable Expenses £	2015/16 Non-cash expenses £	2015/16 Total Remuneration £	2014/15 Total Remuneration £
Chief Officer	V Irons	1	85103	0	0	85103	N/A
Total			85103	0	0	85103	N/A

Notes

1. V Irons was only in post from 01 May 2015.

**General Disclosure Of Employees By Remuneration Band**

**Appendix 2**

The following table details the number of employees whose remuneration was in excess of £50,000 per annum. The employee figures include local government employees (LGE), NHS employees (NHS) and chief officials (CO) (based upon the post the employee occupied at 31 March). The figures therefore include those senior employees on which additional remuneration information is provided in Appendix 2.

Remuneration Band	2015/16 LGE	2015/16 NHS	2015/16 CO	2015/16 TOTAL
£50,000 - £54,999	0	0	0	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	0	0	0	0
£65,000 - £69,999	0	0	0	0
£70,000 - £74,999	0	0	0	0
£75,000 - £79,999	0	0	0	0
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	0	1	0	0
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	0	0	0
Total	0	1	0	0

Remuneration Band	2014/15 LGE	2014/15 NHS	2014/15 CO	2014/15 TOTAL
£50,000 - £54,999	0	0	0	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	0	0	0	0
£65,000 - £69,999	0	0	0	0
£70,000 - £74,999	0	0	0	0
£75,000 - £79,999	0	0	0	0
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	0	0	0	0
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	0	0	0
Total	0	0	0	0

**Pension Benefits – Senior Employees**

**Appendix 3**

The pension entitlements of senior employees for the year to 31 March 2015 are shown in the table below, together with the contribution made by NHS Tayside (as the employer) to each senior employee's pension during the year. All senior employees shown in the table are members of the NHS Superannuation Scheme and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total NHS, in whichever post(s), with Angus IJB or has transferred into the Fund from another employer.

Post	In Year Pension Contributions paid by NHS Tayside to the Pension Fund Year to 31/3/16 £	In Year Pension Contributions paid by NHS Tayside to the Pension Fund Year to 31/3/15 £	Accrued Pension Benefit at 31/3/16 £000s	Accrued Pension Benefit at 31/3/16 lump sum £000s	Accrued Pension Benefit movement from 31/3/15 £000s	Accrued Pension Benefit movement from 31/3/15 lump sum £000s
Senior Employee V Irons	1 1036	N/A	O/S	O/S	N/A	N/A
<b>Total</b>	<b>11036</b>	<b>N/A</b>	<b>O/S</b>	<b>O/S</b>	<b>N/A</b>	<b>N/A</b>

## 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 XX/XXXX 2016.

Signed on behalf of Angus Integration Joint Board

Councillor Glennis Middleton  
Chairperson of Angus Integration Joint Board  
XX/XXXX 2016

### 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 financial statement of accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2016.

Alexander Berry  
Chief Finance Officer  
29 June 2016

**Comprehensive Income and Expenditure Statement for the year 31 March 2016**

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2014/15				2015/16			
Gross Spend £000	Gross Income £000	Net Spend £000		Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
0	0	0	Corporate & Democratic Core	138392	0	138392	138392
0	0	0	<b>Cost Of Services</b>	138392	0	138392	138392
0	0	0	Taxation and Non-Specific Grant Income (Note 9)			-138392	
0	0	0	<b>(Surplus) or Deficit on Provision of Services</b>			0	
		0	<b>Total Comprehensive Income and Expenditure</b>			0	

The accounts were issued for audit on the 29 June 2016 and the audited accounts were authorised for issue by the Chief Finance Officer on the xx/xxxx/2016.

Alexander Berry  
Chief Finance Officer  
29 September 2015

**(NOTE FINAL ACCOUNTS WILL ROUND ALL FIGURES TO NEAREST £1K)**

**Note 1 – Statement of Accounting Policies****A(i). General Principles**

The Statement of Accounts summarises the IJB's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The IJB is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, with Section 12 of the Local Government in Scotland Act 2003 requiring them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**A(ii). 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:

- Revenue from the sale of goods is recognised when the IJB transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the IJB;
- Revenue from the provision of services is recognised when the IJB can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the IJB;
- Supplies are recorded as expenditure when they are consumed;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

**B. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**General

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the IJB's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

**C. Events After the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and



- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, a disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **D. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the IJB when there is reasonable assurance that:-

- the IJB will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the IJB are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the person or body providing the grant or contribution.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

For 2015/16 income received from NHS Tayside and Angus Council to support costs of services is treated as a "Capital Grant and Contribution".

#### **E. Overheads and Support Services**

For the financial year 2015/16 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.

#### **F. Provisions, Contingent Liabilities and Contingent Assets**

##### Provisions

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that is likely to require settlement by a transfer of economic benefits or service potential and where a reliable estimate can be made of the amount of the obligation. For instance, the IJB may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the IJB becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service where there is certainty that reimbursement will be receivable if the IJB settles the obligation.

##### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the IJB a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

##### Contingent Assets

A contingent asset arises where an event has taken place that gives the IJB a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### G. Clinical and Medical Negligence

The IJB is a member of the CNORIS (Clinical Negligence and other Risks Indemnity Scheme). Under this arrangement, the IJB is responsible for meeting negligence claims up to a certain threshold. Costs above the threshold are reimbursed to the IJB from a central fund as part of the CNORIS arrangements.

The IJB would make provision for claims notified by the NHS Central Legal Office according to the value of the claim and the probability of settlement. Where a claim was not provided for in full the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

### H. Reserves

The IJB is able to hold reserves albeit these will be reserve held through one of the Partner agencies as the IJB will not directly hold cash balances. Reserves may be designated for specific purposes (e.g. in line with Scottish Government directions) or for the general purposes of the IJB. In the latter case, these balances will need considered in the context of the overall financial position of the IJB as per the Integrations Scheme (sections 8.17, 8.21, 8.22).

### I. 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 - Accounting Standards Issued, but Have not Yet Been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions)

Annual Improvements to IFRSs 2010 – 2012 Cycle

Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)

Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)

Annual Improvements to IFRSs 2012 – 2014 Cycle

Amendment to IAS 1 *Presentation of Financial Statements*

The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

The implementation of the above amendments are not expected to have a material impact on the 2015/16 financial statements.

### Note 3 - Taxation and Non Specific Grant Incomes

2014/15 £000		2015/16 £000
0	Contributions	(138392)
0	<b>Total</b>	<b>(138392)</b>

**(NOTE FINAL ACCOUNTS WILL ROUND ALL FIGURES TO NEAREST £1K)**

The "Contributions" received by Angus IJB represent the funding provided by the Parties (NHS Tayside and Angus Council) to support the costs of the IJB.

### Note 4 - Amounts Reported for Resource and Allocation Decisions (segmental reporting)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the IJB's members on the basis of agreed budgets and available resources. For 2015/16, due to the limited range of entries within the IJB's accounts, all Income and Expenditure would be classed under Chief Officer Department.

The income and expenditure of the council's directorates recorded in the budget outturn report for the year is as follows:

<b>2015/16 Service Analysis</b>	<b>Chief Officer £000</b>	<b>Total £000</b>
Fees, Charges & Other Service Income	0	0
Government Grants & Contributions	(138392)	(138382)
<b>Total Income</b>	<b>(138392)</b>	<b>(138392)</b>
Employee Expenses	131892	131892
Other Operating Expenses	6500	6500
Support Services Recharges	0	0
<b>Total Operating Expenses</b>	<b>138392</b>	<b>138392</b>
<b>Cost of Services</b>	<b>0</b>	<b>0</b>

(NOTE FINAL ACCOUNTS WILL ROUND ALL FIGURES TO NEAREST £1K)

#### Note 5 - External Audit Costs

The IJB has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2014/15 £000		2015/16 £000
0	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	6000

#### Note 6 - 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 was constituted and will operate, through NHS Tayside and Angus Council provides the majority of its 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 undertakes material transactions with Angus Council and NHS Tayside. Transactions and balances outstanding are detailed in Tables 1 & 2 below.

**Table 1 - Related Parties**

During the year, transactions with related parties arose as follows:

2014/15 Expenditure £000	2014/15 Income £000		2015/16 Expenditure £000	2015/16 Income £000
		<b>Other Public Bodies</b>		
		Angus Council	<b>65946</b>	<b>65946</b>
0	0			
		NHS Tayside	<b>72446</b>	<b>72446</b>
0	0			
0	0	<b>Total</b>	<b>138392</b>	<b>138392</b>

(NOTE FINAL ACCOUNTS WILL ROUND ALL FIGURES TO NEAREST £1K)

**Table 2 - Related Parties (Debtors / Creditors)**

Amounts at the end of the financial year, either due to or by the IJB, were all in accordance with normal business and there were no material issues as to the question of the amounts being properly due.

2014/15 Creditors £000	2014/15 Debtors £000		2015/16 Creditors £000	2015/16 Debtors £000
		<b>Other Public Bodies</b>		
		Angus Council	<b>0</b>	<b>0</b>
0	0			
		NHS Tayside	<b>0</b>	<b>0</b>
0	0			
0	0	<b>Total</b>	<b>0</b>	<b>0</b>

**Independent auditor's report to the members of Angus IJB and the Accounts Commission for Scotland**

To follow.





**ANGUS HEALTH AND SOCIAL CARE**  
**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 29 JUNE 2016**  
**INTERNAL AUDIT PLAN 2016/17**  
**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

To set out the proposed Internal Audit Plan for Angus IJB for financial year 2016/17.

**1. RECOMMENDATIONS**

It is recommended that the Angus IJB Audit Committee:-

- (i) approve the proposed Internal Audit Plan for 2016/17.
- (ii) request that Angus IJB's Internal Auditors proceed with the implementation of the approved Audit Plan and for the Chief Finance Officer, in conjunction with Internal Audit, to report back as required to the Audit Committee regarding the progress of that plan.

**2. BACKGROUND**

In March 2016, IJB approved the appointment of Fife, Tayside and Forth Valley Management Services (FTF) as the IJB's Internal Auditors with support provided by Angus Council Internal Audit.

Following on from that appointment an Internal Audit plan for 2016/17 needs to be approved.

After discussion between the IJB's Internal Auditors and the Chief Finance Officer, a proposed Internal Audit plan has been put forward by the IJB's Internal Auditors. This is attached at Appendix 1 to the Report.

The Internal Audit plan describes how the available resource will be utilised during the year.

While the IJB's Internal Auditors would flexibly adjust the plan if circumstances required it, the Angus IJB Audit Committee is now asked to approve this plan and request that Internal Audit proceed with the implementation of this plan.

**3. CONCLUSION**

The IJB requires to approve an Internal Audit plan for 2016/17. This paper sets out the proposed plan for approval.

**Alexander Berry**  
**Chief Finance Officer**  
**June 2016**

**Appendix 1 – Proposed Internal Audit Plan 2016/17**





**PROPOSED INTERNAL AUDIT PLAN 2016/17**

As stated in the IRAG (Integrated Resources Advisory Group) guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. In March 2016, FTF (Fife, Tayside and Forth Valley Audit and Management Services) were appointed as the IJB's Internal Auditors for 2016/17 with support provided by Angus Council Internal Audit.

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.

The draft operational plan for 2016/17 has been designed to target the priority issues identified by our assessment of risk. The plan includes the delivery of standard products required each year, addresses work required under the Financial Assurance Guidance and is further based on professional judgement of the IJB risk environment. We have also discussed the proposed plan with the Chief Officer and Chief Finance Officer to ensure the substantive audit assignments add value. The proposed plan is set out below:

<b>Ref</b>	<b>Audit</b>	<b>Indicative Scope</b>
<b>AN01-17</b>	Audit Planning	Agreeing audit universe and preparation of strategic plan
<b>AN02-17</b>	Audit Management	Liaison with managers and Directors and attendance at Audit Committee
<b>AN03-17</b>	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment
<b>AN04-17</b>	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures, including issues identified as part of the annual report process
<b>AN05-17</b>	Due Diligence	Review/Validation of IJB post-implementation review
<b>AN06-17</b>	Performance Management	Accurate, relevant and reliable reporting against strategic plan objectives and core integration indicators. Compliance with DL 2016 (05) - Guidance for Health and Social Care Integration Partnership Performance Reports
<b>AN07-17</b>	Financial Management	Risk-based review of aspects of Financial Management (e.g. Identification, delivery and reporting of savings plans)

Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor. Through agreement between the Chief Executives of the Parties and the Chief Officer, a Joint Internal Audit Protocol will be developed setting out our shared working arrangements, including access to information held by the parties and reporting protocols.

The audit plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. Within the first year, we will identify areas for inclusion within the audit universe and develop a 3 year strategic audit plan congruent with the IJB's risk register.

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

**A Gaskin BSc ACA**  
**Chief Internal Auditor**





**ANGUS HEALTH AND SOCIAL CARE**

**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 29 JUNE 2016**

**PLANNED BUSINESS AND DEVELOPMENT REQUIREMENTS**

**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

This report sets out the need for developing the skills of Audit Committee members to ensure they are sufficiently well briefed to fulfil the full role of an Audit Committee member.

The paper also sets out some of the issues that will be covered in future meetings.

**1. RECOMMENDATIONS**

It is recommended that the Angus IJB Audit Committee:-

- (i) approve the planned development sessions as part of the second meeting of the Audit Committee.
- (ii) notes the planned business that will be considered in future meetings.

**2. BACKGROUND**

Many of the members of the Angus IJB Audit Committee will be new to the role of being an Audit Committee member. As such it will be necessary for members to be informed of the specific requirements and responsibilities of being an Audit Committee member compared to being a member of another formal Committee or Board. The Scottish Government has issued guidance on Audit Committee's:- <http://www.gov.scot/resource/doc/235062/0064493.pdf> . This guidance is for organisations with a direct link to the Scottish Government including Health Boards but excluding Local Authorities. There is separate CIPFA (Chartered Institute of Public Finance and Accountancy) guidance for Audit Committees within Local Authorities.

It is proposed to use relevant guidance as a framework to brief members of their role and responsibility as Audit Committee members at a future meeting or development session of the Audit Committee. The guidance would be formally issued with papers for such a meeting or development session. Any such session would be delivered in conjunction with the IJB's Internal Auditors FTF.

The planned business of the Audit Committee will be around the requirement to deliver on the terms of reference set out in separate papers. There will be emerging needs to consider other items of business such as:-

- Reviewing the IJB's Financial Regulations.
- Reviewing the IJB's response to self assessments set out in Audit Scotland Health and Social Care Integration Audits.
- Reviewing the IJB's response to the Annual Internal Audit Review.

These items would form part of the agenda of future meetings. The Chief Finance Officer will prepare a rolling report schedule for all future meetings.

**3. CONCLUSION**

The Audit Committee requires to approve the planned development session and to note the range of business that may come forward to future meetings.

**Alexander Berry**  
**Chief Finance Officer**  
**June 2016**