

SCH/KM

24 August 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 31 August 2016 at 11.30am.**

The agenda and papers are enclosed.

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

Yours sincerely

SHEONA C HUNTER

Head of Legal and Democratic Services

DISTRIBUTION:

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

Councillor 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
Staff Representative - tbc

Hugh Robertson, Non Executive Board Member
Judith Golden, Non Executive Board Member
Tim Armstrong, Chief Social Work Officer
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
Bill Troup, Head of Integrated Mental Health Services



ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE

**TO BE HELD IN THE COMMITTEE ROOM, TOWN AND COUNTY HALL, FORFAR
ON WEDNESDAY 31 AUGUST 2016 AT 11.30AM**

AGENDA

1. APOLOGIES

2. DECLARATIONS OF INTEREST

Members are reminded that, in terms of the Code of Conduct of Members of Devolved Public Bodies, it is their responsibility to make decisions whether to declare an interest in any item on this agenda and whether to take part in consideration of that matter.

PAGE NO

3. MINUTE OF PREVIOUS MEETING

Submit, for approval, as a correct record, the minute of meeting of this Committee of 29 June 2016.

(1 - 4)

4. AUDITED ANNUAL ACCOUNTS

Submit Report No IJB 74/16 by the Chief Finance Officer.

(5 - 44)

5. BUSINESS FOR FUTURE MEETINGS

Submit Report No IJB 75/16 by the Chief Finance Officer.

(45 - 46)

AGENDA ITEM NO 3

MINUTE of MEETING of the **ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** held in the Committee Room, Town and County Hall, Forfar, on Wednesday 29 June 2016 at 3.40pm.

Present: Members of Audit Committee

DAVID BARROWMAN, Service User
Councillor JIM HOUSTON, Angus Council
GARY MALONE, Proxy on behalf of NEIL PRENTICE, Third Sector Representative
ALISON MYLES, Carers Representative
ALISON ROGERS, Non-Executive Board Member, NHS Tayside

Advisory Officers

SANDY BERRY, Chief Finance Officer
DAVID THOMPSON, Principal Solicitor – Resources, Angus Council

Also in Attendance

ANNE MacDONALD, Senior Audit Manager, Audit Scotland
TONY GASKIN, Chief Internal Auditor

ALISON ROGERS, in the Chair

1. INTRODUCTIONS

As this was the first meeting of the Integration Joint Board Audit Committee, introductions took place.

2. APPOINTMENT OF CHAIR

Following discussion, the Audit Committee agreed to nominate Alison Rodgers as Chair of the Integration Joint Board Audit Committee.

3. APOLOGIES

Apologies for absence were intimated on behalf of Neil Prentice, Third Sector Representative and Vicky Irons, Chief Officer.

4. DECLARATIONS OF INTEREST

There were no declarations of interest made.

5. TERMS OF REFERENCE AND MEMBERSHIP

There was submitted Report No IJB 58/16 by the Chief Finance Officer advising of the membership and remit of the Audit Committee.

The Report indicated that the Angus Integration Joint Board had considered at its meeting on 23 March 2016, a Report by the Chief Finance Officer in respect of establishing an Audit Committee.

Arrangements for the Audit Committee would be reviewed and any necessary changes to enable the Audit Committee and, in turn, the Board, to perform its functions more effectively, efficiently and economically would be presented to the Board for consideration in due course. It was anticipated that the review would take place within a year of the date of the first meeting of this Committee.

The Audit Committee agreed to note the role and remit of the Audit Committee as agreed by the Integration Joint Board at its meeting on 23 March 2016.

6. ADDITIONAL OFFICERS

Following discussion and having heard from the Chief Finance Officer, the Audit Committee agreed to request that the Chief Finance Officer would in the first instance, seek Finance representation from both Angus Council and NHS Tayside, and for those advisory officers to attend future meetings of the Audit Committee. Additional advisory officers from the Third and Independent Sector would also be requested to attend meetings on an as required basis.

7. ANNUAL INTERNAL AUDIT REPORT

There was submitted Report IJB No 59/16 by the Chief Finance Officer presenting the Annual Internal Audit Report as produced by Angus Integration Joint Board's Internal Auditors.

Appendix 1 to the Report outlined the Angus Integration Joint Board's Internal Auditors Annual Internal Audit Review. This was a document that would be produced annually to provide the Integration Joint Board Audit Committee with an independent view of the overall adequacy and effectiveness of the framework of governance, risk management and control within the Integration Joint Board. In turn, this informed the compilation of the Integration Joint Board's Annual Governance Statement, which formed part of the Integration Joint Board's Annual Accounts.

The Audit Committee agreed to note the Annual Internal Audit Report.

8. UNAUDITED ANNUAL ACCOUNTS

There was submitted Report No IJB No 60/16 by the Chief Finance Officer setting out the Integration Joint Board's unaudited Annual Accounts for the financial year 2015/16.

The Report that indicated that as a formally constituted body, the Integration Joint Board was required to produce a set of formal Annual Accounts for the financial year ending 31 March 2016. With the Integration Joint Board only taking responsibility for service provision from 1 April 2016, the financial content of the Annual Accounts was limited. The Annual Accounts contained or referenced the main components of a set of Annual Accounts including management commentary, remuneration reports and standard financial statements.

It was important for the Committee to note that there were a number of on-going discussions between Angus Integration Joint Board, Integration Joint Board External Auditors and External Auditors of other Integration Joint Boards regarding the content and presentation of the figures in the Integration Joint Board's Annual Accounts. This reflected the nature of the Integration Joint Boards relationship with partner bodies, the fact the Integration Joint Board was not operationally responsible for services due in 2015/16 and the fact that this was the first year of the Integration Joint Board's existence and much of the national accounting guidance was still developing. Because of this, there was an increased likelihood of a need to amend the financial treatments adopted in the 2015/16 unaudited Accounts once the External Auditors Annual Audit Report was issued.

The Audit Committee agreed to note the issues regarding the compilation of this year's Integration Joint Board's unaudited Annual Accounts and confirmed the submission of the Unaudited Annual Accounts to the Integration Joint Board's External Auditors.

9. INTERNAL AUDIT PLAN 2016/17

There was submitted Report No IJB No 61/16 by the Chief Finance Officer setting out the proposed Internal Audit Plan for the Angus Integration Joint Board for financial year 2016/17.

The Report indicated that in March 2016, the Integration Joint Board had approved the appointment of Fife, Tayside and Forth Valley Management Services (FTF) as the Integration Joint Board's Internal Auditors with support provided by Angus Council Internal Audit.

The Report indicated that the draft Operational Plan for 2016/17 had been designed to target the priority issues identified by the assessment of risk. The Plan included the delivery of standard products required each year, addressed work required under the Financial Assurance Guidance and was further based on professional judgement of the Integration Joint Board Risk Environment.

The Audit Plan was 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, they would identify areas for inclusion within the audit universe and develop a three year strategic audit plan, congruent with the Integration Joint Board's risk register. The proposed plan was outlined in Appendix 1 to the Report.

The Audit Committee agreed:-

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

10. PLANNED BUSINESS AND DEVELOPMENT REQUIREMENTS

There was submitted Report No IJB No 62/16 by the Chief Finance Officer setting out the need for developing the skills of Audit Committee members to ensure they were sufficiently well briefed to fulfil the full role of an Audit Committee member.

The Report indicated that many of the members of the Angus Integration Joint Board Audit Committee would be new to the role of being an Audit Committee member. As such it would 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 planned business of the Audit Committee would be around the requirement to deliver on the terms of reference as set out in separate papers. There would be emerging needs to consider other items of business which were outlined in Section 2 of the Report.

The Integration Joint Board Audit Committee agreed:-

- (i) to approve the planned development sessions as part of the second meeting of the Audit Committee; and
- (ii) to note the planned business that would be considered in future meetings.

11. DATE OF NEXT MEETING

The Audit Committee noted that the next meeting would take place on Wednesday 31 August 2016. The venue and time would be confirmed in due course.



AGENDA ITEM NO 4

REPORT NO IJB 74/16

ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 31 AUGUST 2016
AUDITED ANNUAL ACCOUNTS
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report sets out the Integration Joint Board's Annual Accounts, and the External Auditor's annual report on those accounts, for the period to March 31st 2016. The Annual Accounts and the External Auditor's report now need to be considered by the Audit Committee.

1. RECOMMENDATIONS

It is recommended that the Audit Committee:-

- (i) note and accept the External Auditor's annual report on the IJB's Annual Accounts for period to 31st March 2016, and
- (ii) approve the audited Annual Accounts for signature by the Chair, Chief Officer and Chief Finance Officer.

2. BACKGROUND

As a formally constituted body the IJB is required to produce a set of formal Annual Accounts for the financial period ending 31st March 2016. With the IJB only taking responsibility for service provision from 1st 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, Annual Governance Statement, Remuneration Reports, and the primary financial statements required by the Code of Practice on Local Authority Accounting in the United Kingdom.

The Audit Committee considered the IJB's unaudited Annual Accounts at the Audit Committee meeting of 29th June 2016. Those accounts were subsequently available for public inspection during the period 1st to 21st July 2016

The Accounts have now been audited by the IJB's External Auditor (Audit Scotland) and the IJB has received feedback in the form of the attached External Auditor's report on the Annual Accounts (appendix 2).

The IJB's Audited Annual Accounts are now attached at Appendix 1.

3. CURRENT POSITION

The Audit Committee should now consider the audited Annual Accounts, note the External Auditor's report on the Annual Accounts and then consider both documents together.

There have been a number of revisions to the IJB's Annual Accounts since the June Audit Committee meeting including the following:-

- A revision of the transactions included to only reflect transactions from 3rd October 2016 onwards only. This reflects the formal establishment of the IJB.
- Some revisions to the Management Commentary including changes in the order of content and clarification on party responsibilities if the required savings are not achieved.
- Inclusion of some additional explanations (e.g. more information regarding corporate support services, details of the roles that IJB members are filling and more explanation of the Due Diligence process).
- Removal of references to "Prior Years" as the IJB had no "Prior Year".
- Replacement of the segmental reporting with a breakdown of Corporate Services expenditure.
- The inclusion of some additional accounting "Notes" – e.g. re Contingent Liabilities.
- The inclusion of a Balance Sheet to reflect outstanding balances relating to 2015/16 audit fees that will be paid in 2016/17.

These changes reflect the uncertainty that was prevalent in the production of the IJB's Annual Accounts arising from this being the first year of the IJB's existence.

4. PROPOSALS

Noting the information contained in the External Auditor's Annual Audit Report, the IJB's Audit Committee is recommended to approve the audited Annual Accounts.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from this report.

REPORT AUTHOR: ALEXANDER BERRY
EMAIL DETAILS: hscianguus.tayside@nhs.net

List of Appendices:

Appendix 1- Angus Integration Joint Board's Audited Annual Accounts for period to 31 March 2016
Appendix 2 – Annual Audit Report by the External Auditor on the IJB's 2015/16 Annual Accounts



Angus Integration Joint Board - Annual Accounts 2015/16

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1. Introduction

Angus Integration Joint Board (Angus IJB) was established on 3rd October 2015 as a body corporate by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014. This set of annual accounts is the IJB's first set of annual accounts and covers the period from 3rd October 2015 to 31st March 2016. The IJB is required to prepare annual accounts under the Local Authority Accounts (Scotland) Regulations 2014 and Regulations under Section 106 of the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This Management Commentary outlines key messages regarding the objectives and strategy of the Angus IJB 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 IJB in the future.

2. Purpose and objectives

Angus IJB is a formal Partnership between NHS Tayside and Angus Council (the Parties) as described in the Angus IJB Integration Scheme. That Integration Scheme describes the health and social care functions that will be delegated by the Parties to Angus IJB from 1st April 2016. For the financial year 2015/16, the IJB was established but had not taken on responsibility for the delivery of functions.

The IJB's Strategic Plan for 2016-2019 was approved at a meeting of Angus IJB Board on 23rd March 2016. The following is an extract from the Strategic Plan:-

"From April 2016 Angus Council, NHS Tayside, the third and independent sectors are working together in a new Angus Health and Social Care Partnership (HSCP). The Angus HSCP has been established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The partnership has been formed following the signing, by the parent bodies, of an Integration Scheme setting out the legal arrangements. The work of the partnership is overseen by the Integration Joint Board.

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 ... identified priorities."

3. 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. This support is provided as part of overall arrangements for corporate support services whereby Angus Council and NHS Tayside provide a range of services including, for example, Finance, Human Resources and Committee Services support without charge to Angus IJB.

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

The main objective of these Annual Accounts is to provide information about the financial position, financial performance and cash flows of the IJB that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. For 2015/16, the IJB was non-operational and consequently there are only a

small number of transactions to report in the Annual Accounts. The quantity of information included in future years Annual Accounts will increase to reflect the responsibilities undertaken from 1st April 2016.

The 2015/16 Annual Accounts comprise:-

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

The Annual Accounts for 2015/16 do not include a Movement in Reserves Statement or a Cash Flow Statement for the period as these are nil or not relevant to the structure of the IJB for the period to March 31st 2016. The IJB had nil reserves at 3 October 2015 and 31 March 2016, the start and end of the accounting period but it has a reserves policy for future years. In addition, the IJB does not hold any cash or cash equivalents.

4. Financial Outlook

Angus IJB's Strategic Plan included an "Annual Financial Statement" that noted the IJB's budgets of £157m for 2016/17 comprising £44m devolved from Angus Council and £133m devolved from NHS Tayside. There will be a 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.

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 savings 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.

Decisions 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 ¹	5.4%	4.3%
NHS Tayside ²	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.

5. 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.

There are ongoing risks 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 Scottish 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.

AS set out in the Angus Integration Joint Board Integration Scheme, for the financial years 2016/17 and 2017/18, any unresolved IJB year end overspends will be the responsibility of the Partner with operational responsibility for service delivery of any overspending services.

6. 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 2016, 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.

7. Further Information

These Annual Accounts refer to both the Angus IJB Integration Scheme and Angus IJB Strategic Plan. These can be found at:-

Angus IJB Integration Scheme: http://www.angus.gov.uk/downloads/file/1900/angus_integration_scheme

Angus IJB Strategic Plan:

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

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

Further information regarding the Annual Accounts can be obtained from Chief Finance Officer, Angus IJB, St Margaret's House, Orchardbank Business Park, Forfar, DD8 1AF.

8. Conclusion and Acknowledgements

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

Looking forward, while the IJB faces 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.

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Vicky Irons	Councillor Glennis Middleton	Alexander Berry
Chief Officer	Chairperson	Chief Finance Officer
31 August 2016	31 August 2016	31 August 2016

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.

In October 2015, the Scottish Government approved the Angus IJB's Integration Scheme thus formally constituting the Partnership with the intention of it being responsible for services from 1st April 2016. During 2015/16, Angus IJB was therefore operating with a governance framework suitable for the implementation phase of the IJB while developing a governance framework in preparation for April 2016 when it assumes operational responsibilities. On that basis this 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, to provide an indication of the areas for future development in our governance and to provide a view regarding overall effectiveness of the IJB's governance framework.

2015/16 Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the board is directed and controlled. It enables the board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.

The IJBs governance framework continues to evolve but the elements in place during 2015/16 were 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 Board which comprises 6 voting members and 12 non-executive directors and, prior to October 2015, regular meetings of a Shadow Board.
- Regular development sessions for IJB Board members.
- Regular meetings of a Strategic Planning Group throughout the year to assist the development of the IJB's Strategic Plan. The Strategic Plan was approved in March 2016.
- Appointment of Fife, Tayside and Forth Valley Management Services as Internal Auditors.
- Appointment of Audit Scotland as External Auditors for financial year 2015/16.
- Completion of a significant financial assurance process which reviewed the resources being devolved to the IJB and assessed the adequacy of the proposed devolved budgets. In line with Scottish Government guidance, this process was reviewed by Angus IJB's Internal Auditors who provided assurance that the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance guidance and, in their view, the reports to the Angus IJB provided a full and detailed picture of the financial position of the budgets in scope. In addition, in their opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment and they commended the approach taken in providing IJB members with an overall view of financial risks

Preparations for 2016/17

In March 2016, the IJB Board approved a Strategic Plan setting out the direction of the IJB for the period 2016-2019. The Strategic Plan included Angus IJB's Annual Financial Statement setting out the available budgets. During the year, the IJB approved a series of processes and documents to further enhance its evolving governance from 2016/17 as follows:-

- Financial regulations
- Standing Orders
- Code of Conduct
- Scheme of Delegation
- Agreeing formation of an Audit Committee including remit and responsibilities
- Directions to Partners
- Risk Strategy
- Complaints handling
- Performance Framework
- Clinical and Care Governance framework
- Agreement of Internal Audit arrangements
- Staff Governance and Organisation Development plan
- Approval of Scottish Accord in the Sharing of Personal Information(SASPI) protocols
- Appointment of Standards Officer.

These will be reviewed as appropriate to ensure they remain fit for purpose as the IJB's role develops.

Future Developments

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 recommendations 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 31 March 2016, 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 during 2016/17.

Review of Effectiveness

The IJB has responsibility for reviewing the effectiveness of its control environment including the system of internal control. As this is a transitional year, it is too early to formally assess the effectiveness of the governance framework, however the following assurances are available to support current progress.

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 Audits 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.

The role of the Chief Finance Officer in Angus IJB generally complies with the five principles contained in the CIPFA Statement on the role of the Chief Finance Officer in Local Government. In 2016/17, the detailed governance requirements and Chief Finance Officer responsibilities, personal skills and professional standards set out in the Statement will be reviewed further.

Going forward, reviews of the effectiveness of the IJB's control environment will consider a range of assurances provided by the Chief Officer, Chief Finance Officer, NHS Tayside and Angus Council and from the work of Internal Audit and External Audit and other inspection agencies.

Certification

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

Vicky Irons	Councillor Glennis Middleton
Chief Officer	Chairperson
31 August 2016	31 August 2016

Angus IJB Remuneration Report for the period 3 October 2015 to 31 March 2016

Background

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.

Senior officers and board members

Both the Chief Officer and Chief Finance Officer of Angus IJB are employed by NHS Tayside. While the IJB is not empowered to directly employ staff, it has a legal requirement to employ a chief officer and, for the purposes of the Remuneration Report, the Chief Officer is regarded as an employee of the IJB and her post is funded by the IJB.

Angus IJB has 6 voting members and 8 non-voting members reflecting the Integration Scheme as follows:-

Voting Members:-

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:-

Vicky Irons, Chief Officer
Tim Armstrong, Chief Social Work Officer
Alison Myles, Carers Representative
Mavis Leask, Staff Representative (Angus Council)
Chris Curnin, Independent Sector Representative
David Barrowman, Service User Representative

Alexander Berry, Chief Finance Officer
Douglas Lowdon, Registered Medical Practitioner
Sue Mackie, Registered Nurse
Neil Prentice, Third Sector Representative
Lesley McCallum, Staff Representative, NHS Tayside
Andrew Thomson, Registered Medical Practitioner
(Primary Medical Services)

Councillors and non-executive board members do not receive remuneration or allowances from the IJB but are remunerated by the relevant partner body.

Remuneration of Senior Employees

The following table provides details of the remuneration paid to Angus IJB's senior officers for the period 3 October 2015 to 31 March 2016. During this accounting period, there was only the Chief Officer.

Post	Senior Employee	Salary, fees & allowances £	Taxable Expenses £	Non-cash expenses £	Total Remuneration £
Chief Officer	V Irons ¹	50,510	0	0	50,510
Total		50,510	0	0	50,510

Notes

1. V Irons was in post from 01 May 2015

General Disclosure of Employees by Remuneration Band

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 the table above.

Remuneration Band	2015/16	2015/16	2015/16	2015/16
	LGE	NHS	CO	TOTAL
£50,000 - £54,999	0	1	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	1	0	0

Pension Benefits – Senior Employees

The pension entitlements of senior employees for the period 3 October 2015 to 31 March 2016 (accounting period) 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 service in previous posts, with Angus IJB or has transferred into the Fund from another employer.

The IJB is expected to fund employer pension contributions as they become payable during the period of the chief officer's service. On this basis there is no pensions liability reflected on the IJB balance sheet.

Post	Senior Employee	In Year Pension Contributions paid by NHS Tayside to the Pension Fund accounting period to 31/3/16 £	In Year Pension Contributions paid by NHS Tayside to the Pension Fund accounting period to 31/3/16 £	Accrued Pension Benefit at 31/3/16 £	Accrued Pension Benefit at 31/3/16 lump sum £
Chief Officer	V Irons	5,978	N/A	24,540	69,147
Total	TOTAL	5,978	N/A	24,540	69,147

Audit Review

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

Vicky Irons	Councillor Glennis Middleton
Chief Officer	Chairperson – Angus IJB
31 August 2016	31 August 2016

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 31 August 2016.

Signed on behalf of Angus Integration Joint Board

Councillor Glennis Middleton
Chairperson of Angus Integration Joint Board
31 August 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 annual accounts give a true and fair view of the financial position of the Angus Integration Joint Board as at 31 March 2016 and its income and expenditure for the period then ended.

Alexander Berry
Chief Finance Officer
31 August 2016

Comprehensive Income and Expenditure Statement for the period 3 October 2015 to 31 March 2016

This statement shows the accounting cost in the period of providing services in accordance with generally accepted accounting practices which are funded by requisitions from the parties listed in the integration scheme.

	2015/16			
	Gross Spend £000	Gross Income £000	Net Spend £000	Net Budget £000
Corporate Services Expenditure (Note 4)	94	0	94	94
Cost Of Services	94	0	94	94
Non-Specific Grant Income (Note 3)			(94)	
(Surplus) or Deficit on Provision of Services			0	
Total Comprehensive Income and Expenditure			0	

Balance Sheet as at 31 March 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Board.

	31/03/2016 £000
Current Assets	
Short term debtors	5
Current Liabilities	
Short term creditors	5
Net Assets	0
Reserves	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 31 August 2016.

Alexander Berry
Chief Finance Officer
31 August 2016

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

The Annual Accounts summarise the IJB's transactions for the period 3 October 2015 to 31 March 2016 and its position at 31 March 2016. The IJB is required to prepare annual 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 2015/16 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of certain assets.

B. 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.

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 Annual Accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are 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 Annual Accounts.

D. Non-specific Grants and Contributions

Whether paid on account, by instalments or in arrears, 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 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 "Non-specific Grant Income".

E. Overheads and Support Services

For the period 3 October 2015 to 31 March 2016, 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 to be 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 2016/17 financial statements.

Note 3 - Non Specific Grant Income

	2015/16 £000
Contributions	(94)
Total	(94)

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 – Corporate Services Expenditure

	2015/16 £000
Staff Costs	88
Administrative costs	1
Audit Fees (Note 5)	5
Total	94

Administrative cost includes the costs associated with membership of CNORIS as described in Note 1.

Note 5 - External Audit Costs

The IJB has incurred the following costs in relation to the audit of the Annual Accounts carried out by the Board's external auditors:

	2015/16 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the period	5

The fees payable to Audit Scotland will be paid after 31st March 2016. These fees and associated contributions from NHS Tayside are therefore reflected in the IJB's Balance Sheet at 31st March 2016.

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 partner agencies provides the majority of the IJB's funding and prescribes the terms of many of the transactions that the IJB has with other parties (e.g. Angus Council, NHS Tayside).

Members

Members of the IJB Board have control over the IJB's financial and operating policies to the extent they are transacted through the IJB.

Other Public Bodies (subject to common control by Scottish Government)

The IJB undertakes material transactions with Angus Council and NHS Tayside. Transactions and balances outstanding are detailed in Tables 1 & 2 below.

Table 1 - Related Parties – income and expenditure

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

	2015/16 Expenditure £000	2015/16 Income £000
Angus Council	44	44
NHS Tayside	50	50
Total	94	94

Table 2 - Related Parties – debtors and 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.

	2015/16 Creditors £000	2015/16 Debtors £000
Angus Council	0	0
NHS Tayside	5	5
Total	5	5

Note 7 – Events after the Balance Sheet Date

The unaudited annual accounts were authorised for issue on 29 June 2016. Events taking place after this date are not reflected in the annual accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the annual accounts and notes have been adjusted in all material respects to reflect the impact of this information. No such adjustments have been required.

Note 8 – Contingent liabilities

There are no contingent liabilities at 31 March 2016.

Independent auditor's report to the members of Angus Integration Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Angus Integration Joint Board for the period 3 October 2015 to 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the Board as at 31 March 2016 and of the income and expenditure of the Board for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Stephen Boyle
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

2 September 2016



Angus Integration Joint Board

2015/16 Audit

Annual Audit Report to
members and the
Controller of Audit


August 2016

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about/).

Stephen Boyle, Assistant Director, Audit Scotland is the engagement lead of Angus Integration Joint Board for the year 2015/16.

This report has been prepared for the use of Angus Integration Joint Board and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements

- There is an unqualified audit opinion on the 2015/16 financial statements covering a six month accounting period from the date of establishment on 3 October 2015 to 31 March 2016. Only corporate services costs of £94k require to be accounted for in the period prior to the board assuming its full responsibilities.
- With the exception of the omission of a balance sheet, the quality of the financial statements provided for audit were satisfactory. They included a detailed Management Commentary and Annual Governance Statement.

Financial management & sustainability

- Partnership budget monitoring reports were considered by the board during the shadow year.
- The board expressed concern about the level of delegated budgets from NHS Tayside. As budget overspends are expected in respect of 2016/17, a recovery plan has been prepared and NHS Tayside has been notified of the board's intention to invoke the risk sharing agreement whereby overspends will revert to the partner body at 31 March 2017.
- Processes to support good financial management have been put in place but the board will need to work with NHS Tayside and Angus Council to deliver sustainable services in the coming years.

Governance & transparency

- Good governance processes have been implemented to support the board. An audit committee has been established and internal audit arrangements have been agreed. These arrangements are at an early stage and will need to be in place. They will also require regular review to ensure they work as effectively as possible in supporting the work of the board

Best Value

- The board has approved a performance management framework as required by the Public Bodies (Joint Working) (Scotland) Act 2014 and continues to develop the core measures in collaboration with other Tayside boards.

Outlook

- The board will continue to operate in a period of financial pressure with reduced funding in real terms, increasing cost pressures and a growing demand for services. All integration authorities need to continue to shift resources, including the workforce, towards a more preventative and community based approach.
- It is important that the board can demonstrate that these changes, which may take several years to fully evolve, are making a positive impact on service users and improving outcomes.

Introduction

1. In October 2015, the Accounts Commission approved the appointment of Audit Scotland's Audit Services Group as external auditors of Angus Integration Joint Board (Angus IJB). Our audit appointment is for one year, covering the 2015/16 financial year, the first accounting period for which the board is required to prepare financial statements.
2. Audit Scotland is responsible for public sector audit in Scotland with audit appointments generally covering a standard five year cycle. The financial year 2015/16 is the 5th year of the current five year cycle and because Angus IJB was established in the final year of the current cycle, the auditor was appointed for one year only.
3. From 2016/17, the auditor of Angus IJB will continue to be Audit Scotland but it will be conducted under a different engagement lead (Gillian Woolman, Assistant Director). In accordance with agreed protocols and international standards on auditing we will be liaising with the incoming auditors as part of this transition.
4. Angus IJB was set up as a body corporate on 3 October 2016. It took responsibility for the services delegated to it by NHS Tayside and Angus Council with effect from 1 April 2016. Financial statements are required in respect of 2015/16 but are limited to the period from the date of establishment to 31 March 2016. In respect of Angus IJB, the accounting period covered a period of approximately six months.

5. The management of the IJB is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal controls
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
6. Our responsibility, as the external auditor of Angus IJB, is to undertake our audit in accordance with international standards on auditing, the principles contained in the Code of Audit Practice (the Code) issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board. A revised Code was issued in May 2016. While it is effective from 2016/17, the principles of the new Code have, where possible, been adopted early as part of the 2015/16 audit.
7. This report is a summary of our findings arising from the 2015/16 audit of the Angus IJB. The report is divided into sections which reflect our public sector audit model:
 - financial statements
 - financial management and sustainability
 - governance and transparency; and
 - value for money.

8. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
9. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in March 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work [Appendix II](#) summarises a number of national reports issued by Audit Scotland during the course of the year.
10. [Appendix III](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take steps to address them. The board should ensure it has a mechanism in place to assess progress and monitor outcomes.
11. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
12. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

2015/16 financial statements

16. This represents the first year in which the board had to produce financial statements and as such we recognised this risk in our annual audit plan. With only a six month accounting period, there were limited transactions to account for in 2015/16.

Overview of the scope of the audit of the financial statements

17. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our annual audit plan presented to the Angus IJB in March 2016.
18. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the annual audit plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
19. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice. Appendix III sets out the risks we identified in respect of 2015/16.

Submission of financial statements for audit

13. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the board should therefore be prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).
14. We received Angus IJB's unaudited financial statements on 30 June 2016, in accordance with the agreed timetable. The Local Authority Accounts (Scotland) Regulations 2014 (2014 Regulations) requires bodies covered by the regulations, including the IJB, to give notice that their accounts will be available for public inspection for a specified period and to make the unaudited accounts available on their websites. Angus IJB complied with these requirements.
15. The 2014 Regulations also require elected members to consider the unaudited accounts at a meeting no later than 31 August. The Angus IJB's Audit Committee considered the accounts at its meeting on 29 June 2016.

20. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Going concern

21. The financial statements were prepared on a going concern basis. The integration scheme sets out the arrangements for addressing and financing any overspends or underspends. Underspends may be retained by the board, be carried forward to fund capacity in future years or alternatively, can be returned to the partner bodies. Where there is a forecast overspend the partner bodies must agree a recovery plan with the IJB to balance the budget and if this plan is insufficient in the first two years, the overspend will be met by the partner with operational responsibility for services to which the overspends pertain. In light of this agreement between the partners, we do not feel there are major risks associated with the IJB's ability to continue as a going concern in the immediate future.

Materiality

22. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

23. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
24. We summarised our general approach to materiality in our annual audit plan but due to the unique situation with the IJB only having a few transactions for 2015/16, we indicated that we would not set materiality until we were in receipt of the financial statements.
25. We subsequently set our planning materiality for 2015/16 at £950 (or 1% of gross expenditure). Performance materiality was calculated at £850, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level. Additionally, we set a misstatement threshold of £50 (approximately 5% of planning materiality) for reporting errors.

Evaluation of misstatements

26. All misstatements identified during the audit which exceeded our misstatement threshold have been amended in the financial statements.
27. The audit also identified some presentational adjustments which were discussed and agreed with the Chief Finance Officer. These were largely explanatory comments in accordance with the Accounting Code or guidance which strengthened the level of disclosure in the accounts.

Significant findings from the audit

28. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- the auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
- significant difficulties encountered during the audit
- significant matters arising from the audit that were discussed, or subject to correspondence with management
- written representations requested by the auditor
- other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.

29. Table 1 provides a summary of the matters we are communicating to you in respect of the audit of the 2015/16 financial statements.

Other information

30. We also review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We consider whether these reports have been properly prepared, comply with extant guidance and are consistent with the financial statements. We report any material errors or omissions, any material inconsistencies with the financial statements or any otherwise misleading content.

31. We have nothing to report in respect of the other information published as part of the annual accounts.

Outlook

Health and Social Care Integration

32. The board became fully operational on 1 April 2016 when delegated services with a budget of around £157m transferred from NHS Tayside and Angus Council. The 2016/17 financial results for Angus IJB will therefore be material and will require to be consolidated into the council's and health board's group accounts in 2016/17.

33. The board will have to ensure that procedures are in place for it to provide financial and non-financial information by a mutually agreed date to allow the council and health board to meet their statutory reporting obligations including the assurances required to support disclosures in the respective organisations' annual governance statements.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260	
1. Balance Sheet	A Balance Sheet has now been included in the audited accounts to reflect a creditor for accrued audit fees of £5k and the associated funding debtor from NHS Tayside to cover payment of these fees.
2. Recognition of expenditure	Costs of £43k relating to the chief officer's salary prior to the board's formal establishment on 3 October 2015 were incorrectly recognised in the unaudited accounts. The expenditure and matching income from the board's partners have now been excluded from the annual accounts and the remuneration report has also been updated to reflect the correct amount.
3. Holiday pay accrual	The Accounting Code requires an accrual to be included in the accounts for untaken holiday leave at 31 March 2016. Having received confirmation that the chief officer had no outstanding leave at 31 March 2016, we are satisfied that no accrual needed to be included in the accounts.
4. Services in kind	LASAAC's <i>Additional guidance on accounting for the integration of health and social care 2015/16</i> issued in September 2015 highlights that where support or services have been provided free of charge by partner bodies, the associated costs would not feature in the board's accounts but goes on to suggest the scale of support be outlined as a note to the accounts. In line with the Angus IJB integration scheme, the partners have not charged for services provided and this is explained in the accounts. The IJB and its partners, however, opted not to estimate the scale of support provided year and so no further information has been disclosed in the accounts.
Refer Action Plan number 1	

Financial management and sustainability

34. In this section we comment on Angus IJB's financial performance and assess its financial management arrangements.

35. Financial sustainability means that the board has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:

- spending is being balanced with income in the short term
- long-term financial pressures are understood and planned for.

36. The board does not have any assets, nor does it directly incur expenditure or employ staff, other than the chief officer. All funding and expenditure relating to services managed by the board are incurred by the stakeholder parties and processed in their accounting records.

Financial performance 2015/16

37. The board was established in October 2015 and became operational on 1 April 2016. Only corporate services costs that relate to the general running of the body required to be recognised in the 2015/16 financial statements. The integration scheme highlights that corporate services costs are shared by the partners therefore expenditure in the period which amounted to £94k was matched by income from its partners.

38. During 2015/16, the shadow board received regular joint monitoring reports for the partnership covering expenditure against both NHS and council budgets. In June 2016, the board received an outturn report for 2015/16 which captured the position for the budgets which were to be delegated from April 2016.

39. Internal audit's report *Financial Assurance* was considered by the board in March 2016 and concluded that in their opinion that:

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.

Overall, in our opinion, the process undertaken has been very robust and we commend the fact that this work has been done in partnership. In addition, risks were clearly identified and reported.

Financial management arrangements and planning

40. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the chief financial officer has sufficient status to be able to deliver good financial management
 - standing financial instructions and standing orders are comprehensive, current and promoted within the board
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - board members provide a good level of challenge and question budget holders on significant variances.

41. A Chief Finance Officer was appointed with effect from 1 October 2015 who is responsible for ensuring that appropriate financial services are available to the IJB and the chief officer.

42. At its first meeting in October 2015, the board approved a range of documentation in preparation for it taking operational responsibility. This included standing orders and a Code of Conduct. A scheme of delegation was subsequently approved in March 2016.

43. The council budget was set in February 2016 and a budget settlement between Angus Council and Angus IJB was agreed at the February IJB Board meeting. In March 2016, the board received a proposed budget settlement from NHS Tayside. While the board

agreed to accept the proposals in principle, a range of concerns were raised with NHS Tayside. Due to the extent of the concerns expressed by the board, officers were requested to develop financial recovery plans setting out actions to mitigate the financial risks inherent in the proposed budget settlement.

44. A further report, considered by the board in June 2016, indicated that the risks around potential overspending were so great that it was necessary for the board to notify NHS Tayside of the necessity to invoke the financial risk sharing arrangements set out in the integration scheme whereby overspends will revert to NHS Tayside at the end of the 2016/17 financial year.

Refer Action Plan no. 2

45. The integration scheme highlights that financial reports will be considered by the board on a timely basis, at least quarterly, and include as a minimum annual budget, full year outturn projection and commentary on material variances. The financial report covering the first quarter of 2016/17, the first operational period of the IJB, was considered by the board in June 2016 and met these requirements.

Conclusion on financial management and sustainability

46. Overall, a financial management framework was put in place to support the IJB when it took operational control in April 2016. However, the board will need to work with NHS Tayside and Angus Council to identify savings and agree the level of services to be delivered within available budgets.

Outlook

47. NHS boards and councils have faced several years of financial constraints and this is expected to continue in the coming years. The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets. This puts further pressure on finances.

Governance and transparency

48. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with board members drawn from a wide range of backgrounds.
49. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. This Act provided the framework for the integration of health and social care services in Scotland. An integration scheme has been agreed and the Public Bodies (Joint Working) (Integration Joint Board Establishment) (Scotland) Amendment Order 2016 established Angus Integration Joint Board on 3 October 2015.
50. The board comprises a wide range of service users and partners required by the regulations including three elected councillors nominated by the council and three Non-executive Directors nominated by NHS Tayside. To assist the board discharge its functions it set up an Audit Committee in March 2016 which met for the first time in June 2016.
51. A Chief Officer was appointed with effect from 1 May 2015 who is directly accountable to the board for all of its responsibilities.

52. The Public Bodies (Joint Working) (Scotland) Act sets out the requirements for integration authorities. These include a:
- strategic plan setting out their arrangements to achieve or contribute to national health and wellbeing outcomes
 - quality and governance framework including performance management arrangements
 - workforce development plan
 - due diligence process covering devolved budgets.

53. Angus IJB and previously the shadow board were actively progressing these strands of work throughout 2015/16 in readiness for going live on 1 April 2016.

54. The integration scheme between Angus Council and NHS Tayside sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures. While a performance management framework was agreed in May 2016, work is being undertaken in collaboration with Dundee and Perth and Kinross Partnerships to agree a suite of indicators which will be adopted Tayside-wide.

Refer Action Plan no. 3

55. Overall the board has appropriate governance arrangements in place. These arrangements need to continue to develop and should be kept under review to ensure they are meeting the needs of an operational board.

Internal control including internal audit and scrutiny arrangements

56. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities require us to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work is also informed by our assessment of risk and the activities of internal audit.
57. Angus Council and NHS Tayside are the partner bodies. All financial transactions of the board are processed through the financial systems of the partner bodies and are subject to the same controls and scrutiny of the council and health board, including the work performed by internal audit.
58. Internal audit arrangements were put in place from 2015/16 with the appointment of the Chief Internal Auditor of Fife, Tayside and Forth Valley Audit and Management Services. The main internal audit activity in 2015/16 related to the Pre-Integration Financial Assurances outlined earlier in this report.
59. In respect of 2015/16, the chief internal auditor provided an annual report which stated his opinion that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16.

- 60.** The proposed internal audit plan for 2016/17 will focus on a post implementation review of health and social care integration accordance with the Integration Resource Advisory Group guidance. In addition, assurances will be drawn from relevant internal audit activities in the partner bodies.
- 61.** In 2016/17, the board is operational and therefore transactions between the IJB and partner bodies will be more fluid. This provides a challenge for auditors since the annual audit plans of each partner are based on carrying out audit work which may be based on the accounting systems and governance arrangements that relate only to the partner that the auditor is appointed to.

Arrangements for the prevention and detection of fraud and other irregularities

- 62.** Angus IJB's financial regulations approved in October 2015 highlight that the board and its representatives have a duty to inform the chief internal auditor and the NHS Counter Fraud Service of any suspicion of fraud, irregularity or any other matter concerning the contravention of the Financial Regulations.
- 63.** We concluded that these arrangements are sufficient in the interim but should be kept under review. For example, it would be appropriate to signpost board members and representatives to partner bodies' fraud policies and processes.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

- 64.** The board are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Angus IJB and for monitoring the adequacy of these arrangements.
- 65.** Angus IJB agreed that members must comply with the Councillors' Code of Conduct produced by the Standards Commission. A standards officer was appointed in February 2016 and a register of interests for voting members is being currently being collated.

Transparency

- 66.** Local residents should be able to hold the IJB to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the board is taking decisions and how it is using its resources.
- 67.** The IJB website is hosted on the Angus Council site and provides notices, agendas and papers for board and audit committee meetings. Meetings are held in public.
- 68.** Overall, we concluded that the board has set up processes with an eye to being open and transparent. The board is still at an early stage of development and should give continuing consideration to making information more accessible.

Outlook

69. The board will operate in a challenging environment with continuing financial pressures, exacting performance targets to meet, and the need to be well positioned to deliver the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision).
70. The design of boards brings the potential for real or perceived conflicts of interest for board members and senior managers. Partners need to be clear regarding how governance arrangements will work in practice, particularly when disagreements arise. This is because there are potentially confusing lines of accountability, which could hamper the board's ability to make decisions about the changes involved in redesigning services. The public may also be unclear who is ultimately responsible for the quality of care.

71. Embedding robust governance arrangements will be an essential element in meeting these challenges and maintaining accountability. All stakeholders including patients, clinicians, carers, the public, staff, partner bodies and the Scottish Government, benefit from the assurance and confidence a good governance regime brings.

Value for money

72. The Public Bodies (Joint Working) (Scotland) Act 2014 set out a broad framework for creating integration authorities and gave councils and NHS boards a great deal of flexibility to enable them to develop integrated services that are best suited to local circumstances. The integration scheme specifies the wide range of functions delegated by the council and NHS Tayside to the IJB.
73. Integration authorities need to establish effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. There is also a need for regular reporting to partner organisations. Integration authorities are required to contribute towards nine national health and wellbeing outcomes.

Arrangements for securing value for money

74. The main purpose of integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. The integration scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers.

75. The board in May 2016 approved a performance management framework to comply with guidance set out in the Public Bodies (Joint Working) (Scotland) Act 2014. Work is now continuing in collaboration with Dundee and Perth and Kinross Partnerships to agree a suite of indicators which will be adopted Tayside-wide.

78. Processes are in place to share the reports with the audit committee and progress against the recommendations in this report will be considered by the audit committee in 2016/17. Audit Scotland plans to re-visit health and social integration in future years to assess progress and impact.

Refer Action Plan number 3

National performance audit reports

76. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the board. These are outlined in [Appendix II](#) accompanying this report.

77. Audit Scotland published a national report *Health and social care integration* in December 2015. The national report highlighted:

- the need to set out clearly how governance arrangements will work in practice
- that strategic plans do more than set out the local context for reforms. The plans should look to deliver care in different ways, that better meets people's needs and improves outcomes
- the need to agree budgets for the board. The budgets should cover more than one year to give boards the continuity and certainty they need to develop and implement strategic plans. Boards should be clear about how they will use resources to integrate services and improve outcomes.

Outlook

79. Pressures on health and social care services are likely to continue to increase for the foreseeable future. These increasing pressures have significant implications on the cost of providing health and social care services and challenges in ensuring that people receive the right care, at the right time, and in the right setting.

80. The board is responsible for co-ordinating health and social care services and commissioning NHS Tayside and Angus Council to deliver services in line with the strategic plan. Over time, the intention is that this will lead to a change in how services are provided, with a greater emphasis on preventative services and allowing people to receive care and support in their home or local community.

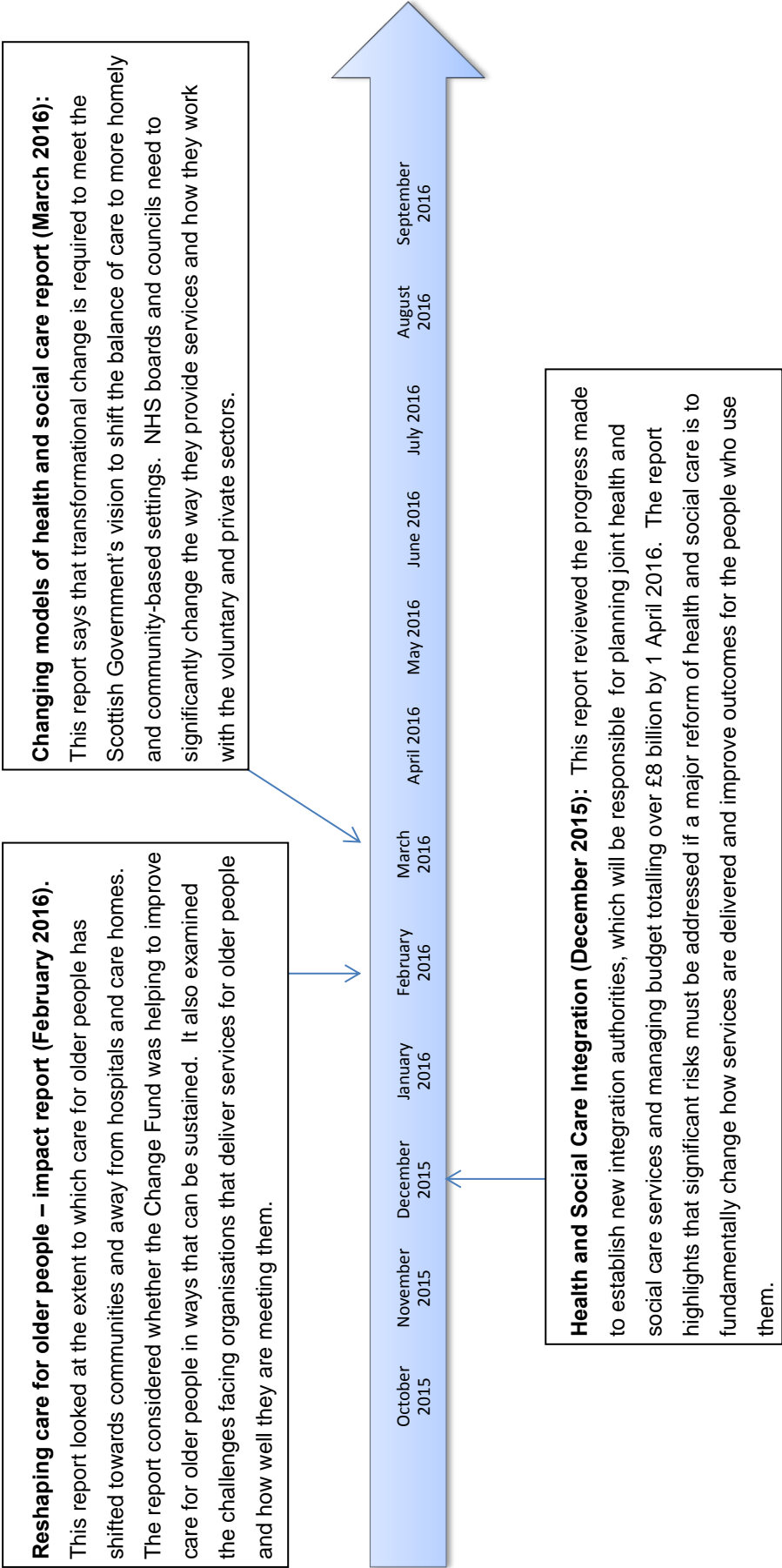
81. The board will need to demonstrate and report whether this is making a positive impact on service users and improving outcomes. To help achieve this it is important that the board has strategies covering the workforce, risk management, engagement with service users, and data sharing arrangements which help to enable delivery of the board's strategic priorities.

Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion

Audit Risk		Assurance procedure		Results and conclusions
Risk of material misstatement in the financial statements				
Financial Statements The board is a new body and may not yet have the processes and procedures in place to provide the required financial information in accordance with statutory reporting requirements. <i>Risk: Financial statements disclosures and supporting working papers will not be prepared to the required quality and by agreed timescales.</i>	Review the board's arrangements to ensure the proper conduct of its financial affairs.	Other than the omission of a Balance Sheet, the accounts presented for audit were of a satisfactory standard. The accounts were available for public inspection and were considered by the Audit Committee in June 2016. In addition to the inclusion of a Balance Sheet, a number of additional disclosures were discussed with the Chief Finance Officer and amendments made to the accounts. These were largely explanatory comments in accordance with the Accounting Code or guidance which strengthened the level of disclosure in the accounts.		
Risks identified from the auditor's wider responsibility under the Code of Audit Practice				
Financial, governance and performance framework The board was established in October 2015. The Integration Scheme commits the board to developing a governance and performance framework covering a number of key areas. <i>Risk: Governance and performance arrangements are not fit for purpose.</i>	Monitor the development of the governance framework and comment in our Annual Audit Report.	Many of the board's arrangements are at an early stage of implementation and continue to develop with the board only being operational since October 2015. For example the board has yet to fully develop performance measures aligned to the strategic plan.		

Appendix II: Audit Scotland national reports



Appendix III: Action plan

No.	Paragraph ref.	Issue/Risk/Recommendation	Management action/response	Responsible officer / Target date
1	28 / table 1	<p>The accounts disclose that the board receives services without charge from partner bodies. LASAAC guidance suggests that the scale of such services should potentially be disclosed by way of a note to the accounts.</p> <p>Risk</p> <p><i>The accounts do not meet best practice guidance.</i></p> <p>Recommendation</p> <p>Consideration should be given to estimating the scale of services provided free by partner bodies (if significant) so that appropriate disclosure can be made in the annual accounts, thus improving transparency for the reader.</p>	<p>The IJB will review the current agreed position of not quantifying the scale of these services with Partners during 2016/17, noting that the current position was agreed with support from both Partners.</p>	<p>Chief Finance Officer – October 2016</p>

No.	Paragraph ref.	Issue/Risk/Recommendation	Management action/response	Responsible officer / Target date
2	44	<p>The board has expressed concern about the level of budget provided by NHS Tayside. As a result a financial recovery plan is being prepared and the health board has been notified of the board's intention to invoke the risk sharing agreement whereby responsibility for meeting overspends lies with the partner delivering the service in the first two years.</p> <p>Risk <i>The board is unable to fully fund planned services.</i></p> <p>Recommendation The board needs to work with partners to identify savings in order that sustainable services can be delivered.</p>	<p>Paper 53/16 at IJB June 2016 Board meeting provided opening responses to identifying savings with further proposals outlined in that report. Regular updates will be provided to the IJB Board on this matter.</p> <p>The IJB is contributing to the work of the Realistic Medicine work stream within NHS Tayside's Transformation Programme to identify ways to improve the position regarding prescribing budgets. These budgets are a key risk for the IJB.</p>	<p>Chief Officer / Chief Finance Officer – Updated Position October 2016</p> <p>Chief Officer – Ongoing</p>
3	54 and 75	<p>The board has approved a performance management framework to comply with guidance set out in the Public Bodies (Joint Working) (Scotland) Act 2014. However, performance measures are currently being developed.</p> <p>Risk <i>The board cannot effectively monitor the delivery of its strategic objectives.</i></p> <p>Recommendation The board should aim to implement and monitor key performance measures, even on a phased basis, as soon as possible.</p>	<p>The board continues to actively develop its Performance Management framework. Regular updates are provided to board members. The IJB Board meeting in August 2016 will receive a report regarding performance reporting and there will be an IJB Board performance reporting development session during August 2016.</p> <p>It is expected that, while improvements will be ongoing, stepped changes will have been made by October 2016</p>	<p>Chief Officer – October 2016</p>



ANGUS HEALTH AND SOCIAL CARE

AUDIT COMMITTEE – 31 AUGUST 2016

BUSINESS FOR FUTURE MEETINGS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

1. PURPOSE

This report sets out plans 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 a plan to address a range of governance issues in future meetings.

2. RECOMMENDATION

It is recommended that the Angus IJB Audit Committee:-

- (i) approves the planned development session for October 2016;
- (ii) approves the plan to bring updates regarding a number of governance related reviews to a December Audit Committee meeting.

3. BACKGROUND

Report 62/16 noted the need for a planned development session for IJB Audit Committee members. This development session will be delivered in conjunction with the IJB's Internal Auditors. Audit Committee members will need 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. The relevant guidance will be used as a framework to brief members of their role and responsibility as Audit Committee members. It is suggested the planned development session is scheduled for October 2016.

The IJB's Audit Committee will meet 3-4 times per year. Meetings around the year end will consider Internal Audit reports and plans for forthcoming years and issues relating to Annual Accounts. Therefore mid-year meetings are best placed to deal with broader Governance issues.

As noted at the last Audit Committee there are a range of items that need to be considered relating to general governance as follows:-

- 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.
- Reviewing the IJB's action plan response to the recommendations in the External Audit Annual Audit report.
- Reviewing the role of the IJB's Chief Finance Officer in the context of CIPFA's Statement on the role of the Chief Finance Officer in Local Government.

While undertaking these governance reviews will be time consuming, the plan at this stage is that feedback on these matters will be available for an IJB Audit Committee meeting scheduled for December. 2016.

4. CONCLUSION

The Audit Committee requires to confirm the scheduling of a development session and a subsequent review of governance issues.

Alexander Berry
Chief Finance Officer
August 2016