

Public Document Pack



A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Monday, 19th March, 2018 at 2.00 pm** in Committee Room 2, Scottish Borders Council

AGENDA

Time	No		Lead	Paper
14:00	1	ANNOUNCEMENTS & APOLOGIES	Chair	<i>Verbal</i>
14:01	2	DECLARATIONS OF INTEREST	Chair	<i>Verbal</i>
14:02	3	MINUTES OF PREVIOUS MEETING Monday 27 September 2017	Chair	(Pages 3 - 6)
14:05	4	MATTERS ARISING Action Tracker	Chair	<i>Verbal</i>
14:10	5	EXTERNAL AUDIT ANNUAL PLAN 2017/18	External Auditor (Audit Scotland)	(Pages 7 - 20)
14:30	6	INTERNAL AUDIT ANNUAL PLAN 2018/19	Chief Internal Auditor	(Pages 21 - 26)
14:50	7	AUDIT SCOTLAND FORTHCOMING AUDIT - HEALTH AND SOCIAL CARE INTEGRATION: UPDATE ON PROGRESS	External Auditor (Audit Scotland)	(Pages 27 - 28)
15:00	8	ANY OTHER BUSINESS	Chair	<i>Verbal</i>
15:05	9	DATE AND TIME OF NEXT MEETING Monday 11 June 2018 at 10.00am in Committee Room 2, Scottish Borders Council	Chair	<i>Verbal</i>

This page is intentionally left blank



Minutes of a meeting of the **Health & Social Care Integration Joint Board Audit Committee** held on Monday 25 September 2017 at 2.00pm in Committee Room 2, Scottish Borders Council.

Present: (v) Cllr J Greenwell (Chair) (v) Mr J Raine
(v) Mr D Davidson

In Attendance: Miss I Bishop Mrs J Stacey
Mr P McMenamin Mrs S Pratt
Mr G Samson Mr A Haseeb
Mrs G Woolman

1. Apologies and Announcements

Apologies had been received from Cllr Tom Weatherston.

Cllr John Greenwell chaired the meeting in Cllr Weatherston's absence.

The chair confirmed that the meeting was quorate.

2. Declarations of Interest

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted there were none.

3. Minutes of Previous Meeting

The minutes of the previous meeting of the Health & Social Care Integration Joint Board Audit Committee held on 26 June 2017 were approved.

4. Matters Arising

4.1 Updates: Mrs Jill Stacey advised the Committee of the actions that had been taken in addressing all the actions listed on the action tracker.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the action tracker.

5. Final Audited Annual Report and Statutory Accounts 2016/17 for the Scottish Borders Health & Social Care Integration Joint Board

Mr Paul McMenamain presented the final audited annual report and statutory accounts for 2016/17. He advised that the local authority annual accounting code of practice had been applied in producing the annual accounts. The draft accounts had been brought to the Audit Committee on 26 June for review, were submitted to Audit Scotland for scrutiny and the final accounts were presented to the committee and incorporated the external auditor audit opinion and the audit report.

Mr McMenamain recorded thanks to colleagues from Audit Scotland and particularly Graham Samson for his positive and supportive approach to undertaking the audit and he suggested the accompanying management report was testimony to the understanding shown and support provided.

Mr David Davidson enquired about indentifying and quantifying risk. Mr McMenamain commented that considerable work on risk had taken place although it had remained unseen and a refresh was to be commenced. He advised that the mechanism through which that refresh would take place would be through the joint management team reporting to the Chief Officer and the three practitioner managers who would be pursuing updating the strategic and operational risk registers.

Mr McMenamain further commented that Sandra Pratt had been appointed as the Interim Chief Officer and interviews for a permanent appointment were being held. It was anticipated that a new Chief Officer would take up post within the next 3-4 months. He also advised that Susan Swan would be taking over as Interim Chief Financial Officer and a plan for that transition was being put in place.

Mr John Raine enquired about governance and transparency and Mrs Jill Stacey commented that part of the external audit process had an element of placing reliance on internal audit work and there were some elements of governance identified as part of the internal audit work and a risk management strategy was one of those observations. It was in regard to having an approved strategy that was not in full effect. She further commented that risk management was a key element of risk governance and the internal audit report had identified that the Board fulfilled its remit and was clear about its strategic priorities and internal audit would support and guide the Board to fulfil its remit.

Mr Raine challenged the specifics given the Board had not expressed that view and it was the view of internal audit. He enquired if Audit Scotland had suggested improvements were identified had they also been identified by internal audit. Mrs Stacey confirmed that they had been identified by both.

Mr Raine enquired about the specific issue of the allocation of the £6m Integrated Care Fund being the responsibility of the Integration Joint Board to determine. Mr McMenamain advised that in year 1 and at an operational level, the Board had focused on building governance and financial governance arrangements, which he determined had distracted the Board from focusing on commissioning strategic outcomes. He suggested the Board had been driven by the direction of finance, both social care funding and integrated care funding. However, he suggested the Board were now identifying the strategic role that it was required to fulfil.

Mr Raine commented that if the Board decided to devote the integrated care fund to actions that would reduce delayed discharges, that it would be a strategic decision by the Board in

discharging its objectives. Mr McMenamain agreed that such a scenario would be deemed as the Board exercising its strategic responsibility.

Mr David Davidson quoted that the “2017/18 Financial Plan remains draft” and he sought assurance in regard to finalisation. Mr McMenamain commented that sustainability was a key audit dimension.

Mr Davidson noted that on page 5 the Transport Hub had received a substantial sum of funding and 150 hospital appointments had been supported. He enquired what assistance had been provided to the main bus providers to provide services to outlying areas. Mr McMenamain commented that he would ask the Community Transport Manager to provide an update outwith the meeting.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the report and approved the 2016/17 Annual Accounts.

6. External Audit Annual Audit Report 2016/17 for the Scottish Borders Health & Social Care Integration Joint Board

Mr Asif Haseeb gave an overview of the content of the external audit report. He highlighted various elements including: identified savings; performance; and overspend.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the conclusions and recommendations made within the draft Annual Audit Report for the year-ended 31 March 2017.

7. Any Other Business

There was none.

8. Date and Time of next meeting

The Chair confirmed that the next meeting of Health & Social Care Integration Joint Board Audit Committee would take place on 19 March 2018 at 2.00pm in Committee Room 2, Scottish Borders Council.

The meeting concluded at 2.55pm.

Signature:

Chair

This page is intentionally left blank

Scottish Borders Integration Joint Board

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

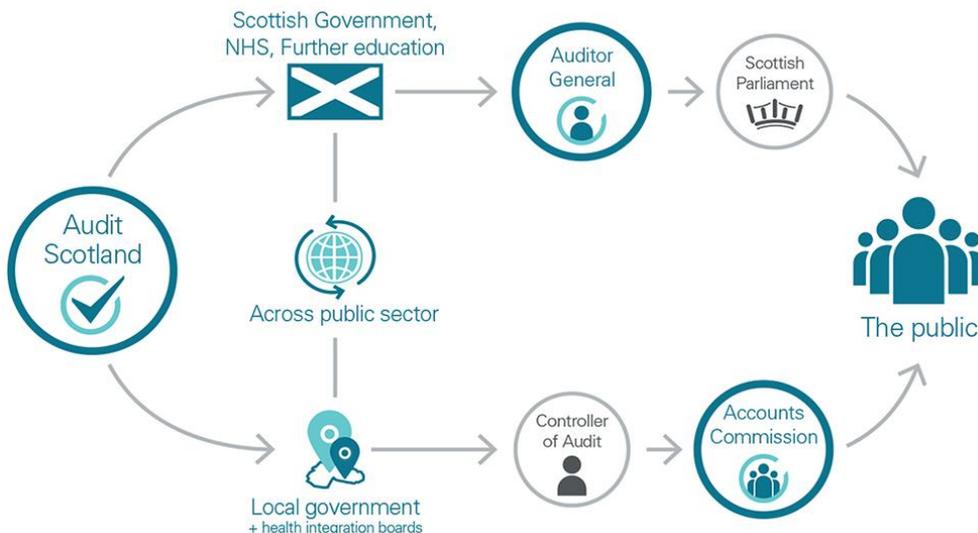
Prepared for Scottish Borders Integration Joint Board

March 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit risks	4
Reporting arrangements	6
Audit fee	7
Responsibilities	7
Audit scope and timing	8
Financial statements	8
Materiality	8
Internal audit	10
Audit dimensions	10
Independence and objectivity	12
Quality control	12
Adding Value	12

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit of Scottish Borders Integration Joint Board ("the IJB") and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit including the new approach to Best Value.

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

3. Based on our discussions with management, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for the IJB. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

4. The IJB uses the corporate financial systems of Scottish Borders Council and NHS Borders, and relies on the systems of internal control in place at those bodies that support their compliance with policies and procedures. As part of our audit we seek assurances from the auditors of Scottish Borders Council and NHS Borders over the adequacy of arrangements in place.

Exhibit 1

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statements issues and risks		
<p>1 Risk of management override of controls</p> <p>Although we have not identified any specific risks of management override relating to the IJB, ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries.</p> <p>Service auditor assurances will be obtained from the audits of Scottish Borders Council ("the council") and NHS Borders ("the health board") over the completeness, accuracy and allocation of the income and expenditure.</p>

Audit Risk	Source of assurance	Planned audit work
<p>2 Hospital Set Aside Sum</p> <p>Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. A notional figure should be agreed and included in the financial statements.</p> <p>There is a risk that the sum recorded as set aside for acute services in the annual accounts does not reflect actual hospital use.</p>	<p>Ongoing discussions with NHS Borders ensuring that set aside is fully disclosed in the 2017/18 financial statements.</p>	<p>Continued engagement with officers prior to the accounts being prepared to ensure that the relevant information is disclosed and the timetable is met.</p>
<p>3 Chief Financial Officer</p> <p>There is currently no Chief Finance Officer (CFO) in post. The IJB has agreed that the CFO role will be advertised and it is expected that a new CFO will be appointed from April 2018.</p> <p>There is a risk that financial reporting to the IJB and preparation of the annual accounts could be adversely affected by the absence of a permanent CFO.</p>	<p>Arrangements in place to appoint new CFO.</p> <p>CFO responsibilities are currently being split between the Chief Finance Officer at Scottish Borders Council and the Director of Finance at NHS Borders.</p> <p>Ongoing monitoring and reporting of IJB budget to the board during the year.</p>	<p>Ongoing meetings and discussions with officers.</p>
Wider dimension risks		
<p>4 Financial sustainability</p> <p>The latest financial monitoring report presented to the IJB in February 2018 reported a projected outturn of £175.4m against a revised budget of £166.6m, an overspend of £8.8m. This overspend relates mostly to healthcare services and a recovery plan has been prepared setting out how the forecast overspend will be addressed in order to achieve a breakeven position.</p> <p>There is a risk that overspends may require additional payments from Scottish Borders Council and NHS Borders and that there may be difficulties in producing a balanced outturn in future years.</p>	<p>Ongoing monitoring of the IJB budget.</p> <p>Direction of funding by the IJB to help address budget pressures.</p> <p>Strategic transformation programme being developed which will help achieve financial sustainability in the longer term.</p>	<p>Ensure budget monitoring is robust and accurately reflects the financial position.</p> <p>Confirmation of agreement of funding and balances with host bodies</p>
<p>5 Chief Officer</p> <p>The IJB has had four Chief Officers since its initial formation in February 2016, including one</p>	<p>Permanent Chief Officer now in post.</p>	<p>Monitor arrangements during the year through discussion with officers and attendance at meetings.</p>

Audit Risk	Source of assurance	Planned audit work
<p>interim Chief Officer. The Chief Officer is a key role, responsible for the preparation, implementation and reporting on the Strategic Commissioning Plan as well as overseeing operational delivery of delegated services.</p> <p>There is a risk that the high turnover in this key governance role has delayed delivery of the IJB's Commissioning Plan.</p>		<p>Comment on effectiveness of arrangements in Annual Audit Report.</p>
<p>6 Care Services</p> <p>The Care Inspectorate and Healthcare Improvement Scotland published a joint report on adult health and social care services in the Scottish Borders in September 2017. This report evaluated three out of nine quality indicators as being 'weak' and identified thirteen recommendations for improvement.</p> <p>There is a risk that the IJB is not ensuring that adequate services are being delivered.</p>	<p>Action plan agreed with the Care Inspectorate and Healthcare Improvement Scotland in response to the recommendations in the report.</p>	<p>Monitor follow up to the agreed action plan.</p>

Reporting arrangements

5. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

6. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

7. We will provide an independent auditor's report to Scottish Borders IJB, and Accounts Commission setting out our opinions on the annual accounts. We will also provide them with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2 2017/18 Audit outputs

Audit Output	Target date	Audit Committee Date
Annual Audit Report	3 September 2018	17 September 2018
Independent Auditor's Report	18 September 2018	N/A

Audit fee

8. The audit fee for the 2017/18 audit of Scottish Borders IJB is £24,000. In determining the audit fee we have taken account of the risk exposure of Scottish Borders IJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 30 June 2018.

9. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Management

10. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

11. The audit of the financial statements does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

Appointed auditor

12. Our responsibilities as independent auditor are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

13. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

14. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the IJB and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the IJB will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

15. We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the financial position of the audited bodies and their expenditure and income
- whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements

Materiality

16. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinion in the auditor's report.

17. We calculate materiality at different levels as described below. The calculated materiality values for Scottish Borders Integration Joint Board are set out in [Exhibit 3](#).



Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the budget for 2017/18.	£1.72 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 70% of planning materiality.	£1.21 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 2% of planning materiality.	£0.03 million

18. We review and report on other information published with the financial statements including the management commentary, annual governance report and the remuneration report. Any issue identified will be reported to the Audit Committee.

Timetable

19. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit Committee dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Agreement of year end balances with NHS Borders and Scottish Borders Council	By 31 May 2018
Consideration of unaudited financial statements by the IJB Audit Committee	11 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	30 June 2018
Latest date for final clearance meeting with Chief Financial Officer	31 August 2018
Agreement of audited unsigned annual accounts	17 September 2018
Issue of Annual Audit Report including ISA 260 requirements to those charged with governance	17 September 2018

**Key stage****Date**

Independent auditor's report signed

18 September
2018**Internal audit**

20. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit for the Integration Joint Board is provided by the internal audit service at Scottish Borders Council and is overseen by the Chief Officer Audit & Risk at the council who is the appointed Chief Internal Auditor for the IJB.

Adequacy of Internal Audit

21. Our review of internal audit concluded that the internal audit function operates in accordance with the Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place.

Areas of Internal Audit reliance

22. In respect of our wider dimension audit responsibilities we plan to consider areas of internal audit work reported in the Internal Audit Report 2017/18 for the IJB.

Audit dimensions

23. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

24. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

25. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as short term (less than two years) medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and longer term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the IJB can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Financial management

26. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether the IJB has arrangements in place to ensure systems of internal control are operating effectively
- whether the IJB can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how the IJB has assured itself that its financial capacity and skills are appropriate
- whether the IJB has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

27. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the IJB can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision – making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

Value for money

28. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- the IJB can provide evidence that it is demonstrating value for money in the use of its resources.
- the IJB can demonstrate that there is a clear link between money spent, output and outcomes delivered.

- the IJB can demonstrate that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

Independence and objectivity

29. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

30. The engagement lead for Scottish Borders IJB is Gillian Woolman, Assistant Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Scottish Borders IJB.

Quality control

31. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

32. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and relevant supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and has recently secured new arrangements for external quality reviews.

33. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Adding Value

34. Through our audit work we aim to add value to Scottish Borders IJB. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well Scottish Borders IJB has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

Scottish Borders Integration Joint Board

Annual Audit Plan 2017/18

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

This page is intentionally left blank



Jill Stacey
Chief Officer Audit & Risk, Scottish
Borders Council
Chief Internal Auditor, Scottish Borders
Health and Social Care Integration Joint
Board



Internal Audit Annual Plan 2018/19 for Scottish Borders Health and Social Care Integration Joint Board

to

**Integration Joint Board Audit Committee,
Chief Officer and Chief Financial Officer**

For presentation to IJB Audit Committee 19 March 2018

1 Introduction

- 1.1 The Scottish Borders Integration Joint Board (the Board) of Scottish Borders Health and Social Care Partnership (the Partnership) was established as a body corporate by Scottish Ministers on 6 February 2016. The Board approved a Strategic Plan for 2016 – 2019 on 7 March 2016 which sets out what it wants to achieve to improve health and well-being in the Scottish Borders through integrating health and social care services. The Strategic Plan became live on 1 April 2016.
- 1.2 The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.3 The roles and responsibilities of Board members and officers are defined within a comprehensive suite of governance documents relating to the arrangements within which the partnership will operate which specifically covers:
 - Scheme of Integration
 - Key Principles of the Local Code of Governance
 - Standing Orders
 - Audit Arrangements including Terms of Reference for the Audit Committee
 - Risk Management Strategy
 - Financial Arrangements and Financial Regulations
- 1.4 In addition to its own governance arrangements, the IJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate existing mechanisms embedded within both partners will be used to provide assurance to the Health and Social Care Integration Joint Board, for example assurance from partners' Internal Audit service providers.

- 1.5 The Board appointed Jill Stacey, Chief Officer Audit and Risk, Scottish Borders Council, as Chief Internal Auditor for the Integration Joint Board on 1 February 2016 with agreement that Internal Audit services for the IJB will be provided by the Council's Internal Audit team.
- 1.6 Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance. The Internal Audit programme of work is designed to add value to and improve the Integration Joint Board's operations in order to meet the objectives set out in the Strategic Plan.

2 Internal Audit Annual Planning Process

- 2.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 (updated 2017). The key standards within the PSIAS which relate to the preparation of the internal audit plan are summarised below:
 - Standard 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals”
 - Standard 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 2.2 The CIPFA Publication 'Audit Committees 2013' states that “The audit committee should seek to make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan takes into account the requirement to provide an annual internal audit opinion that can be used to inform the Annual Governance Statement. Specific activities will include:
 - Approving (but not directing) the risk-based plan, considering the use made of other sources of assurance.”The CIPFA Publication also states that “The committee will wish to seek assurance from the HIA that appropriate risk assessment has been carried out as part of the preparation of the internal audit plans when they are presented.”
- 2.3 Key components of the audit planning process include a clear understanding of the integration authority's role and responsibilities, priorities, plans, strategies, objectives, risks and mitigating controls, and the internal and external assurances provided to determine the potential range and breadth of audit areas for inclusion within the plan, consistent with the organisation's goals. This exercise is informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan.

3 Internal Audit Resources

- 3.1 Staff resources, estimated in the Council's Internal Audit Annual Plan 2018/19 to be presented to SBC's Audit and Scrutiny Committee on 19 March 2018, totalling 45 days have been allocated to provide Internal Audit services to the Scottish Borders Health and Social Care Integration Joint Board in its third year of operation, which reflects the Council's contribution of corporate support resources.
- 3.2 Staff assigned to perform the IJB audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and technical competencies needed to complete the programme of work.

4 Planned Internal Audit Programme of Work 2018/19

4.1 Discussions with the IJB's Chief Officer and Chief Financial Officer have taken place and will continue on an ongoing basis to ensure Internal Audit assurance meet the needs of the IJB and Management and other key stakeholders.

4.2 The audit work for 2018/19 is designed to encompass:

- (i) appraisal of the operation of corporate governance and risk management arrangements in the third full year of operation of the IJB;
- (ii) assessment of transformation and change in service delivery, and the associated workforce development, to meet Strategic Plan priorities; and
- (iii) review of performance against strategic objectives, including relevant performance information and progress in delivering within the agreed financial framework.

4.3 The plan below gives an indication of the areas we plan to cover:

Category	Our planned audit approach and coverage within 2018/19
Internal Audit assurance on corporate governance, including key internal controls, and risk management	<p>We will attend the IJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders Health and Social Care Integration business and performance.</p> <p>We will assess the IJB's corporate governance arrangements in place to deliver services to meet the needs of service users and the strategic priorities for health and social care integration set out in the Strategic Plan.</p> <p>We will assess the IJB's progress in commissioning redesigned services and their fit with stated strategic objectives and we will consider key areas of risk.</p> <p>We will use the IJB's Local Code of Corporate Governance (updated and approved by IJB 28 August 2017) as an integrated toolkit to test the extent of compliance. Areas of specific evaluation during the year might include clarity of roles and responsibilities, compliance with Scheme of Integration, arrangements for operating Standing Orders, and the management of risk.</p> <p>We will follow-up on progress on areas of improvement recommended in 2017/18 audit assurance work relating to corporate governance, financial management and risk management. Reliance will be placed on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their follow-up work undertaken that is relevant to health and social care integration.</p> <p>We will consider and apply National Reports that give rise to introducing best practice arrangements or lessons learned from other organisations to enable Management to evidence improvements in health and social care integration practices on a continuous basis.</p>
Internal Audit assurance on financial governance, including key internal financial controls	<p>We will review processes in place to ensure appropriate accountability for financial management of financial resources delegated to the partnership and to facilitate the delivery of efficient and effective services, including progress in achieving efficiencies.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the key financial controls in place and the financial monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p> <p>We will perform a specific audit engagement on the governance of the Integrated Care Fund which is a transitional resource, to assess the efficacy of decision-making and performance monitoring arrangements in the use of the Fund to achieve outcomes linked to strategic priorities.</p>

Category	Our planned audit approach and coverage within 2018/19
Internal Audit assurance on transformation and change	<p>We will review governance around the transformation programme of work to deliver the priorities in the Strategic Plan and the effectiveness of the delivery of transformation projects within the programme including progress with anticipated increases in income and in delivering financial efficiencies.</p> <p>We will review the approach to workforce planning and development in alignment with business and financial planning processes to provide skills, knowledge and competency requirements for redesigned services to meet strategic objectives.</p> <p>Reliance will be placed on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their work undertaken that is relevant to health and social care integration.</p>
Internal Audit assurance on performance management	<p>We will assess whether there is appropriate alignment of performance measures in the IJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan and validate the evidence of improvement of health and wellbeing within the Scottish Borders through integrating health and social care services.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the performance monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p>

5 Reporting of Internal Audit Results

- 5.1 The Internal Audit Annual Plan 2018/19 for the IJB includes sufficient work to enable the IJB's appointed Chief Internal Auditor to prepare an annual independent and objective audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources in its third year of operation.
- 5.2 At the end of the year the Internal Audit Annual Report 2018/19 for the IJB which will be reported to Management and to the IJB Audit Committee, for governance and scrutiny purposes, will include the audit opinion based on the audit work during the year, and will state the results from each audit engagement outlining the risks, controls and conclusions. It will also state any Internal Audit recommendations that have been made to improve internal controls and governance in the form of an improvement action plan that will include the responsible owner and timescale for implementation. The outcomes of any monitoring of implementation of agreed actions or acceptance of risk will also be stated, as appropriate.
- 5.3 The Internal Audit findings and annual opinion will be used to inform the IJB's Annual Governance Statement for inclusion in the IJB's Annual Report and Accounts. An Executive Summary of the Internal Audit Annual Report 2018/19 for IJB will be presented to the Board for assurance purposes.

6 Internal Audit Added-Value Support

- 6.1 Internal Audit will support the development of the members of the IJB Audit Committee to enable effective scrutiny and challenge, support the members of the Board as appropriate to fulfil its role, and lead the self-evaluation of IJB Audit Committee against its remit and best practice, to fulfil the core principles in the IJB's Local Code of Corporate Governance.

Jill Stacey

Chief Officer Audit & Risk, Scottish Borders Council
Chief Internal Auditor, Scottish Borders Health and Social Care Integration Joint Board

This page is intentionally left blank

Project scope

Health and social care integration:

Update on progress



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
March 2018

Background

The integration of health and social care services is a major programme of reform, affecting most health and care services and costing over £8 billion of public money. The aim of this policy is to meet the challenges of Scotland’s ageing population by shifting resources to community-based and preventative care at home, or in a homely setting.

The reforms are far reaching, and aim to ensure services are well integrated and that people receive the care they need at the right time and in the right place. To achieve this, the Public Bodies (Joint Working) (Scotland) Act 2014 required councils and NHS boards

to form new partnerships, known as Integration Authorities (IAs).

IAs across Scotland are very different in terms of their size, resources and local context. But all IAs are responsible for the governance, planning and resourcing of social care, primary and community healthcare and unscheduled hospital care for adults, in the local population.

Why are we doing this audit?

Given the scale of the reforms envisaged, we are carrying out three performance audits so that we fully understand, and are able to assess progress with

health and social care integration. We published our first audit in December 2015. This audit looked at the emerging arrangements for establishing, managing and scrutinising IAs. The audit highlighted significant risks which needed to be addressed if integration is to change the way health and care services are delivered.

This second audit will follow up on our previous key messages. These included uncertainty around budget setting and longer term funding, and the need for IAs to set clear targets and timescales for how they will make a difference to people who use health and social care services. It will also focus on how integration is changing the way services are planned and designed around the needs of local communities. This includes highlighting any early evidence of impact on the public.

Our third audit in this series, currently planned for 2020/21, will focus on the impact of the Act. The audit will assess the extent to which integration has led to a significant shift from acute and reactive services towards more community-based, preventative, and sustainable services. This audit will focus on the impact of these changes on improving outcomes for service users.

Our audit work will complement the joint strategic inspections of adult health and social care services being carried out by the Care Inspectorate and Health Improvement Scotland.

What will the scope of the audit be?

The overall aim of this audit is to examine the impact public bodies are having as they work together to integrate health and social care services in line with the Public Bodies (Joint Working) (Scotland) Act 2014. We will seek to answer the following questions:

- What impact is integration having and what are the barriers and enablers to this change?
- How effectively are integration authorities planning sustainable, preventative and community based services to improve outcomes for local people?
- How effectively are IAs, NHS boards and councils implementing the reform of health and social care integration?

- How effectively is the Scottish Government supporting the integration of health and social care and evaluating its impact?

How will we carry out this audit?

Given the scale of the reforms and the number of public bodies involved, we will use detailed case studies to allow us to explore a number of IAs. Alongside this we will review data and intelligence on health and care services and carry out a wide range of interviews with key stakeholders. This will help us to build a picture of how the integration is progressing across Scotland.

We will gather evidence using a range of methods, including:

- Reviewing documents (plans, strategies and reports) from IAs, NHS boards, councils, the Scottish Government, and other organisations
- Interviews with stakeholders, including IAs, NHS boards, councils, the Scottish Government, COSLA, third sector organisations and service users
- Analysing national and local data, for example, annual accounts and audit reports, national performance data and information from other sources such as ISD Scotland.

What impact will this audit have?

The audit will establish current progress with implementing health and social care integration in Scotland. It will identify barriers and challenges to integration, and what can be done to address them. It will also help support this implementation by drawing out early lessons learned and by highlighting areas of new practice. The report will also make a number of recommendations for the IAs, NHS boards and councils and the Scottish Government.

Audit timing and contacts

We plan to publish in November 2018. We are carrying out the audit on behalf of the Accounts Commission and the Auditor General for Scotland. For further information, please contact Neil Cartlidge, Audit Manager, on 0131 625 1778 or by email at ncartlidge@audit-scotland.gov.uk 

