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A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Monday, 17th September, 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 25 June 2018	Chair	(Pages 3 - 6)
14:05	4	MATTERS ARISING Action Tracker	Chair	(Pages 7 - 8)
14:10	5	EXTERNAL AUDIT ANNUAL AUDIT REPORT 2017/18 FOR THE SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD	IJB External Auditors (Audit Scotland)	(Pages 9 - 42)
14:40	6	FINAL AUDITED ANNUAL REPORT AND STATUTORY ACCOUNTS 2017/18 FOR THE SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD	IJB Interim Chief Finance Officer	(Pages 43 - 86)
15:10	7	IJB AUDIT COMMITTEE ANNUAL REPORT 2017/18 AND ANNUAL SELF-EVALUATION	Chair	(Pages 87 - 100)
15:25	8	ANY OTHER BUSINESS	Chair	<i>Verbal</i>
15:30	9	DATE AND TIME OF NEXT MEETING	Chair	<i>Verbal</i>

Monday 17 December 2018 at
10.00am in Committee Room 2,
Scottish Borders Council

Membership of Committee: Councillor J Greenwell, Councillor T Weatherston (Chair), Mr M Dickson and Mr J Raine.

Please direct any enquires to Iris Bishop, Board Secretary – Health & Social Care Integration Joint Board

Address: NHS Borders, Headquarters, Room 1EC1, Borders General Hospital,
MELROSE, TD6 9BD

Tel: 01896 825525

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Minutes of a meeting of the **Scottish Borders Health and Social Care Integration Joint Board Audit Committee** held on Monday 25 June 2018 at 1.00pm in the Corporate Management Board Room, First Floor, Scottish Borders Council, Newtown St Boswells.

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

In Attendance Mrs J Stacey Miss I Bishop
Mr A Haseeb Mr D Robertson
Miss S Holmes Mrs J Prior
Mr M Murphy Mr L Gill
Mr P McMEnamin

1. Apologies and Announcements

Apologies had been received from Mr Robert McCulloch-Graham, Mrs Gillian Woolman and Mr Graeme Samson.

The Chair confirmed the meeting was quorate.

The Chair welcomed a range of attendees to the meeting.

2. Declarations of Interest

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

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

3. Minutes of Previous Meeting

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** minutes of 19 March 2018 were approved.

4. Matters Arising

4.1 Minute 7: Audit Scotland Forthcoming Audit: Mr John Raine sought an update on the publication of the report. Mr Asif Haseeb advised that the report was due for publication in November 2018.

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

5. **Scottish Borders Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2017/18**

Mrs Jill Stacey provided an overview of the content of the report and highlighted several elements including: audit work; risk register and zero new audit recommendations.

Mr John Raine enquired which particular concerns Mrs Stacey had in relation to governance arrangements. Mrs Stacey advised that in the context of the organisation continuing to evolve her concerns were mainly around the distinction of the role of the Integration Joint Board (IJB) with partners and the IJB operating in that clearly defined role at a strategic level with partners delivering the operational services commissioned by the IJB.

Mr Raine enquired if the IJB was doing what it ought to be doing or if there were glaring deficiencies in how it was operating. Mrs Stacey suggested it was a real challenge for the IJB to understand enough about the partnership organisations and how they operated and gathered assurance. She suggested a key element of that was the Strategic Plan and commissioning and monitoring delivery of the strategic priorities.

Mr Raine noted that risk management was not yet fully embedded in the culture and suggested that itself was risk. Mrs Stacey commented that Management colleagues had the responsibility for identifying the strategic risks within the partnership sphere. She suggested the challenge for the IJB was to feel assured that there was clarity around strategic risks within the papers presented to it. The development of the strategic risk register for the IJB would assist with the flow of information into reports received by the IJB.

Mr Raine enquired if the IJB was too passive in terms of not testing out risk. Mr David Robertson suggested if the IJB looked at the difference in terms of delivery against outcomes, then it would continue to be a work in progress through the issuing of directions and ensuring both organisations were delivering against the strategic plan. Mrs Stacey commented that there were a number of factors in the improvement action plan to come together and once they were joined it would provide the basis for the IJB acting in a more strategic way with regular scrutiny of how partners delivered against directions.

Mr Raine noted that the performance management framework was not fully developed and therefore could not be an effective mechanism to monitor service delivery. Mrs Stacey commented that compared to the first year there had been a shift in the performance management framework which now covered a broader range of services and learning from other IJBs across Scotland would be useful going forward.

The Chair advised that at a recent meeting between COSLA and the Cabinet Secretary for Health & Sport, the Cabinet Secretary had advised that all the IJBs across Scotland were being reviewed and compared in order to provide best practice for IJBs to move forward.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted Internal Audit annual opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control set out within the Internal Audit Annual Assurance Report 2017/18 as detailed in Appendix 1 of that report.

6. Scottish Borders Health And Social Care Partnership Statement Of Accounts 2017/18

Mr David Robertson presented the Draft Accounts to the Audit Committee ahead of their submission to external audit to enable the Audit Committee to scrutinise the content. Mr Robertson highlighted the key issues on each page of the document.

Mr John Raine suggested an amendment to the definition of the Integration Joint Board function at the top of page 9. Mr Robertson and the Committee accepted the amendment.

Mr Robertson then explained the content of the remuneration report. Mr Raine suggested the report include the additional payments made by the Health Board to the Non Executive members of the IJB, for the additional work they undertook outwith their working time for the Health Board.

Mr Asif Haseeb confirmed that the payments were not listed within the Borders Health Board Annual Accounts and would be better reflected within the IJB Annual Accounts.

Cllr John Greenwell enquired about the status of the Statement of Account for Non Specific Taxation. Mr Robertson advised that it was a heading within the accounts that had to be populated in regard to the funding provided to the partnership from NHS Borders and Scottish Borders Council to fund the activities of the IJB. He advised that for 2017/18 the provision of resources had funded the IJB in full.

Mr Malcolm Dickson noted that the budget had been balanced for 2017/18, however he suspected that for 2018/19 given the risks identified it was unlikely the budget would balance by the financial year end. Mr Robertson reminded the Committee that the partnership had had significant financial issues since its inception and in order to break even in 2017/18 the partnership had required additional contributions from both Scottish Borders Council and NHS Borders. He commented that there was likely to be significant financial challenges faced by the IJB again in 2018/19.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** highlighted several typographical errors within the document and agreed to take forward the suggested proposal in regard to the remuneration report.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report and considered the unaudited Annual Accounts for 2017/18.

7. Integration Joint Board Local Code Of Corporate Governance

Mrs Jill Stacey presented the annual self assessment of compliance against the Local Code of Corporate Governance. She advised of the updates to the self assessment to reflect the progress made over the previous 12 months and addressing the gaps in the previous version.

She further advised that it was best practice documentation for local authorities and that the previous version of the Local Code had been used as part of a Development session for the change in membership of the IJB the previous year. She enquired if the Committee would find it useful to undertake a refresh session.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed to recommend to the full Board that it approve the revised IJB Local Code of Corporate Governance for health and social care integration as detailed in Appendix 1 of the report and that it be utilised for a future IJB Development session; and

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed to the annual review of the IJB's governance arrangements and reporting of the outcome of that review in an Annual Governance Statement scrutinised by the IJB Audit Committee in advance of IJB approval.

8. Any Other Business

There was none.

9. Date and Time of next meeting

The Chair confirmed that the next meeting of the Scottish Borders Health and Social Care Integration Joint Board Audit Committee would be held on Monday 17 September 2018 at 2.00pm in Committee Room 2, Scottish Borders Council.

The meeting concluded at 2.00pm.

Signature:
Chairman



SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE: Action Tracker

Meeting held 19 March 2018

Agenda Item: Matters Arising – Community Transport

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
1	4.1	Mr David Davidson sought sight of the community transport information referred to in minute 5 on page 3. Mr Robert McCulloch-Graham advised that he would chase up the matter outwith the meeting.	Robert McCulloch-Graham	30.04.18		

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Agenda Item: Internal Audit Annual Plan 2018/19

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
2	6	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE noted the annual plan and agreed to undertake a self evaluation session at the end of the June meeting.	Jill Stacey	29.06.18	Complete: Session arranged for the end of the June Audit Committee meeting.	

Agenda Item 4

Agenda Item: Any Other Business – Meeting Cycle

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
3	8.2	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed to move to a quarterly meeting cycle and undertake an extra meeting in December.	Iris Bishop	30.04.18	Complete: Date of 17 December advised to IJB Audit Committee members.	

KEY:	
	Overdue / timescale TBA
	<2 weeks to timescale
	>2 weeks to timescale
Blue	Complete – Items removed from action tracker once noted as complete at each H&SC Integration Joint Board meeting

Audit Committee

17 September 2018

Scottish Borders Integration Joint Board (IJB), Newtown St Boswells, TD6 0SA

Dear Audit Committee Members,

Scottish Borders IJB Audit of 2017/18 annual accounts

Independent auditor's report

1. Our audit work on the 2017/18 annual accounts is now substantially complete. Subject to the receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 18 September (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our draft annual report on the 2017/18 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.

Representations from Section 95 Officer

6. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.
7. A letter of representation template is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Yours faithfully,

Gillian Woolman MA FCA CPFA

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Scottish Borders Integration Joint Board and the Accounts Commission

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 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Scottish Borders Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the annual accounts, including a summary of significant accounting policies. 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Chief Financial Officer and Integration Joint Board Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Integration Joint Board Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report. In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or

- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN
September 2018

APPENDIX B: Letter of Representation (ISA 580)

Gillian Woolman, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Gillian

Scottish Borders Integration Joint Board Annual Accounts 2017/18

1. This representation letter is provided in connection with your audit of the annual accounts of Scottish Borders Integration Joint Board for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Audit Committee, the following representations given to you in connection with your audit of the IJB's annual accounts for the year ended 31 March 2018.

General

3. The IJB and I have fulfilled our statutory responsibilities for the preparation of the 2017/18 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the IJB have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (2017/18 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the IJB at 31 March 2018 and the transactions for 2017/18.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2017/18 accounting code, where applicable.

Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the IJB's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed the IJB's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on the IJB's ability to continue as a going concern.

Liabilities

10. All liabilities at 31 March 2018 of which I am aware have been recognised in the annual accounts.
11. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2018 of which I am aware where the conditions specified in the 2017/18 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2018. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
12. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

13. I have provided you with all information in relation to
 - my assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

14. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

15. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2017/18 accounting code. I have made available to you the identity of all the IJB's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

16. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

17. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

18. I confirm that the IJB has undertaken a review of the system of internal control during 2017/18 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
19. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2018, which require to be reflected.

Balance Sheet

20. All events subsequent to 31 March 2018 for which the 2017/18 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

David Robertson
Chief Finance Officer

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Scottish Borders Integration Joint Board

2017/18 Annual Audit Report



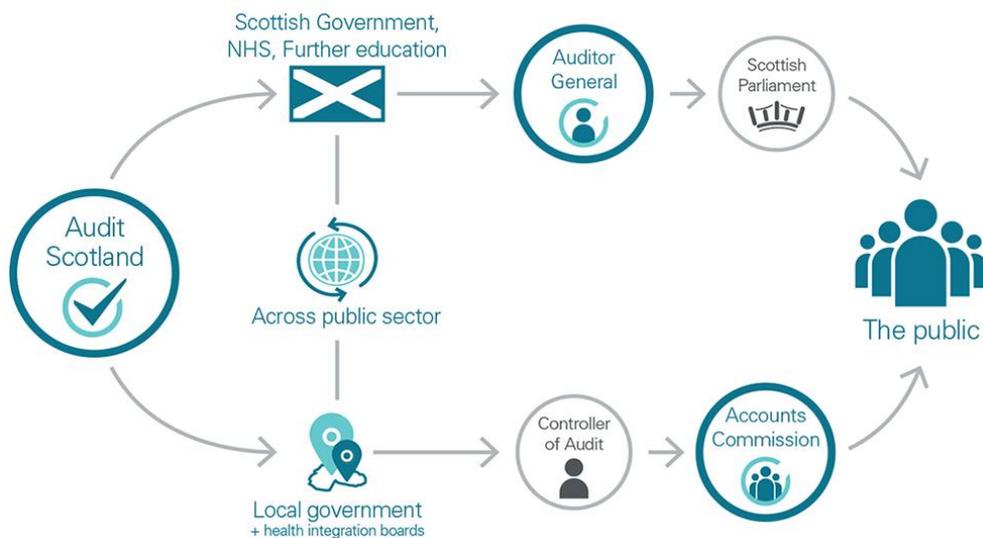
 AUDIT SCOTLAND

Prepared for the Scottish Borders Integration Joint Board and the Controller of Audit
September 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.

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Key messages

2017/18 annual report and accounts

- 1 In our opinion Scottish Borders Integration Joint Board's (IJB) financial statements give a true and fair view and were properly prepared.
- 2 The management commentary, remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

Financial management and sustainability

- 3 The IJB reported a breakeven position for the year. This was achieved with the implementation of a recovery plan during the year and additional funding of £4.52 million from partners.
- 4 The IJB budget for 2018/19 has not been formally approved due to the high level of unidentified savings in the proposed budget, most of which relate to healthcare services.

Governance, transparency and best value

- 5 The IJB has adequate governance arrangements in place to support the scrutiny of decisions by the board. However improvements could be made in some areas, for example by updating the Communications and Stakeholder Engagement Plan and developing a clear policy on consulting partner organisation representatives.
- 6 Arrangements for the monitoring and reporting of risks relating to the IJB are not yet fully embedded.
- 7 The annual performance report covered the required areas under the Act. Performance reporting to the Board should continue to be further developed.

Introduction

1. This report is a summary of our findings arising from the 2017/18 audit of Scottish Borders Integration Joint Board, hereby referred to as 'the IJB'.

2. The scope of our audit was set out in our Annual Audit Plan presented to the 19 March 2018 meeting of the Audit Committee. This report comprises the findings from:

- an audit of the IJB's annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1

Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2017/18 have been:

- an interim audit of the IJB's main financial systems (covered by service auditor assurances provided by the auditors of NHS Borders and Scottish Borders Council) and governance arrangements
- an audit of the IJB's 2017/18 annual accounts including issuing an independent auditor's report setting out our opinions
- consideration of the four audit dimensions.

4. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

5. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), supplementary guidance, and International Standards on Auditing in the UK.
7. As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB's financial management and sustainability arrangements, suitability and effectiveness of corporate governance and transparency arrangements, and arrangements for securing value for money. In doing this, we aim to support improvement and accountability.
8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.
9. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist.
10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.
11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £24,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through the audit

12. Our aim is to add value to the IJB by increasing insight into, and offering foresight on financial sustainability, risk and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.
13. This report is addressed to both the IJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.
14. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

Part 1

Audit of 2017/18 annual accounts



Main judgements

In our opinion Scottish Borders Integration Joint Board's (IJB) financial statements give a true and fair view and were properly prepared.

The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

Audit opinions on the annual accounts

15. The annual accounts for the year ended 31 March 2018 were approved on 17 September 2018. We reported within our independent auditor's report that in our opinion:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

16. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

Submission of annual accounts for audit

17. We received the unaudited financial statements on 26 June 2017, in line with our agreed audit timetable. Financial information was provided to the IJB in a timely manner from the partner authorities in order to allow officers to prepare the accounts by the statutory deadline.

18. The working papers provided with the unaudited financial statements were of a reasonable standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

Risks of material misstatement

19. [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process, wider dimension risks, how we addressed these and our conclusions. These risks had the greatest effect on the overall audit strategy, the allocation of staff resources to the audit and directing the efforts of the audit team.

Materiality

20. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves

considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

21. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. We assess the materiality of uncorrected misstatements, both individually and collectively. The assessment of materiality was recalculated on receipt of the unaudited financial statements and is summarised in [Exhibit 2](#).

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£1.75 million
Performance materiality	£1.23 million
Reporting threshold	£35,000

Source: Audit Scotland

Evaluation of misstatements

22. There were no material adjustments to the unaudited financial statements arising from our audit. There were no individual misstatements which exceeded our reporting threshold.

Significant findings from the audit in accordance with ISA 260

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including qualitative aspects of the board's accounting practices. There are no significant findings arising from the audit of the IJB.

Other Findings

24. Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted for and are reflected in the audited financial statements.

Good practice in financial reporting

25. The annual accounts reflect many of the good practice points as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018).

Follow up of prior year recommendations

26. We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

27. In total, seven agreed actions were raised in 2016/17. All seven actions have either not been actioned or have only partly been actioned. See [Appendix 1](#) for details.

Part 2

Financial management and sustainability



Main judgements

The IJB reported a breakeven position for the year. This was achieved with the implementation of a recovery plan during the year and additional funding of £4.52 million from partners.



The IJB budget for 2018/19 has not been formally approved due to the high level of unidentified savings in the proposed budget, most of which relate to healthcare services.

Financial management

28. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several 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 IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- IJB members provide a good level of challenge and question budget holders on significant variances.

29. Arrangements have been put in place in the absence of a Chief Finance Officer (CFO) for a year. Recruitment proved unsuccessful and the post of CFO has recently been filled on an interim basis by a secondee. The role of CFO in an IJB is unique, in the absence of IJB accounting systems, but is significant for working with partners to drive financial strategies, promote new ways of working and to evaluate the impact of system redesign for the realisation of IJB objectives.

30. A finance officer from the council has ensured that financial monitoring reports are prepared and taken to each meeting of the IJB. From attendance at the Board and Audit Committee meetings we have observed members challenging and questioning officers on the financial position

Systems of internal control

31. The IJB does not have any financial systems of its own. All financial transactions of the IJB are processed through the financial systems of NHS Borders (NHSB) and Scottish Borders Council (SBC). The key financial systems it relies upon include general ledger, trade payables, trade receivables and payroll.

32. As part of our audit approach we sought assurances from the external auditors of NHSB and SBC (in accordance with ISA 402) and confirmed there were no

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

weaknesses in the systems of internal controls for NHS Borders and Scottish Borders Council that impacted on the IJB.

33. At present the transactions of the IJB are not recorded in a financial ledger, but are instead recorded in separate working papers. This was also the case in the prior year. In order to improve record keeping and allow for easier financial reporting, we continue to recommend that the IJB is set up as a separate entity in one of the partner organisation's ledgers.

[Appendix 1, Action Plan point 1](#)

Financial performance in 2017/18

34. The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure for the IJB is incurred by partner bodies (Scottish Borders Council and NHS Borders) and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB.

35. During the year the original budget for 2017/18 was supplemented by additional funding from the partners of the IJB, with NHSB providing an additional £4.23 million and SBC providing £0.29 million, in order to achieve a breakeven position as summarised in [Exhibit 3](#) below. The additional funding was required due to overspends in areas including prescribing costs and older people's care. Spend on the large hospital set aside was higher than originally budgeted mainly due to non-delivery of planned efficiencies. The financial position was reported to the IJB at each of its meetings during the year so that members were kept informed of the actual position and of changes to the budget during the year.

36. 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. Guidance issued by the Scottish Government during the year confirmed that transitional arrangements agreed in 2016/17 could continue to be applied in 2017/18. In common with other IJBs, a notional figure has been agreed and included in the annual accounts.

[Appendix 1, Action Plan point 2](#)

Exhibit 3

Performance against budget

IJB budget objective summary	Original Budget £m	Revised Budget £m	Actual £m
Funding from NHS Borders	102.0	105.2	105.2
NHS Borders large hospital set-aside	19.0	24.4	24.4
Funding from Scottish Borders Council	45.7	46.6	46.6
Additional funding from SBC and NHSB (see paragraph 34 above)	0.0	4.5	4.5
Total funding	166.7	176.2	176.2

Financial planning

37. The IJB allocates the resources it receives from NHSB and SBC in line with the Strategic Plan. The 2018/19 financial plan was presented to the Board in April 2018. The report identifies that the budget allocation to the IJB totals £168.37 million, which is funded by £45.84 million from SBC for social care, £102.39 million from NHS Borders for healthcare and £20.14 million healthcare set-aside.

38. The report includes a requirement to deliver £9.88 million of savings during the year in order to breakeven. This is split £7.44 million from NHSB and £2.44 million from SBC. At the time of the financial plan being presented, plans to achieve £5.24 million of the NHS savings were still unidentified. The budget was not approved at the April Board meeting due to the level of unidentified savings in the plan.

[Appendix 1, Action Plan point 3](#)

39. In August 2018 a paper was scheduled for consideration by the Board on the 2018/19 financial position. Monitoring was based on the proposed budget as the plan for the year had still not been agreed due to the level of unidentified savings. This report highlighted that the anticipated outturn for the 2018/19 financial year was an overspend of £7.06 million more than budget, mostly due to the remaining £4.81 million of unidentified savings. The financial position report was not considered by the Board at the August meeting as the meeting became inquorate before the paper could be discussed.

[Appendix 1, Action Plan points 4 & 5](#)

Reserves strategy

40. The Integration Scheme for the IJB is included within its Code of Corporate Governance. A reserves policy was agreed by the IJB in February 2017. Both these documents set out the arrangements between the partners for addressing and financing any overspends or underspends. Planned underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity or be carried forward to fund capacity in future years of the Strategic Plan. Any unplanned underspend will be returned to NHSB or SBC by the IJB either in the proportion that individual pressures have been funded or based on which service the savings relate. At the year end the IJB did not hold any reserves.

EU withdrawal

41. There remains significant uncertainty about the detailed implications of EU withdrawal (i.e. Brexit). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce - the extent to which changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.
- Funding – the extent to which potential changes to funding flows are likely to affect the finances of the organisation and the activity that such funding supports.
- Regulation – the extent to which potential changes to regulation across a broad range of areas overseen at an EU level are likely to affect the activities of the organisation.

42. The IJB will wish to be well informed in how Scottish Borders Council and NHS Borders are working to monitor and respond to the impact of the EU withdrawal on their services. Due the uncertainties surrounding the terms of the withdrawal, currently there are no fixed plans in place in the IJB at this stage.

Part 3

Governance, transparency and best value



Main judgements



The IJB has adequate governance arrangements in place to support the scrutiny of decisions by the board. However improvements could be made in some areas, for example by updating the Communications and Stakeholder Engagement Plan and developing a clear policy on consulting partner organisation representatives.

Arrangements for the monitoring and reporting of risks relating to the IJB are not yet fully embedded.

The annual performance report covered the required areas under the Act. Performance reporting to the Board should continue to be further developed.

Governance arrangements

43. The IJB was established under The Public Bodies (Joint Working) (Scotland) Act 2014. Its role is to: oversee the development and preparation of the Strategic Plan for services delegated to it; allocate resources in accordance with the Strategic Plan and ensure that the national and local health and wellbeing outcomes are met.

44. The governance structure at the IJB consists of two layers:

- The IJB approves all decisions proposed by the Executive Management Team (EMT). The EMT consists of senior officers from NHSB and SBC, including their Chief Executives. The Board receives regular progress updates from the EMT through the Chief Officer and Chief Financial Officer as well as frequent and regular financial and performance planning and management reports.
- The EMT supports the Chief Officer to commission tests of change and/or service redesign. These are then drawn up into business cases at the operational level of the governance structure and returned to the EMT for review and decision making. The EMT also considers or supports the preparation of all reports to the IJB and advises the Chief Officer on the IJB's governance, planning, monitoring and reporting responsibilities.

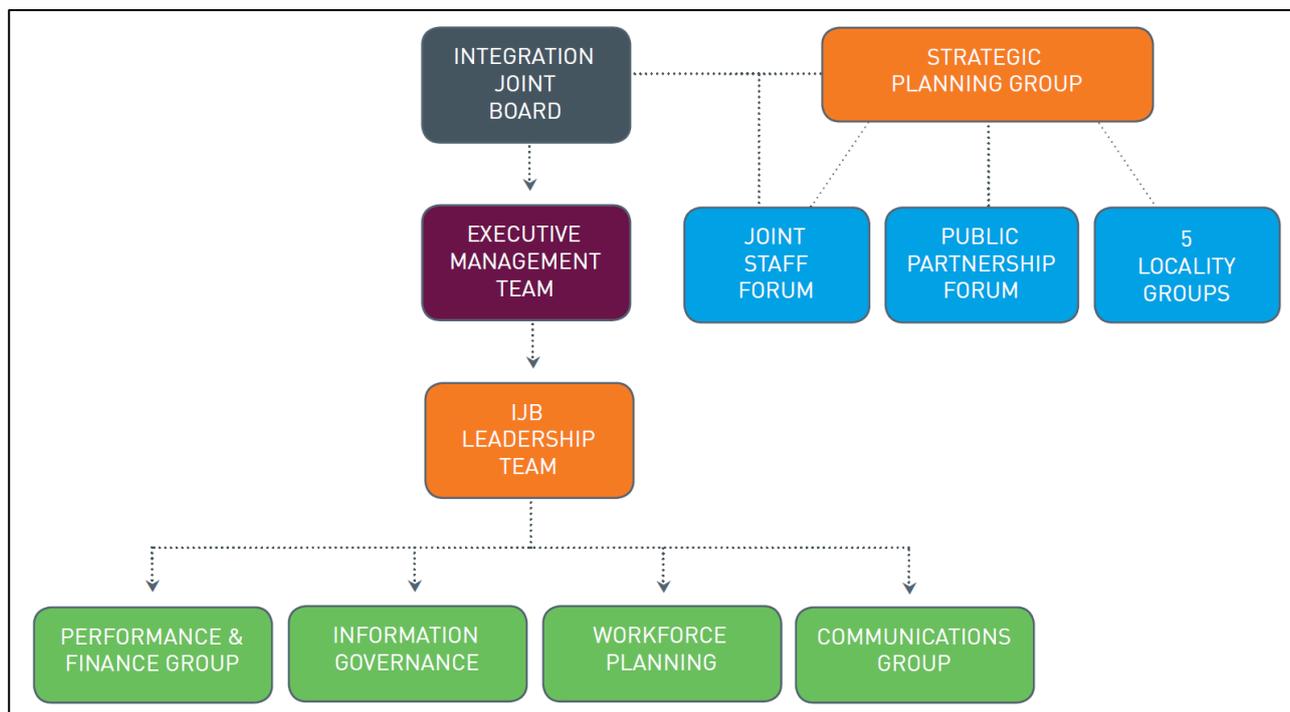
45. The Strategic Planning Group, Public Participation Forum and the Joint Staff Forum offer advice to the IJB whilst the Health and Social Care Joint Management Team provide operational support and delivery and progress reporting.

46. A summary of the structure is provided in [Exhibit 4](#) below.

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.

Exhibit 4

Governance structure for Scottish Borders IJB



Source: *Scottish Borders Health & Social Care Partnership Annual Performance Report 2017/18*

47. As part of their annual assurance report, Internal Audit found that the governance arrangements at the IJB were generally effective but identified some areas of weakness that could be improved. These included updating the Communications and Stakeholder Engagement Plan to provide clear guidance on the types of issues that consultation or engagement with the public and service users will take place in the future and when to conduct it; and developing a clear policy on what, how and when staff and their representatives within the partner organisations are consulted. Internal Audit also recommended considering making the distinction clearer between IJB strategic matters and provider operational issues when setting agendas for the benefit of the IJB Board Members.

Chief Officer and Chief Financial Officer

48. The IJB is required to have a Chief Officer under the Public Bodies (Joint Working) (Scotland) Act 2014. The Chief Officer is accountable directly to the Integration Joint Board for the preparation, implementation and reporting on the Strategic Commissioning Plan, including overseeing the operational delivery of delegated services. A new Chief Officer was appointed in October 2017 following the retirement of the previous Chief Officer in September 2017.

49. The Chief Financial Officer (CFO) is responsible for financial management and strategic planning, keeping adequate proper accounting records, providing financial monitoring reports to the IJB, and taking steps for the prevention and detection of fraud and other irregularities.

50. The CFO post was filled on an interim basis until September 2017 by a Scottish Borders Council officer. Since then, the responsibilities of the role have been covered by the Director of Finance at NHSB and the Chief Finance Officer at SBC. A recruitment campaign to appoint a new CFO was run during the year, however a lack of sufficient interest in the position meant that no appointment was made following the campaign. A new CFO has now been appointed on a 12 month secondment from August 2018.

Transparency

51. Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

52. The IJB's purpose and vision are outlined in its Strategic Plan. The plan outlines a number of national and local policies, strategies going forward and the key priorities going forward. The Strategic Plan sets out the actions that the partnership will take and provides a basis for measuring how well they are doing and how these are linked to the IJB's priorities and the national outcomes. The Strategic Plan has been refreshed during the year and the Strategic Plan for 2018-2021 is due to be published in September 2018.

53. Full details of the meetings held by the IJB and the Audit Committee are available through the SBC website and both meetings are open to the public to attend. This is considered good practice as not all public sector bodies offer this level of transparency, particularly when it comes to the Audit Committee.

Risk management

54. The IJB approved a risk management strategy in March 2016 which sets out: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring arrangements.

55. As reported by Internal Audit and ourselves in 2016/17, although a strategy is in place, risk management is not yet embedded in the culture of the IJB and consideration of risk is rarely documented in Board deliberations. A risk register for the IJB has been developed, but this has not been presented to the Board for consideration. This is an ongoing area of improvement with an associated Internal Audit action agreed by Management.

[Appendix 1, Action Plan point 6](#)

Internal audit

56. Internal audit provides the IJB board and Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

57. The internal audit function is carried out by the Internal Audit service of Scottish Borders Council. We carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

58. To avoid duplication of effort we consider the work of Internal Audit wherever possible. In 2017/18 we used Internal Audit's work, reported in their annual assurance report for 2017/18, as part of our wider dimension work. The report for 2017/18 provided opinions on governance, risk management and performance management arrangements at the IJB, however it did not include an overall opinion on the effectiveness of the IJB's governance framework. We have agreed with the Chief Internal Auditor that the report for 2018/19 will provide greater clarity on the overall opinion.

Standards of conduct and arrangements for the prevention and detection of bribery and corruption

59. The IJB does not have its own fraud or whistleblowing policies. It relies on the policies in place at Scottish Borders Council and NHS Borders. The IJB has responsibility for frauds incurred in relation to delegated services and should receive updates from SBC or NHSB if there are any relevant suspected or actual cases of fraud. The IJB's internal audit function receives assurances from the

internal auditors of SBC and NHSB, and reports to the IJB Audit Committee which would allow any identified issues to be reported. No instances of suspected fraud have been reported to the IJB Audit Committee in 2017/18.

Best Value and performance management

60. Best Value duties apply to accountable officers across the public sector. As part of this year's audit IJB auditors have looked at how the IJB demonstrates that it is meeting its BV duties. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

61. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of the strategic commissioning plan.

62. A draft annual performance report was submitted to the IJB Board meeting in May 2018 and the final report published in July 2018. The report covers the information required by the Act and sets out the IJB's performance against its 12 key priorities for the year. Work highlighted in the report includes a continued focus on reducing unplanned admissions to hospital as well as reducing delayed discharges. This has resulted in the development of a number of discharge to assess initiatives, pathway redesigns and enablement approaches in 2017/18.

63. The IJB board receives performance reports on a quarterly basis. During the year an Integration Performance & Finance Group was formed which monitors and reports on the performance against indicators. The indicators reported to the Board have continued to develop during 2017/18, however the Internal Audit report found that reporting could still be improved by developing monitoring of: progress against national and local objectives; the quality of services it commissions for users; and value for money within commissioned services. This is an ongoing area of improvement with associated Internal Audit actions agreed by Management.

[Appendix 1, Action Plan point 7](#)

Value for money is concerned with using resources effectively and continually improving services.

National performance audit reports

64. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18 we published some reports which are of direct interest to the Board as outlined in [Appendix 3](#). Processes are in place to ensure that all national performance reports and their impact are considered by the Board.

Appendix 1

Action plan 2017/18

2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Financial ledger</p> <p>As we reported last year the financial transactions of the IJB are currently based on transactions within the ledgers of NHSB and SBC, with the year end accounts prepared based on workings recorded in a spreadsheet.</p> <p>There is a risk that without a separate ledger for the IJB financial monitoring and reporting is not being carried out as efficiently as possible.</p>	<p>The IJB should arrange for its financial transactions to be recorded within a financial ledger in order to allow easier financial monitoring and reporting.</p> <p>Paragraph 33</p>	<p>Agreed</p> <p>Responsible Officer Chief Financial Officer Scottish Borders Council</p> <p>Agreed date 31 March 2019</p>
2	<p>Hospital acute services (set aside)</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. In common with other IJBs, a figure has been agreed and included in the annual accounts based on the budget agreed at the start of the year. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue in 2017/18.</p> <p>There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>NHSB and the IJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2018/19.</p> <p>Paragraph 36</p>	<p>Actual spend has been reported throughout 17/18.</p> <p>Director of Finance NHS Borders Chief Financial Officer IJB</p>
3	<p>Financial Planning</p> <p>The 2018/19 budget for the IJB requires the delivery of £9.88 million of savings during the</p>	<p>Plans to meet the required savings should be identified and the budget for the year should be approved by the IJB.</p>	<p>Plans have been presented to the Board relating to the savings required by the Council Social Work budget and elements of the NHS</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>year in order to breakeven. This is split £7.44 million from NHSB and £2.44 million from SBC. The budget was not approved by the IJB as plans to achieve £5.24 million of the NHS savings were still unidentified.</p> <p>There is a risk that the IJB is not able to develop appropriate budgets each year if full savings plans are not in place.</p>	<p>Paragraph 38</p>	<p>budgets. The remaining gap is the subject of ongoing management action and negotiation between NHS Borders and the Scottish Government regarding brokerage. The IJB has asked NHS Borders to advise them how this gap will be bridged and when that is reported will be in a position to approve the budget for 2018/19.</p> <p>Responsible Officer(s) Chief Financial Officer IJB and NHS Director of Finance</p> <p>Agreed date 31 October 2018</p>
4	<p>Financial Position</p> <p>In August 2018 a paper was scheduled for consideration by the Board on the 2018/19 financial position based on the proposed budget. The anticipated outturn for the 2018/19 financial year was an overspend of £7.06 million more than budget, mostly due to £4.81 million of unidentified savings.</p> <p>There is a risk that the IJB is not able to effectively manage its expenditure within budget and additional funding is required from its partner organisations.</p>	<p>The Board should continue to monitor financial performance and ensure savings plans are in place to manage forecast overspends.</p> <p>Paragraph 39</p>	<p>Agreed. Regular monitoring reports will continue to be presented to the IJB. The next Board meeting agenda on the 17 September will contain the latest monitoring update for 2018/19.</p> <p>Responsible officer Chief Financial Officer IJB</p> <p>Agreed date 17 September 2018</p>
5	<p>Governance</p> <p>The Board's August meeting became inquorate part way through the meeting meaning that papers, including financial monitoring and performance reporting, could not be considered by the Board.</p> <p>There is a risk that the Board is not able to provide effective scrutiny without sufficient prioritisation of agenda items in meetings.</p>	<p>The Board should ensure that agenda items are prioritised and that there is sufficient time at meetings to adequately scrutinise papers.</p> <p>Paragraph 39</p>	<p>There was an important issue that absolutely required debate and agreement and was therefore prioritised in the meeting. Any papers that weren't presented were put on the following meeting agenda which was in 4 weeks. The business of the IJB has increased and a decision was made to increase the frequency of the meetings. This issue is not considered a risk.</p> <p>Chief Officer IJB</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
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17 September 2018

6	<p>Risk management</p> <p>As we reported last year, although the IJB has a risk management strategy in place, and a risk register has been prepared, risk management is not fully embedded, and the risk register has not been considered by the Board.</p> <p>This is an ongoing area of improvement with an associated Internal Audit action agreed by Management.</p> <p>There is a risk that the risk management arrangements are not effective.</p>	<p>Risk management arrangements should be embedded at the Board and risk registers should be regularly reported to the Board.</p> <p>Paragraph 55</p>	<p>One ongoing Management Action agreed with Internal Audit which is being progressed.</p> <p>Responsible officer Chief Officer IJB</p> <p>Agreed date December 2018</p>
7	<p>Performance information</p> <p>Information on performance that is reported to the Board has continued to develop during 2017/18. There are still areas that could be improved, including updating the Communications and Stakeholder Engagement Plan and developing a clear policy on what, how and when staff and their representatives within the partner organisations are consulted.</p> <p>This is an ongoing area of improvement with associated Internal Audit actions agreed by Management.</p> <p>There is a risk that the board is not receiving appropriate indicators to allow monitoring of the implementation of the commissioning plan.</p>	<p>Performance indicators used should continue to be improved and aligned to the refreshed Strategic Plan.</p> <p>Paragraph 63</p>	<p>Two ongoing Management Actions agreed with Internal Audit which are being progressed.</p> <p>Responsible officer Chief Officer IJB</p> <p>Agreed date December 2018</p>

Follow up of prior year recommendations

b/f	<p>Hospital acute services (set aside)</p> <p>Arrangements for the sum set aside for hospital acute</p>	<p>NHSB and the IJB should prioritise establishing revised processes for planning and performance management of</p>	<p>Guidance from the Scottish Government during the year confirmed that the set aside figure in the annual accounts</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>services under the control of the IJB are not yet operating as required by legislation and statutory guidance.</p> <p>In common with other IJBs, a figure has been agreed and included in the annual accounts based on the budget agreed at the start of the year. This is a transitional arrangement for 2016/17 agreed by the Scottish Government.</p> <p>There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>delegated hospital functions and associated resources in 2017/18.</p>	<p>could continue to be based on the agreed notional figure.</p> <p>We will continue to monitor the position as part of the 2018/19 audit.</p> <p>See action plan point 2 above</p>
b/f	<p>Financial ledger</p> <p>The financial transactions of the IJB are currently based on transactions within the ledgers of NHSB and SBC, with the year end accounts prepared based on workings recorded in a spreadsheet.</p> <p>There is a risk that without a separate ledger for the IJB financial monitoring and reporting is not being carried out as efficiently as possible.</p>	<p>The IJB should arrange for its financial transactions to be recorded within a financial ledger in order to allow easier financial monitoring and reporting.</p>	<p>See action plan point 1 above</p>
b/f	<p>Savings in future years</p> <p>The financial statement (plan) covering 2017/18 – 2019/20 contains a large level of required savings over the period, with a significant level of these currently unidentified.</p> <p>There is a risk that the IJB is not able to develop appropriate budgets each year if full savings plans are not in place.</p>	<p>The IJB should ensure that plans for the required savings are identified as soon as possible.</p>	<p>See action plan point 3 above</p>
b/f	<p>Financial Performance</p> <p>The latest financial monitoring report from August 2017 highlighted that an anticipated outturn of £9.40 million more than budget was expected, with work on-going to implement a recovery plan.</p>	<p>The Board should continue to monitor financial performance and ensure savings plans are in place to manage forecast overspends.</p>	<p>See action plan point 4 above</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>There is a risk that the IJB is not able to effectively manage its expenditure within budget and additional funding is required from its partner organisations.</p>		
b/f	<p>Chief Officer and Chief Financial Officer</p> <p>The Chief Officer and Chief Financial Officer for the IJB are both leaving their posts in September 2017, with the Chief Financial Officer having been in his post on an interim basis since April 2016.</p> <p>There is a risk that changes in key personnel impacts on the ability of the IJB to deliver its strategic objectives.</p>	<p>A Chief Officer should be appointed on a permanent basis as soon as possible.</p> <p>The interim Chief Financial Officer arrangements should be reviewed during 2017/18 to ensure the arrangement is working effectively.</p>	<p>A new Chief Officer was appointed on a permanent basis from October 2017.</p> <p>A new Chief Financial Officer has been appointed from August 2018 on a 12 month secondment.</p>
b/f	<p>Risk Management</p> <p>Although the IJB has a risk management strategy in place, risk management is not fully embedded and risk registers are not regularly produced or considered by the Board.</p> <p>There is a risk that the arrangements are not effective.</p>	<p>Risk registers should be regularly reported to the Board.</p>	<p>See action plan point 6 above</p>
b/f	<p>Performance monitoring</p> <p>Performance monitoring arrangements at the IJB have been in development during 2016/17 and regular reports have only started to be taken to the Board during 2017/18.</p> <p>There is a risk that the Board is not able to adequately monitor performance.</p>	<p>The performance monitoring arrangements in place should continue to be developed to ensure that information provided to the Board allows for effective scrutiny of performance.</p>	<p>See action plan point 7 above</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the Code of Audit Practice 2016.

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<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>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>	<p>Assurances were provided by the auditors of NHSB and SBC regarding the completeness, accuracy and allocation of income and expenditure.</p> <p>No issues were identified.</p>
<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>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>Guidance from the Scottish Government during the year confirmed that the set aside figure in the annual accounts could continue to be based on the agreed notional figure.</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>Ongoing meetings and discussions with officers</p>	<p>A new CFO was not appointed due to lack of suitable candidates. A CFO has been appointed from August 2018 on a 12 month secondment.</p> <p>See point 5 in Appendix 1.</p>

Audit risk	Assurance procedure	Results and conclusions
<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>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p>		
<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>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>Budget monitoring reports were presented to the IJB during the year. The IJB reported a breakeven position at the year end, however additional contributions totalling £4.52 million were required from partners to achieve this position.</p> <p>See points 2 and 3 in Appendix 1</p>
<p>5 Chief Officer</p> <p>The IJB has had four Chief Officers since its initial formation in February 2016, including one 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>Monitor arrangements during the year through discussion with officers and attendance at meetings.</p>	<p>A permanent Chief Officer has been in post from October 2017.</p> <p>No issues have been identified with the arrangements.</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</p>	<p>Monitor follow up to the agreed action plan.</p>	<p>An action plan was produced and reported to the IJB in June 2018. The plan was agreed with the Care Inspectorate and Healthcare Improvement Scotland. Meetings are regularly held with the Care Inspectorate to confirm progress with the action plan.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>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>The IJB is taking appropriate steps to address the issues identified in the inspection.</p>

Appendix 3

Summary of national performance reports 2017/18

		 2017/18 Reports	
		Apr	
		May	
Common Agricultural Policy Futures programme: further update		Jun	 Scotland's colleges 2017
		Jul	 NHS workforce planning
Self-directed support: 2017 progress report		Aug	
Equal pay in Scottish councils		Sept	
Transport Scotland's ferry services		Oct	 NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		Nov	
		Dec	
		Jan	
Early learning and childcare		Feb	
Managing the implementation of the Scotland Acts		Mar	

Reports relevant to Integration Joint Boards

[Self-directed support: 2017 progress report](#) – August 2017

[NHS in Scotland 2017](#) – October 2017

Scottish Borders Integration Joint Board

2017/18 Annual Audit Report

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**AUDIT COMMITTEE
17 SEPTEMBER 2018**



INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2017/18

Aim

The aim of this report is to present, for approval, the final audited Annual Accounts of the Integration Joint Board (IJB) for the period to the 31 March 2018, complying with its statutory responsibility to produce financial statements in respect of financial year 2017/18.

Background

- 2.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the Integration Joint Board is subject to the audit and accounts provisions of a body under Section 106 of the Local Government (Scotland) Act 1973. This means that the IJB is required to prepare and publish audited annual accounts that meet the reporting requirements specified in relevant legislation and regulation (specifically s.12 of the Local Government in Scotland Act 2003 and regulations under s.105 of the Local Government (Scotland) Act 1973).
- 2.2 The accounts should be proportionate to the limited number of transactions of the IJB. They must also comply however, with the public-sector requirement for transparency and true and fair financial reporting. Whilst they formally represent the operating activities of the partnership in financial terms, NHS Borders and Scottish Borders Council are also required to report additional disclosures within their statutory accounts reflecting the formal relationship with the IJB.
- 2.3 Integration Joint Board accounts require preparation in draft by 30 June each financial year, subject to audit, following which they require approval by the IJB Audit Committee by 30 September. They also require noting by the IJB itself following this approval by the Audit Committee.
- 2.4 IJB's are specified in legislation as 'section 106' bodies under the terms of the Local Government (Scotland) Act 1973 as amended and as such they are expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

2017/18 Annual Accounts

- 3.1 The Scottish Borders Health and Social Care Partnership Integration Joint Board was established on 06 February 2016. Financial year 2016/17, as a result, represented the first full year of operation since the establishment of the IJB. The accounts appended herein for the year ended 31 March 2018 therefore represent the second full year of operation of the IJB.

- 3.2 Draft accounts were presented to the IJB Audit Committee for noting on 25 June 2018 and submitted to Audit Scotland, the partnership's appointed External Auditor, immediately after. Following a process of independent audit involving the supply of supplementary evidence, explanatory information and incorporation of suggested presentational amendments, a final version incorporating the External Auditor's audit opinion has been agreed. This version is included as [Appendix 1](#) to this report.
- 3.3 Under the Code of Practice on Accounting for Local Authorities in the United Kingdom, the IJB accounts must meet a number of specific reporting requirements. These include:
- Management Commentary
 - Remuneration Report
 - Statement of Responsibilities
 - Annual Governance Statement
 - Independent Auditor's Report
 - Statement of Accounts
 - Disclosure Notes to the Accounts
- 3.4 The Partnership's governance arrangements determine who is responsible for signing the financial statements by 30 September each year, following specification in Regulations under s.105 of the Local Government (Scotland) Act 1973. This is provided for within the Annual Accounts and consists of the IJB Chair, Chief Officer and Chief Financial Officer where relevant. The accounts also require signing by the Independent Auditor by the same date.

Independent Auditor's Conclusions and Recommendations

- 4.1 The external Independent Auditor submitted the 2017/18 Draft Annual Audit Report in early September 2018. It remains draft as, whilst the work of the Independent Auditor is substantially complete, it is subject to the outstanding matters being concluded and final review of the resulting revised set of financial statements provided.
- 4.2 This will enable the Independent Auditor to issue an unqualified auditor's report on 17 September 2018 following approval of the accounts by the Audit Committee.
- 4.3 [Appendix 2](#) details the External Auditor's draft Annual Audit Report to the Members of the Scottish Borders Integration Joint Board and the Accounts Commission, together with the Letter of Representation. In addition to the auditor's judgement on the 2017/18 Annual Accounts, it also contains a detailed evaluation of the activities of the IJB against three dimensions of audit that frame the wider scope of public sector audit requirements – Audit of the Accounts, Financial Management and Sustainability and Governance, Transparency and Best Value.
- 4.3 The report also recommends an Action Plan based on the 2017/18 Annual Accounts Audit.
- 4.4 In summary, the Key Messages highlighted within the draft Annual Audit Report are:

1 2017/18 Annual Report and Accounts

Scottish Borders Integration Joint Board's (IJB) financial statements give a true and fair view and were properly prepared in accordance with applicable guidance.

2 Financial management and sustainability

The IJB reported a breakeven position for the year. This was achieved with the implementation of a recovery plan during the year and additional funding of £4.52 million from partners.

The IJB budget for 2018/19 has not been formally approved due to the high level of unidentified savings in the proposed budget, most of which relate to healthcare services.

3 Governance, transparency and best value

The IJB has adequate governance arrangements in place to support the scrutiny of decisions by the board. However improvements could be made in some areas, for example by updating the Communications and Stakeholder Engagement Plan and developing a clear policy on consulting partner organisation representatives.

Arrangements for the monitoring and reporting of risks relating to the IJB are not yet fully embedded.

The annual performance report covered the required areas under the Act. Performance reporting to the Board should continue to be further developed.

- 4.5 An unqualified audit opinion on its statutory financial reports and recognition of the robustness of its governance, financial planning and budgetary control arrangements by the Independent Auditor provides the IJB not only with assurance over the financial aspects of its operations, but is a measure of the progress made during its first two financial years of operation.
- 4.6 A number of key points have been highlighted for further development however. These relate to a range of factors such as the need for further development and approval of a fully identified and deliverable 2018/19 financial plan and the lack of assurance over the recovery in-year of a projected overspend position this financial year.
- 4.7 These form the key recommendations within the Action Plan set out by the Independent Auditor and will be progressed to completion during 2018/19.

Recommendation

The Integration Joint Board Audit Committee is asked to **approve** the report and **approve** the 2017/18 Annual Accounts.

The Integration Joint Board Audit Committee is asked to **note** the conclusions and recommendations made within the draft Annual Audit Report for the year-ended 31 March 2018.

Policy/Strategy Implications	The requirement for the Integration Joint Board to produce Annual Accounts for 2017/18 is contained within Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 1985.
Consultation	Following preparation of the Annual Accounts for 2017/18, consultation has taken place between the partnership's Chief Officer, NHS Borders' Director of Finance, Scottish Borders Council's Chief Financial Officer and the Chief Internal Auditor of the Integration Joint Board. The SBC Chief Financial Officer and his staff have worked closely with the Independent Auditor during the external audit of the accounts process.
Risk Assessment	There are no risks directly arising from this report. The accounts are now audited and the Independent Auditor has expressed an opinion that they represent a true and fair view of the IJB's financial affairs during 2017/18 and at the 31 March 2018. The Independent Auditor has made a number of recommendations within the Management Letter and Audit Report that require consideration and addressing by the IJB and its officers.
Compliance with requirements on Equality and Diversity	There is no impact on the partnership's equality and diversity requirements arising from this report.
Resource/Staffing Implications	The accounts and their underlying supporting records contain all financial information for the partnership's activities to 31st March 2018.

Approved by

Name	Designation
David Robertson	Chief Financial Officer, Scottish Borders Council



Scottish Borders
Health and Social Care
PARTNERSHIP

Scottish Borders Integration Joint Board

ANNUAL ACCOUNTS 2017/18

**For the Financial Year
01 April 2017 to 31 March 2018**

(Audited)

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Management Commentary

Purpose

Welcome to the Annual Accounts for the Scottish Borders Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2018. The purpose of the Management Commentary is to inform all users of the 2017/18 Statement of Accounts and help them assess how the Integration Joint Board (IJB) has performed in fulfilling its duties over the course of the financial year.

The Scottish Borders

The Scottish Borders area is 473,614 hectares (1,827 square miles) and is located in the South East of Scotland. It has Edinburgh and the Lothians to the North, Northumberland to the South and Dumfries and Galloway to the West.

The Scottish Borders is a rural area with a population of 114,530 people, 30% of whom live in population settlements below 500 people or in isolated hamlets. The largest town is Hawick with an estimated population of 14,003, followed by Galashiels with 12,670. The only other towns with a population of over 5,000 people are Peebles, Kelso and Selkirk. The Scottish Borders is the fourth most sparsely-populated mainland local authority area in Scotland after Highland, Argyll and Bute and Dumfries and Galloway.

The population of the Scottish Borders accounts for 2.1% of the total population of Scotland. Since 1988, the Scottish Borders' total population has risen overall. Scotland's population has also risen during this period. In the Scottish Borders, 13.5% of the population are aged 16 to 29 years. This is lower than the rest of Scotland, where 18.3% are aged 16 to 29 years. Persons aged 60 and over make up 30.2% of the Scottish Borders, much higher than the Scottish average, where 24.0% are aged 60 and over.

The overall population of Scotland is expected to increase by 8% over the next 20 years but the overall population of the Scottish Borders is not expected to change significantly during the same period. The constitution of the population by banded age group however is expected to change significantly, with a reduction in the proportion of children and working-age people and an increase in the proportion of older people. Such changes are expected to be more marked in the Scottish Borders than in Scotland as a whole. In particular, the number of the 75+ age group in the Scottish Borders is projected to increase by almost 100%, which is much higher than the projected Scottish increase.

These demographic factors result in unique and challenging influence over the models of providing, levels and costs of health and social care in the Scottish Borders, both currently and in the future.

Role and Remit of the Integration Joint Board

The Scottish Borders Integration Joint Board (IJB) is a legal entity in its own right which was created following the implementation of the Joint Working Public Bodies (Scotland) Act 2014. On 6th February 2016, Ministerial approval was given to establish the Integration Joint Board

between NHS Borders and Scottish Borders Council in order to integrate the planning and commissioning of health and social care services in the Scottish Borders.

The operation of the IJB is governed by its Scheme of Integration which sets out the body corporate model of integration within the Scottish Borders and details the functions delegated. These delegated functions include:

Healthcare Functions	Social Care Functions
Accident & Emergency Inpatient hospital services relating to a number of branches of medicine Other hospital services such as palliative care, addiction and mental health District Nursing Dental and Ophthalmic services Pharmaceutical services General Medical Services contracts Out of Hours primary medical services Allied Health Professional Services Community Learning Disability services Public Health Outwith hospital services relating to addiction, geriatric medicine, palliative care, mental health, kidney diaysis and continence	Adults and Older People social care Services and support for adults with physical or learning disabilities Mental Health services Drug and Alcohol services Support to Carers Community Care Assessment Support services including Housing Support Residential Care Occupational Therapy, Reablement, Equipment and Assistive Technology Day Services Respite Health Improvement

The IJB has a responsibility for the strategic planning of hospital services most commonly associated with the emergency care pathway. As such, the IJB has oversight of the resources supporting those associated hospital functions retained by NHS Borders and set-aside for the population of the Scottish Borders: the “Set-Aside Budget”.

Operations of the IJB

Performance against Key Priorities 2017/18

By working with individuals and local communities, the Partnership aims to assist people to achieve the 9 national health and wellbeing outcomes. These represent what partnerships across Scotland are attempting to achieve through the integration of health and social care, in particular, improving the quality provided. To enable their delivery, the partnership here in the Scottish Borders has agreed 9 local strategic objectives. .

The Partnership has continued to focus on reducing the number of delayed discharges and reducing the number of inappropriate admissions to hospital. A key focus of this work has been mapping care pathways from hospital to community to identify any potential blocks in the system and seek solutions. This will continue to be a priority over the coming year as further redesign is undertaken to streamline the pathway, provide a wider range of out of hospital intermediate care and enablement approaches and also make best use of resources. A number of specific priorities for the Partnership were identified for 2017/18. The Integrated Care Fund (ICF) has been used to assist, support and develop the integration of Health and Social care services and below is a summary of progress on 12 [Key Priority Actions](#):

[To develop integrated and accessible transport –](#)

- The Community Transport Hub (CTH) run in partnership by Scottish Borders Council, NHS Borders, The Bridge, The Red Cross, Berwickshire Association of Voluntary Services and the Royal Voluntary Service (RVS) is coming to the end

of its third year of operation. In 2017/18 alone the hub facilitated 22,506 journeys and 92% of services users said the booking system was easy to use.

To integrate services at a local level –

- Locality working groups have been established and Locality Plans developed in each of the 5 localities in the Scottish Borders. This will support the redesign of health and social care services at a local level

To roll out care co-ordination to provide a single point of access to services –

- Community Led Support 'What Matters' Hubs are now operational in all 5 localities, providing local communities with more accessible health and social care services. Additional outreach hubs are also run in rural communities when required. There have been over 300 attendances at the hubs since June 2017 and 95% of attendees said that the hubs were easy to access

To improve communication and accessible information across groups with differing needs –

- Local Area Co-ordinators for Mental Health, Learning Disability and Older People have enabled more people to access local community activities and to provide good local information. In 2017/18 Local Area Coordinators were identified as a contact point for young people with learning disabilities during transition between children and adult services

Work with communities to develop local solutions –

- The Community Capacity Building team continues to work with communities to develop local solutions. This year the team was expanded to cover more local communities and to support the redesign of day services. 10% of participants in Community Capacity Building activities go on to volunteer within their community, further strengthening the local solutions available

Provide additional training and support for staff and for people living with dementia –

- The Stress and Distress training project provides training to those working with people with dementia. It uses an evidence based approach to improve the experience, care and outcomes for people with dementia. To date, 433 bite size training sessions and 217 2 day training sessions have been delivered

Further develop our understanding of housing needs for people across the Borders –

- The Integrated Strategic Plan for Older People's Housing, Care and Support Needs has been finalised and will be launched in June 2018 at the "Time to Re-think Housing for Older People Event". Analysis undertaken in the development of the strategic plan pointed to both improvements and efficiencies arising from service reform proposals. These include:
- Better outcomes through the discharge to assess model, as well as a reduction in delayed discharge and reduced likelihood of returns to hospital in the short term

- Increased ability to remain in an independent living environment for longer as a result of the Care & Repair services and associated adaptations
- Improved outcomes and reduced costs associated with the introduction of assistive technologies (such as telecare)
- Reduced costs and an increase in resilience associated with a change in the service commissioning balance
- Enhanced logistics and better resource scheduling through the adoption of a locality-based hub and spoke mode
- Potential to layer these benefits through a coherent approach to service reform implementation.
- Work has been commissioned to carry out an assessment on the housing needs and aspirations of young people through 2018. This includes robust local assessment on housing support and housing for young people with particular health needs.

To promote healthy and active living –

- The Borders Community Capacity Building Team has developed a range of over 40 activities across the Scottish Borders including gentle exercise, walking football, lunch clubs and Men's sheds. 86% of older people reported improvements to core strength and balance as a result of attending exercise activities, reducing their risk of falls and admission to hospital.
- The Healthier Me network of learning disability service providers continues to work with service users on healthy eating and active living.

To improve the transition process for young people with disabilities moving into adult services –

- A transitions pathway has been developed as well as an information pack for young people with a learning disability, to allow a smooth transition process into adult services. A key contact person has also been established

To improve the quality of life of people with long term conditions by supporting self-management and promoting healthy living –

- The learning from the Long Term Conditions Self-Management project has been used to inform further work to support those with long term conditions and improve pathways to access prevention and lifestyle assistance through the more effective integration of service delivery.
- A Diabetes Prevention Partnership has been developed to look at prevention, raising awareness, community support and more intensive intervention.

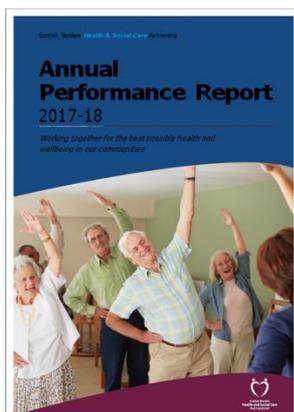
To improve support for Carers within our communities-

- The Partnership continues to support the Borders Carers Centre, which offers practical and emotional support and advice to Carers, as well as undertaking Carer's support plans on behalf of the Partnership. In 2017/18, 453 new Carers have been referred to the Carers Centre service and 488 Carer Support Plans developed.
- The Transitions and Autism pathways have also focused on Carers/parents as a key partner in this work

Promote support for independence and re-ablement so that all adults can live as independently as possible-

- The Transitional Care Facility based within Waverley Care Home is a 16 bed unit which allows older people to regain their confidence and independence so that they can return to their own homes following a stay in hospital. 81% of individuals discharged from Transitional Care return to their own homes and the hospital readmission rate for these individuals is 6% which is low given that the average age of service users is 83 years old.
- A number of 'discharge to assess' projects have been piloted to allow adults to return home sooner and remain as independent as possible. These include:
 - Craw Wood Discharge to Assess – a 15 bed unit where adults can have their rehabilitation needs assessed.
 - Hospital to Home – Teams of Healthcare Support Workers facilitate discharge home from hospital and prevention of admission to hospital with a re-ablement focus. A pilot is currently running in Berwickshire, with further pilots due to commence in Teviot & Liddesdale and Eildon.
- The Borders Ability Equipment Store provides community loan equipment to people across the Borders. The facility moved to a new building in summer 2017 which allows increased capacity for stock to support hospital discharges and prevent admissions. Additionally, the new facility supports improved infection control procedures and is able to better respond to increased demands in service

The partnership published its Annual Performance Report (APR) for 2017/18 in July 2018.



The APR presents the financial performance of the Partnership and its performance against the National “Core Suite” of Integration Indicators identified by the Scottish Government and the delivery of the Local Objectives identified in its Strategic Plan.

The partnership’s priorities for 2018/19 are also set out in the report and we will continue to work hard to deliver responsive health and social care services which are focused on the needs of the people who use them and their local communities.

A key focus for the Partnership going forward will be delivering our joint programme of transformation to ensure that we can successfully address the challenges and achieve the Partnership’s objectives to ensure the best possible health and wellbeing for our communities.

A full copy of the Annual Performance Report can be requested by contacting the IJB Chief Officer, Scottish Borders Council HQ, Newtown St Boswells, Melrose. TD6 0SA or on 01835 824000

https://www.scotborders.gov.uk/downloads/file/4888/annual_performance_report_201718

Key Partnership Decisions 2017/18

For the period 2017/18 the Integration Joint Board has met regularly both as a formal meeting to transact business and also through Development sessions to raise its understanding of the more complex issues it will deal with as the partnership continues to evolve.

During this period the Integration Joint Board has focused on governance and operating arrangements as well as performance and resource planning.

Examples of key governance decisions it has made during the financial year include:-

- Welcoming new voting members to the Board;
- Appointment of its Chief Officer, Mr Robert McCulloch-Graham;
- Review and approval of its Terms of Reference;
- Approval of the Mental Health Service Strategy;
- Approval of the Learning Disability Strategic Commissioning Plan;
- Issuing Directions for a Discharge to Assess Policy;
- Agreement to pilot a Hospital to Home initiative;
- Approval of its Climate Change Report;
- Approval of its Integrated Complaints Handling Procedures;
- Approval of its Model Publication Scheme;
- Instigating a refresh of its Strategic Plan through the Strategic Planning Group.

Examples of key performance and resources decisions it has made during the financial year include:-

- Approval of its Commissioning and Implementation Plan for 2017/19;
- Review of the Integrated Care Fund Schemes and Direction of funding.
- Directed the use of Social Care Funding;
- Considered and deferred acceptance of its 2018/19 financial plan;
- Directed resources to assist with Joint Winter Planning performance;
- Review of progress with the development of the Transformation and Efficiencies programme.

Locality Planning

Locality planning is a key tool in the delivery of the changes required to meet the increasing service demands within the Borders and supports the requirements of the Community Empowerment (Scotland) Act 2015. Local working groups across the five localities in the Scottish Borders have been established. These working groups are made up of local representatives and they have made a significant contribution to the development of five Locality Plans. The plans focus on local needs and key priorities for improvement from the perspective of local people who use and deliver health and social care services.

Governance

During 2017/18 the governance structure for the Partnership was revised in order to streamline the process and clarify the decision making roles within the structure. The revised governance structure consists of two layers:

- **The Integration Joint Board (IJB)** as the governing body, approves all decisions of the Health and Social Care Partnership, excluding those delegated to the Executive Management Team (EMT). It receives regular progress updates from the EMT through the Chief Officer and Chief Financial Officer as well as frequent and regular financial and performance planning and management reports.
- **The Executive Management Team (EMT)** supports the **Chief Officer** to commission tests of change and/or service redesign. These are then drawn up into business cases by the operational level of the governance structure and returned to the EMT for review and decision making. The EMT also considers or supports the preparation of all reports to the IJB and advises the Chief Officer on the Partnership's governance, planning, monitoring and reporting responsibilities.

The Strategic Planning Group, Public Participation Forum and the Joint staff Forum offer advice to the Integration Joint Board whilst the Health and Social Care Joint Management Team provide operational support and delivery and progress reporting.

During 2017/18, the Partnership worked to fulfil its commitment to ongoing and continuous improvement. A range of activities continue to be developed in order that the Integration Joint Board identifies and understands its key strengths and areas for improvement across all aspects of its governance, operations and performance. In relation to governance specifically, the Integration Joint Board continued its Audit Committee meetings during the year delivering the 2017/18 Internal Audit Plan.

At the start, middle and end of the financial year, the IJB and its partners undertook a full review and evaluation of its degree of compliance with legislation and recommended best practice in relation to the Partnership's financial governance, planning, management and reporting arrangements. A number of positive outcomes have been reported following these processes and clear forward planning is in place to continue to provide full assurance to the Partnership going forward.

A quarterly performance reporting scorecard has been developed for the IJB, in line with the themes defined by the Ministerial Strategy Group. In addition to these themes, the scorecard allows for the reporting on more localised measures which have a primary, community or social care focus.

The final report was received of a joint inspection of the Health and Social Care Partnership's older people's services undertaken by the Care Inspectorate and Healthcare Improvement Scotland in early 2017. This has provided assurance and a clear strategy for further improvement across the partnership.

Financial Position at 31 March 2018

Delegated Budget

Overall, following additional funding delegated to the partnership during the financial year, a breakeven outturn position against the partnership's Delegated Budget at 31 March 2018 is reported. This reported position across delegated functions is summarised below:

<i>Delegated Functions Total</i>	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Joint Learning Disability Service	19,204	20,250	20,025	225
Joint Mental Health Service	15,847	15,687	15,597	90
Joint Alcohol and Drug Service	1,006	770	767	3
Older People Service	20,265	18,685	19,298	(613)
Physical Disability Service	3,432	3,570	3,535	35
Generic Services	77,222	85,132	89,396	(4,264)
Contribution - NHSB/SBC Delegated	0	4,524	0	4,524
	136,976	148,618	148,618	0

During 2017/18 significant financial pressures were experienced by the partnership and required mitigation and remedial action. These included:

- meeting the increased costs of service provision in areas such as care at home as a result of both increased market costs and the implementation of the Scottish Living Wage for all adult carers
- funding significant price increases of a number of prescribed drugs
- increased demand for services above levels budgeted across functions such as residential care and unplanned admissions to hospital requiring increased bed capacity and staffing
- slippage in the delivery of planned efficiencies
- other staffing pressures

In order to meet these pressures, a recovery plan was implemented during the year in order to deliver mitigating savings. Actions included in the plan were:

- direction of additional funding by the IJB from NHS Borders, Scottish Borders Council, The Social Care Fund and the Integrated Care Fund.
- capital slippage
- planned slippage of health local delivery plan investments
- additional control measures

It is primarily by the delivery of an NHS-Borders-wide recovery plan that the reported break-even position above has been achieved. It is also through the wider recovery plan that sufficient financial capacity has been created across wider non-delegated functions in 2017/18 that enabled an additional contribution of £4.524m to be delegated to the IJB in order to meet the projected outturn variance at 31 March 2018 (£4.230m from NHS Borders, £0.294k from Scottish Borders Council).

The direct impact in 2017/18 of this in-year recovery plan on the partnership's Strategic Plan has been assessed as low to medium. The main positive factors which determine this are:

- securing Scottish Government endorsement and financial support to ensure that adverse impact is minimised

- improved efficiency and control measures which form part of the recovery plan
- utilisation of contingency
- one-off nature of a significant proportion of the plan

Conversely however, the wider medium-term impact is, without further action, likely to be higher as a result of:

- the opportunity cost of directing social care funding and integrated care fund, both on a non-recurring basis, to meet pressures across surge and community hospital beds and prescribing
- the non-recurring nature of much of the recovery plan actions requiring permanent addressing going forward
- the requirement to still deliver previously planned efficiency savings in future financial years
- the continued pressures across key functions threatening overall affordability which have yet to be addressed

Beyond the challenges arising from a lack of overall affordability of delegated functions, there are a number of other risks to which the partnership is currently exposed which require management and mitigation:

- the 2018/19 Financial Plan remains draft and does not currently address all historic and existing pressures
- levels of planned efficiency and other savings is significant and delivery in full will be at best, challenging
- the partnership's Strategic Plan is a medium-term document spanning 3 financial years of which 2018/19 forms year 3 of the original plan. Both NHS Borders and Scottish Borders Council will receive only a 1-year financial settlement - future delegated and notional budgets are only indicative and will be subject to change;
- the full impact of in-year savings in 2017/18 together with the significant level of efficiencies and savings required in 2018/19 and 2019/20 on the ability of the partnership to deliver the plan has yet to be undertaken
- further cost pressures may emerge during 2018/19 that are not yet projected or provided for within either partner's 2018/19 financial plan, nor the resources delegated to the IJB
- prescribing: this is a high risk area due to the level of spend and volatility of supply and price
- ongoing provision of service at Winter Plan levels, other than Prescribing, was the largest area of pressure in 2017/18 and may continue to occur in 2018/19
- further 2018/19 legislative and regulatory requirements including the implementation of the Living Wage of £8.75 in 2018/19 and the financial consequences of the implementation of Carers' legislation
- the risk of loss of service provision as a result of market failure would result in additional costs as alternative supply is transitioned
- the requirement to realign resources in line with priorities / demand and shift resource across the health and social care pathway across functions will be required
- partners' financial plans assume that in the main, the partnership will mitigate against the impact of increased future demographic pressure across delegated services. This has not yet been addressed

The impact on performance as a result of the considerable savings targets required in 2018/19 requires identification and evaluation. The partnership's Strategic Plan was approved prior to the IJB being established and an updated strategic plan will be finalised in

the first half of 2018/19. The prevalent financial position will provide key context to this review.

Large Hospital Budget Retained and Set-Aside

Legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care.

In relation to the Large Hospital Budget Retained by NHS Borders and Set-Aside, an overspend position has been reported at 31 March 2018, summarised as:

<i>Set Aside Healthcare Functions</i>	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Accident & Emergency	1,997	2,004	2,605	(601)
Medicine & Long-Term Conditions	11,633	12,905	14,597	(1,692)
Medicine of the Elderly	6,020	6,434	7,216	(782)
Planned Savings & Actions	(672)	(717)	0	(717)
Contribution from NHS Borders Year End Plan	0	3,792	0	3,792
	18,978	24,418	24,418	0

£1.0m of social care funding was directed on a non-recurring basis by the partnership in order to supplement the set-aside budget of the IJB of £18.978m (see below).

Other Resources

Social Care Funding

The direction in full by the IJB of its £7.547m Scottish Government allocation of Social Care funding across both its delegated and set-Aside function budgets is included within the reported position above. In summary however, resources were directed during 2017/18, as follows:

<i>Social Care Funding</i>	Directed Funding 2017/18 £'000
Delegated Functions: Social Care	6,497
Delegated Functions: Healthcare	50
Set-Aside Functions: Healthcare	1,000
	7,547

In relation to social care, the funding allocation of £6.497m was directed in order to meet the costs of implementation of an increased Scottish Living Wage from 01 October 2017, increased market provider costs and increased demand for social care services, in particular care at home and equipment.

In relation to delegated healthcare functions, a non-recurring contribution of £50k to fund a community health worker was directed during 2017/18.

Direction of £1.0m funding was also made by the IJB on a non-recurring basis to non-delegated functions to part-meet the costs of unbudgeted pressure arising as a result of the level of surge beds remaining open during the non-winter period of 2017/18.

Integrated Care Fund

In addition to the delegated and set-aside budgets outlined above, the IJB also has assumed responsibility for the direction of the Scottish Borders' Integrated Care Fund (ICF) Allocation. 2017/18 represented year 3 of a 3-year funded programme. The Scottish Borders' allocation of this funding is £2.13m per annum, a total of £6.39m over the life of the current programme.

A summary of the 2017/18 ICF allocations and expenditure is detailed below, in the context of previous spend and annual / total allocations:

Actual Outturn 2016/17 £'000	Actual Outturn 2017/18 £'000	3 Year Outturn to 31/3/2018 £'000	3 Year Allocation to 31/3/2018 £'000	Slippage at 31/3/2018 £'000
621 NHS Borders - Led	317	959	1,504	545
703 SBC - Led	1,764	2,671	4,350	1,679
0 Uncommitted Resources	0	0	536	536
1,324	2,081	3,630	6,390	2,760

Spend from the Integrated Care Fund in 2017/18 was £2.081m against an in-year allocation of £2.130m. There remains uncommitted Integrated Care Fund funding of £536k at 31/3/2018 and slippage of committed budget of £2.223m.

The Integrated Care Funding was ring-fenced for the period 2015/16 to 2017/18. NHS Borders has confirmed however that £2.13m of ring-fenced resources will be delegated to the IJB in 2018/19 non-recurrently with conditions attached. Commitments have been agreed for this £2.13m to fund the Crawwood discharge to assess facility and the Hospital to Home and Transitional Care Facility based at Waverly Care Home projects to 31st March 2019.

Integrated Care Fund	IJB Directed to Date £'000
NHS Borders-Led	1,504
Scottish Borders Council-Led	4,350
Uncommitted Resources	536
	6,390

Former Older People's Change Fund

Prior to the establishment of the Health and Social Care Partnership, NHS Borders, Scottish Borders Council and their third and fourth sector partners worked together to deliver the Reshaping Care Programme, funded by the Scottish Government Change Fund allocation over 4 years to March 2015. This programme is now complete, but a residual uncommitted balance on the funding allocation of £535k remains for carry forward to 2018/19.

Strategic Plan

The Partnership has published a Strategic Plan for 2016 – 2019 which sets out what we want to achieve to improve health and well-being in the Borders through integrating health and social care services. Following a review in the first half of 2018 key changes are being made to the Health & Social Care Strategic Plan and a refreshed version of the plan will be launched in August 2018 as part of the #yourpart campaign.

The Strategic Plan sets out a high level summary of some of what all partners are doing in order to deliver more personalised care and make best use of advancing technology to achieve “Best Health, Best Care, Best Value”. This high-level Plan is supported by the implementation of strategies related to specific themes (such as Dementia, Mental Health) and Locality Plans that reflect differing patterns of need across the Borders.

The partnership’s Strategic Plan also describes some of the actions it is taking to start to make the shift towards more community-based health and social care services, the outcomes sought to achieve these and the steps being taken to deliver our local objectives. In addition, the performance measures used to assess the progress we are making are outlined.

In the refreshed strategic plan the number of objectives has been reduced from nine to three with a focus on keeping people healthy and well, improving service flow and managing health conditions.

The refreshed strategic objectives are:-

- We will improve the health of the population and reduce the number of hospital admissions;
- We will improve the flow of patients into, through and out of hospital;
- We will improve the capacity within the community for people who have been in receipt of health and social care services to better manage their own conditions and support those who care for them.

A number of key principles are outlined within the Strategic Plan which underpin all three high level objectives:

- Prevention and early intervention;
- Accessible services;
- Care close to home;
- Delivery of services within an integrated care model;
- Greater choice and control;
- Optimise efficiency and effectiveness;
- Reduce health inequalities.

Risk, Uncertainty and Change

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Work continues currently to develop both Strategic and Operational Risk Registers for the Partnership. Specific prevalent risks are outlined on Page 11. Within the Partnership’s Risk Register, these are categorised across the following strategic themes:

- Real-term funding reductions
- Insufficient transformation funding
- Slippage in the ambitious programme to transform to new models of care
- Further political policy initiatives and funding conditions
- The delivery of challenging efficiency and savings programmes
- Future demographic (demand) pressures
- Increasing market / provider costs of health and social care services
- Market / provider failure
- Price volatility, in particular increased Drugs costs
- Failure of financial planning, management and governance
- Other emerging pressures

In 2017/18, the IJB chair was Dr Stephen Mather, who is an NHS Borders Non-Executive Director. The previous Chair, Councillor Catriona Bhatia, has now retired from her role as a local authority member. Councillor David Parker has been appointed as vice-chair replacing Mrs Pat Alexander who has retired from her role as an NHS Borders Non-Executive Director. Following the Scottish Local Government Election 2017, 5 new local authority members were nominated to the IJB by Scottish Borders Council and additionally, 1 new NHS Borders Non-Executive Director was appointed the IJB to replace Mrs Alexander.

Annual Accounts

The Integration Joint Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires preparation in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

David Robertson CPFA
Chief Financial
Officer

On behalf of the Integration Joint Board Members and Officers of Scottish Borders Health and Social Care Partnership Integration Joint Board

17 September 2018

Remuneration Report

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of specific IJB members and senior employees in respect of earnings and pension benefits.

Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employee. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

The information contained in the report is subject to external audit. The explanatory text within the report is reviewed by external auditors to ensure that it is consistent with the financial statements.

Remuneration of Integration Joint Board Members

The voting members of the IJB are appointed through nomination by NHS Borders and Scottish Borders Council. Nomination of the IJB Chair and Vice-Chair posts alternates between an elected member (2016/17 chair) and a Health Board representative (2017/18 chair). IJB Board members at 31st March 2018 are:-

- Dr S Mather (Chair)
- Councillor D Parker (Vice Chair)
- Mr M Dickson
- Mrs K Hamilton
- Mr J Raine
- Mt T Taylor
- Councillor J Greenwell
- Councillor S Haslam
- Councillor T Weatherspoon
- Councillor Helen Laing

Additional remuneration paid to IJB members including the Chair, Vice Chair and other board members relating to their role on the IJB are detailed below. All IJB Board members are supplied to the IJB at zero cost to the Board by their respective organisations.

Taxable Expenses 2016/17 £	Name	Post(s) Held	Nominated By	Taxable Expenses 2017/18 £
1,244	Dr Stephen Mather	Chair	NHS Borders	2,601
Nil	Mr David Parker	Vice-Chair	Scottish Borders	Nil
1,489	Mrs Karen Hamilton	Member	NHS Borders	1,020
1,945	Mr David Davidson	Member	NHS Borders	1,351
0	Mr Tristram Taylor	Member	NHS Borders	393
780	Mre Doreen Steele	Member	NHS Borders	0
5,458	Total			5,365

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair and Vice-Chair of the IJB as they are defined above.

Remuneration of Senior Employees

The term 'Senior Employee' means:

1. Any employee who has responsibility for the management of the Integration Joint Board to the extent that the person has the power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
2. Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The IJB does not employ any staff in its own right. Specific post-holding officers are non-voting members of the board however.

Chief Officer: Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Other Officers: No other staff have been appointed by the IJB under a similar legal regime. The Chief Finance Officer and Secretary to the Integration Joint Board posts' duties are covered by each post holder's substantive posts in Scottish Borders Council and NHS Borders respectively. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Officer therefore has responsibility for the management of the IJB, supported by the Chief Financial Officer from a financial context. Regardless of how these posts are supplied to the partnership or funded, both are therefore deemed to be Senior Employees in line with criterion 1 above.

Two officers held the post of Chief Officer during 2017/18. The duration of their undertaking is summarised below:

Total 2016/17 £	Name	Employing Organisation	Salary £	Fees and Allowances £
26,899 (FYE £80,697)	Mrs Elaine Torrance (01 March 2017 to 17 September 2017)	Scottish Borders Council	45,781 (FYE £99,883)	580
-	Mr Rob McCulloch-Graham (09 October 2017 to 31 March 2017)	Scottish Borders Council	49,920 (FYE £105,322)	
26,899	Total		95,701	580

For the period from 17th September 2017 to the 9th October 2017 Sandra Pratt assumed the role but not the responsibilities of Chief Officer and no remuneration was paid.

The Chief Financial Officer role was undertaken from 1/4/2017 to 30/9/2017 by Mr Paul McMenamain:

Total 2016/17 £	Name	Employing Organisation	Salary £	Fees and Allowances £
50,033	Mr Paul McMenamain (01 April 2017 to 30 September 2017)	Scottish Borders Council	25,263 (FYE £50,526)	Nil
The post of Chief Financial Officer has been vacant since 01 October and the Chief Financial Officer role has been covered by the Director of Finance of NHS Borders and the Chief Financial Officer of Scottish Borders Council.				
50,033	Total		25,263	Nil

During the period, no payments were made in respect of bonuses, taxable expenses, compensation for loss of office or any non-cash benefits. No exit packages were agreed by the Board during this period.

Elaine Torrance, employed as Chief Officer from 01 April 2017 to 17 September 2017 held an employment contract with Scottish Borders Council on Scottish Borders Council pay terms and conditions of employment and is a member of the Scottish Borders Council Local Government Pension Scheme (LGPS). Rob McCulloch-Graham, employed as Chief Officer from 09 October 2017 to 31 March 2018 held an employment contract with Scottish Borders Council on Scottish Borders Council pay terms and conditions of employment and is a member of the Scottish Borders Council Local Government Pension Scheme (LGPS).

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis, there is no pensions liability reflected on the IJB Balance Sheet for the Chief Officer or any other officers. The IJB however has the responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits and the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions:

Name	In-Year Pension Contributions For Year To		Accrued Pension Benefits At 31 March 2018	
	31 March 2017 £	31 March 2018 £	Pension £	Lump Sum £
Chief Officer Mrs Elaine Torrance (01 April 2017 to 17 September 2017) ¹	4,842	8,241	44,539	94,175
	Movement from 31 March 2017 =		4,712	8,830
Chief Officer Mr Rob McCulloch-Graham (09 October 2017 to 31 March 2018) ²	Nil	8,986	1,049	0
	Movement from 31 March 2017 =		0	0
Chief Financial Officer Mr Paul McMenamain	9,006	4,355	22,740	0

(01 April 2017 to 30 September 2017)*3	Movement from 31 March 2017 =		2,374	0
Total	13,848	21,582	68,328	94,175
	Total Movement from 31 March 2017 =		7,086	8,830

*1 Pro-rata for period employed as Chief Officer 01 April 2017 to 17 September 2017

*2 Pro-rata for period employed as Chief Officer 09 October 2017 to 31 March 2018

*3 Pro-rata for period employed as Chief Financial Officer 01 April 2017 to 30 September 2017

The regulations require any officer whose remuneration for the year was £50,000 or above, to be disclosed in bandings of £5,000. For the IJB in 2017/18 this is:

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£50,001-£55,000	0
1	£55,001-£60,000	0

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

17 September 2018

Statement of Responsibilities

Integration Joint Board

The Integration Joint Board has appointed its Chief Officer on a permanent basis.

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 board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, that officer is the Chief Financial 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); and
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Integration Joint Board Audit Committee at its meeting on 17 September 2018.

Signed on behalf of Scottish Borders Health and Social Care Partnership Integration Joint Board

Dr Stephen Mather
Chair

17 September 2018

Chief Financial Officer

The Chief Financial Officer is seconded at no cost to the IJB from one or other partner organisation. Currently, this post is unfilled with the Chief Financial Officer of Scottish Borders Council covering the role in addition to his substantive role.

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with the 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; and
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept adequate proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Scottish Borders Health and Social Care Partnership Integration Joint Board as at 31 March 2018 and the transactions of the Joint Board for the year then ended.

David Robertson CPFA
Chief Financial Officer

17 September 2018

Annual Governance Statement 2017/18

Introduction

The Annual Governance Statement explains the IJB's governance arrangements and system of internal control and reports on their effectiveness.

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on NHS Borders and Scottish Borders Council (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either NHS Borders or Scottish Borders Council, as well as non-voting members including a Chief Officer appointed by the Board.

The IJB's Local Code of Corporate Governance (IJB Local Code) sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. Revisions were required to the IJB Local Code to ensure it reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the revised Framework in existence during 2017/18 included:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.

Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life.

The IJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the IJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the IJB Chief Officer supported by Board Secretary, Chief Financial Officer, and Chief Internal Auditor as appropriate.

B. Ensuring openness and comprehensive stakeholder engagement

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plan of the Health and Social Care Partnership and Locality Plans were developed following consultations with interested parties including members of the public.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019 and the associated Commissioning and Implementation Plan which are being / have been updated respectively to reflect on-going assessment of need. Planning is underpinned by the Locality Plans.

Implications are considered during the decision making process covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In determining how services and other courses of action should be planned and delivered the partnership has a statutory responsibility to involve patients and members of the public.

The Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019 is based on consultation. The Strategic Plan is currently being updated.

The IJB has issued directions to the partners primarily to deliver business as usual with the exception of a limited amount of commissioning through ICF and Social Care funding. In future there will be more use of directions as service redesign and recommissioning in line with the transformation programme is progressed.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The IJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The IJB Chief Officer also meets regularly with the Chief Executives of the partner organisations.

Members of the IJB Board are provided with the opportunity to attend Development Sessions relevant to their role.

F. Managing risks and performance through robust internal control and strong public financial management

The IJB Chief Officer has overall responsibility for directing and controlling the partnership. The IJB Board is responsible for key decision-making.

The IJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters. The IJB CFO post has been vacant for much of the year with the role being supported by Scottish Borders Council's Chief Financial Officer and the NHS Borders' Director of Finance. The former has been authorised to sign the 2017/18 accounts.

The IJB's system of internal financial control is dependent upon on the framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

Revenue Budget Monitoring reports are presented to the Board at each meeting for monitoring and control purposes including the annual outturn. Financial reporting for the partnership requires the application of appropriate financial regulations, codes of financial practice, and reporting standards.

The IJB also relies upon the partners for:

- pursuing a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably; and
- management of data in accordance with applicable legislation.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Chief Officer Audit & Risk of Scottish Borders Council is the IJB's Chief Internal Auditor to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The IJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The IJB Audit Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

An Annual Performance Report for 2017/18 is being prepared to outline progress against strategic objectives in year 2.

The Annual Accounts for 2017/18 setting out the financial position in accordance with relevant accounting regulations have been prepared.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by:

- an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the principles and recommendations of the CIPFA/SOLACE Framework (2016), carried out by IJB Internal Audit;
- IJB Internal Audit reports;
- IJB External Audit reports;
- relevant reports by other external scrutiny bodies and inspection agencies; and
- relevant partners' (NHS Borders and Scottish Borders Council) Internal Audit and External Audit reports.

The results of the review will be reported to the IJB Audit Committee whose role includes high level oversight of the IJB's governance, risk management, and internal control arrangements.

Improvement Areas of Governance

The collective review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code. Action required is summarised under the following themes:

Regulation of the Board and scrutiny arrangements

- 1 Consider an assessment of the skills required by Board members to effectively perform their role with personalised learning and development to advance their individual skills set as required.
- 2 Introduce an appraisal process in order to review the performance of the statutory officers and of individual Board members.
- 3 Development of a formal scheme of delegation and reserve powers within the constitution, including a formal schedule on those matters specifically reserved for collective decision of the Board, taking account of relevant legislation.
- 4 Continue to promote a culture that fully endorses and accepts challenge among partners.

Decision making

- 5 Formalise arrangements for access to specialist legal advice that might be required, through the partners' legal services and their support service arrangements.
- 6 Review the decision making process to ensure that in future reports upon which decisions are to be made include a comprehensive analysis of risk. The implications of the decision along with possible alternative actions are clearly and consistently set out and evidenced. When documenting the decision the criteria and rationale used in taking the decision is explained.

Engagement and Implementation

- 7 Revise and complete the Commissioning and Implementation Plan ensuring that it represents a sufficiently detailed approach to service redesign to bring about intended impact or changes including quality of service and value for money.

- 8 Decision on when consultation on service reconfiguration should take place going forward and reflection of the decision as policy in the Communications and Engagement Plan.
- 9 Commencement of commissioning to bring about required service redesign and intended outcomes through either disinvestment or targeted reinvestment.

Monitoring progress, performance and risk

- 10 Ensure the strategic risk register is finalised.
- 11 Fully embed risk management into the culture of the IJB and fully consider risk in the decision making process.
- 12 Continue to fully develop and then embed a Performance Management Framework which:
 - Establishes, through the development of relevant KPIs, an effective mechanism for monitoring performance and quality of all services including value for money in redesigned services within scope of health and social care integration;
 - assists in objectively challenging progress made with integrating service delivery in terms of activities, outputs and planned outcomes; and
 - performance monitoring reports are regularly presented to the Board.

Financial and resource planning

- 13 Definition of sustainable outcomes and available resources recognising the significant risk to outcomes posed by the cost of current models of delivery on financial sustainability.
- 14 Development of a medium term financial strategy as proposed in February 2017 along with the development of medium and long term resource plans.
- 15 Appointment to the vacant IJB Chief Financial Officer post.

The implementation of these actions to enhance the governance arrangements in 2018/19 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2018/19 is designed to test improvements and compliance; delivery of the transformation programme; and performance management framework

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the Local Code in order for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

Dr Stephen Mather
Chair

Date 17 September 2018

Rob McCulloch-Graham

Chief Officer

Independent Auditor's Report

Independent auditor's report to the members of Scottish Borders Integration Joint Board and the Accounts Commission

Independent auditor's report to the members of Scottish Borders Integration Joint Board and the Accounts Commission

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 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Scottish Borders Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the annual accounts, including a summary of significant accounting policies. 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Chief Financial Officer and Integration Joint Board Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Integration Joint Board Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA

Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

September 2018

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) for the Year Ended 31 March 2018

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, these would be included in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. For 2017/18, there are no statutory adjustments.

Gross Expenditure 2016/17	Income 2016/17	Net Expenditure 2016/17		Gross Expenditure 2017/18	Income 2017/18	Net Expenditure 2017/18	Note
£'000	£'000	£'000		£'000	£'000	£'000	
97,322	0	97,322	Health Services Delegated	96,247	0	96,247	4,7
47,453	0	47,453	Social Care Services Delegated	54,475	0	54,475	
20,864	0	20,864	Health Services Retained and Set-Aside by NHS Borders	24,418	0	24,418	
127	0	127	Corporate Services	150	0	150	
165,766	0	165,766	Cost of Services	175,290	0	175,290	
0	(165,766)	(165,766)	Taxation and Non-Specific Grant Income	0	(175,290)	(175,290)	5
165,766	(165,766)	0	Surplus or (Deficit) on Provision of Services	175,290	(175,290)	0	
0 Total Comprehensive Income and Expenditure						0	

The Integration Joint Board was established on 06 February 2016. Whilst a legal entity from that date, integrated delivery of health and social care services commenced on 01 April 2016. 2017/18 therefore was the second fully operational financial year for the IJB and the figures stated in the Comprehensive Income and Expenditure Statement reflect the first two full financial years.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the IJB's General Fund balance are separately identified from the movements due to accounting practices.

The Comprehensive Income and Expenditure Statement reports no net surplus or deficit on the provision of services at 31 March 2018. No statutory adjustments have been made in respect of any absence entitlement on the part of the Chief Officer which has been earned but not yet taken as at 31 March 2018.

Following these positions therefore, no net movement in reserves has been calculated for 2017/18.

	General Fund Balance £'000	Useable Reserves: Employee Statutory Adjustment Account £'000	Total Reserves £'000
Opening Balance at 31 March 2017	0	0	0
Adjustments between accounting basis and funding under regulations	0	0	0
Closing Balance at 31 March 2018	0	0	0
Increase or Decrease during 2017/18	0	0	0

Balance Sheet at 31 March 2018

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. At 31 March 2018, these remain nil.

31 March 2017 £'000			31 March 2018 £'000		Note
6,694		Short-Term Debtors	11,694		6
	6,694	Current Assets		11,694	
(6,694)		Short-Term Creditors	(11,694)		6
	(6,694)	Current Liabilities		(11,694)	
0		Provisions	0		
	0	Long-Term Liabilities		0	
	0	Net Assets		0	
	0	Useable Reserve: General Fund		0	
	0	Useable Reserve: Employee Statutory Adjustment Account		0	
	0	Total Reserves		0	

The unaudited accounts were issued on 30 June 2018 and the audited accounts were authorised for issue on 17 September 2018.

David Robertson CPFA
Chief Financial Officer

17 September 2018

Notes to the Annual Accounts

1 – Significant Accounting Policies

1.1 General Principles

The Annual Accounts summarise the Integration Joint Board's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a section 106 body as defined in the Local Government (Scotland) Act 1973.

It is therefore required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires these 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 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounting convention adopted in the Annual Accounts is historical cost. They are prepared on a going-concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, NHS Borders and Scottish Borders Council. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in the Scottish Borders.

1.4 Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to / from each funding partner, as at 31 March, is represented as a debtor or creditor on the IJB's Balance Sheet.

1.5 Employee Benefits

The IJB does not directly employ staff. Officers are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as Employee-Related costs. Where material, the Chief Officers absence entitlement as at 31 March will be accrued, for example in relation to annual leave earned but not yet taken. There are no charges from funding partners for other staff.

1.6 Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation, as at 31 March, due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

No provisions or contingent liabilities or assets have been made at 31 March 2018.

1.7 Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year. The IJB reserves at 31st March 2018 is nil.

1.8 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

In November 2016, HMRC issued an opinion on the VAT treatment of services provided by IJB's partners. This related to the VAT treatment of the exchanges of staff between the Health Board and Local Authority, when under the direction of the Integrated Joint Board.

Relevant to the Scottish Borders, where other than the Chief Officer, the supply of these services is seen as part of the party's statutory obligation/contribution to the IJB and therefore the LA/HB have not recharged for any costs incurred, HMRC's opinion is that there is no consideration and as such no supply for VAT purposes.

HMRC has issued a final view that the secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by and HB and/or LA to the IJB is done under a

special legal regime. Therefore the LA/HB should not be charging VAT to the other party on this supply as it outside the scope of VAT.

2 – Events after the Reporting Period

2.1 Events after the Reporting Period / Balance Sheet Date

The unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 30 June 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2018, the figures in the financial statements and notes would normally be adjusted in all material respects to reflect the impact of this information. There are no identified Events after the Reporting Period to 31 March 2018.

3 – Expenditure and Funding Analysis

3.1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the IJB in the form of funding partner contributions has been used in providing services. This is compared to the cost of services on an accounting basis.

2016/17				2017/18		
Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000
18,951	0	18,951	Joint Learning Disability Service	20,025	0	20,025
16,084	0	16,084	Joint Mental Health Service	15,597	0	15,597
738	0	738	Joint Alcohol and Drug Service	767	0	767
20,979	0	20,979	Older People Service	19,298	0	19,298
3,343	0	3,343	Physical Disability Service	3,535	0	3,535
82,959	0	82,959	Generic Services	89,396	0	89,396
397	0	397	Older Peoples Change Fund	23	0	23
1,324	0	1,324	Integrated Care Fund	2,081	0	2,081
20,864	0	20,864	Health Services Retained and Set-Aside by NHS Borders	24,418	0	24,418
127	0	127	Corporate Services	150	0	150
165,766	0	165,766	Cost of Services	175,290	0	175,290
(165,766)	0	(165,766)	Other Income and Expenditure	(175,290)	0	(175,290)
0	0	0	(Surplus) or Deficit on Provision of Services	0	0	0
0				0		
0 Opening General Fund Balance				0		
0 Surplus or (Deficit) in the Year				0		
0 Closing General Fund Balance				0		

No adjustments are required in relation to the statutory requirement to defer any charge to the General Fund for the Chief Officer's absence entitlement at 31 March 2018.

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

2016/17 £'000		2017/18 £'000
118,186	Services commissioned from NHS Borders	120,222
47,453	Services commissioned from Scottish Borders Council	54,918
110	Employee Benefits Expenditure	126
17	Auditor Fee: External Audit	24
(165,766)	Partners' Funding Contributions	(175,290)
0	Cost of Services	(0)

The Fee charged by the Independent Auditor for 2017/18 was £24,000.

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

2016/17 £'000		2017/18 £'000
(123,529)	Funding Contribution from NHS Borders	(125,250)
(42,237)	Funding Contribution from Scottish Borders Council	(50,040)
(165,766)	Taxation and Non-Specific Grant Income	(175,290)

The funding contribution from the NHS Board shown above includes £24.418m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

6 – Debtors and Creditors

6.1 Debtors

The IJB's Debtors include money owed to the partnership at 31 March 2018 and any payments made in respect of delegated functions in advance of the 2017/18 financial year:

31 March 2017 £'000		31 March 2018 £'000
676	Funding NHS Borders	1,432
6,018	Funding Scottish Borders Council	10,262
0	Funding Non-Public Sector	0
6,694	Debtors	11,694

6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2018 and any income it has received in advance of the 2017/18 financial year:

31 March 2017 £'000		31 March 2018 £'000
(676)	Funding NHS Borders	(1,432)
(6,018)	Funding Scottish Borders Council	(10,262)
0	Funding Non-Public Sector	0
(6,694)	Creditors	(11,694)

7 – Related Party Transactions

7.1 Related Party Transactions

The IJB has related party relationships with NHS Borders and Scottish Borders Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

NHS Borders

2016/17 £'000		2017/18 £'000
(123,529)	Funding Contributions	(125,250)
0	Service Income	0
118,187	Expenditure on Services Provided	120,665
75	Key Management Personnel	0
9	Support Services	12
(5,258)	Net Transactions with NHS Borders	(4,573)

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include only the Chief Officer (01 April 2016 to 11 December 2016). Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

31 March 2017 £'000		31 March 2018 £'000
676	Debtors: Amounts Due from NHS Borders	1,432
(676)	Creditors: Amounts Due to NHS Borders	(1,432)
0	Net Balance with NHS Borders	0

Scottish Borders Council

2016/17 £'000		2017/18 £'000
(42,237)	Funding Contributions	(50,040)
0	Service Income	0
47,453	Expenditure on Services Provided	54,475
35	Key Management Personnel	126
9	Support Services	12
5,260	Net Transactions with Scottish Borders Council	4,573

Key Management Personnel: The senior officers employed by the Local Authority and recharged to the IJB include only the Chief Officer (01 December 2016 to 31 March 2017). Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

31 March 2017 £'000		31 March 2018 £'000
6,018	Debtors: Amounts Due from Scottish Borders Council	10,262
(6,018)	Creditors: Amounts Due to Scottish Borders Council	(10,262)
0 Net Balance with Scottish Borders Council		0

8 – Other Notes to the Accounts

8.1 Provisions: No provisions have been made at the 31 March 2018.

8.2 Useable Reserve: General Fund: The IJB does not hold a balance on its General Fund Reserve at 31 March 2018. The IJB has an approved Reserves Policy which enables it over time to earmark or build up funds which are to be used for specific purposes in the future such as known or predicted future expenditure needs. This supports strategic financial management. The Policy can also enable a contingency fund to be established in order to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

8.3 Unusable Reserve: Employee Statutory Adjustment Account: Only one officer, the Chief Officer, requires to be considered in relation to absence entitlement earned but not yet taken at 31 March 2018. The value of this untaken but accrued entitlement is not considered material to the overall financial position of the IJB as presented in the Comprehensive Income and Expenditure Statement.

8.4 Agency Income and Expenditure: The Scottish Borders Partnership IJB is co-terminus between NHS Borders and Scottish Borders Council. The IJB does not act as the lead agency / manager for any delegated health or care services nor does it commission services on behalf of any other IJBs.

8.5 Contingent Assets and Contingent Liabilities: No Contingent Liabilities or Contingent Assets have been identified relating to any item not recognised on the IJB's Balance Sheet.

**IJB AUDIT COMMITTEE
17 SEPTEMBER 2018**



**SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD
AUDIT COMMITTEE ANNUAL REPORT 2017/18**

Aim

- 1.1 The purpose of this report is to provide Members with the inaugural IJB Audit Committee Annual Report 2017/18 which incorporates its annual self-assessment using the CIPFA Audit Committees Guidance.

Background

- 2.1 It is important that the IJB's Audit Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the Scottish Borders Health and Social Care Integration Joint Board.
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2013 Edition (hereinafter referred to as CIPFA Audit Committees Guidance). It incorporates CIPFA's 2013 Position Statement: Audit Committees in Local Authorities and Police which sets out CIPFA's view of the role and functions of an Audit Committee. The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit Committee against its remit for submission to the IJB.

Summary

- 3.1 The IJB Audit Committee for the first time carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session held on 25 June 2018 facilitated by the IJB's Chief Internal Auditor. The inaugural IJB Audit Committee Annual Report 2017/18 is appended to this report as Appendix 1 for consideration to adopt this best practice. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration.
- 3.2 The outcome of the self-assessments was a high degree of performance against the good practice principles and a medium degree of effectiveness; the latter in recognition of the change in membership during 2017 and the early stages of health and social care integration. Improvements have been identified by the Committee.
- 3.3 The IJB Audit Committee Annual Report 2017/18 is designed both to provide assurance to the IJB's full Board and to provide some actions for the Committee to improve its effectiveness.

Recommendation

The Scottish Borders Health & Social Care Integration Joint Board's Audit Committee is asked to:

- (a) Approve the IJB Audit Committee Annual Report 2017/18 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and
- (b) Agree that the IJB Audit Committee Annual Report 2017/18 should be presented to the IJB.

Policy/Strategy Implications	Good governance will enable the IJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
Consultation	This report relates to Members of the IJB Audit Committee.
Risk Assessment	There is a risk that the IJB Audit Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body as a foundation for sound corporate governance. The completion of the annual self-assessment and identification and implementation of improvement actions as evidenced through this Annual Report will mitigate this risk.
Compliance with requirements on Equality and Diversity	It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.
Resource/Staffing Implications	There are no direct financial implications arising from the proposals in this report.

Approved by

Name	Designation
Rob McCulloch-Graham	Chief Officer Health and Social Care Integration

Author(s)

Name	Designation
Jill Stacey	Chief Internal Auditor, Scottish Borders Health and Social Care Integration Joint Board (Scottish Borders Council's Chief Officer Audit & Risk)

SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD
IJB AUDIT COMMITTEE
ANNUAL REPORT FROM THE CHAIRMAN – 2017/18

This inaugural annual report has been prepared to inform the Scottish Borders Health and Social Care Integration Joint Board of the work carried out by its Audit Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA ‘Audit Committees’ Guidance to report to the full Board on a regular basis on the Committee’s performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose.

Meetings

The IJB Audit Committee has met 3 times during the financial year on 26 June and 25 September 2017, and 19 March 2018 to consider reports pertinent to the audit cycle.

The remit of the IJB Audit Committee is to have high level oversight of the IJB’s framework of internal financial control, corporate governance, risk management systems and associated internal control environment. To fulfil this remit, it sought assurance on the adequacy and effectiveness of IJB’s systems of corporate governance and internal control for efficient operations and for the highest standards of probity and public accountability. It did this through material it received from Internal Audit (provided by SBC’s Internal Audit team), External Audit (delivered by Audit Scotland), other external scrutiny and inspection agencies, and assurances from Management.

The Committee scrutinised the IJB’s Statement of Accounts at appropriate times in accordance with its Terms of Reference, which also includes promotion of the highest standards of conduct and professional behaviour.

The minutes of IJB Audit Committee meetings were presented for approval by the IJB, and the Committee referred any exceptional items to the IJB in accordance with its remit.

Membership

The Membership of the IJB Audit Committee is set out within its Terms of Reference, namely “at least four voting members of the IJB”. This structure, which is based on legislative requirements, does not meet with principles of good practice within CIPFA ‘Audit Committees’ Guidance. A proposal is made within this report to enhance independence of the IJB Audit Committee’s role in the scrutiny process of internal controls and governance.

The Committee membership during the year was Councillor T Weatherston (Chairman), Councillor J Greenwell, Mr J Raine, and Mr D Davidson.

The attendance by each member at the Committee meetings throughout the year was as follows:

Member	Meeting of 26 June 2017	Meeting of 25 September 2017	Meeting of 19 March 2018
Cllr T Weatherston (Chair)	Present	Apologies	Present
Cllr J Greenwell	Apologies	Present (Chair for this meeting)	Present
Mr J Raine	Present	Present	Present
Mr D Davidson	Present	Present	Present

Every meeting of the IJB Audit Committee in 2017/18 was quorate (i.e. at least three Members present).

All other individuals who attended the meetings are recognised as being “in attendance” only. The Chief Officer, Chief Financial Officer, Chief Internal Auditor, external auditors, and the Secretary (provided by NHS Borders) attend all Committee meetings to support the Committee.

Skills and Knowledge

Given the wider corporate governance remit of IJB Audit Committees and the topics now covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that IJB Audit Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas. An Induction session for IJB Audit Committee members was delivered by the IJB Chief Internal Auditor setting out the Committee's role, Governance and Audit.

Self-Assessment of the Committee

The annual self-assessment was carried out by members of the IJB Audit Committee on 25 June 2018 during an Informal Session facilitated by the IJB Chief Internal Auditor using the 'Good Practice Principles Checklist' and 'Evaluation of Effectiveness Toolkit' from the CIPFA 'Audit Committees' Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the IJB.

The outcome of the self-assessments for the Committee was a high degree of performance against the good practice principles and a medium degree of effectiveness; the latter in recognition of the change in membership during 2017 and the early stages of health and social care integration. The following improvements have been identified: proposal to co-opt independent member to the IJB Audit Committee; arrange pre-meetings for the Chair of the IJB Audit Committee with Chief Internal Auditor; utilise the Knowledge and Skills Framework to inform future learning and development needs of IJB Audit Committee members; set up Informal Sessions usually prior to each IJB Audit Committee meeting for the purpose of briefing and training to coincide with the Audit Cycle; and obtain feedback on its performance from a range of attendees who interact with the Committee.

Assurance Statement to the Council

The IJB Audit Committee provides the following assurance to the Integration Joint Board:

- The IJB has received the Minutes of the IJB Audit Committee meetings throughout the year.
- The IJB Audit Committee has operated in accordance with its agreed terms of reference, and accordingly with the audit committee principles in CIPFA Position Statement.
- It did this through material it received from Internal Audit, External Audit, other audit and inspection bodies, and assurance from Management. It focussed entirely on matters of risk management, internal control and governance.
- For all audit reports, the IJB Audit Committee considered whether it was satisfied that an adequate Management response was in place to ensure action would be taken to manage risk and address concerns on internal controls and governance arrangements.
- The IJB Audit Committee has reflected on its performance during the year in respect of its Audit functions, and has identified areas for improvements.

Recommendation of the Terms of Reference for the IJB Audit Committee for the coming year

During the annual self-assessment the Committee considered its current Membership and has determined that one additional member should be appointed from an external source as a non-voting member. This would enhance the robustness and independence of the IJB Audit Committee's role in the scrutiny process of internal controls and governance. It is therefore proposed that this change, i.e. one additional member from an external source, be reflected in the Terms of Reference for the IJB Audit Committee.

Councillor Tom Weatherston
Chairman of IJB Audit Committee
August 2018

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2013 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 25 June 2018

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the integration authority have a dedicated audit committee?	Yes	The IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle.
Does the audit committee report directly to full Board?	Yes	IJB full Board approves Minutes of each IJB Audit Committee meeting.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s Position Statement	Yes	Review has been completed by IJB Chief Internal Auditor against CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2013 (CIPFA guidance 2013 ‘audit committees’).
Is the role and purpose of the audit committee understood and accepted across the integration authority?	Yes	IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle which are regularly attended by the IJB’s Chief Officer, Chief Finance Officer, Chief Internal Auditor and External Auditor.
Does the audit committee provide support to the integration authority in meeting the requirements of good governance?	Yes	The IJB Audit Committee is a key part of the IJB’s governance framework as outlined in the IJB Local Code of Corporate Governance (approved 28 August 2017). The role of the IJB Audit Committee is to have high-level oversight of the IJB’s internal control, governance and risk management and its remit includes promotion of the highest standards of conduct and professional behaviour.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Partly	The IJB Audit Committee reviewed its terms of reference as part of the 2017/18 self-assessment of performance against best practice checklists. In addition an Annual Report will be presented to the IJB setting out the activities to enable stakeholders to understand how the IJB Audit Committee has discharged its duties and to identify areas of improvement to fulfil its remit. This will be adopting best practice.

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Functions of the committee	Yes/Partly /No	Comments
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Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?

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|---------------------------------|-----|--------------------------------------|
| • good governance | Yes | Included in function no. 1 |
| • assurance framework | Yes | Included in all aspects of functions |
| • internal audit | Yes | Included in function no. 3 |
| • external audit | Yes | Included in function no. 4 |
| • financial reporting | Yes | Included in function no. 5 |
| • risk management | Yes | Included in function no. 2 |
| • Value for money or best value | Yes | Included in function no. 7 |
| • Counter-fraud or corruption | Yes | Implicit in functions nos. 1 & 8 |

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Functions of the committee (cont’d)	Yes/Partly /No	Comments
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Partly	The IJB Audit Committee reviewed how it has fulfilled its terms of reference during the 2017/18 self-assessment of performance against best practice checklists.
Has the audit committee considered the wider areas identified in CIPFA’s Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	Review has been completed by IJB Chief Internal Auditor against CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2013 (CIPFA guidance 2013 ‘audit committees’). In the context of health and social care integration reliance is placed on partners’ audit committees fulfilling their functions.
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	The Assurance Framework and the Audit Cycle that define the programme of work for the IJB Audit Committee are included in the Induction training pack along with Essential Questions for the Committee members to ask those charged with governance when considering the relevant reports as part of the Audit Cycle (under the three topics of Internal Control, Risk Management, and Governance).
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	The IJB Audit Committee reviewed adherence to its terms of reference during the 2017/18 self-assessment of performance against best practice checklists.

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Membership and support

	Yes/Partly /No	Comments
<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • where independent members are used, that they have been appointed using an appropriate process. 	Partly	<p>1st bullet point – The scrutiny arrangements in place, which are based on legislative requirements, do not meet with generally accepted principles of good practice.</p> <p>2nd & 3rd bullet points – The IJB shall appoint the Committee which will consist of at least four voting members of the IJB, excluding professional advisors.</p> <p>4th bullet point – no independent members are used (consideration was given as part of 2017/18 self-assessment and as an improvement the proposal to co-opt independent member to the IJB Audit Committee would be recommended to the full IJB Board).</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	Partly	<p>As below, plus meetings with Chairs of IJB, SBC and NHS Borders’ Audit Committees to share information and place reliance on assurance. As an improvement from the 2017/18 self-assessment, pre-meetings with the Chair of the IJB Audit Committee will be arranged with Chief Internal Auditor.</p>
<p>Are there arrangements in place to support the committee with briefings and training?</p>	Partly	<p>There is a comprehensive Induction Programme for those appointed to the IJB Audit Committee including: Outline of Corporate Governance; role of the IJB Audit Committee; role of Internal and External Audit; Assurance Framework; and Audit Cycle. As improvement from the 2017/18 self-assessment: IJB Audit Committee members will utilise the Knowledge and Skills Framework to inform future learning and development needs; and Informal Sessions usually prior to each IJB Audit Committee meeting will be used for the purpose of briefing and training to coincide with the Audit Cycle.</p>
<p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>	No	<p>As an improvement from the 2017/18 self-assessment, IJB Audit Committee Members will utilise the Knowledge and Skills Framework to inform their learning and development needs.</p>
<p>Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?</p>	Yes	<p>Members, in particular the Chair of the IJB Audit Committee, utilise opportunities to meet with or email, as required, the key people involved in the IJB’s governance for advice and support e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, External Auditor and Secretary.</p>
<p>Is adequate secretariat and administrative support to the committee provided?</p>	Yes	<p>A Secretary is assigned to the IJB Audit Committee.</p>

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Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	No	As an improvement from the 2017/18 self-assessment the IJB Audit Committee will obtain feedback on its performance from a range of attendees who interact with the Committee on a periodic basis.
Has the committee evaluated whether and how it is adding value to the organisation?	Partly	The IJB Audit Committee during its 2017/18 self-assessment utilised the toolkit ‘Evaluating the Effectiveness of the Audit Committee’ from the CIPFA guidance 2013 ‘audit committees’ to consider how it is adding value to the IJB.
Does the committee have an action plan to improve any areas of weakness?	Partly	The IJB Audit Committee identified areas where it could improve in respect of its scrutiny and challenge role to fulfil its remit during its 2017/18 self-assessment against best practice checklist.



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Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
1. Promoting the principles of good governance and their application to decision making	<p>Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p>	<p>Committee scrutinised Local Code of Corporate Governance and AGS.</p> <p>Opportunity for Members to engage with officers to clarify matters.</p> <p>Committee supports the role of audit in improving internal control and governance.</p> <p>Committee received presentations and reports from Management and Auditors.</p> <p>Chair has met Audit Committees' Chairs of other SBC and NHS Borders.</p>	4
2. Contributing to the development of an effective control environment.	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>Committee received periodic progress reports from Auditors e.g. follow-up activity.</p> <p>Chief Officer / Chief Finance Officer attended Committee meetings to discuss progress with improvement actions to manage risks for scrutiny by Members.</p>	3
3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>Committee received Annual Reports from Auditors providing opinion on risk management arrangements.</p> <p>IJB Strategic Risk Register still work in progress.</p>	2
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>Induction programme outlined Governance and Assurance Framework and Audit Cycle.</p> <p>Annual Strategies, Plans and Reports received from Auditors for assurance purposes.</p>	4

Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
5. Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements and supporting improvements.	Committee places reliance on SBC's Audit and Scrutiny Committee to approve the Internal Audit Charter and Strategy. IJB Internal Audit Annual Plans and Annual Assurance Reports are received for review.	3
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	Auditors provided assurance on governance arrangements to deliver the transformation and efficiencies programme and on performance management arrangements.	3
7. Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. Considering how performance in value for money is evaluated as part of the AGS.	Auditors provided assurance on value for money arrangements e.g. transformation, sustainability, and performance management. AGS sets out the Governance Framework including arrangements for best value.	3
8. Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. Assessing the effectiveness of ethical governance arrangements for both staff and governance bodies.	Reliance is placed on the internal controls and governance, including arrangements for countering fraud and corruption risks, within operational arrangements of partners who deliver the services commissioned by the IJB.	3
9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging transparency.	Committee scrutinised annual accounts and reports prior to publication and audit, and commented on the format/content for users.	4

Assessment key	
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

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