

Public Document Pack



A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Wednesday, 5th June, 2019** at **2.00 pm** in Committee Room 4, Scottish Borders Council, Newtown St Boswells

AGENDA

Time	No		Lead	Paper
14.00	1	ANNOUNCEMENTS AND APOLOGIES	Chair	Verbal
14.01	2	DECLARATIONS OF INTEREST	Chair	Verbal
14.02	3	MINUTES OF PREVIOUS MEETING Monday 11 February 2019	Chair	Attached (Pages 3 - 6)
14.05	4	MATTERS ARISING Action Tracker	Chair	Attached (Pages 7 - 10)
14.10	5	SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2018/19	IJB Chief Internal Auditor	Appendix 2019-AC3 (Pages 11 - 18)
14.30	6	DRAFT ANNUAL REPORT AND STATUTORY ACCOUNTS 2018/19 FOR THE SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD	IJB Interim Chief Finance Officer	Appendix 2019-AC4 (Pages 19 - 52)
15.00	7	IJB AUDIT COMMITTEE ANNUAL REPORT 2018/19 AND ANNUAL SELF-EVALUATION	Chair	Appendix 2019-AC5 (Pages 53 - 66)
15.15	8	AUDIT SCOTLAND REPORT MARCH 2018 – AUDITING BEST VALUE – INTEGRATION JOINT BOARDS	IJB Chief Internal Auditor	Appendix 2019-AC6 (Pages 67 - 68)

15.25	9	ANY OTHER BUSINESS	Chair	Verbal
15.35	10	DATE AND TIME OF NEXT MEETING Monday 12 August 2019 at 2.00pm in the Chamber, Scottish Borders Council	Chair	Verbal

Membership of Committee:- Councillor J Greenwell, Councillor T Weatherston (Chair), Mr M Dickson and Mrs K Hamilton (Non-Executive Directors NHS Borders) and Mr A Clark (External Member)

Please direct any enquiries 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
Email: iris.bishop@borders.scot.nhs.uk



Minutes of a meeting of the **Scottish Borders Health and Social Care Integration Joint Board Audit Committee** held on Monday 11 February 2019 at 2.00pm in the Council Chamber, Scottish Borders Council, Newtown St Boswells.

Present: Cllr T Weatherston (Chair)
Cllr J Greenwell
Mr M Dickson, Non Executive (NHS)
Mr A Clark, Independent Member

In Attendance: Mrs J Stacey, Chief Internal Auditor IJB (SBC)
Miss I Bishop, Board Secretary IJB (NHS)
Miss S Holmes, Internal Audit SBC
Mr G Samson, Audit Scotland
Mrs G Woolman, Audit Scotland

1. Apologies and Announcements

Apologies had been received from Mr John Raine, Non Executive (NHS), Mr Mike Porteous, Chief Financial Officer IJB, Mr Robert McCulloch-Graham, Chief Officer IJB and Mr Asif Haseeb, Audit Scotland.

The Chair confirmed the meeting was quorate.

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 minutes of the previous meeting held on 17 December 2018 were amended at page 2 paragraph 2, line 5 to remove all wording after "Board." then insert a new sentence "He also commented that he hoped there would also shortly be more mitigating actions on the register." and at page 4, paragraph 1, line 5 after "average" insert "on most measures." and with those amendments the minutes were approved.

4. Action Tracker

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

5. External Audit Plan 2018/19 for the Scottish Borders Health & Social Care Integration Joint Board

Mrs Gillian Woolman gave an overview of the content of the plan for 2018/19 and highlighted several key elements including: reporting cycle; key audit risks; interim chief financial officer; hospital set aside sum; financial sustainability; audit fee; role of audit committee; materiality and quality control.

Mr Malcolm Dickson enquired about what was required in regard to the hospital set aside sum to ensure progress was made. Mrs Woolman advised that the Integration Joint Board (IJB) was required to work with the Health Board to pin down the NHS costs that related to those services that interfaced with the IJB in order to have a calculation to monitor against. The IJB was the lever to get the shift in activity from acute to community care and she reminded the Committee that there would have already been joined up working which predated the IJB so some partnerships would be able to achieve more than others depending on the maturity of the partnership. The set aside was intended to establish a starting point for IJBs.

The Chair commented that at a recent COSLA meeting it had been expressed that there was an expectation that every IJB would have a surplus of money and some other IJBs did actually have a surplus. Mrs Woolman advised that for the IJBs within her portfolio (east coast rural), the partnerships were all in a similar position of projecting a deficit. She advised that auditors were working collectively to understand how reserves in IJBs in the West were being achieved.

Mrs Jill Stacey reminded the Committee that the IJB Chief Financial Officer had previously brought papers to the IJB on the financial strategy and had outlined establishing reserves in terms of the framework in the medium term. However the challenge for the Scottish Borders IJB would be that to build up reserves would mean delivery of integrated health and social care services at a cost which was less than the resources delegated by the partners, which is in sharp contrast with recent years.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the External Annual Audit Plan 2018/19.

6. Internal Audit Annual Plan 2019/20 for the Scottish Borders Health & Social Care Integration Joint Board

Mrs Jill Stacey gave an overview of the content of the report and highlighted; changes in Chief Financial Officer; development of plans; annual planning process under Public Sector Internal Audit Standards; increase in planned work days for the IJB than previously anticipated; focus on various elements of the local code of corporate governance; workforce planning and development associated with transformation; IJB key performance management framework; and reporting of internal audit results and internal audit added value support.

Mr Malcolm Dickson advised that the internal audit contract for NHS Borders would conclude at the end of the March 2019 and options were currently being considered. He would advise on the outcome of the situation as soon as known.

Further discussion focused on including: change needs meaningful engagement with stakeholders; collaborative leadership; integrated financial planning; sharing information; and decision flow to enable partners to act and provide information back to the IJB for monitoring purposes.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the Internal Audit Annual Plan 2019/20.

7. Any Other Business

Self Evaluation: Mrs Gillian Woolman suggested the next meeting of the committee might be preceded by a 20 minute session with the External Audit Team. Mrs Jill Stacey reminded the Committee that one of the findings from the self-evaluation from the previous year had been to have informal sessions with Internal and External Audit to help with developing the Committee.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed to meet with External Audit either before or after the next formal meeting.

Accounts: Mrs Jill Stacey commented that the next meeting was due to be held on 13 May, however in terms of the audit cycle and to enable the Committee to scrutinise the draft accounts she suggested it would be preferable if the next meeting could be postponed until June.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed to move the date of the next meeting from 13 May to a date in June.

8. Date and Time of next meeting

The Chair advised that the next meeting of the Scottish Borders Health and Social Care Integration Joint Board Audit Committee was due to be held on 13 May 2019 at 2.00pm in the Chamber, Scottish Borders Council, however a new date in June would be sought.

The meeting concluded at 3.05pm.

Signature:
Chairman

This page is intentionally left blank



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

Meeting held 17 December 2018

Agenda Item: Strategic Risk Register

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
2	5	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:-</p> <p>(b) To receive a review of the IJB Strategic Risk Register on at least an annual basis;</p>	Jill Stacey	2019	In Progress: Review of Strategic Risk Register to be scheduled into the annual workplan for the Audit Committee.	

Page 7

Agenda Item: Strategic Risk Register

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
3	5	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:-</p> <p>(c) To request that the IJB Full Board review the IJB Strategic Risk Register on a six monthly basis.</p>	Iris Bishop	2019	Complete: Risk Register added to IJB Business Plan for review in December and June each year.	

Agenda Item 4

Agenda Item: Accounts Commission Report November 2018: Health and Social Care Integration Update on Progress

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
4	7	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD'S AUDIT COMMITTEE:</p> <p>(a) Noted the publication by Accounts Commission carried out by Audit Scotland on the progress with integration 'Health and Social Care Integration – An Update on Progress'.</p> <p>(b) Agreed the proposal to report to a future meeting of IJB any lessons and actions required within Scottish Borders Health and Social Care IJB as a result of the report.</p>	Rob McCulloch-Graham / Iris Bishop	2019	Complete: Item scheduled to the 11 September 2019 IJB meeting.	

Page 8

Meeting held 11 February 2019

Agenda Item: Any Other Business

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
6	7	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed to meet with External Audit either before or after the next formal meeting.</p>	Jill Stacey	June 2019	Complete: Informal session to be held after 5 June 2019 formal meeting.	

Agenda Item: Any Other Business

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
6	7	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed to move the date of the next meeting from 13 May to a date in June.	Iris Bishop	May 2019	Complete: Revised date identified and confirmed as Wednesday 5 June from 2pm to 4pm at SBC.	

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

This page is intentionally left blank



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



**SBC Internal
Audit Section**

**Auditors: Sue Holmes
David Clark**

Internal Audit Annual Assurance Report 2018/19

to

IJB Audit Committee, Chief Officer and Chief Financial Officer

for

Scottish Borders Health and Social Care Integration Joint Board

1 Introduction

The Public Sector Internal Audit Standards (PSIAS) (2017) requires that:

“The chief audit executive (SB IJB’s Chief Internal Auditor) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.”

2 Audit Opinion on the Governance, Risk Management and Internal Control

My opinion is that, based on our reviews, risk assessments and knowledge, the SBIJB’s governance arrangements, risk management and systems of internal control are adequate, and improvements to these have been implemented during the year.

The IJB operates under good public sector practice governance arrangements. The IJB, as strategic commissioner of health and social care services, gives directions to NHS Borders and Scottish Borders Council for delivery of the services in line with the Strategic Plan. The Scheme of Integration sets out how the managerial arrangements across the integrated arrangements flow back to the IJB and the Chief Officer. These arrangements are further supported by the IJB’s Local Code of Corporate Governance, which is based upon the CIPFA/SOLACE 2016 Framework, and was updated during the year to ensure this key document continues to be relevant and complete by reflecting the appropriate framework for effective governance of the SBIJB’s business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Chief Officer, Chief Financial Officer and the Board or where reliance is placed on the arrangements in place at its provider partners.

Improvements to governance arrangements have been implemented in year to address three Internal Audit recommendations made the previous year: The Communications Strategy, which includes processes for consultation and engagement with partner organisations and the public, was updated and approved; Agendas for IJB meetings include sections For Decisions and For Noting to differentiate items for the Board members, thus making the distinction clearer between IJB strategic matters and Provider operational issues; and the IJB Board are now better sighted on progress with ICF funded projects, as the successful delivery of the Strategic Plan relies heavily upon the realisation of ICF and Transformation and Efficiencies programmes.

Effective leadership is essential to the IJB in delivering its strategic objectives. The present governance structure is composed of 10 voting Board members supported by a Chief Officer and a Chief Financial Officer (CFO). The latter role is being fulfilled on an interim basis by a secondee until August 2019. The role of IJB CFO is significant for working with partners to drive financial strategies, promote new ways of working, and evaluate the impact of system redesign to achieve IJB strategic priorities and objectives, and therefore steps are required to recruit to the IJB CFO role on a permanent basis (see Section 6 Action Plan).

A Risk Management Strategy was approved by the IJB on 7 March 2016 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. In response to a previous Internal Audit recommendation the IJB Strategic Risk Register has been completed and was presented to the IJB Audit Committee on 17 December 2018, where it was agreed that the Board will review the risk register on a six-monthly basis, and was then presented to the IJB Board on 28 January 2019. Risk Management is not yet fully embedded into the culture of the IJB. It is important that the IJB has robust risk management arrangements in place because if objectives are defined without taking the risks into consideration, progress with integration may be negatively impacted should any of these risks materialise.

Performance Management arrangements have been enhanced during the year with the addition of Quarterly Performance Reports to the IJB, thus enabling improved mechanisms to monitor service delivery, and the Performance and Finance Group exercises oversight over performance monitoring and reporting; this addresses two Internal Audit recommendations made the previous year.

3 Scope of the Internal Audit Annual Plan 2018/19

Our review for 2018/19 concentrated on follow up work on previous Internal Audit recommendations and also a specific review of the financial governance of the Integrated Care Fund. We summarise below the work we have undertaken to obtain assurances over the arrangements in place for each area considered and our conclusions on the effectiveness and appropriateness of these arrangements.

Financial Governance

- assess the governance of the Integrated Care Fund and its use to achieve outcomes linked to strategic priorities.

Follow up of previous Internal Audit recommendations

- follow-up of progress on areas of improvement recommended in 2017/18 audit assurance work relating to corporate governance, financial management and performance management.

4 Summary Findings and Conclusions arising from Internal Audit Annual Plan 2018/19 Delivery

Financial Governance

Financial governance and transparency is concerned with the transparent reporting of financial and performance information.

We carried out a specific review of the Integrated Care Fund (ICF) which is a transitional resource to assess the efficacy of decision making and performance monitoring arrangements in the use of the ICF to achieve outcomes linked to strategic priorities, as there is a risk that monies allocated under the fund will fail to achieve strategy objectives if decisions made by the IJB are not acted upon.

At its meeting on 23 April 2018, the IJB received a report detailing all ICF projects. The report contained recommendations from Officers on which projects should be closed in March/April 2018, those which extended into 2019/20 with existing funding carried forward, and those which should be allocated additional funding.

We found that there was no reported expenditure for 5 out of 6 projects which the IJB had directed should be closed, and there was evidence that all NHS led projects had been closed in line with the direction of the IJB. All projects which were directed to close by the IJB did so.

Without appropriate monitoring, reporting and assessment arrangements for ICF projects, it may not be possible to evidence that ICF funded projects are meeting the Board’s agreed strategic outcomes. Our review has found evidence that there are individual project plans and that reporting is well developed. Reports to IJB are of necessity summarised to allow strategic oversight.

Conclusion

There is evidence of a thorough and consistent approach to reporting on ICF funded projects. This means that the IJB Board are now better sighted on progress with ICF funded projects as the successful delivery of the Strategic Plan relies heavily upon the realisation of ICF and Transformation and Efficiencies programmes.

5 Follow-up of previous Internal Audit recommendations within Internal Audit Annual Plan 2018/19 Delivery

Recommendations	Agreed management actions	Current Findings	Further Recommendations
1 Corporate Governance – Consultation	Low	March 2019	
<p>The Communications and Stakeholder Engagement Plan should be updated 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.</p> <p>Similarly a clear policy on what, how and when staff and their representatives within the partner organisations are consulted should be developed.</p>	<p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: March 2019</p>	<p>The Communications Strategy was presented to the IJB at its meeting on 17 September 2018. The paper includes processes for consultation and engagement with partner organisations and the public.</p> <p>Action complete.</p>	None
2 Corporate Governance – Commissioning	Medium		
Detailed individual project plans should	Responsible Owner: Robert	There is evidence of a thorough and	None

Recommendations	Agreed management actions	Current Findings	Further Recommendations
<p>be developed to support the Commissioning and Implementation Plan.</p> <p>The IJB Board should be better sighted on progress with Integrated Care Fund (ICF) funded projects as the successful delivery of the Plan relies heavily upon the realisation of ICF and Transformation and Efficiencies (T&E) programmes.</p> <p>The Commissioning and Implementation Plan follows on from the Strategic Plan but in future these documents will be combined. The production of a single plan will need to ensure that the lines between strategic and operational decision making are made clear.</p>	<p>McCulloch-Graham, Chief Officer Completion Date: December 2018</p>	<p>consistent approach to reporting on ICF funded projects. Project briefs and PIDs are created at the application stage. Projects are scored in line with a published methodology. Monthly highlight reports are prepared. Evaluation reports are prepared at the end of a project. There are standard project document templates which are deployed. Reports to IJB are of necessity summarised to allow strategic oversight.</p> <p>Action complete</p>	
<p>3 Corporate Governance – Clarity of roles and responsibilities</p>	<p>Medium</p>		
<p>Consideration should be given to making the distinction clearer between IJB strategic matters and provider operational issues when setting agendas for the benefit of the IJB Board Members.</p>	<p>Responsible Owner: Robert McCulloch-Graham, Chief Officer Completion Date: December 2018</p>	<p>Agendas for IJB meetings include sections For Decisions and For Noting to differentiate items for the Board members. Other matters are discussed as part of the regular development sessions.</p> <p>Action complete.</p>	<p>None</p>
<p>4 Corporate Governance – Risk Management</p>	<p>Medium</p>		
<p>The IJB strategic risk register should be finalised.</p>	<p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p>	<p>IJB Strategic Risk Register has been completed and was</p>	<p>Ensure IJB strategic risks are considered and reviewed</p>

Recommendations	Agreed management actions	Current Findings	Further Recommendations
<p>Ensure IJB strategic risks are considered and reviewed regularly at IJB meetings.</p> <p>Risk management deliberations associated with IJB decision making should be clearly documented.</p>	<p>Completion Date: December 2018</p>	<p>presented to the IJB Audit Committee 17 December 2018.</p> <p>It was agreed that the Board will review the risk register on a six-monthly basis.</p>	<p>regularly at IJB meetings. (See section 6 Action Plan)</p>
5 Performance Management - Framework		Medium	
<p>The IPG should continue to develop performance reporting with emphasis on monitoring:</p> <ul style="list-style-type: none"> • the progress in achieving national and local objectives set; • the quality of services it commissions for users; and • value for money within commissioned services. 	<p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>	<p>The Performance and Finance Group meets every 6 weeks and exercises oversight over performance monitoring and reporting, including the preparation of the Annual Performance Report, quarterly reporting to the IJB and returns to Scottish Government. All performance reports are presented to the Leadership Team, Executive Management Team and the IJB.</p> <p>Action complete.</p>	None
6 Performance Management – Service Failure		Medium	
<p>Consideration should be given to revising the IJB’s Clinical and Care Governance Framework to better reflect the respective responsibilities</p>	<p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>	<p>Agendas for IJB meetings include sections ‘For Decisions’ and ‘For Noting’; the latter enables the IJB Board Members to receive</p>	None

Recommendations	Agreed management actions	Current Findings	Further Recommendations
<p>and risks.</p> <p>Rigorous contract / performance management arrangements should be developed such that serious deficiencies in the quality of services provided by either of the partners become apparent.</p> <p>The IJB Board need only receive reports concerning the partner's clinical governance arrangements where a significant existing or emerging clinical and care governance risk could seriously impact the delivery of outcomes for services which it has commissioned.</p>		<p>assurance reports on clinical and care governance and care inspections outcomes from the partner organisations relating to services which the IJB has commissioned.</p> <p>Action complete.</p>	

6 Action Plan

Recommendations in reports are suggested changes to existing procedures or processes. The rating of each recommendation reflects our risk assessment of non-implementation, being the product of the likelihood of the risk materialising and its impact. The ratings are:

High – Arising from a finding which leaves the IJB open to a very high risk of not achieving its strategic objectives, and where the risk is sufficiently significant to require immediate action within one month of formally raising the issue.

Medium – Arising from a finding which leaves the IJB open to significant risk of not achieving its strategic objectives requiring reasonably urgent action within three months of formally raising the issue.

Low – Arising from a finding which leaves the IJB open to moderate risk of not achieving its strategic objectives requiring action within six months of formally raising the issue to improve efficiency, effectiveness and economy of operations.

Recommendations

Agreed action owner and timescale

1 Corporate Governance – Chief Financial Officer

Medium

The Chief Financial Officer role is being fulfilled on an interim basis by a secondee until August 2019. Steps are required to recruit to the IJB CFO role on a permanent basis.

Responsible Owner: Robert McCulloch-Graham, Chief Officer
Completion Date: August 2019

2 Corporate Governance – Risk Management

Medium

Ensure IJB strategic risks are considered and reviewed regularly at IJB meetings.

Responsible Owner: Robert McCulloch-Graham, Chief Officer
Completion Date: August 2019

7 Public Sector Internal Audit Standards (PSIAS)

The 2018/19 self-assessment of practices against the professional standards PSIAS (2017) has indicated that Scottish Borders Council's Internal Audit function conforms with the requirements within the 13 Assessment Areas of the Definition of Internal Auditing, the Code of Ethics, the Attribute Standards and the Performance Standards. This includes the production of this report to communicate the results of its audit work during the year for the Scottish Borders Health and Social Care Integration Joint Board.



Scottish Borders Integration Joint Board

ANNUAL ACCOUNTS 2018/19

**For the Financial Year
01 April 2018 to 31 March 2019**

(Unaudited)

Table of Contents

Page	Section
3	Management Commentary
14	Remuneration Report
19	Statement of Responsibilities
21	Annual Governance Statement
25	Independent Auditor's Report
	Statement of Accounts:
26	<i>Comprehensive Income and Expenditure Account</i>
26	<i>Movement in Reserves Statement</i>
27	<i>Balance Sheet</i>
	Notes to the Accounts:
28	<i>1 – Significant Accounting Policies</i>
30	<i>2 – Events after the Reporting Period</i>
30	<i>3 – Expenditure and Funding Analysis</i>
31	<i>4 – Expenditure and Income Analysis by Nature</i>
31	<i>5 – Taxation and Non-Specific Grant Income</i>
32	<i>6 – Debtors and Creditors</i>
32	<i>7 – Related Party Transactions</i>
34	<i>8 – Other Notes to the Accounts</i>

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 2018/19 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 115,270 in 2018, an increase of 0.2% from the previous year, which is the same as the Scottish average. Scottish Borders is a medium-sized Local authority area in terms of its population but it has a large land area and a sparse population density. The largest town is Hawick with an estimated population of 13,889, followed by Galashiels with 12,603. The latest information indicates 28% of the Scottish Borders population lives in settlements of below 500 people or in isolated hamlets.

The population of Scottish Borders has risen by 8.7% in the past 10 years, a faster rate of increase than the Scottish average of 7.1%. The population of the Scottish Borders has an older structure than average, with a lower proportion of under 25s and a higher proportion of over 25s, and especially of over 75s, than average for Scotland. In the past 10 years, the 25-44 age group in Scottish Borders saw the largest percentage decrease (a drop of 24.4%) and the 65-74 age group saw the largest increase (48.1%).

Whilst the overall population of the Scottish Borders is not projected to increase significantly over the coming years, the average age of the Scottish Borders population will continue to increase as the current older working-age cohort become pensioners, with fewer younger people to replace them, and just because everyone is expected to live longer. The 16-24 age group is projected to see the largest decrease (a drop of 8.4%) by 2026, and the 75+ age group is projected to see the largest percentage increase (33.5%). In terms of actual numbers, the 45-64 age group will remain the largest cohort.

These demographic factors have a unique and challenging impact on 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:

Adult Social Care Services*	Acute Health Services (*Provided in a hospital)	Community Health Services*
<ul style="list-style-type: none"> • Social Work Services for adults and older people; • Services and support for adults with physical disabilities and learning disabilities; • Mental Health Services; • Drug and Alcohol Services; • Adult protection and domestic abuse; • Carers support services; • Community Care Assessment Teams; • Care Home Services; • Adult Placement Services; • Health Improvement Services; • Re-ablement Services, equipment and telecare; • Aspects of housing support including aids and adaptations; • Day Services; • Local Area Co-ordination; • Respite Provision • Occupational Therapy services. 	<ul style="list-style-type: none"> • Accident and Emergency; • Inpatients services in these specialities: <ul style="list-style-type: none"> - General Medicine; - Geriatric Medicine; - Rehabilitation Medicine; - Respiratory Medicine; - Psychiatry of Learning Disability; • Palliative Care Services provided in a hospital; • Inpatient hospital services provided by GPs; • Services provided in a hospital in relation to an addiction or dependence of any substance; • Mental Health services provided in a hospital, except secure forensic mental health services. 	<ul style="list-style-type: none"> • District Nursing; • Primary Medical Services (GP Practices)*; • Out of Hours Primary Medical Services*; • Public Dental Services*; • General Dental Services*; • Ophthalmic Services*; • Community Pharmacy Services*; • Community Geriatric Services; • Community Learning Disability Services; • Mental Health Services; • Continence Services; • Kidney Dialysis outwith the hospital; • Services provided by health professional that aim to promote public health; • Community Addiction Services; • Community Palliative Care; • Allied Health Professional Services.
<p>*Adult Social Care Services for adults aged 18 and over. *Acute Health Services for all ages – adults and children. *Community Health Services for adults aged 18 and over, excepting those marked with an asterisk (*), which also include services for children.</p>		

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 control 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”. They are shown in the middle column above.

Strategic Plan

The IJB renewed its Strategic Plan in 2018/19, setting out its strategic objectives for 2018/19 – 2020/21. The plan sets out what the IJB wants to achieve to improve health and well-being in the Borders through integrating health and social care services.

The partnership’s Strategic Plan also describes some of the actions it is taking 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. It also outlines the performance measures used to assess the progress we are making.

Within 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.

This high level plan will be supported by the implementation of strategies related to specific themes such as dementia, mental health, carers and locality plans that reflect differing patterns of need across the Scottish Borders.

Operations of the IJB

Performance against Strategic Objectives 2018/19

The Strategic Plan 2018/19 – 2020/21 focuses on the delivery of the three local Strategic Objectives which are aligned to the health and wellbeing outcomes. Performance against these objectives is highlighted through a number of key achievements summarised under each objective.

STRATEGIC OBJECTIVE 1:

We will improve the health of the population and reduce the number of hospital admissions.

We are committed to helping older people to manage their own health better, improving fitness and reducing social isolation. We know that the number and proportion of older people in the Borders is increasing and we therefore need to promote 'active ageing.' We know that many older people in Scottish Borders report poor health therefore we must promote healthier lifestyles, earlier detection of disease and support to recover and manage their conditions. We know that the population of the Scottish Borders is spread over a large geographical area with many people living in rural locations, therefore services need to be provided locally and accessible transport arrangements put in place.

Key Achievements:

- The Primary Care Improvement Plan was submitted to Scottish Government on 31st August 2018. It sets out our intentions over the coming 3-years to improve primary care

settings through investment in key areas including vaccinations, community treatment and community link workers.

- The Action 15 Plan was also submitted to the Scottish Government in 2018. This set out our plans to invest in Mental Health services across the partnership.
- We held our inaugural 'Living with and caring for Dementia' event in November 2018. This was attended by over 100 staff, people with dementia and their carers. It was an opportunity to listen and learn – as who better to explain what it is really like to live with dementia than the very people who are going through it?
- The first Borders Healthy Lives Week brought together a wide-range of staff from across the Partnership and the Third Sector. Over 100 people took part in our Pledge Challenge, making a commitment to look after their health and wellbeing. Pledges ranged from drinking more water, eating more fruit, cycling more and entering a half marathon. All reinforcing the message that small changes can make big differences
- Funding from Scottish Government was obtained to support a 2-year project to encourage access to bowel, breast and cervical cancer screening for people with learning disabilities and mental health service patients.

STRATEGIC OBJECTIVE 2:

We will improve the flow of patients into, through and out of hospital.

We are committed to reducing the time that people are delayed in hospital. People should also have a greater and more flexible choice of different services which meet their long-term housing, care and support needs. We know that we need to continue to listen, involve, plan and deliver services across the five localities. We know that housing and supported accommodation options have an important role to play in regard to the flow of patients. We know that a number of people need flexible support arrangements to maintain and improve their quality of life.

- The Discharge Programme has been formed to bring together the linked services across the partnership focussing on preventing admissions, reducing the number of delayed discharges within the hospital system, and enabling people to remain in the community longer.

Specific changes within the Discharge Programme includes the following:

- Hospital to Home (H2H) has been expanded across all 5 localities and has helped develop peoples' confidence and skills so that they can carry out activities themselves, enabling them to continue living at home. So far H2H has been able to accommodate over 200 patients.
- The STRATA project went live in 2018/19. This automates and improves the process of discharging patients from hospital into residential care or care at home providers. The system uses a real-time directory of available care home beds, capacity and specialist services allowing these to be matched to patients.

STRATEGIC OBJECTIVE 3:

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.

We are committed to supporting people to manage their own conditions, by improving access to health and social care services in local communities, by improving support to carers and by delivering more supported accommodation, including extra care homes, dementia care and mixed tenure provision. We know that a range of support is required to support for people with dementia and their carers. We know that we need high quality support for the 12,500 people aged 16 and over who are providing unpaid care in the Scottish Borders.

- A service that provides one-to-one personal support for people with cancer has been rolled out across the Borders. The 'TCAT' service is free; it provides tailored advice, information and support to help people regain a sense of control over their lives. It is being delivered in partnership between The Partnership, MacMillan Cancer Support, NHS Borders and the British Red Cross.
- An innovative mountain biking project for people currently experiencing mental ill health was delivered by the Partnership, Developing Mountain Biking in Scotland (DMBinS) and Napier University. It promoted the therapeutic benefits of cycling in improving mental health, increased personal resilience, social skills and confidence.
- The IJB Technology Enabled Care (TEC) Strategy is in place. This strategy sets the direction of travel for the Partnership use of TEC and identifies the priorities in trialling different pieces of TEC, such as:
 - *Florence*: is a health monitoring system, allowing individuals to monitor their health condition from home. It uses text messages to allow Health clinical staff to collect readings or symptom information remotely from patients. Florence can alert clinicians if a patient's condition worsens to allow them to intervene appropriately. Florence is being trialled in the West GP Cluster for Blood Pressure, COPD and Asthma.
 - *ARMED (Advanced Risk Modelling for Early Detection)* uses of wearable devices to monitor, predict and therefore prevent falls. If a person's normal state/pattern of sleep, body composition or grip strength changes then the system raises an alert. A pilot of Armed is underway in Deanfield residential care home, Dovecot extra care home and within the Cheviot hospital to home team.

[Annual Performance Report 2018/19](#)

The partnership will publish its 2018/19 Annual Performance Report (APR) in July 2019. This will provide a comprehensive summary of the Partnership's financial performance and its performance against the Local and National Integration Indicators identified by the IJB and the Scottish Government.

The partnership's priorities for 2019/20 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.

Key Partnership Decisions 2018/19

The IJB continued to meet regularly in 2018/19 both as a formal meeting to transact business and also through Development sessions to enhance its understanding of the more complex issues it faces as the Partnership continues to evolve.

Key aspects of the IJB's business include a focus 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 a temporary Chief Finance Officer, Mr Michael Porteous;
- Approval of the Local Code of Corporate Governance;
- Agreement to expand the Hospital to Home initiative;
- Agreement to pilot the STRATA initiative
- Approval of its Communications Strategy;
- Agreement to receive a review of the Strategic Risk Register twice yearly.

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

- Approval of its refreshed Strategic Plan 2018/19 – 20/21;
- Review of the Integrated Care Fund Schemes and Direction of the remaining funding.
- Direction of the remaining Social Care Funding;
- Approval and delivery of its 2018/19 financial plan;
- Direction of resources to assist with Joint Winter Planning performance;
- Approval of the allocation of additional Drug & Alcohol funding received from Scottish Government.

Locality Planning

Locality planning is a key tool in delivery of the change required to meet new and existing demands in the Borders. The IJB has developed locality arrangements, where professionals, communities and individuals can inform locality planning and redesign of services to meet local need in the best way. This is achieved through having 'Locality Working Groups' in each of the five localities of:

- Berwickshire
- Cheviot
- Eildon
- Teviot & Liddesdale
- Tweeddale.

Each Locality has a Locality Plan. In the long-term, there are opportunities to further integrate the Locality Plans within Community Planning Partnership (CPP) arrangements, but in the short-term the Partnership is planning to strengthen and bolster Locality Working Group arrangements

Governance

The governance structure of the Partnership includes the operation of the IJB and the EMT:

- **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 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.

The Partnership continues to review performance, identify strengths and areas for improvement and work to deliver continuous improvement in its governance, operations and performance.

At the start, middle and end of the financial year, the IJB and its partners undertake 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.

Financial Position at 31 March 2019

Delegated Budget

The partnership reported a break even position against the Delegated Budget at 31 March 2019. Additional allocations from the funding bodies were required during the year and at year end to deliver a break even position overall.

The 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	20,216	21,156	21,526	(370)
Joint Mental Health Service	15,422	16,775	16,973	(198)
Joint Alcohol and Drug Service	530	770	744	26
Older People Service	19,281	20,772	20,762	10
Physical Disability Service	3,322	3,677	3,599	78
Generic Services	89,855	89,685	94,219	(4,534)
Over allocation returned to Scottish Borders Council		(252)		(252)
Additional Allocation from NHS Borders	0	5,240	0	5,240
	148,626	157,823	157,823	0

Key pressures within the 2018/19 delegated function's accounts impacting on out-turn have been:

- significant increased demand for services associated with an increasing ageing population and increased complexity of care needs
- pressures arising from challenges in recruitment and retention of staff resulting in the need for higher cost locum or agency staff to cover services
- the non-delivery of savings
- meeting the increased costs of service provision in areas such as care at home and in relation to patients transitioning into adult specialist services.

Despite the above the IJB delivered significant success through savings and efficiencies made within the pharmacy service with a small underspend reported against the Prescribing budget in 2018/19.

The IJB continued to support the delivery of services such as Hospital to Home and the Matching Unit which are instrumental in reducing the number of delayed discharges and providing effective care for people in a community setting. These services contributed directly to the more effective management of patient flow across hospital and community services and a significant reduction in spend over the winter period.

However additional funding was required to deliver a break even position for 2018/19. Additional allocations of £3.2m were made during the financial year by the Scottish Borders Council resulting in a small underspend at year end which has been returned to the Council. NHS Borders required additional funding from the Scottish Government in order to meet its financial obligations. A brokerage agreement was reached with the Scottish Government which provided NHS Borders with additional in year funding and enabled them to make an additional allocation of £5.240m to the funding of NHS delegated functions.

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 2019, summarised as:

Set Aside Healthcare Functions	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Accident & Emergency	2,003	2,742	2,912	(170)
Medicine & Long-Term Conditions	11,847	14,491	15,571	(1,080)
Medicine of the Elderly	6,288	6,509	6,642	(133)
Planned Savings & Actions				0
Additional Allocation from NHS Borders		1,383		1,383
	20,138	25,125	25,125	0

Key pressures within the 2018/19 set aside accounts impacting on out-turn have been:

- the impact of vacancies and the subsequent use of agency staff to ensure rotas are supported and services are fully operational
- high patient acuity impacting on staffing levels

The brokerage secured by NHS Borders enabled it to make an additional contribution of £1.383m the year end to deliver a break even position for the Set-Aside services overall.

Other Resources

Social Care Funding

The Scottish Government funding of £7.397m is contained within their 2018/19 baseline allocation to NHS Borders and subsequently forms part of the delegated funding to the IJB. These resources have been directed in full to Scottish Borders Council 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. In summary resources have been directed within Social Care services on the following basis:

Social Care Funding	Directed Funding 2016/17 to 2018/19 £'000
Scottish Living Wage	2,455
Demographic pressures	3,220
Market provider costs	1,722
	7,397

Integrated Care Fund

The resources the IJB is allocated from NHS Borders included separate funding previously allocated under the banner of Integrated Care Fund (ICF). This funding of £2.13m was allocated annually for the 3 years to 2017/18, providing a total of £6.39m over the life of the programme. Funding was carried forward into 2018/19 to meet the residual costs of live programmes of work and a small overspend was recorded. The funding of £2.13m has now been included in the base funding allocated to the IJB and the overspend was met from this budget in 2018/19.

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

	Budget Allocation 2015/16 £'000	Budget Allocation 2016/17 £'000	Budget Allocation 2017/18 £'000	Budget Allocation 2018/19 £'000	Actual Outturn over 3 year £'000	(Over)/ Under Commitment £'000
NHS Borders-Led	21	621	317	713	1,672	0
SBC -led	204	703	1,764	2,047	4,756	(38)
	225	1,324	2,081	2,760	6,428	(38)

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 £450k remains for carry forward to 2019/20 for use by the Partnership.

Financial Outlook

The IJB continues to face significant financial challenges and a financial recovery plan is being drawn up to identify potential solutions to the recurring service pressures and unmet savings targets. The partnership is facing a number of risks which will require management and mitigation in 2019/20 and beyond:

- the 2019/20 Financial Plan remains draft and does not currently address all historic and existing pressures
- the financial challenges facing NHS Borders will result in a requirement for further brokerage in 2019/20 to enable it to meet its statutory obligations, including funding any overspend incurred by the IJB
- the partnership's Strategic Plan has been updated and relaunched to cover the 3 years from 2018/19 to 2020/21. Both NHS Borders and Scottish Borders Council will receive only a 1-year financial settlement
- prescribing remains a high risk area due to the level of spend and volatility of price and supply
- there is an ongoing risk in relation to the sustainability of the workforce both internally and with our external care partners

- further cost pressures may emerge during 2019/20 that are not yet projected or provided for within either partner's financial plans, nor the resources delegated to the IJB
- the risk of loss of service provision as a result of market failure would result in additional costs as alternative supply is transitioned

Risk, Uncertainty and Change

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Strategic and Operational Risk Registers for the Partnership are now in place. Specific prevalent risks are outlined above and within the Partnership's Risk Register, these are categorised across the following strategic themes:

- Lack of change in culture to partnership approach
- Unclear direction by IJB to utilise resources efficiently and effectively
- Insufficient future market for care to meet increasing demand
- Lack of partnership approach to engagement and consultation
- Slippage in delivery by partners of efficiency savings and the ambitious programme to transform to new models of care
- Insufficient workforce skills and capacity to meet demand and transformed service delivery
- Significant supplier failure to provide services
- Reputational damage if someone comes to harm
- Lack of resources and governance to implement change and transformation programmes and projects
- Insufficient oversight of information governance

In 2018/19, the IJB chair was Dr Stephen Mather, who is an NHS Borders Non-Executive Director. The vice –chair was Councillor David Parker. In addition to the chair and vice-chair the IJB Board comprises 4 additional voting members from NHS Borders and 4 from Scottish Borders Council. During 2018/19 1 new council member joined the Board, replacing Councillor Laing

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 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP), 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

Michael Porteous 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

xx September 2019

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 and 2018/19 chair). IJB Board members at 31 March 2019 are:

- DR S Mather (Chair)
- Councillor D Parker (Vice Chair)
- Mr M Dickson
- Mrs K Hamilton
- Mr T Taylor
- Mr J Raine
- Councillor J Greenwell
- Councillor S Haslam
- Councillor T Weatherspoon
- Councillor E Thornton-Nicol

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 2017/18 £	Name	Post(s) Held	Nominated By	Taxable Expenses 2018/19 £
2,601	Dr Stephen Mather	Chair	NHS Borders	2,935
Nil	Mr David Parker	Vice-Chair	Scottish Borders Council	Nil
1,020	Mrs Karen Hamilton	Member	NHS Borders	714
1,351	Mr David Davidson	Member	NHS Borders	238
Nil	Mr Malcolm Dickson	Member	NHS Borders	1,127
393	Mr Tristram Taylor	Member	NHS Borders	Nil
5,365	Total			5,014

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: The services of a Chief Finance Officer (CFO) have been secured through a secondment appointment. The CFO undertakes the statutory role of section 95 Officer for the IJB. The employment contract for the CFO will adhere to the legislative and regulatory framework of the employing partner organisation. 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.

Total 2017/18 £	Name	Employing Organisation	Salary £	Fees and Allowances £
45,781 (FYE £99,883)	Mrs Elaine Torrance (01 March 2017 to 17 September 2018)	Scottish Borders Council		
49,920 (FYE £105,322)	Mr Rob McCulloch-Graham	Scottish Borders Council	104,327	703
95,701	Total		104,327	703

The post of CFO was initially undertaken by the Chief Finance Officer for Scottish Borders Council within his duties as Section 95 Officer. The Chief Financial Officer role was then undertaken from 6 August 2018 to 31 March 2019 by Mr Michael Porteous on a secondment basis.

Total 2017/18 £	Name	Employing Organisation	Salary £	Fees and Allowances £
25,263 (FYE £50,526)	Mr Paul McMenamin (01 March 2017 to 30 September 2017)	Scottish Borders Council		
	Mr Michael Porteous (06 August 2018 to 31 March 2019)	NHS Borders	38,614 (FYE £59,090)	146
25,253	Total		38,614	146

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

Rob McCulloch-Graham 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). This scheme became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

Mr Michael Porteous has an employment contract with an NHS Board and is a member of the NHS Pension Scheme (Scotland) 2015. The NHS Superannuation Scheme became a career average pay scheme from 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary.

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 2019	
	31 March 2018 £	31 March 2019 £	Pension £	Lump Sum £
Chief Officer Mrs Elaine Torrance (01 April 2017 to 17 September 2017)	8,241			
Chief Officer Mr Rob McCulloch-Graham (09 October 2017 to 31 March 2018)	8,986	18,737	9,195	0
	Movement from 31 March 2018 =		8,146	0
Chief Financial Officer Mr Paul McMenamin (01 April 2017 to 30 September 2017)	4,355			0
				0
Chief Financial Officer Mr Michael Porteous (06 August 2018 to 31 March 2019)	6,821	5,108	18,153	52,236
	Movement from 31 March 2018 =		1,884	3,429
	Total Movement from 31 March 2018 =		10,030	3,429

*₁ Pro-rata for period employed as Chief financial Officer 06 August 2018 to 31 March 2019

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 2018/19 this is:

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£50,001 - £55,000	
1	£55,001 - £60,000	
	£60,001 - £65,000	1
	£95,001 - £100,000	
	£100,001 - £105,000	1

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

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

xx September 2019

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 xx September 2019.

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

Dr Stephen Mather
Chair

Chief Financial Officer

The Chief Financial Officer (CFO) is seconded at no cost to the IJB from one or other partner organisation. The post was filled from 6 August with a full time secondee from outwith the Borders. Prior to this date the role was covered by the Chief Financial Officer of Scottish Borders Council in addition to his substantive role.

The CFO 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 CFO is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with the Code of Practice and legislation.

The CFO is also required to:

- keep adequate proper accounting records which are up to date; and
- take reasonable steps to ensure the propriety and regularity of the finances of the IJB.

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 2019 and the transactions of the Joint Board for the year then ended.

Michael Porteous CPFA
Chief Financial Officer

Annual Governance Statement 2018/19

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. The revised IJB Local Code approved by the Board in September 2018 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 2018/19 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 2018-2021 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 2018-2021 is based on consultation during its review and update.

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 filled on an interim basis until August 2019.

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.

Quarterly Performance Reports were presented to the Board for monitoring and control purposes. An Annual Performance Report for 2018/19 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2018/19 setting out the financial position in accordance with relevant accounting regulations is also being 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 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.

Improvement Areas of Governance

The 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:

- 1 Fully embed risk management into the culture of the IJB.
- 2 Recruit on a permanent basis to the IJB Chief Financial Officer post.

The implementation of these actions to enhance the governance arrangements in 2019/20 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2019/20 is designed to test improvements and compliance in governance and risk management arrangements, achievement of transformation and change in service delivery (and the associated workforce development), and performance management.

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

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

t.b.c.

Gillian Woolman MA FCA CPFA

Assistant Director

Audit Scotland
102 West Port
Edinburgh
EH3 9DN

xx September 2018

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) for the Year Ended 31 March 2019

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 2018/19, there are no statutory adjustments.

Gross Expenditure 2017/18	Income 2017/18	Net Expenditure 2017/18		Gross Expenditure 2018/19	Income 2018/19	Net Expenditure 2018/19	Note	
£'000	£'000	£'000		£'000	£'000	£'000		
96,247	0	96,247	Health Services Delegated	102,274	0	102,274	4,7	
54,475	0	54,475	Social Care Services Delegated	58,432	0	58,432		
24,418	0	24,418	Health Services Retained and Set-Aside by NHS Borders	25,125	0	25,125		
150	0	150	Corporate Services	162	0	162		
175,290	0	175,290	Cost of Services	185,993	0	185,993		
0	(175,290)	(175,290)	Taxation and Non-Specific Grant Income	0	(185,993)	(185,993)	5	
165,766	(165,766)	0	Surplus or (Deficit) on Provision of Services	185,993	(185,993)	0		
						175,290	Total Comprehensive Income and Expenditure	0

The Integration Joint Board came into existence in February 2016. The 2018/19 Comprehensive Income and Expenditure Statement reflect the third year of financial operation.

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 2019. 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 2019.

Following these positions therefore, no net movement in reserves has been calculated for 2018/19.

	General Fund Balance £'000	Useable Reserves: Employee Statutory Adjustment Account £'000	Total Reserves £'000
Opening Balance at 31 March 2018	0	0	0
Adjustments between accounting basis and funding under regulations	0	0	0
Closing Balance at 31 March 2019	0	0	0
Increase or Decrease during 2018/19	0	0	0

Balance Sheet at 31 March 2019

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 2019, these remain nil.

31 March 2018 £'000			31 March 2019 £'000		Note
11,694		Short-Term Debtors	15,002		6
	11,694	Current Assets		15,002	
(11,694)		Short-Term Creditors	(15,002)		6
	(11,694)	Current Liabilities		(15,002)	
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 XX June 2019 and the audited accounts were authorised for issue on xx September 2019.

Michael Porteous CPFA
Chief Financial Officer

xx September 2019

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 2018/19 financial year and its position at the year-end of 31 March 2019.

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 2019.

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.

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 XX 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 2019, 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 2019.

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.

2017/18				2018/19		
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
20,025	0	20,025	Joint Learning Disability Service	21,526	0	21,526
15,597	0	15,597	Joint Mental Health Service	16,973	0	16,973
767	0	767	Joint Alcohol and Drug Service	744	0	744
19,298	0	19,298	Older People Service	20,762	0	20,762
3,535	0	3,535	Physical Disability Service	3,599	0	3,599
89,396	0	89,396	Generic Services	94,219	0	94,219
23	0	23	Older Peoples Change Fund	85	0	85
2,081	0	2,081	Integrated Care Fund	2,798	0	2,798
24,418	0	24,418	Health Services Retained and Set-Aside by NHS Borders	25,125	0	25,125
150	0	150	Corporate Services	162	0	162
175,290	0	175,290	Cost of Services	185,993	0	185,993
(175,290)	0	(175,290)	Other Income and Expenditure	(185,993)	0	(185,993)
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 2019.

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

2017/18 £'000		2018/19 £'000
120,665	Services commissioned from NHS Borders	127,399
54,475	Services commissioned from Scottish Borders Council	58,432
126	Employee Benefits Expenditure	137
24	Auditor Fee: External Audit	25
(175,290)	Partners' Funding Contributions	(185,993)
(0)	Cost of Services	(0)

The Fee charged by the Independent Auditor for 2018/19 was £25,000.

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

2017/18 £'000		2018/19 £'000
(125,250)	Funding Contribution from NHS Borders	(134,050)
(50,040)	Funding Contribution from Scottish Borders Council	(51,943)
(175,290)	Taxation and Non-Specific Grant Income	(185,993)

The funding contribution from the NHS Board shown above includes £25.125m 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 2019 and any payments made in respect of delegated functions in advance of the 2019/20 financial year:

31 March 2018 £'000		31 March 2019 £'000
1,432	Funding NHS Borders	3,761
10,262	Funding Scottish Borders Council	11,241
0	Funding Non-Public Sector	0
11,694	Debtors	15,002

6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2019 and any income it has received in advance of the 2019/20 financial year:

31 March 2018 £'000		31 March 2019 £'000
(1,432)	Funding NHS Borders	(3,761)
(10,262)	Funding Scottish Borders Council	(11,241)
0	Funding Non-Public Sector	0
(11,694)	Creditors	(15,002)

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

2017/18 £'000		2018/19 £'000
(125,250)	Funding Contributions	(134,050)
0	Service Income	0
120,665	Expenditure on Services Provided	127,399
0	Key Management Personnel	0
12	Support Services	13
(4,573)	Net Transactions with NHS Borders	(6,638)

Key Management Personnel: There are no non-voting Board members employed by the NHS Board and recharged to the IJB..

31 March 2018 £'000		31 March 2019 £'000
1,432	Debtors: Amounts Due from NHS Borders	3,761
(1,432)	Creditors: Amounts Due to NHS Borders	(3,761)
0	Net Balance with NHS Borders	0

Scottish Borders Council

2017/18 £'000		2018/19 £'000
(50,040)	Funding Contributions	(51,943)
0	Service Income	0
54,475	Expenditure on Services Provided	58,432
126	Key Management Personnel	149
12	Support Services	
4,573	Net Transactions with Scottish Borders Council	6,638

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

31 March 2018 £'000		31 March 2019 £'000
10,262	Debtors: Amounts Due from Scottish Borders Council	11,241
(10,262)	Creditors: Amounts Due to Scottish Borders Council	(11,241)
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 2019.

8.2 Useable Reserve: General Fund: The IJB does not hold a balance on its General Fund Reserve at 31 March 2019. 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 2019. 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
5 JUNE 2019



SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD
AUDIT COMMITTEE ANNUAL REPORT 2018/19

Aim

- 1.1 The purpose of this report is to provide Members with the IJB Audit Committee Annual Report 2018/19 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 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance). It incorporates CIPFA's 2018 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 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 12 February 2019 facilitated by the IJB's Chief Internal Auditor. The IJB Audit Committee Annual Report 2018/19 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 maturity of the IJB Audit Committee arrangements and health and social care integration. Improvements have been identified by the Committee.
- 3.3 The IJB Audit Committee Annual Report 2018/19 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 2018/19 (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 2018/19 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
Jill Stacey	Chief Internal Auditor, Scottish Borders Health and Social Care Integration Joint Board (Scottish Borders Council's Chief Officer Audit & Risk)

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 – 2018/19

This 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 25 June, 17 September and 17 December 2018, and 12 February 2019 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. One additional member was appointed from an external source as a non-voting member in October 2018 to enhance independence of the IJB Audit Committee’s role in the scrutiny process.

The Committee membership during the year was Councillor T Weatherston (Chairman), Councillor J Greenwell, Mr J Raine, Mr M Dickson, and Mr A Clark (external member from October 2018).

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

Member	Meeting of 25 June 2018	Meeting of 17 September 2018	Meeting of 17 December 2018	Meeting of 12 February 2019
Cllr T Weatherston (Chair)	Present	Present	Present	Present
Cllr J Greenwell	Present	Present	Apologies	Present
Mr J Raine	Present	Apologies	Apologies	Apologies
Mr M Dickson	Present	Present	Present	Present
Mr A Clark (external)	n/a	n/a	Present	Present

Every meeting of the IJB Audit Committee in 2018/19 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.

Self-Assessment of the Committee

The annual self-assessment was carried out by members of the IJB Audit Committee on 12 February 2019 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 maturity of the IJB Audit Committee and health and social care integration. The following improvements have been identified: utilise the Knowledge and Skills Framework to inform future learning and development needs of IJB Audit Committee members; 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.
- The IJB Audit Committee has recommended that the IJB Full Board reviews the IJB Strategic Risk Register on a six monthly basis to enhance risk management arrangements.

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

During the year one additional member was appointed from an external source as a non-voting member to the IJB Audit Committee to enhance the robustness and independence of its 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 Constitution within the Terms of Reference for the IJB Audit Committee.

Furthermore, to emphasise its important scrutiny role of the accounts set out in function no.5, change "Consider" to "Review" within the Terms of Reference for the IJB Audit Committee.

Councillor Tom Weatherston
Chairman of IJB Audit Committee
May 2019

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2018 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 11 February 2019

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 2018 (deemed applicable to integration authorities’ 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 17 September 2018). 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?	Yes	The IJB Audit Committee reviewed its terms of reference as part of the 2018/19 self-assessment of performance against best practice checklists. An Annual Report was 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.

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2018 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 11 February 2019

Functions of the committee	Yes/Partly /No	Comments
----------------------------	-------------------	----------

Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?

- | | | |
|--|------------------------------|--------------------------------------|
| • good governance | <input type="checkbox"/> Yes | Included in function no. 1 |
| • assurance framework, including partnerships and collaboration arrangements | <input type="checkbox"/> Yes | Included in all aspects of functions |
| • internal audit | <input type="checkbox"/> Yes | Included in function no. 3 |
| • external audit | <input type="checkbox"/> Yes | Included in function no. 4 |
| • financial reporting | <input type="checkbox"/> Yes | Included in function no. 5 |
| • risk management | <input type="checkbox"/> Yes | Included in function no. 2 |
| • Value for money or best value | <input type="checkbox"/> Yes | Included in function no. 7 |
| • Counter-fraud or corruption | <input type="checkbox"/> Yes | Implicit in functions nos. 1 & 8 |
| • Supporting the ethical framework | <input type="checkbox"/> Yes | Included in function no. 6 |

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2018 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 11 February 2019

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?	Yes	The IJB Audit Committee reviewed how it has fulfilled its terms of reference during the 2018/19 self-assessment of performance against best practice checklists, and there is evidence of improvement during the year. 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 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 2018 (deemed relevant to integration authorities’ audit committees). In the context of health and social care integration reliance is placed on partners’ audit committees fulfilling their functions. Chairs of IJB, NHS Borders and SBC Audit Committees have met during the year and agreed to share information and plans.
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	Coverage of core areas is adequate.
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 2018/19 self-assessment has confirmed that the IJB Audit Committee adhered to its terms of reference during the year.

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2018 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 11 February 2019

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 • consideration has been given to the inclusion of at least one independent member 	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 (refer below).</p> <p>2nd & 3rd bullet points – The IJB appoints the Committee which consists of at least four voting members of the IJB, excluding professional advisors.</p> <p>4th bullet point – consideration was given as part of 2017/18 self-assessment and as an improvement the proposal to appoint an external member to the IJB Audit Committee, approved by the full IJB Board, was enacted.</p>
<p>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the IJB?</p>	Yes	<p>One external member was appointed in October 2018 following an open recruitment and selection process approved by the full IJB Board.</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	Yes	<p>Pre-meetings between the Chair of the IJB Audit Committee and IJB Chief Internal Auditor (an enhancement in 2018), plus meetings with Chairs of IJB, SBC and NHS Borders’ Audit Committees, to share information and place reliance on assurance, were held during the year. Rotation of Chair extended.</p>
<p>Are there arrangements in place to support the committee with briefings and training?</p>	Yes	<p>The Induction Programme includes: Outline of Corporate Governance; role of the IJB Audit Committee; role of Internal and External Audit; Assurance Framework; and Audit Cycle. Informal Sessions before or after each IJB Audit Committee meeting were introduced late 2018 for the purpose of briefing and training. Some members attended CIPFA Audit Committee training in 2018.</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 2018/19 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>

CIPFA ‘audit committees’ Practical Guidance for Local Authorities and Police 2018 Edition

Scottish Borders Health and Social Care IJB Audit Committee – self-assessment of Good Practice at 11 February 2019

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 2018/19 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.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	Recorded in Minutes.
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	Members utilise opportunities to meet with or email, as required, the key people responsible for the IJB’s governance and improvement e.g. Chief Officer, Chief Finance Officer.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations are made to the full IJB Board through their approval of Minutes of each IJB Audit Committee meeting or via IJB Audit Committee Chair or via other reports to the IJB e.g. IJB Strategic Risk Register review frequency.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	During its 2018/19 self-assessment the toolkit ‘Evaluating the Effectiveness of the Audit Committee’ from the CIPFA ‘audit committees’ guidance (2018) was utilised to consider how it is adding value to the IJB.
Does the committee have an action plan to improve any areas of weakness?	Yes	The IJB Audit Committee identified areas where it could improve in respect of its scrutiny and challenge role to fulfil its remit during its 2018/19 self-assessment against best practice checklist.
Does the committee publish an annual report to account for its performance and explain its work?	Yes	An Annual Report was 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.

Page 61



This page is intentionally left blank

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	Supporting development of local code of governance. Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it. Working with key members to improve their understanding of the AGS and their contribution to it. Supporting audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships.	Committee scrutinised Local Code of Corporate Governance and AGS. Opportunity for Members to engage with officers to clarify matters. Committee supports the role of audit in improving internal control and governance. Committee received presentations and reports from Management and Auditors. Chairs of IJB, SBC and NHS Borders Audit Committees met and agreed to share plans.	4 (4 2017/18)
2. Contributing to the development of an effective control environment.	Actively monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising significant concerns over controls with appropriate senior managers.	Committee received periodic progress reports from Auditors e.g. follow-up activity. CO / CFO attended Committee meetings to discuss progress with improvement actions. National Report shared with Committee to learn from others.	4 (3 2017/18)
3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements. Holding risk owners to account for major/strategic risks.	Committee received Annual Reports from Auditors providing opinion on risk management arrangements. IJB Strategic Risk Register approved by IJB January 2019 and 6-monthly reviews agreed on recommendation by Committee.	3 (2 2017/18)
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	Induction programme outlined Governance and Assurance Framework and Audit Cycle. Annual Strategies, Plans and Reports received from Auditors for assurance purposes.	4 (4 2017/18)

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. Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. Actively support Internal Audit improvements (QAIP).	Committee places reliance on SBC's A&S Committee to approve Internal Audit Charter and confirm conformance with PSIAS (QAIP). IJB Internal Audit Annual Plans and Annual Assurance Reports are received for review.	4 (3 2017/18)
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing how the governance arrangements support the achievement of sustainable outcomes. Reviewing major projects and programmes to ensure governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	Auditors provided assurance on transformation, efficiencies and performance management arrangements. Audit Scotland suggested the Management Commentary within Annual Accounts be used to evidence performance and outcomes.	3 (3 2017/18)
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 (3 2017/18)
8. Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against standards in CIPFA's <i>Managing the Risk of Fraud and Corruption</i> (2014). 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. Suggest Briefing on partner arrangements.	3 (3 2017/18)
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 public reporting responsibilities e.g. audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging transparency. Publishing a Committee annual report.	Committee scrutinised annual accounts and report prior to publication and audit, and commented on the format/content for users – unaudited (June); audited (September) along with Annual Audit Report. Audit Committee annual report to IJB.	4 (4 2017/18)

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.

This page is intentionally left blank

IJB AUDIT COMMITTEE
5 JUNE 2019



**AUDIT SCOTLAND REPORT MARCH 2018 – AUDITING BEST VALUE –
INTEGRATION JOINT BOARDS**

Aim

- 1.1 The purpose of this report is to bring to the attention of Members of the IJB Audit Committee the Audit Scotland Report on Auditing Best Value for IJBs, which lays out guidance to assist auditors with assessing best value within IJBs and therefore worth this committee being sighted on such guidance.

Background

- 2.1 This Audit Scotland guidance note was published in March 2018 and aims to assist auditors assessing best value within integration joint boards. The IJB should secure best value similar to other public sector bodies including health and central government. This publication can be viewed at:

<http://www.dg-change.org.uk/wp-content/uploads/2018/09/Agenda-Item-10-Appendix-1-Audit-Scotland-Report-Guidance-on-Best-Value.pdf>

Key messages

- 2.2 The guidance note lays out the expectations that IJBs demonstrate achievement of best value within documents such as the strategic plan and the performance reports. It further notes that Auditors should assess best value reviews of parent bodies and whether this supports the delivery of best value from the IJB. Finally an appendix of Audit prompts are set out as follows:
 1. Who do you consider to be accountable for securing Best Value in the IJB?
 2. How do you receive assurance that the services supporting the delivery of the strategic plan are securing Best Value?
 3. Do you consider there to be sufficient buy-in to the IJB's longer term vision from partner officers and members?
 4. How is value for money demonstrated in the decisions made by the IJB?
 5. Do you consider there to be a culture of continuous improvement?
 6. Have there been any service reviews undertaken since establishment – have improvements been identified? Is there any evidence of improvements in services and/or reductions in pressures as a result of joint working?
 7. Have identified improvement actions been prioritised in terms of those likely to have the greatest impact?
 8. What steps are taken to ensure that quality of care and service provided is not compromised as a result of costs saving measures?
 9. Is performance information reported to the board of sufficient detail to enable value for money to be assessed?
 10. How does the IJB ensure that management of resources (finances, workforce etc.) is effective and sustainable?

Summary

- 3.1 The key questions above provide a helpful prompt and framework for the IJB Audit Committee to reflect on how effective Scottish Borders IJB is delivering against best value approaches. In order to explore this further, it is proposed to extend a future meeting of the IJB Audit Committee to allow for more detailed consideration of the above questions within the context of the IJB.

Recommendation

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

- (a) Consider the publication of the report from Audit Scotland; and
- (b) Agree to a future extended IJB Audit Committee to review the key points in the report within the context of Scottish Borders IJB.

Policy/Strategy Implications	The framework focuses on supporting the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014.
Consultation	The Audit Scotland Report on Auditing Best Value for IJBs lays out guidance to assist auditors with assessing best value within IJBs and therefore worth the IJB Audit Committee being sighted on such guidance.
Risk Assessment	There are no risks and mitigations implications arising from this report.
Compliance with requirements on Equality and Diversity	There are no equalities and diversities implications arising from this report.
Resource/Staffing Implications	There are no resource implications arising from this report.

Approved by

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

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)