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A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Monday, 9th March, 2020 at 2.00 pm** in Committee Room 4, Scottish Borders Council, Council Headquarters, Newtown St Boswells

As previously agreed, there will be a meeting of Members of the Committee at 1.00 p.m. prior to the main meeting. The primary focus of the Informal Session will be to carry out the annual self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance, facilitated by the Chief Internal Auditor.

AGENDA

Time	No		Lead	Paper
14.00	1	Announcements & Apologies	Chair	Verbal
14.01	2	Declarations of Interest	Chair	Verbal
14.05	3	Minute of Previous Meeting Monday 9 December 2019	Chair	Attached
14.10	4	Matters Arising Action Tracker	Chair	Attached
14.25	5	The 2018/19 Audit Of Fife Integration Joint Board: Report On Significant Findings published by the accounts commission on 27 February 2020	Chief Internal Auditor / External Auditor (Audit Scotland)	Appendix 2020-AC1
14.40	6	External Audit Plan 2019/20 for Scottish Borders Health and Social Care Integration Joint Board	External Auditor (Audit Scotland)	Appendix 2020-AC2
14.40	7	Scottish Borders Health and Social Care Partnership Action Plan Arising from MSG Self-Evaluation and Best Value Areas Of Improvement	Chief Officer	Appendix 2020-AC3
15.05	8	Risk Management Policy and Strategy For Scottish Borders Health and Social Care Integration Joint Board	Chief Officer	Appendix 2020-AC4

15.25	9	Internal Audit Annual Plan 2020/21 for Scottish Borders Health and Social Care Integration Joint Board	Chief Internal Auditor	Appendix 2020-AC5
15.40	10	Any Other Business	Chair	Verbal
15.45	11	Date and Time of Next Meeting Monday 8 June 2020 - 2.00pm to 4.00pm Committee Room 2, Scottish Borders Council HQ	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 J Wilson (External Member)

Louise Ramage
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Minutes of a meeting of the **Scottish Borders Health and Social Care Integration Joint Board Audit Committee** held on Monday 9 December 2019 at 2.00pm in the Board Room, Rushbank, Newstead.

Present: Cllr T Weatherston (Chair) Cllr J Greenwell
Mr M Dickson

In attendance: Mrs J Stacey (Chief Internal Auditor) Mr M Porteous (Chief Finance Officer)
Mr R McCulloch-Graham (Chief Officer) Miss L Ramage (Business Lead)

1. Apologies and Announcements

Apologies had been received from Mrs Karen Hamilton, Mr Asif Haseeb and Ms Sue Holmes.

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 12 August 2019 were approved.

4. Matters Arising

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

Mrs Jill Stacey advised that Mr Anson Clark had stood down as the Independent Member of the Health & Social Care Integration Joint Board (IJB) Audit Committee, citing problems relating to reclaiming expenses.

Members were advised of the intended route of appointing a new Independent Member and the Chair would present a recommendation to a formal IJB in 2020 to seek approval on progressing the appointment.

5. Mid-Year Progress Update on Internal Audit Work

Mrs Jill Stacey provided an overview of the report, highlighting key areas of progress on the delivery of the IJB Internal Audit Annual Plan 2019/20 and the assurance on key deliverables of the partner organisations. Audit Scotland would be approached for their external comment on progress.

Members were advised that the focus of the remainder of the year was on transformational change and workforce development.

Mrs Jill Stacey advised that a full Annual Assurance report would be presented to the June 2020 IJB Audit Committee, along with the statutory feedback from Audit Scotland. .

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered whether it is satisfied with the progress made in the first six months of the year to deliver the approved Scottish Borders Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1).

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered the list of Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees that are relevant to SBIJB for assurance purposes (Appendix 2), considered the assurances contained therein, and provided any commentary thereon.

6. Progress on Implementation by Management of Internal Audit Recommendations

Mrs Jill Stacey provided an overview of the report, verbally highlighting the updates on recommendations made as part of the Internal Audit Annual Assurance Report 2018/19.

Members noted the good indication of progress made and were confident in the actions in place to fulfil recommendations.

Mr Rob McCulloch-Graham advised that, in terms of the sought permanency of the IJB Chief Financial Officer role, the hope would be to advertise in early 2020 and recruit permanently into post by the end of March 2020.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** acknowledged the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** considered whether it is satisfied with the progress or whether any further action is required.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted that Internal Audit will continue to monitor for completion the outstanding recommendations and will provide update reports to this Committee.

7. Auditor General for Scotland – Briefing: Planning for Outcomes

Mr Rob McCulloch-Graham introduced the report for member’s information and advised it may be useful to produce summary versions of these reports in future.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report.

8. Audit Scotland report – NHS Workforce Planning

Mr Rob McCulloch-Graham introduced the report on the assessment of effective planning and developing the primary care workforce, for member’s information. Members were advised this was not exclusively related to the new General Medical Services contract for GPs and therefore included all first points of contact for health care services.

Mr Rob McCulloch-Graham advised the next step for the IJB and partnership working was to introduce a locality structure for multi-disciplinary team operations.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report.

9. Audit Scotland report – NHS in Scotland 2019

Mr Rob McCulloch-Graham introduced the report for member’s information.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report.

10. Any Other Business

Nothing was raised.

11. 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 Monday 9 March 2020, 2.00pm to 4.00pm, Committee Room 4, Scottish Borders Council HQ.

The formal meeting concluded at 3.10pm.

Signature:
Chairman

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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	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:- (b) To receive a review of the IJB Strategic Risk Register on at least an annual basis;	Rob McCulloch-Graham / Jill Stacey	February 2020	Complete: Item on outcomes of annual review of IJB risk management arrangements, and associated new Policy and revised Strategy on Risk Management, is included in included in agenda for 9 March 2020.	
3	5	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:- (c) To request that the IJB Full Board review the IJB Strategic Risk Register on a six monthly basis.	Rob McCulloch-Graham / Louise Ramage	December 2019	Complete: The IJB Strategic Risk Register Update reports were approved by IJB in October 2019 (delayed from June 2019) and in December 2019; intend to follow the recommended cycle in 2020.	

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 / Louise Ramage	2019	Complete: Item on Action Plan arising from Ministerial and Self-Evaluation reviews in May 2019 and Scottish Borders Council Best Value Assurance Report published in October 2019 is included in agenda for 9 March 2020.	

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Meeting held 5 June 2019

Agenda Item: Audit Scotland Report March 2018 – Auditing Best Value – Integration Joint Boards

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
8	8	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed at a future IJB Audit Committee meeting to review the key points relating to health and social care integration within the Scottish Borders Council Best Value Assurance Report, when published, within the context of Scottish Borders IJB.</p>	Jill Stacey	end 2019	Complete: Item on Action Plan arising from Ministerial and Self-Evaluation reviews in May 2019 and Scottish Borders Council Best Value Assurance Report published in October 2019 is included in agenda for 9 March 2020.	

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 IJB Audit Committee meeting

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The 2018/19 audit of Fife Integration Joint Board

Report on significant findings



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
February 2020

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

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

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Commission findings

- 1 The Commission accepts the Controller of Audit's report on matters arising from the 2018/19 audit of Fife Integration Joint Board (IJB). We endorse the recommendations of the appointed external auditor and note they have been agreed with the board.
- 2 In November 2018, we published with the Auditor General our [Health and social care integration: update on progress](#) report. We reported that health and social care integration authorities are limited in their ability to improve the health and social care system and thus improve outcomes for people who need support. We attributed this to a lack of integrated, long-term and focused financial planning, coupled with financial pressures.
- 3 Our audits of individual integration authorities support this conclusion. Our [Local government in Scotland: Financial overview 2018/19](#), published in December 2019, reports that a majority of IJBs struggled to break even, with 19 out of 30 IJBs requiring additional funding. Annual audit reports confirm that the pace of progress with integration has been too slow, with limited evidence of a significant shift in spending and services from acute hospitals to the community.
- 4 It is therefore important to note that Fife IJB is not the only IJB nationally to face significant challenges. It is responsible for planning and commissioning health and social care services in Fife which are delivered through Fife Health and Social Care Partnership, including social work services for adults and older people, community hospitals, children's community health services, primary care, and mental health services.
- 5 We are, however, seriously concerned about the Controller's conclusion that progress in the IJB has been slow and that it faces clear ongoing financial sustainability issues, having reported recurrent overspends. The IJB has no reserves and has been dependent upon additional year-end funding from Fife Council and NHS Fife for the past three years. This lack of sustainability undermines how the IJB will be able to improve and deliver vital health and social care services for the people of Fife.
- 6 We welcome recent progress made by the IJB in securing senior appointments, adopting a new strategic plan, and progressing reviews of its integration scheme and of its medium-term financial strategy. It is important that such reviews are concluded and implemented as planned.
- 7 Nevertheless, we underline the critical need for strengthening of financial management and of performance reporting arrangements, as well as implementing recovery and improvement actions that it previously agreed. We emphasise in particular the need for a robust recovery plan to be put in place to address the financial pressures faced by the IJB. The responsibilities of the board itself – and thus its relationship with its partners Fife Council and NHS Fife – need to be clearer and adhered to.
- 8 The Commission maintains a significant interest in the progress of health and social care integration, alongside the Auditor General. We are committed to undertaking a further national audit of progress later in our five-year work programme. Meantime, we will keep an interest in auditors' annual reports of individual integration authorities. We therefore ask the Controller to update us on any further significant developments, including those in Fife.

Executive summary

Background

1. The Code of Audit Practice (the Code) requires auditors at the conclusion of each year's audit to produce a report summarising the significant matters arising from the audit. For integration joint boards (IJBs) these reports are addressed to the members of the board and to the Controller of Audit.
2. I have received the annual audit report for Fife Integration Joint Board for 2018/19. The auditor has issued an unqualified opinion on the financial statements for 2018/19, but has identified significant issues in the wider audit dimensions under the Code, several of which have been ongoing and are of wider relevance to the sector.
3. I submit this report under section 102(1) of the Local Government (Scotland) Act 1973 as a matter that the Controller of Audit considers should be brought to the Commission's attention.

Annual audit report 2018/19

4. The auditor's [annual audit report](#) was considered by the IJB on 24 September 2019. The report has also been published on Audit Scotland's website.
5. I would draw the Commission's attention to the following points raised by the auditor in their report:

Financial management and financial sustainability concerns

- Financial management arrangements need to be strengthened and the quality of financial reports to members improved. 2018/19 was the first year of the three-year financial recovery plan agreed with the partner bodies. Throughout the year, finance reports showed the planned in-year deficit of £4.5 million was not going to be delivered and a deficit of between £9 and £11 million was the likely outcome. Recovery actions did not identify the required level of savings or actions to reduce expenditure to address the overspend.
- The IJB approached the Scottish Government for help with the development of a financial plan and a turnaround consultant report was commissioned. The report was given to the Senior Leadership Team of the Health and Social Care Partnership in November 2018 but only provided to the Finance & Performance Committee in March 2019.
- One of the key recommendations of the turnaround consultant was the introduction of a 'Grip and Control Framework'. This was presented as the main source of savings in the second financial recovery plan considered by the board in December 2018. Implementation was delayed until January 2019 and there is little evidence that the process implemented from January resulted in any savings or restriction of any expenditure, before the financial year-end.
- Board members raised concerns about the lack of information available to them following the turnaround consultant's report and requested an action plan. Officers prepared a response to a selection of the points flagged but members sought responses to all the points raised by the consultant. There was an underlying overspend in 2018/19 of £9.3 million (almost two

per cent of budget), met by additional contributions from Fife Council and NHS Fife, to give an overall breakeven position for the year. The integration scheme includes a risk-share arrangement to deal with overspends and these are met 72 per cent by NHS Fife and 28 per cent by Fife Council, regardless of which area of the budget incurred overspend.

- This is the third year of significant annual financial deficits, which have been met by additional year-end contributions from partners (2016/17 = £9.3 million, 2017/18 = £8.8million, 2018/19 = £9.3 million). In the first two years, the overspend occurred mainly in the NHS areas of the budget and Fife Council made payments to NHS Fife representing its share of the risk arrangement. In 2018/19, the overspend occurred in Social Care services and NHS Fife made a payment to Fife Council under the risk share arrangement.
- The IJB approved a financial strategy which required a breakeven position over a three-year period. However, the year 1 target for 2018/19 was not met. The IJB still has no long-term financial plan in place.
- The IJB is not financially sustainable: it has no reserves and continues to be dependent on additional year-end funding from partner bodies to meet overspends.

Good governance and management arrangements are not embedded

- More work is needed to ensure partners' roles and responsibilities are clear. There have been discussions at some committee meetings about who is responsible for decision-making and whether decisions should be remitted to the IJB or partner body.
- There have been significant changes in the IJB leadership team, with three chief officers and four chief finance officers since the IJB became operational on 1 April 2016.

Transformation and Best Value arrangements have been slow to develop

- In 2019, the Ministerial Strategic Group for Health and Community Care published a report on progress with integration and proposals for ensuring the success of integration.¹ The IJB completed a self-assessment of progress against these proposals, which showed limited progress with only eight of the 22 proposals identified as 'established'.
- The IJB is still in the process of introducing a Best Value performance management framework.

Context

Fife IJB is not the only Integration Joint Board facing significant challenges

6. The [Local government in Scotland: Financial overview 2018/19](#), published by the Accounts Commission in December 2019, reports that:

- a majority of IJBs struggled to achieve breakeven in 2018/19, and a number failed to deliver their planned savings in 2018/19. Without additional funding, 19 IJBs would have recorded deficits

¹ This is a key strategic group covering transformation and integration in health and community care in Scotland – <https://www.gov.scot/groups/ministerial-strategic-group-for-health-and-community-care/>

- medium-term financial planning is improving but no IJB had a financial plan that extended for more than five years. Twenty-six IJBs now carry reserves to help to meet future commitments and pressures, but the levels vary significantly
- auditors identified a total estimated funding gap across IJBs of £208 million for 2019/20, representing 2.5 per cent of total income
- the pace of progress with integration has been too slow, and there is limited evidence of a significant shift in spending and services from acute hospitals to the community
- a third of senior staff have changed during 2018/19, which may have an impact on capacity and pace of progress.

Developments since the annual audit report

Some recent progress has been made by the IJB

7. The IJB has made some progress since the annual audit report was finalised in September 2019:

- permanent appointments have been made to the posts of chief officer (October 2019) and chief finance officer (June 2019)
- the chief officer is receiving support from the Scottish Government's Director of Delivery of Health and Social Care Integration
- development workshops have been held with board members and officers on financial management and governance
- a review of the integration scheme has been initiated which will include consideration of the governance arrangements and will be concluded in 2020
- an integrated transformation board has been created, consisting of the chief officer of the IJB, along with the chief executives of the council and NHS board
- a revised and updated medium-term financial strategy is in development, which will identify savings options for closing the forecast funding gaps and should be in place to inform budget-setting for the period 2020/21-2022/23
- a new performance management framework is being introduced in 2020 to support Best Value, with the draft framework submitted to the board in December 2019
- a new strategic plan was approved in September 2019 covering the three years until 2022
- new arrangements for out-of-hours services have begun to be phased in
- 'Total Mobile' the councils digital rostering system has now been rolled out to external service providers, representing progress with digital transformation.

Financial projections for 2019/20 show that an overspend of £10.1 million is expected

8. The latest forecast of expenditure for 2019/20 (based on information to the end of September) shows an expected overspend of £3.5 million. This is in addition to the £6.6 million for which savings had not been identified when the budget was set. The total effect is a projected underlying deficit of £10.1 million (1.9 per cent of total budgeted expenditure).

Conclusion

9. Fife IJB is not alone in facing challenges with integration and transformation of health and social care. However, it is clear from the annual audit report for 2018/19 that progress at Fife has been slow and that there are ongoing issues with financial sustainability.

10. There is some positive progress following the appointment of a new chief officer and chief finance officer. Completing the revised medium-term financial strategy should be a key priority for the board, alongside the review of the integration scheme and developing a shared understanding of the respective roles of the key partners.

11. An ongoing process of building collaborative leadership and relationships will be needed to ensure the scale and pace of progress improves at Fife IJB. Significant short and medium-term financial issues are likely to remain until transformation of services can be achieved. It will be necessary for the IJB to be clear in its approach and to focus on changes that deliver savings to get the board onto a more sustainable footing.

12. I invite the Commission to consider the auditor's findings.

The 2018/19 audit of Fife Integration Joint Board

Report on significant findings

This report is available in PDF and RTF formats,
along with a podcast summary at:

www.audit-scotland.gov.uk 

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Scottish Borders Integration Joint Board

Annual Audit Plan 2019/20



 AUDIT SCOTLAND

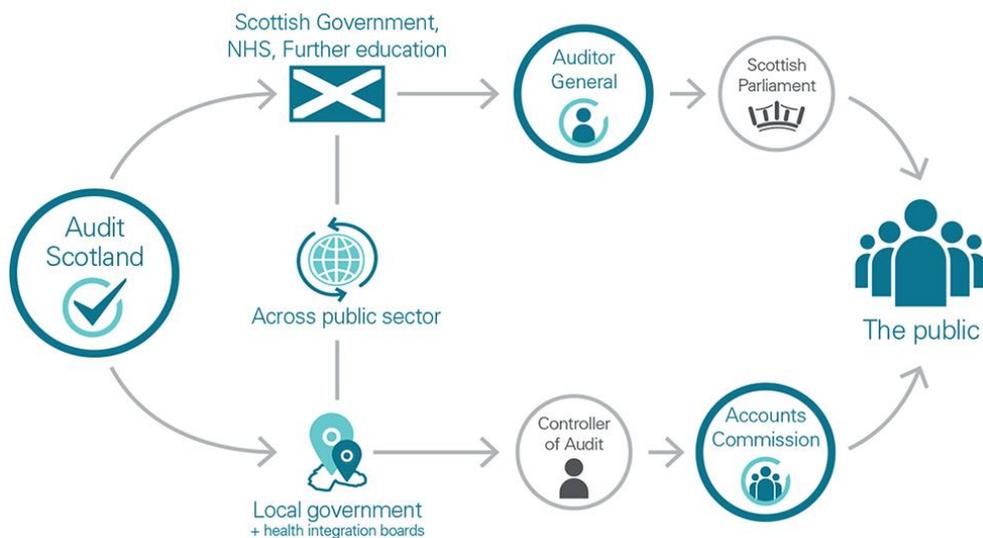
Prepared for Scottish Borders Integration Joint Board

February 2020

Who we are

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

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



About us

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

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

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

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit of Scottish Borders Integration Joint Board (“the IJB” or “the Board”) which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor’s report on the annual accounts and meet the wider scope requirements of public audit, including the audit of Best Value.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

Adding value

3. We aim to add value to the Board through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help promote improved standards of governance, better management and decision making and more effective use of resources.

Audit risks

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

Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Although we have not identified any specific risks of management override relating to the IJB, ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable.</p>	<ul style="list-style-type: none"> Service auditor assurances will be obtained from the audits of Scottish Borders Council (“the Council”) and NHS Borders (“the Health Board”) over the completeness, accuracy and allocation of the income and expenditure.

	Audit Risk	Source of assurance	Planned audit work
2	<p>Chief Financial Officer (CFO)</p> <p>There is no permanent Chief Financial Officer (CFO) at the IJB. From our planning discussions management are hoping to have an appointment in place for April 2020, although it may take longer than this.</p> <p>There is a risk that financial reporting to the IJB and preparation of the annual accounts could be adversely affected by the departure of the interim CFO.</p>	<p>Ongoing monitoring and reporting of IJB budget to the board during the year.</p> <p>Management assurances that arrangements will be in place in time to ensure business continuity.</p>	<ul style="list-style-type: none"> Ongoing discussions and meetings with management
3	<p>Hospital Set Aside Sum</p> <p>Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance; a notional figure is to be agreed and included in the financial statements. The IJB has established a working group to monitor the set aside budget.</p> <p>There is a risk that the sum recorded as set aside for acute services in the annual accounts does not reflect actual hospital use in line with legislation.</p>	<p>Ongoing discussions with NHS Borders ensuring that set aside is appropriately disclosed in the 2019/20 financial statements.</p>	<ul style="list-style-type: none"> Continued engagement with officers prior to the accounts being prepared to ensure that the relevant information is disclosed and the timetable is met.
Wider dimension risks			
4	<p>Financial sustainability</p> <p>The IJB's financial plan for 2019/20 required a significant level of efficiency savings, totalling £13.6m, of which £11.7m were unidentified. These savings targets were revised in August, highlighting a new savings target of £5.5m, as a result of NHS Borders agreeing additional brokerage with the Scottish Government and identification of non-recurring savings. The latest finance update in October 2019 highlighted that the Board were forecasting unidentified savings of £1.4m at the year end.</p> <p>There is a risk that overspends may require additional payments from Scottish Borders Council and NHS Borders and that there may be difficulties in producing a balanced outturn in future years.</p>	<p>Regular financial monitoring is reported to the IJB.</p> <p>The integration scheme outlines the procedures that partner bodies should follow in the event of an overspend.</p>	<ul style="list-style-type: none"> Attendance at board/audit committee meetings. Monitor of performance against savings plans. Consideration of savings plan for 2019/20 and 2020/21. Review whether budget monitoring is adequate and accurately reflects the financial position. Confirm and assess the steps taken to determine and agree future savings requirements with partner bodies. Confirmation of agreement of funding and balances with partners.

	Audit Risk	Source of assurance	Planned audit work
5	<p>Financial management: Budget Setting</p> <p>Due to the high level of unidentified savings needed, the IJB only formally agreed their budget for 2019/20 in August 2019.</p> <p>There is a risk that the IJB is not able to develop appropriate budgets each year if savings plans are not in place.</p>	<p>Savings plans and budget setting process will be reviewed to ensure it is done in a more timely manner.</p>	<ul style="list-style-type: none"> Monitor budget setting process throughout the year
6	<p>Governance: Audit Committee Attendance</p> <p>We reported variable levels of attendance by senior officers at audit committee meetings in 2018/19. This has continued in 2019/20.</p> <p>There is a risk that the Audit Committee may not be able to effectively scrutinise committee business if officers are not available to answer questions.</p>	<p>The meetings schedules and senior officers' calendars have been aligned to ensure attendance at Audit Committee meetings from August 2019.</p>	<ul style="list-style-type: none"> Continue to monitor committee attendance and level of scrutiny through observation and review of committee minutes and papers.
7	<p>Governance: Ministerial Review Self Assessment</p> <p>In March 2019 the Ministerial Strategic Group for Health and Community Care (MSG) issued a self evaluation template to health and social care partnerships as part of an evaluation of progress with the integration of health and social care. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6 areas and exemplary in no areas.</p> <p>There is a risk that health and social care are not fully integrated and this could lead to the IJB operating in an ineffective manner.</p>	<p>Progress on the implementation of the MSG Self Evaluation Health and Social Care Partnership Action Plan will be scrutinised by the Audit Committee.</p> <p>Audit Committee Action Tracker.</p>	<ul style="list-style-type: none"> We will continue to monitor actions taken in response to this self evaluation as this progresses.

Source: Audit Scotland

Reporting arrangements

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

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

7. We will provide an independent auditor's report to Scottish Borders Integration Joint Board and the Accounts Commission setting out our opinions on the annual accounts. We will also provide an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

Exhibit 2

2019/20 Audit outputs

Audit Output	Latest date	Committee Date
Annual Audit Plan	21 February 2020	9 March 2020
Annual Audit Report	3 August 2020	17 August 2020
Independent Auditor's Report	20 August 2020	N/A

Source: Audit Scotland

Audit fee

8. The audit fee for the 2019/20 audit of the Board is £26,560 (2018/19 - £25,000). In determining the audit fee we have taken account of the risk exposure of the Board, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts, with a complete working papers package on 30 June 2020

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

Responsibilities

Audit Committee and Management

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

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

Appointed auditor

12. Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

13. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the four audit dimensions that frame the wider scope of public sector audit requirements. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Annual accounts

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

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

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

- give a true and fair view of the state of affairs of the IJB as at 31 March 2020 and of the income and expenditure of the IJB for the year then ended;
- have been properly prepared in accordance with the financial reporting framework.

Other information in the annual accounts

16. We review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

17. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

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

19. We calculate materiality at different levels as described below. The calculated materiality values for the IJB are set out in [Exhibit 3](#).



Exhibit 3

Materiality values

Materiality	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 March 2020 based on the latest budget for 2019/20.	£2.9 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 70% of planning materiality.	£2.0 million
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 2% of planning materiality.	£60,000

Source: Audit Scotland

Timetable

20. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

Exhibit 4

Annual accounts timetable

 Key stage	 Date
Agreement of year end balances with NHS Borders and Scottish Borders Council	1 June 2020
Latest submission date of unaudited annual report and accounts with complete working papers package	30 June 2020
Latest date for final clearance meeting with Chief Finance Officer	27 July 2020
Issue of Annual Audit Report, including ISA 260 requirements to those charged with governance	10 August 2020
Approval of audited unsigned annual accounts by the IJB Board	19 August 2020
Independent auditor's report signed	20 August 2020

Internal audit

21. Internal audit is provided by the internal audit service at Scottish Borders Council and is overseen by the Chief Officer of Audit & Risk at the council who is appointed Chief Internal Auditor for the IJB. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS). Our assessment concluded that the internal audit function operates in accordance with the PSIAS and has sound documentation standards and reporting procedures in place.

Using the work of internal audit

22. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to use the work of internal audit wherever possible to avoid duplication to ensure the total resource is used efficiently or effectively.

23. In respect of our wider dimension audit responsibilities we plan to consider areas of internal audit work reported in the Internal Audit Annual Assurance Report 2019/20 for the IJB.

Audit dimensions

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

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

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

Financial sustainability

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

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

Financial management

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

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

Governance and transparency

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

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

Value for money

29. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the IJB can demonstrate :

- value for money in the use of resources
- there is a clear link between money spent, output and outcomes delivered.
- that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

Best Value

30. Integration Joint Boards have a statutory duty to make arrangements to secure best value. We will review and report on these arrangements.

Independence and objectivity

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

32. The engagement lead for Scottish Borders Integration Joint Board is Gillian Woolman, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and

objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the IJB.

Quality control

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

34. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

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

Scottish Borders Integration Joint Board

Annual Audit Plan 2019/20

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

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Scottish Borders Health & Social Care
Integration Joint Board Audit Committee



Meeting Date: 9 March 2020

Report By	Rob McCulloch-Graham, Chief Officer Health & Social Care Integration
Contact	Graeme McMurdo, Programme Manager, Scottish Borders Council
Telephone:	01835 824000 ext. 5501

SCOTTISH BORDERS HEALTH AND SOCIAL CARE PARTNERSHIP'S ACTION PLAN ARISING FROM MSG SELF-EVALUATION AND BEST VALUE AREAS OF IMPROVEMENT

Purpose of Report:	To provide the consolidated improvement Action Plan in response to the ministerial and self-evaluation reviews in May 2019, and the associated Best Value areas of improvement arising from the Scottish Borders Council Best Value Assurance Report published in October 2019; as an opportunity for IJB Audit Committee to scrutinise and challenge the performance against action plans.
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Recommendations:	The Scottish Borders Health & Social Care Integration Joint Board Audit Committee is asked to: <ul style="list-style-type: none"> a) note Scottish Borders Health and Social Care Partnership's Action Plan and the links to the associated Best Value areas of improvement (Appendix 1); and b) request that the updates on progress against the consolidated improvement Action Plan be provided to the IJB Audit Committee on a six monthly basis.
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Personnel:	n/a
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Carers:	n/a
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Equalities:	A comprehensive Equality Impact Assessment was completed as part of the strategic planning process.
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Financial:	n/a
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Legal:	n/a
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Risk Implications:	Self-evaluation and implementation of associated improvement actions is important for the IJB to evidence Best Value.
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1 Background

- 1.1 The IJB Audit Committee at its meeting held on 17 December 2018 considered the “Accounts Commission Report November 2018: Health and Social Care Integration Update on Progress”. The IJB Audit Committee Action Tracker dated December 2019 states “Agreement that, considering wider ministerial and self-evaluation reviews in May 2019, the combination of action trackers into a master document should be created as an opportunity for Audit Committee to scrutinise and challenge the performance against action plans.”
- 1.2 The Ministerial Strategy Group (MSG) ‘Review of Progress with Integration of Health and Social Care’ report of February 2019 used the recommendations from the ‘Accounts Commission Report November 2018: Health and Social Care Integration Update on Progress’ to define 25 detailed proposals for improvement of IJBs/Partnership working. Of these, 3 of the proposals were to be taken forward by Government, with the remaining 22 to be taken forward by the individual Health and Social Care Partnerships. The MSG requested that each Partnership undertake a self-assessment against the 22 proposals.
- 1.3 The Scottish Borders Health and Social Care Partnership self-assessment against 22 proposals, that indicates that there is work to do to strengthen the partnership, was submitted to Government in June 2019.
- 1.4 The IJB Audit Committee at its meeting held on 5 June 2019 considered the “Audit Scotland Report March 2018 – Auditing Best Value – Integration Joint Boards”. The IJB Audit Committee Action Tracker dated December 2019 states “Agreed at a future IJB Audit Committee meeting to review the key points relating to health and social care integration within the Scottish Borders Council Best Value Assurance Report, when published, within the context of Scottish Borders IJB.
- 1.5 The Scottish Borders Council Best Value Assurance Report was published in October 2019.

2 Ministerial Strategy Group (MSG) Self Evaluation HSCP Action Plan

- 2.1 The Scottish Borders Health and Social Care Partnership’s Action Plan (Appendix 1) provides some detail on the Ministerial Strategy Group (MSG) Self Evaluation improvement actions, with a link to the associated Best Value areas of improvement.

3 Summary

- 3.1 There is significant cross-over between the MSG Self-Evaluation improvement actions and the Best Value areas of improvement; therefore successful delivery of the MSG actions should contribute towards delivery of the Best Value areas of improvement.

Ministerial Strategy Group (MSG) Self Evaluation

HSCP Action Plan

Background

The Ministerial Strategy Group (MSG) 'Review of Progress with Integration of Health and Social Care' report of February 2019 used the recommendations from the 'Accounts Commission Report November 2018: Health and Social Care Integration Update on Progress' to define 25 detailed proposals for improvement of IJBs/Partnership working. Of these, 3 of the proposals were to be taken forward by Government, with the remaining 22 to be taken forward by the individual Health and Social Care Partnerships. The MSG requested that each Partnership undertake a self-assessment against the 22 proposals.

The Scottish Borders HSCP self-assessment against 22 proposals was submitted to Government in June 2019. Our self-assessment indicates that there is work to do to strengthen the partnership. MSG grouped the 22 proposals under 6 broad themes. The results of our self-assessment is shown below:

MSG Theme	Headline Description (proposal themes)	Effectiveness self-assessment rating against the 22 proposals				
		<i>Not Yet Established</i>	<i>Partly Established</i>	<i>Established</i>	<i>Exemplary</i>	Total
Theme 1	Collaborative leadership and building relationships	-	3	-	-	3
Theme 2	Integrated finances and financial planning	1	4	1	-	6
Theme 3	Effective strategic planning for improvement	-	3	-	-	3
Theme 4	Governance and accountability arrangements	-	3	2	-	5
Theme 5	Ability and willingness to share information	-	-	2	-	2
Theme 6	Meaningful and sustained engagement	-	2	1	-	3
		1	15	6	0	22

MSG Action Plan

Following submission of our self-assessment, an action plan was developed to focus on areas of improvement across all 22 proposals. These actions were added to the HSCP Strategic Implementation Plan (SIP), approved by IJB in September 2019.

In 2019, we also had a Best Value audit and a follow up inspection in regard to the 2017 'Adult Health & Social Care Services' joint inspection.

- The BV audit highlighted areas of improvement.
- The follow up joint inspection indicated good progress against the 13 areas of improvement originally identified.

The table below shows the identified MSG actions and also where these relate to the BV areas of improvement. The MSG actions are being taken forward by the HSCP Leadership Team under the governance arrangements of the SIP and IJB.

There is a lot of cross-over between the MSG improvement actions and the BV areas of improvement, therefore successful delivery of the MSG actions should contribute towards delivery of the BV areas of improvement.

	MSG Proposal	Scottish Borders HSCP Action Plan	BV improvement areas
1	All leadership development will be focused on shared and collaborative practice. Self-Assessment return: Partly Established	1.1) Explore options for co-location of senior HSCP management 1.2) Explore options for co-location of HSCP operational staff and Locality staff 1.3) Explore options for Locality working 1.4) Implement a Leadership Team development programme 4 x quarterly development session commencing 2020	
2	Relationships and collaborative working between partners must improve. Self-Assessment return: Partly Established	2.1) Creation of regular meeting of Chairs – SPG, IJB and CE and CO to further promote partnership working 2.2) Terms of Reference for EMT reviewed 2.3) Introduce new Governance structure on back of the SIP	Raise visibility of key policies and decisions across respective governance groups including Executive Management Team and Corporate Management Team.
3	Relationships and partnership working with the third and independent sectors must improve. Self-Assessment return: Partly Established	3.1) Re-establish Locality Working Groups. Define LWG governance - terms of reference, roles/remit, composition, reporting lines. 3.2) Resource locality working group delivery vis (a) Leadership Team representation in each Locality and (b) Admin resource across Localities 3.3) Develop regular input with TSI	
4	Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration Self-Assessment return: Partly Established	4.1) Develop a 3-year IJB financial plan 4.2) Develop the IJB strategic commissioning plan	Ensure a joint financial and service plan that is fully endorsed by respective partners is prepared for IJB on an annual basis.

	MSG Proposal	Scottish Borders HSCP Action Plan	BV improvement areas	
5	Delegated budgets for IJBs must be agreed timeously Self-Assessment return: Not Yet Established	5.1) Integrate IJB, SBC and NHS budget development and planning to ensure joint financial planning for IJB		
6	Delegated hospital budgets and set aside requirements must be fully implemented Self-Assessment return: Partly Established			
7	Each IJB must develop a transparent and prudent reserves policy Self-Assessment return: Partly Established	7.1) Develop a reserves policy		
		7.2) have process in place to allocate balances to reserves		
8	Statutory partners must ensure appropriate support is provided to IJB S95 Officers. Self-Assessment return: Established	8.1) Agree and implement clear protocols for the exchange of financial information between IJB partner organisations		
		8.2) Align finance officers in SBC and NHS Borders to support the Chief Officer & Chief Finance Officer of IJB		
9	IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations Self-Assessment return: Partly Established	9.1) Develop the mechanism to mainstream fund IJB Transformation projects		
10	Statutory partners must ensure that Chief Officers are effectively supported and empowered to act on behalf of the IJB Self-Assessment return: Partly Established	10.1) Review the support requirements required by the Chief Officer integration		Raise visibility of key policies and decisions across respective governance groups including Executive Management Team and Corporate Management Team.
		10.2) Review the IJB reporting structure		
11	Improved strategic planning and commissioning arrangements must be put in place Self-Assessment return: Partly Established	11.1) Recommission a range of services covering Homecare, Residential Care, Community Care, Mental Health, Learning Disability, Physical Disability		
12	Improved capacity for strategic commissioning of delegated hospital services must be in place Self-Assessment return: Partly Established	12.1) Establish a commissioning board		

	MSG Proposal	Scottish Borders HSCP Action Plan	BV improvement areas
13	The understanding of accountabilities and responsibilities between statutory partners must improve Self-Assessment return: Partly Established	13.1) Review the scheme of integration	Enhance governance arrangements and clarity of role of respective partnership groups including IJB Board, Executive Management Team and Strategic Planning Group.
14	Accountability processes across statutory partners will be streamlined Self-Assessment return: Partly Established	14.1) Reduce and clarify the number reporting layers required as part of decision making process	
15	IJB chairs must be better supported to facilitate well run Boards capable of making effective decisions on a collective basis. Self-Assessment return: Established	15.1) Regular meetings between IJB chair and Chief Officer to be arranged	
		15.3) Ensure that Chair and Chief Officer have continued and ongoing involvement with National groups and Chairs.	
		15.2) Ensure support is in place to ensure that timely and accurate Board papers are produced	Improve the quality and availability of reports outlining proposals to enable these groups to plan and take decisions more effectively.
16	Clear directions must be provided by IJBs to Health Boards and Local Authorities Self-Assessment return: Partly Established	16.1) Implement 5-year Strategic action plan to inform required directions	
17	Effective, coherent and joined up clinical and care governance arrangements must be in place Self-Assessment return: Established	17.1) Establish information sharing protocols and invest in information sharing technology	
		17.2) Establish Locality working arrangements	Develop a model for localities that adopts a single structure for the management and provision of joint health and Social services.
18	IJB annual performance reports will be benchmarked by Chief Officers to allow them to better understand their local performance data. Self-Assessment return: Effective	18.1) Continue to develop the range of performance measures used by IJB to effectively demonstrate delivery of our Strategic Plan outcomes	Improve the quality and availability of reports outlining proposals to enable these groups to plan and take decisions more effectively.
		18.2) Improve our benchmarking reporting and monitoring across partnerships and Local Government Benchmarking Framework (LGBF)	

	MSG Proposal	Scottish Borders HSCP Action Plan	BV improvement areas
19	<p>Identifying and implementing good practice will be systematically undertaken by all partnerships</p> <p>Self-Assessment return: Effective</p>	<p>19.1) Continue to develop our Annual Performance Report (APR)</p> <p>19.2) Develop a Joint Strategic Needs Assessment (JSNA)</p> <p>19.3) Engage effectively with Health and Social Care Scotland (HSCS)</p>	
20	<p>Effective approaches for community engagement and participation must be put in place for integration.</p> <p>Self-Assessment return: Partly Established</p>	<p>20.1) Re-establish Locality Working Groups (LWGs)</p> <p>20.2) Establish a series of 'roadshows' in each of the 5 Localities. Led by Chief Officer, supported by respective Leadership Team Locality rep - 5x roadshows per annum</p>	
21	<p>Improved understanding of effective working relationships with carers, people using services and local communities is required</p> <p>Self-Assessment return: Effective</p>	<p>21.1) Agree a concordat between IJB and Local Carers (including Carers Centre & Carers Voice)</p>	
22	<p>We will support carers and representatives of people using services better to enable their full involvement in integration</p> <p>Self-Assessment return: Partly Established</p>		

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Scottish Borders Health & Social Care
Integration Joint Board Audit Committee



Meeting Date: 9 March 2020

Report By	Rob McCulloch-Graham, Chief Officer Health & Social Care
Contact	Jill Stacey, IJB Chief Internal Auditor (Scottish Borders Council's Chief Officer Audit & Risk)
Telephone:	01835 825036

RISK MANAGEMENT POLICY AND STRATEGY FOR SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD

Purpose of Report:	To provide the new Risk Management Policy and refreshed Risk Management Strategy for the Scottish Borders Health and Social Care Integration Joint Board; as an opportunity for IJB Audit Committee to scrutinise risk management arrangements. Robust Risk Management within its governance arrangements will assist the IJB making informed business decisions and provide options to deal with potential problems.
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Recommendations:	The Scottish Borders Health & Social Care Integration Joint Board Audit Committee is asked to: a) endorse the Risk Management Policy (Appendix 1) and refreshed Risk Management Strategy (Appendix 2); and b) recommend them to the full Board for approval.
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Personnel:	In line with the role and responsibilities set out in the Risk Management Policy: <ul style="list-style-type: none"> the SB IJB Chief Officer leads on the identification, evaluation, control and review of the IJB strategic risks, supported by Scottish Borders Council's Corporate Risk Officer; and Scottish Borders Council's Chief Officer Audit & Risk leads on the development and review of the IJB's Risk Management Policy and Strategy.
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Carers:	There is no direct impact on carers arising from the contents of this report.
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Equalities:	There are no direct equalities and diversities implications arising from the contents of this report.
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Financial:	There are no direct financial implications arising from the contents of this report.
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Legal:	<p>The Scottish Borders Health and Social Care Integration Joint Board (SBIJB), established as a separate legal entity as required by the Public Bodies (Joint Working) (Scotland) Act 2014, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Scottish Borders partnership area, based on resources which have been delegated to it by the partners, Scottish Borders Council and NHS Borders.</p> <p>The SBIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration. The establishment of robust Risk Management is one of the key components of good governance and will be critical to the capacity of the SBIJB to function effectively.</p>
Risk Implications:	<p>Risk Management arrangements will assist the IJB making informed business decisions and provide options to deal with potential problems in line with its agreed Risk Management Strategy within its governance arrangements.</p> <p>In addition to its own governance arrangements, the SBIJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Borders and Scottish Borders Council will be used to provide assurance to the SBIJB on managing risks.</p>

Background

- 1.1 Effective Risk Management is one of the foundations of effective Corporate Governance. Compliance with the principles of sound corporate governance requires the integration authority to adopt a coherent approach to the management of the risks in a way that both addresses significant challenges and enables positive outcomes. Better and more assured risk management will bring many benefits to the health and social care partnership and the people it serves.
- 1.2 In order to demonstrate that robust risk management procedures are in place for health and social care integration and to comply with its Scheme of Integration and with best practice, the Scottish Borders Health and Social Care Integration Joint Board approved its own Risk Management Strategy on 7 March 2016.
- 1.3 A review and evaluation of the efficiency and effectiveness of the IJB's risk management arrangements has recently been carried out. This has concluded that a new Risk Management Policy and a refreshed Risk Management Strategy would enhance risk management arrangements in place to ensure they are fully embedded in strategic planning, performance monitoring and reporting practices.
- 1.4 Part of the IJB Audit Committee's role is to scrutinise the adequacy and effectiveness of the IJB's risk management arrangements.

2 Risk Management Policy

- 2.1 The Risk Management Policy (developed in February 2020 for approval – Appendix 1) sets out the intent for managing the strategic risks of the IJB, and the roles and responsibilities of various stakeholders.
- 2.2 The Policy states that it shall be reviewed annually.

3 Risk Management Strategy

- 3.1 The Risk Management Strategy (approved by IJB in March 2016; revised in February 2020 for approval – Appendix 2) sets out the arrangements for applying the risk management policy in practice, building on the foundation of existing risk management arrangements, and adding value by aligning risk management to the strategic planning and performance monitoring and reporting processes.
- 3.2 The primary objectives of the Risk Management Strategy are to:
- Ensure that the risk management framework is applied consistently and with appropriate oversight.
 - Establish standards and principles for the efficient and effective management of risks affecting the delivery of the Scottish Borders Health and Social Care Strategic Plan, including regular monitoring, reporting and review.
 - Identify how and what risk information will be reported to the Integration Joint Board (IJB).
- 3.3 The Risk Management Strategy includes the: governance structure; types of risks to be reported; risk management framework and process; roles and responsibilities; monitoring risk management activity and performance; and reporting of risks to the Integration Joint Board. Reliance is placed on the risk management arrangements within the partner organisations in respect of the operational delivery of commissioned services.
- 3.4 The Strategy states that it shall be reviewed annually.

4 Summary

- 4.1 It is important that the IJB has its own robust risk management arrangements in place because if objectives are defined without taking the risks into consideration, the chances are that direction will be lost should any of these risks materialise. The identification, evaluation, control and review of the IJB strategic risks is a Management responsibility. However, knowledge of the strategic risks faced by the IJB and associated mitigations will enable the Board members to be more informed when making business decisions.
- 4.2 An evaluation of the efficiency and effectiveness of the IJB's risk management arrangements will be carried out as part of the annual assurance process on the IJB's corporate governance arrangements. The output in the Annual Governance Statement within the Statement of Accounts will be considered by the IJB Audit Committee prior its approval by the IJB.

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RISK MANAGEMENT POLICY STATEMENT

Introduction

The Integration Joint Board (IJB), like all organisations, faces a wide range of risks at all levels of the organisation. The aim of this policy is to communicate why risk management should be undertaken, provide a common risk management language and a description of the approach that will be adopted by the IJB to manage its strategic risks. This policy is supported by the Risk Management Strategy, which is underpinned by the Management of Risk (M_o_R) Guide and its associated framework, principles, approach and processes.

The IJB understands that effective Risk Management is one of the foundations of effective Corporate Governance which has been adopted in its Local Code of Corporate Governance. Compliance with the principles of sound corporate governance requires the IJB to adopt a coherent approach to the identification and effective management of the risks with the outcome that better and more assured risk management will bring many benefits to the IJB and the people it serves.

The IJB recognise that risk management should be aligned with strategic objectives and will therefore be considered within the strategic planning process. This ensures that the risks to achieving these objectives are identified and prioritised.

The IJB will continue to systematically identify, analyse, evaluate, control and monitor those risks that potentially endanger or have a detrimental effect upon its people, property, reputation and financial stability whether through core service delivery or through a programme of change.

Risk appetite, capacity and tolerance

Risk appetite is how much risk the IJB is willing to seek, accept or tolerate. A consistent approach to identifying and analysing risk will be followed, which will be compatible with the IJB's capacity to bear and manage risk. This will be supported by the Risk Management Strategy to ensure that the IJB, nor its stakeholders, are exposed to an unknown, unmanaged or unacceptable degree of risk. Risk tolerance will be determined by using a combination of Impact and Likelihood within the Risk Matrix followed by the IJB.

Roles and responsibilities

Integration Joint Board

The IJB Members will need to assure themselves that they have adequate information including risks and mitigations to ensure they are fully informed during decision-making and that strategic risks are being managed effectively.

Chief Officer Health & Social Care Integration

The Chief Officer Health & Social Care Integration will ensure all major decisions are subject to a risk assessment, fostering a supportive culture where all members of staff are openly able to discuss and escalate risks appropriately, and will regularly review the most significant risks threatening strategic objectives and support internal and external audits.

Scottish Borders Council Chief Officer Audit & Risk

The Chief Officer Audit & Risk (SBC) will develop and maintain IJB risk management policy and strategy, ensure these are communicated effectively, and ensure processes are in place to embed these in the IJB's culture and working practices.

Scottish Borders Council Corporate Risk Officer

The Corporate Risk Officer (SBC) will support the management of risk in the IJB by: ensuring that the processes and procedures are followed; ensuring that a strategic risk register is in place and reviewed; preparing management reports; offering training and support; and facilitating risk workshops.

IJB Audit Committee

The Audit Committee will scrutinise the adequacy and effectiveness of the IJB's risk management arrangements.

Risk management process

Risk management is not a one-off exercise. It is a continuous process because the decision-making processes it underpins are continuous. Risk management must become an integrated part of good management within the IJB, but not be over bureaucratic and a process for its own justification. To these ends it will be aligned with the strategic planning process and the performance monitoring and reporting schedule.

Risk management will be applied to every activity relating to the IJB, including programmes and projects. It will be part of the decision-making process when developing and reviewing strategic plans.

Reporting

Reporting, to support fulfilment of roles and responsibilities set within the Policy, will include:

- Bi-annual strategic risk register update reports to the IJB.
- Annual report to the IJB Audit Committee on risk management arrangements.

Quality Assurance

This policy will be subject to document control, version control, be reviewed at least annually, and be revised to reflect changes in legislation, risk management best practice, and significant changes in corporate governance.



Scottish Borders
Health and Social Care
PARTNERSHIP

Scottish Borders Integration Joint Board

Risk Management Strategy

Version No.	2	Review Date:	10/02/20
Date Effective:			

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1. Introduction to Strategic Approach

1.1 The Scottish Borders Integration Joint Board (IJB) is committed to a culture where the workforce is encouraged to develop new initiatives, improve performance and achieve goals safely, effectively and efficiently by appropriate application of good risk management practice.

1.2 In doing so the IJB aims to provide safe and effective care and treatment for service users, and a safe environment for everyone working within and others who interact with the services delivered under the direction of the IJB.

1.3 The IJB believes that appropriate application of good risk management will prevent or mitigate the effects of loss or harm and will increase success in the delivery of better clinical and financial outcomes, the achievement of objectives and targets, and fewer unexpected problems.

1.4 The IJB purposefully seeks to promote an environment that is risk 'aware' and strives to place risk management information at the heart of key decisions. This means that the IJB can take an effective approach to managing risk in a way that both addresses significant challenges and enables positive outcomes.

1.5 The IJB promotes the pursuit of opportunities that will benefit the delivery of the Strategic Plan. Opportunity-related risk must be carefully evaluated in the context of the anticipated benefits for service users, the IJB and other stakeholders.

1.6 The IJB will receive assurance reports (internal and external) not only on the adequacy but also the effectiveness of its risk management arrangements. These assurance reports will be submitted by the partner organisations Scottish Borders Council and NHS Borders and will pertain to the relevant work streams under the strategic control of the IJB.

Key benefits of effective risk management:

- appropriate, defensible, timeous and best value decisions are made;
- risk 'aware' not risk 'averse' decisions are based on a balanced appraisal of risk and enable acceptance of certain risks in order to achieve a particular goal or reward;
- high achievement of objectives and targets;
- high levels of morale and productivity;
- better use and prioritisation of resources;
- high levels of user experience/satisfaction with a consequent reduction in adverse incidents, claims and/or litigation; and
- a positive reputation established for the Integration Joint Board.

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2. Risk Management Strategy - Implementing Health and Social Care Integration for the Scottish Borders

2.1 Objectives

The primary objectives of this strategy are to:

- Ensure that the risk management framework is applied consistently and with appropriate oversight.
- Establish standards and principles for the efficient and effective management of risks affecting the delivery of the Scottish Borders Health and Social Care Strategic Plan, including regular monitoring, reporting and review.
- Identify how and what risk information will be reported to the Integration Joint Board (IJB).

2.2 Governance structure

The Integration Joint Board (IJB) is responsible for the strategic planning of the functions delegated to it and the risks arising from that undertaking.

The IJB will identify any high level strategic risks.

The partner organisations Scottish Borders Council and NHS Borders will report any relevant risks via the reporting structures by having oversight of delivery and/or governance routes:

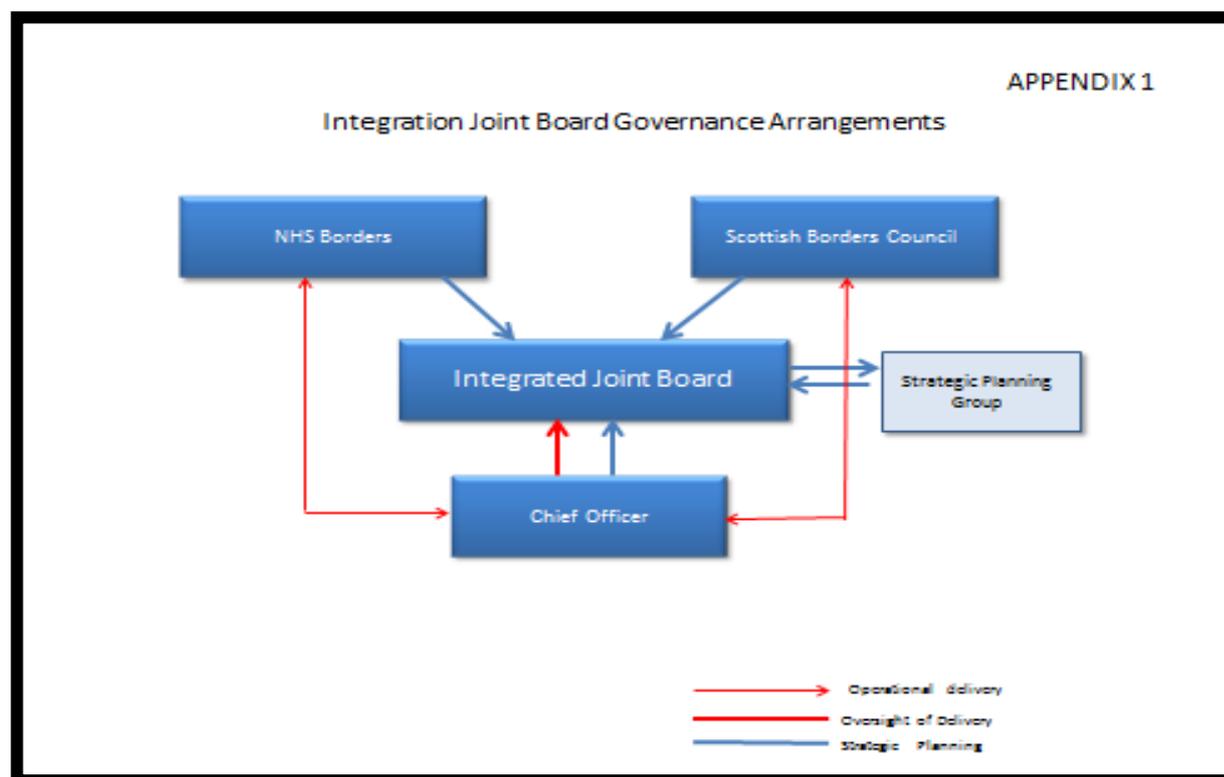


Diagram 1: Integration Joint Board Governance Arrangements Source: Scheme of Integration

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2.3 Types of risk to be reported

This strategy takes a positive and holistic approach to risk management. The scope applies to all risks, whether relating to the clinical and care environment, employee safety and wellbeing, business objectives, opportunities or threats.

2.3.1 Strategic risks represent the potential for the Integration Joint Board (IJB) to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within the Strategic Plan, and typically these risks require strategic leadership in the development of activities and application of controls to manage the risks.

2.3.2 Operational risks represent the potential for impact (opportunity or threat) within or arising from the activities of an individual service area or team operating within the scope of the IJB's activities which are more 'front-line' in nature. The development of actions and controls to respond to these risks will be led by local managers and team leaders which will be overseen by the Chief Officer. Where a number of operational risks impact across multiple service areas or, because of interdependencies, require more strategic leadership or significantly impact on the delivery of the strategic plan, then these will be proposed for escalation to 'strategic risk' status for the IJB.

2.3.3 Business continuity and resilience risks will be the responsibility of the partner organisations to identify and manage. Each partner organisation must have business continuity/resilience plans in place which are developed and tested in accordance with respective Scottish Borders Council and NHS Borders internal corporate policies and arrangements.

2.4 Risk management framework and process

This document represents the risk management framework to be implemented across the services delivered under the direction of the Integration Joint Board (IJB) and will contribute to the IJB's wider corporate governance arrangements.

Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects. It is proactive in understanding risk and uncertainty; it learns and builds upon existing good practice and is a continually evolving process that has an important role in ensuring that defensible and beneficial decisions are made.

For consistency the IJB will **adopt the standard risk management process** shown in the diagram on the right. This reflects the processes currently used in both partner organisations.

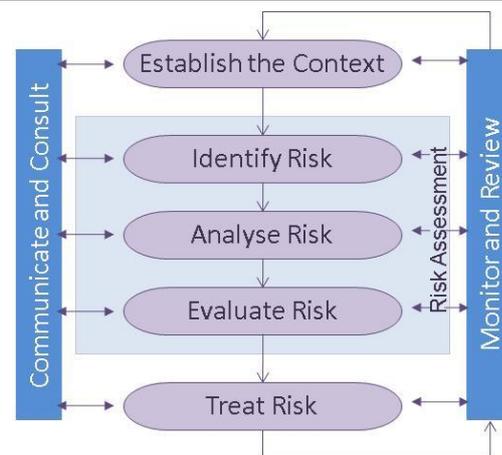


Diagram 2: Standard risk management process

Risk management tools for the purpose of identification and **risk scoring will be as used by each partner organisation.**

The strategic risk register will be held by the IJB with risk information from partner organisations being utilised to help identify the relevant risks to the strategic objectives of the IJB.

Effective communication of risk management information across the services delivered under the direction of the Integration Joint Board is essential in developing a consistent and effective approach to risk management.

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2.5 Roles and responsibilities

2.5.1 Integration Joint Board (IJB)

Members of the Integration Joint Board are responsible for:

- Ensuring awareness of any risks and mitigations linked to recommendations from the Chief Officer concerning new priorities, policies and decisions.
- Having oversight of its risk management arrangements and strategic or escalated risks to ensure risks are being adequately managed.
- Receiving and reviewing of risk reports on strategic risks and any key operational risks that require to be brought to its attention.

2.5.2 Chief Officer

The Chief Officer has overall accountability for the IJB's risk management framework, ensuring that suitable and effective arrangements are in place to manage the risks relating to the services delivered under the direction of the IJB. The Chief Officer will be responsible for drawing to the attention of the IJB any new or escalating risks and associated mitigations to ensure appropriate oversight and action.

The Chief Officer will keep the IJB and the Chief Executives of the partner organisations informed of any significant existing or emerging risks that could seriously impact the IJB's ability to deliver the outcomes and objectives of the Strategic Plan or the reputation of the IJB or the partner organisations.

2.5.3 Chief Financial Officer

The Chief Financial Officer will be responsible for promoting arrangements to identify, analyse, evaluate and manage key financial risks, risk mitigation and insurance for the IJB.

The Chief Financial Officer will be responsible for ensuring financial implications and risks are considered within decision making in alignment with the financial strategy of the IJB.

2.5.4 Partner Organisations

It is the responsibility of the partner organisations to provide risk information as required by the IJB as part of monitoring arrangements and/or highlight any significant single risk arising that requires immediate notification to the IJB. This risk information will be communicated via the reporting structures and when necessary by the Chief Officer.

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2.6 Monitoring risk management activity and performance

Measuring, managing and monitoring risk management performance is key to the effective delivery of the objectives within the Strategic Plan.

The Integration Joint Board (IJB) operates in a dynamic and challenging environment. A suitable system is required to ensure risks are monitored for change in context and scoring so that appropriate response is made.

Monitoring will include review of the risk profile, as defined by the content of the IJB strategic risk register, on a quarterly basis. Any new or emerging risks will be identified and escalated as appropriate to the IJB at any time.

It is expected that partner organisations will use the IJB strategic risk register to keep their own organisations updated on the management of the risks, highlighting any IJB risks that might impact on the partner organisation.

Reviewing the IJB's risk management arrangements and delivery of this Risk Management Strategy will be done on an annual basis.

Scottish Borders Council Internal Audit will review the efficacy of Risk Management arrangements and associated internal controls put in place by Management and provide independent assurance on the effectiveness of the Risk Management Strategy and activities as part of its assurance on the IJB's Corporate Governance arrangements.

2.7 Reporting of Risks to the Integration Joint Board

The IJB Strategic Risk Register will be reviewed on a quarterly basis by the Chief Officer and Chief Financial Officer. This will be done with the input from Senior Managers as necessary.

The Chief Officer will deliver bi-annual strategic risk register updates to the Board, ensuring they have adequate oversight to fulfil their role and responsibility with regard to the management of risk.

An evaluation of the efficiency and effectiveness of the IJB's risk management arrangements will be carried out as part of the annual assurance process on the IJB's corporate governance arrangements. The output will be considered by the IJB Audit Committee within the annual governance statement.

The Strategy (version 2) was approved by the Integration Joint Board at its meeting of.....

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Scottish Borders Health & Social Care
Integration Joint Board Audit Committee



Meeting Date: 9 March 2020

Report By	SB IJB Chief Internal Auditor
Contact	Jill Stacey
Telephone:	01835 825036

**SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD
INTERNAL AUDIT ANNUAL PLAN 2020/21**

Purpose of Report:	To gain approval to the proposed Internal Audit Annual Plan 2020/21 for the Scottish Borders Health and Social Care Integration Joint Board, to enable the SB IJB Chief Internal Auditor to prepare an annual opinion on the adequacy of the overall control environment of the integration authority.
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Recommendations:	The Scottish Borders Health & Social Care Integration Joint Board Audit Committee is asked to approve the proposed Internal Audit Annual Plan 2020/21 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1).
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Personnel:	The Internal Audit service to SBIJB is provided by Scottish Borders Council's Internal Audit team. Staff assigned to perform the SBIJB Internal Audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and competencies (such as the Code of Ethics set out in the Public Sector Internal Audit Standards (PSIAS)) needed to deliver the plan.
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Carers:	There is no direct impact on carers arising from the contents of this report.
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Equalities:	There are no direct equalities and diversities implications arising from the contents of this report.
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Financial:	There are no direct financial implications arising from the contents of this report.
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Legal:	<p>The Scottish Borders Health and Social Care Integration Joint Board (SBIJB), established as a separate legal entity as required by the Public Bodies (Joint Working) (Scotland) Act 2014, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Scottish Borders partnership area, based on resources which have been delegated to it by the partners, Scottish Borders Council and NHS Borders.</p> <p>The SBIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration. The establishment of robust Risk Management and Audit arrangements is one of the key components of good governance and will be critical to the capacity of the SBIJB to function effectively.</p>
Risk Implications:	<p>Key components of the audit planning process include a clear understanding of the SBIJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the plan. As in previous years, the SBIJB Internal Audit Annual Plan 2020/21 has been informed by the risks, controls and mitigation actions as set out within the SBIJB's Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance. Furthermore, key stakeholders have been consulted and the Audit Plan has been informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan. Discussions with the SBIJB's Chief Officer and Chief Finance Officer will continue on a regular basis to ensure Internal Audit assurance meet the needs of the SBIJB and Management and other key stakeholders.</p> <p>The PSIAS require Internal Audit to evaluate the effectiveness of the SBIJB's Risk Management arrangements and contribute to improvements in the process. Each Internal Audit assignment will be risk-based and will test the SBIJB's management of risk.</p> <p>The SBIJB Internal Audit Annual Plan 2020/21 should be considered to be flexible and will be subject to periodic review, and amended as required, to ensure it reflects any new arrangement or changing risks and priorities. Any amendments relating to the SBIJB Internal Audit Annual Plan 2020/21 will be brought to SBIJB Audit Committee for approval.</p> <p>In addition to its own governance arrangements, the SBIJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Borders and Scottish Borders Council will be used to provide assurance to the SBIJB.</p>

Background

- 1.1 The key standards within the Public Sector Internal Audit Standards (PSIAS) which relate to the preparation of the internal audit plan are summarised below:
- No. 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”
 - No. 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 1.2 The CIPFA Publication ‘Audit Committees 2018’ states that “The audit committee should seek to make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan takes into account the requirement to provide an annual internal audit opinion that can be used to inform the Annual Governance Statement. Specific activities will include:
- Approving (but not directing) the risk-based plan, considering the use made of other sources of assurance.”
- The CIPFA Publication also states that “The committee will wish to seek assurance from the HIA that appropriate risk assessment has been carried out as part of the preparation of the internal audit plans when they are presented.”

2 Internal Audit Annual Plan 2020/21

- 2.1 The Internal Audit service to the Scottish Borders Health and Social Care Integration Joint Board (SBIJB) is provided by Scottish Borders Council’s Internal Audit team. Internal Audit resources are outlined in the Council’s Internal Audit Annual Plan 2020/21 to be approved by SBC’s Audit and Scrutiny Committee on 9 March 2020. A total of 45 days have been allocated to provide Internal Audit services to the SBIJB in its fifth year of operation, which reflects the Council’s contribution of corporate support resources.
- 2.2 The Internal Audit work for 2020/21 has been informed by the risks, controls and mitigation actions as set out within the SBIJB’s Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance for the SBIJB.
- 2.3 The Internal Audit Annual Plan 2020/21 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1) includes sufficient work to enable the SBIJB Chief Internal Auditor to prepare the statutory independent and objective audit opinion to the year ending 31 March 2021.

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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**

Internal Audit Annual Plan 2020/21 for Scottish Borders Health and Social Care Integration Joint Board

to

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

For approval by SBIJB Audit Committee 9 March 2020

1 Introduction

- 1.1 The Scottish Borders Integration Joint Board (the Board) of Scottish Borders Health and Social Care Partnership (the Partnership) was established as a body corporate by Scottish Ministers on 6 February 2016. The Board approved a refreshed Strategic Plan for 2018-2021 on 18 June 2018, which sets out what it wants to achieve to improve health and well-being in the Scottish Borders through integrating health and social care services.
- 1.2 The Scottish Borders Integration Joint Board (SBIJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.3 The roles and responsibilities of Board members and officers are defined within a comprehensive suite of governance documents relating to the arrangements within which the partnership will operate which specifically covers:
 - Scheme of Integration
 - Key Principles of the Local Code of Governance
 - Standing Orders
 - Audit Arrangements including Terms of Reference for the Audit Committee
 - Risk Management Strategy
 - Financial Arrangements and Financial Regulations
- 1.4 In addition to its own governance arrangements, the SBIJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate existing mechanisms embedded within both partners will be used to provide assurance to the SBIJB, for example assurance from partners' Internal Audit service providers.

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

2 Internal Audit Annual Planning Process

- 2.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 (updated 2017). The key standards within the PSIAS which relate to the preparation of the internal audit plan are summarised below:
 - Standard 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”
 - Standard 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 2.2 The CIPFA Publication ‘Audit Committees 2018’ states that “The audit committee should seek to make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan takes into account the requirement to provide an annual internal audit opinion that can be used to inform the Annual Governance Statement. Specific activities will include:
 - Approving (but not directing) the risk-based plan, considering the use made of other sources of assurance.”The CIPFA Publication also states that “The committee will wish to seek assurance from the HIA that appropriate risk assessment has been carried out as part of the preparation of the internal audit plans when they are presented.”
- 2.3 Key components of the audit planning process include a clear understanding of the integration authority’s role and responsibilities, priorities, plans, strategies, objectives, risks and mitigating controls, and the internal and external assurances provided to determine the potential range and breadth of audit areas for inclusion within the plan, consistent with the organisation’s goals. This exercise is informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan.

3 Internal Audit Resources

- 3.1 Internal Audit resources are outlined in the Council's Internal Audit Annual Plan 2020/21 to be approved by SBC's Audit and Scrutiny Committee on 9 March 2020. A total of 45 days have been allocated to provide Internal Audit services to the Scottish Borders Health and Social Care Integration Joint Board (SBIJB) in its fifth year of operation, which reflects the Council's contribution of corporate support resources.
- 3.2 Staff assigned to perform the SBIJB Internal Audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and competencies (such as the Code of Ethics set out in PSIAS) needed to deliver the plan.

4 Planned Internal Audit Programme of Work 2020/21

- 4.1 The Internal Audit work for 2020/21 has been informed by the risks, controls and mitigation actions as set out within the SBIJB's Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance for the SBIJB.
- 4.2 As in previous years, to capture potential areas of risk and uncertainty more fully, the SBIJB's Chief Officer and Chief Financial Officer have been consulted. These discussions will continue on a regular basis to ensure Internal Audit assurance meet the needs of the SBIJB and Management and other key stakeholders.
- 4.3 In summary the Internal Audit work for 2020/21 is designed to encompass:
- (i) An appraisal of the operation of corporate governance and risk management arrangements;
 - (ii) A review of financial management arrangements in place;
 - (iii) An assessment of contracts and commissioning of service delivery to inform strategies and plans from November/December 2020 to meet Strategic Plan priorities; and
 - (iv) A review of performance against strategic objectives, including relevant performance information.
- 4.4 The plan below gives an indication of the areas we plan to cover:

Category	Our planned audit approach and coverage within 2020/21
Internal Audit assurance on corporate governance and risk management	<p>We will attend the SBIJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders health and social care integration business and performance.</p> <p>We will assess the SBIJB's corporate governance and risk management arrangements in place to deliver services to meet the needs of service users and the priorities for health and social care integration set out in the Strategic Plan.</p> <p>We will use the SBIJB's Local Code of Corporate Governance (updated and approved by SBIJB 17 September 2018 on recommendation by the SBIJB Audit Committee 25 June 2018) as an integrated toolkit to test key elements to determine whether these are operating as described.</p> <p>We will follow-up on progress on areas of improvement recommended in 2019/20 audit assurance work. We will rely on assurance from partners' Internal Audit providers, i.e. Grant Thornton for NHS Borders and in-house team for Scottish Borders Council, through their follow-up work undertaken that is relevant to health and social care integration.</p> <p>We will consider and apply National Reports that give rise to introducing best practice arrangements or lessons learned from other organisations to enable Management to evidence improvements in health and social care integration practices on a continuous basis.</p>
Internal Audit assurance on financial governance, including key internal financial controls	<p>We will review processes in place to ensure appropriate accountability for financial management of financial resources delegated to the partnership to deliver efficient and effective services, including progress in achieving efficiencies and transformation, and to meet the priorities for health and social care integration set out in the Strategic Plan.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. Grant Thornton for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the key financial controls in place and the financial monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p>

Category	Our planned audit approach and coverage within 2020/21
Internal Audit assurance on contracts and commissioning	<p>We will assess the SBIJB's corporate governance arrangements in place to redesign service delivery to meet the needs of service users and align with Strategic Plan priorities, with a focus on contracts and commissioning arrangements to inform strategies and plans from November/December 2020.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. Grant Thornton for NHS Borders and in-house team for Scottish Borders Council, through their work undertaken that is relevant to contracts and commissioning of health and social care services.</p>
Internal Audit assurance on performance management	<p>We will assess whether there is appropriate alignment of performance measures in the SBIJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan and validate the evidence of improvement of health and wellbeing within the Scottish Borders through integrating health and social care services.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. Grant Thornton for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the performance monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p>

5 Reporting of Internal Audit Results

- 5.1 The Internal Audit Annual Plan 2020/21 for the SBIJB includes sufficient work to enable the SBIJB's appointed Chief Internal Auditor to prepare an annual independent and objective audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources in its fifth year of operation.
- 5.2 At the end of the year, the Internal Audit Annual Assurance Report 2020/21 for the SBIJB will be presented to Management and to the SBIJB Audit Committee, for governance and scrutiny purposes. The assurance report will include: the statutory audit opinion based on the Internal Audit work during the year; the results from each audit category outlining the risks, controls and conclusions; progress with implementation and outcomes of agreed improvement actions; and any recommendations that have been made, with the associated Management response, responsible owner and timescale for implementation.
- 5.3 The Internal Audit findings and annual opinion will be used to inform the SBIJB's Annual Governance Statement for inclusion in the SBIJB's Annual Report and Accounts.

6 Internal Audit Added-Value Support

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