

# Public Document Pack



A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Monday, 8th June, 2020** at **2.00 pm** in Via Microsoft Teams

## AGENDA

Time	No		Lead	Paper
14.00	1	<b>ANNOUNCEMENTS &amp; APOLOGIES</b>	Chair	Verbal
14.01	2	<b>DECLARATIONS OF INTEREST</b>	Chair	Verbal
14.02	3	<b>MINUTES OF PREVIOUS MEETING</b> Monday 9 March 2020	Chair	(Pages 3 - 6)
14.05	4	<b>MATTERS ARISING</b> Action Tracker	Chair	(Pages 7 - 8)
14.10	5	<b>INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2019/20</b>	IJB Chief Internal Auditor	(Pages 9 - 22)
14.30	6	<b>ANNUAL GOVERNANCE STATEMENT 2019/20</b>	IJB Chief Officer	(Pages 23 - 30)
14.45	7	<b>DRAFT ANNUAL REPORT AND STATUTORY ACCOUNTS 2019/20</b>	IJB Interim Chief Financial Officer	Verbal Update
15.00	8	<b>IJB AUDIT COMMITTEE ANNUAL REPORT 2019/20 AND ANNUAL SELF-EVALUATION</b>	Chair	(Pages 31 - 42)
15.20	9	<b>ANY OTHER BUSINESS</b>	Chair	Verbal

15.30	10	<b>DATE AND TIME OF NEXT MEETING</b> Propose to move from Monday 17 August 2020 to Monday 21 September 2020 at 2.00pm.	Chair	Verbal
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**Membership of Committee:-** Councillor J Greenwell, Councillor T Weatherston, Mr M Dickson, Mrs K Hamilton, Mr J Wilson

Louise Ramage  
Business Lead for Health & Social Care, Scottish Borders H&SC Partnership  
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Minutes of a meeting of the **Scottish Borders Health & Social Care Integration Joint Board Audit Committee** held on Monday 9 March 2020 at 2.00pm in Committee Room 4, SBC HQ

**Present:** Cllr T Weatherston (Chair) Cllr J Greenwell  
Mr M Dickson Mrs K Hamilton  
Mr J Wilson (Independent Member)

**In attendance:** Mrs J Stacey Mr M Porteous  
Mr R McCulloch-Graham Miss L Ramage  
Mr C McClelland Mrs G Woolman  
Mr S Purves Ms S Holmes

### 1. Apologies and Announcements

No apologies had been received.

The Chair welcomed Mr Jim Wilson to his first meeting of the IJB Audit Committee as Independent Member following his formal appointment to the role by the IJB in February 2020.

### 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

Mr Malcolm Dickson advised that, under item 8 of the previous minutes, there was mention of the introduction of a locality structure for multi-discipline team operations and queried if it was in addition to the GP practice clusters. Mr Rob McCulloch-Graham clarified that multi-disciplinary working remained a central workstream of the Primary Care Improvement Plan, but the minute referred to the actions ongoing to roll out integrated locality working across all health and social care services, such as already in place in Cheviot.

The minutes of the previous meeting held on 9 December 2019 were approved.

#### **4. Matters Arising**

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

#### **5. The 2018/19 Audit of Fife Integration Joint Board: Report on Significant Findings**

Mrs Jill Stacey gave an overview of the report of which members were asked to note, in terms of national context oversight. The report presented the opportunity to reflect on the findings in a local context and delve into shared experience, such as financial sustainability.

Mr Rob McCulloch-Graham detailed the financial recovery and sustainability work underway within NHS Borders (NHSB) and Scottish Borders Council (SBC), with their respective impact on the Integration Joint Board (IJB) and its delegated services. The Chair advised that, despite a reserves policy in place, there are no local IJB reserves accumulated due to the continued financial pressures. Mr Rob McCulloch-Graham advised members that the IJB had recently allocated monies from the Transformation Fund to support the local authority care commissioning budget.

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

#### **6. External Audit Plan 2019/20 for the Scottish Borders Health & Social Care Integration Joint Board**

Mrs Gillian Woolman gave an overview of the content of the plan for 2019/20 and highlighted several elements including the key audit risks; the continued interim position of the Chief Financial Officer, hospital set aside sum and ongoing financial sustainability of the IJB led by both partner organisations.

Mr Rob McCulloch-Graham advised members that the advert for permanent appointment of the Chief Financial Officer was to be published again in four months time.

The Chair highlighted the rising concern locally over Covid-19 and the impact it may have on delivering against timescales. Assurance was given that finance and audit colleagues and key officers would remain in close communication regarding any affects / delays, with no punitive action taken if timescales slip.

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

#### **7. Scottish Borders Health & Social Care Partnership Action Plan**

Mr Rob McCulloch-Graham gave an overview of a recently 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. Presentation to committee members

enabled an opportunity to scrutinise and challenge the performance against action plans, whilst mindful of the often subjective nature of the content.

A discussion ensued regarding the progress that has been made on the action plan and it was highlighted that regular executive meetings with Chief Executives, Chairs and the Chief Officer had been arranged to facilitate integrated movement.

Mr Malcolm Dickson queried the mention of a recommissioning exercise taking into account the modelled demography changes over the next 5 to 10 years. Mr Rob McCulloch-Graham advised there was an intention to form a commissioning board, to progress the Strategic Implementation Plan, and look at recommissioning residential / nursing care, care at home and reablement.

Mr Malcolm Dickson also requested that additional social, community and primary care measures are incorporated in future performance reports.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted Scottish Borders Health and Social Care Partnership's Action Plan and the links to the associated Best Value areas of improvement (Appendix 1).

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** requested that the updates on progress against the consolidated improvement Action Plan be provided to the IJB Audit Committee on a six monthly basis.

## **8. Risk Management Policy and Strategy for the Scottish Borders Health & Social Care Integration Joint Board**

Mrs Jill Stacey gave an overview of the new Risk Management Policy and refreshed Risk Management Strategy for the IJB; advising of the opportunity for IJB Audit Committee to scrutinise risk management arrangements. As previously agreed the IJB would receive bi annual risk updates, with the last in December 2019, as a robust risk management within its governance arrangements assists in making informed business decisions and provide options to deal with potential problems.

Mr Rob McCulloch-Graham added that he reviews the risk register on a quarterly basis and therefore informs the risk appetite through his operational and strategic roles.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** endorsed the Risk Management Policy (Appendix 1) and refreshed Risk Management Strategy (Appendix 2).

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** recommended them to the full Board for approval.

**9. Internal Audit Annual Plan 2020/21 for the Scottish Borders Health & Social Care Integration Joint Board**

Mrs Jill Stacey gave an overview of the content of the report and highlighted the set areas of focus for the year. Mr Rob McCulloch-Graham added that regular performance reporting would link in with the current quarterly performance reports, taken through the Strategic Planning Group (SPG) and then formally presented to the IJB.

Mrs Gillian Woolman welcomed the Internal Audit Plan.

Mr Malcolm Dickson queried the ability to obtain cross referenced brief descriptions of the relevant strategic risks or very high risks. Mrs Jill Stacey confirmed this information would be added into the Internal Audit Plan, under each relevant area of potential affect.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the proposed Internal Audit Annual Plan 2020/21 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1).

**10. Any Other Business**

The Chair advised it would be his last committee meeting as his term of office in the role as Chair would Mr Rob McCulloch-Graham thanked Cllr Tom Weatherston for his time in the role of Audit Committee Chair and advised the successor was yet to be appointed but would be in place for the next meeting of the committee.

**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 8 June 2020, 2.00pm to 4.00pm, Committee Room 4, Scottish Borders Council HQ.

*The formal meeting concluded at 3.30pm.*

Signature: .....  
Chairman

# Scottish Borders Health & Social Care Integration Joint Board Audit Committee Action Tracker



Meeting Date:

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
9						

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Key:	
	Overdue / timescale TBA
	<2 weeks to timescale
	>2 weeks to timescale
<b>Blue</b>	Complete – Items removed from action tracker once noted as complete at each H&SC IJB Audit Committee meeting

Agenda Item 4

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Scottish Borders Health & Social Care  
Integration Joint Board Audit Committee



Meeting Date: 8 June 2020

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

**INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2019/20**

<b>Purpose of Report:</b>	To present to the Members of the SBIJB Audit Committee the Internal Audit Annual Assurance Report for the year to 31 March 2020 for the Scottish Borders Health and Social Care Integration Joint Board (SBIJB) which includes the Chief Internal Auditor's independent assurance opinion on the adequacy of SBIJB's overall control environment.
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<b>Recommendations:</b>	The Scottish Borders Health & Social Care Integration Joint Board Audit Committee is asked to consider the Internal Audit Annual Assurance Report 2019/20 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1), and assurances contained therein, and to provide any commentary thereon.
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<b>Personnel:</b>	<p>The Internal Audit service to SBIJB is provided by Scottish Borders Council's Internal Audit team. The staff who performed 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)).</p> <p>The SBIJB Internal Audit Annual Plan 2019/20 approved by the IJB Audit Committee on 11 February 2019 was based on the assumption that Scottish Borders Council's Internal Audit function provides 45 days to support the delivery of the Plan. The SBIJB Chief Internal Auditor provided an update to the SBIJB Audit Committee on 9 December 2019 on the progress being made on delivery of the 2019/20 Plan. A summary of the Internal Audit work that was undertaken during the year that supports the annual opinion is stated in Appendix 1.</p>
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<b>Carers:</b>	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.
Financial:	There are no direct financial implications arising from the contents of this report.
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>The PSIAS require Internal Audit to evaluate the effectiveness of the SBIJB's Risk Management arrangements and contribute to improvements in the process. 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 to provide the audit opinion. Internal Audit work carried out has been risk-based and, where appropriate, has tested the management of risk by the SBIJB of the delegated resources.</p> <p>Internal Audit provides assurance to SBIJB Management, Audit Committee and the Board on the adequacy and effectiveness of internal controls and governance within the SBIJB, including risk management, and to highlight good practice and recommend improvements.</p> <p>It is anticipated that improvements in the management and mitigation of risks will arise as a direct result of SBIJB Management implementing the Internal Audit recommendations that are outstanding from previous years.</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 Public Sector Internal Audit Standards (PSIAS) require the SBIJB's Chief Internal Auditor to prepare an annual report that incorporates the opinion on the adequacy and effectiveness of Scottish Borders Health and Social Care Integration Joint Board's framework of governance, risk management and control, a summary of the work that supports the opinion, and a statement on conformance with the PSIAS.
- 1.2 The Internal Audit Annual Assurance Report 2019/20 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1) provides assurances in relation to the SBIJB's corporate governance framework that is a key component in underpinning delivery of the SBIJB's strategic priorities and has been used to inform the Chief Officer's Annual Governance Statement 2019/20.

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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



**Auditors: Jill Stacey  
Sue Holmes**

**Internal Audit Annual Assurance Report 2019/20**

to

**IJB Audit Committee, Chief Officer and Chief Financial Officer**

for

**Scottish Borders Health and Social Care Integration Joint Board**

## 1 Introduction

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

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

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

The annual report must incorporate:

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

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

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

The IJB operates under good public sector practice governance arrangements including the Scheme of Integration, Local Code of Corporate Governance, and Standing Orders. Risk Management arrangements have improved during the year through the regular review by the Chief Officer and reporting to the IJB of the Strategic Risk Register to embed into practices the identification, evaluation, mitigation and review of strategic risks.

The budgetary monitoring process is sound although its value for control purposes is limited by the high level information provided to the IJB. Appropriate medium term financial planning arrangements are not yet fully developed.

The IJB is demonstrating strategic leadership by developing and clearly communicating the authority’s purpose, vision and intended outcomes for service users. Progress has been made towards delivering integrated Health and Social Care services but there is still a long way to go. Clarity and transparency of Directions to partners is important to set out the provision of integrated health and care services including major service redesign.

Workforce planning is an ongoing process and should be reviewed and revised regularly to ensure it is up to date in respect of delivery partner plans and commitments, IJB priorities within its Strategic Plan, and Scottish Government guidance.

A Performance Management Framework has been refined during the year in line with the Strategic Plan to support the IJB to assess the effectiveness in achieving strategic objectives. Clear and regular performance updates ensure that the IJB fulfils its requirements regarding monitoring and measuring the effectiveness of the arrangements for the carrying out of the integration functions.

Further improvements in governance and internal control have been agreed by Management as highlighted in Section 5. Internal Audit will continue to follow-up progress on their implementation and provide periodic progress reports.

### 3 Scope of the Internal Audit Annual Plan 2019/20

Our review for 2019/20 covers: the governance arrangements currently in place; transformation and change in service delivery, including the associated workforce developments and plans to meet the Strategic Plan priorities; the performance management framework; and also follow up work on previous Internal Audit recommendations. We summarise below the work we have undertaken to obtain assurances over the arrangements in place for each area considered and our conclusions on the effectiveness and appropriateness of these arrangements.

#### **Governance Arrangements**

- assess the governance arrangements in place in the fourth full year of the operation of the IJB to ensure they are operating as described, including financial governance arrangements for the management of financial resources delegated to the partnership.

#### **Transformation and Change**

- assess the transformation and change in service delivery to meet the Strategic Plan priorities, including the delivery of directions and workforce development.

#### **Performance Management Framework**

- assess the alignment of performance measures within the Performance Management Framework to key outcomes and priorities.

#### **Follow up of previous Internal Audit recommendations**

- follow-up of progress on areas of improvement recommended in 2018/19 audit assurance work relating to corporate governance.

### 4 Summary Findings and Conclusions arising from Internal Audit Annual Plan 2019/20 Delivery

#### **Corporate Governance**

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.

The IJB operates under good public sector practice governance arrangements. The Scheme of Integration sets out how the managerial arrangements across the integrated arrangements flow back to the IJB and the Chief Officer. These arrangements are supported by the IJB's Local Code of Corporate Governance, which is based upon the CIPFA/SOLACE 2016 Framework. The Local Code reflects the appropriate framework for effective governance of the IJB's business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Chief Officer, Chief Financial Officer and the Board or where reliance is placed on the arrangements in place at its provider partners. The Board approved revised Local Code of Corporate Governance and Standing Orders in September 2018. The IJB Audit Committee reviewed the Local Code in August 2019; no changes were made.

Effective leadership is essential to the IJB in delivering its strategic objectives. The present governance structure is composed of 10 voting Board members supported by a Chief Officer and a Chief Financial Officer (CFO). The continuity of the Chief Officer has enabled good progress to be made with integrating management arrangements and frontline services. The CFO role is being fulfilled on an interim basis by a secondee extended until August 2020. Further steps are required to recruit to the IJB CFO role on a permanent basis. Refer to Section 5 (*Recommendation 1*).

Following the Ministerial Strategy Group (MSG) report in February 2019 'Review of Progress with Integration of Health and Social Care' 25 detailed proposals were defined for improvement of IJBs/Partnership working. Three of these proposals are 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 SBIJB self-assessment was submitted to Government in June 2019 and indicates there is work to do to strengthen the partnership. There is also 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. The action plan was presented to the IJB Audit Committee in March 2020.

Our attendance at Board meetings, the Strategic Planning Group meetings and review of the Minutes of meetings which we did not attend indicate that strong leadership is in place and that the Health and Social Care partners are working together in a constructive way.

The IJB at its meeting on 19 June 2019 agreed to remove the Chief Officer's Report as a standing item on the agenda and instead to receive a newsletter format report on a monthly basis, subsequently changed to every 2 months, to also include what was happening around partnerships across Scotland. The first Newsletter was produced in February 2020.

External inspections, such as those carried out by the Care Inspectorate, is also another form of independent assurance that the IJB can place reliance on. It was also agreed that an annual report on Clinical Governance should be submitted to the IJB to provide assurance in this area.

In addition to its own governance arrangements, the IJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council. This includes the existing mechanisms embedded within both NHS Borders and Scottish Borders Council for provision of Internal Audit assurances to their respective Audit Committees. The Chairs of the IJB, the Council and NHS Borders Audit Committees met to share practices and internal audit plans. Details of internal audit reports by Partners' internal audit providers and a summary of the assurances contained therein was provided to the IJB Audit Committee in December 2019.

A Risk Management Strategy was approved by the IJB on 7 March 2016 which includes the: reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. In response to a previous Internal Audit recommendation the IJB Strategic Risk Register, following Management reviews, was presented to the IJB 25 September and 17 December 2019. Regular risk reviews by the IJB Chief Officer with support by Scottish Borders Council's Corporate Risk Officer have been established in order to embed risk management into the culture of the IJB. It is important that the IJB has robust risk management arrangements in place because if objectives are defined without taking the risks into consideration, progress with integration may be negatively impacted should any of these risks materialise. The IJB Audit Committee endorsed a new Risk Management Policy and revised Risk Management Strategy in March 2020 for full Board approval.

#### Conclusion

The IJB operates under good public sector practice governance arrangements including the Scheme of Integration, Local Code of Corporate Governance, and Standing Orders. Risk Management arrangements have improved during the year through the regular review by the Chief Officer and reporting to the IJB of the Strategic Risk Register to embed into practices the identification, evaluation, mitigation and review of strategic risks.

## Financial Governance

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

A strong system of financial management is essential for the successful implementation of policies and the achievement of intended outcomes. The IJB prepares its financial statement and budget monitoring reports by consolidating financial data held within the Council's and NHS Borders' financial systems. The Board receives a financial report and commentary at each meeting and information is provided at very high level with single figures provided for Health and Social Care, reflecting the strategic governance role of the Board. The IJB allocates an annual budget back to partners, however, the IJB annual budget for 2019/20 was not formally approved until 14 August 2019.

A medium term financial plan (MTFP) is necessary to integrate and balance service priorities, affordability and other resource constraints. The NHS and the Council need to undertake joint delivery planning and joint financial planning in order to ensure a successful shift in the balance of care from acute to community services to ensure success for service users and the organisations involved. The IJB agreed that a process of joint financial planning should be explored and joint financial plan assumptions for 2020/21 was presented to the IJB in October 2019. At the IJB March 2020, the Board approved the budget allocations from NHS Borders and Scottish Borders Council for 2020/21, however this still requires Scottish Government approval as part of the NHS Annual Operational Plan process.

These indicative budgets however do not recognise the impact of transformation, efficiency savings or cost pressures and have limited value for planning purposes. We recognise that this is challenging due to partners budget offers being for 1 year reflecting their funding settlements being for 1 year, though commitment has been made by the Scottish Government to support medium term financial planning.

It was not clear how the financial management procedures provide assurance that services delivered represent value for money and that resources are being used efficiently and effectively as specified in National Outcome 9. Reliance will be placed on the value for money arrangements within the partner organisations. The Audit Scotland report on Auditing Best Value for IJBs was presented to the IJB Audit Committee in June 2019. The action plan of MSG Self-Evaluation improvement actions and the Best Value areas of improvement was presented to the IJB Audit Committee in March 2020.

Central to integration and transformation is the successful delivery of identified transformation and efficiency projects. The Transformation Fund now supersedes the Integrated Care Fund (ICF) and is a ring fenced budget totalling £2.13m which is available to the IJB to invest in change and shifting the balance of care from acute to community services. It was agreed in December 2019 that the IJB would receive regular monthly forecasts of the financial position with information on savings programmes across the Partnership. An evaluation of all the Transformation Fund programmes would be brought back to the IJB for decision before the end of the financial year.

### Conclusion

The budgetary monitoring process is sound although its value for control purposes is limited by the high level information provided to the IJB. Appropriate medium term financial planning arrangements are not yet fully developed.

## Transformation and Change - Directions

Delivering integrated services which are effective and efficient.

The IJB, as strategic commissioner of health and social care services, gives directions to NHS Borders and Scottish Borders Council for delivery of the services in line with the Strategic Plan. The success of integration arrangements is dependent upon effective joint working between the IJB, Scottish Borders Council and NHS Borders, and it is essential that organisations work together to plan transformation and savings. The planned redesign of Health and Social Care is described in the Strategic Plan 2018-21. Work is underway to formulate joint transformation between NHS Borders (Turnaround Programme) and Scottish Borders Council (Fit for 2024) in order to deliver the Strategic Plan. The Strategic Plan is articulated through the Strategic Implementation Plan (SIP) which sets out how services will be planned and delivered using the integrated budgets to achieve the strategic objectives. The SIP for 2019-24, and areas of work to be undertaken within that time period, was approved by the IJB on 25 September 2019. The plan sets out the key actions for the year but does not assign responsibilities or timescales. The SIP differs in timeframe to the Strategic Plan which is from 2018-21.

Legislation requires that the action the delivery partners are required to undertake are set out in formal instructions from the integration authority. These instructions are referred to as Directions.

The clarity to be achieved through Directions is important to ensure how health and care services are to be provided including major service redesign objectives. In February 2016 Scottish Government issued a “Good Practice Note” about the application of Directions, which states that Directions; should be in writing; should set out a clear framework for operational delivery of the functions that have been delegated; and must include detailed information on the financial resources that are available for carrying out the functions that are the subject of the Directions. The legislation does not set out fixed timescales for Directions which allows flexibility to ensure that delivery of integrated health and social care functions is consistent with the SIP and takes account of any changes in local circumstances.

We reviewed the Directions issued by the IJB for 2019-20 and whilst they are high level and not prescriptive they follow the Good Practice Note on Directions in terms of form and content. Through the review of IJB agendas, minutes and reports, it is not always clear what are the Directions issued by the IJB to the partners. Required outcomes are not always set out in quantifiable terms. Directions issued at the start of the year should be subsequently revised during the year in response to any developments.

We have made a recommendation in respect of the application and reporting of Directions in this report. Refer to Section 5 (*Recommendation 2*).

### Conclusion

The IJB is demonstrating strategic leadership by developing and clearly communicating the authority’s purpose, vision and intended outcomes for service users. Progress has been made towards delivering integrated Health and Social Care services but there is still a long way to go. Clarity and transparency of Directions to partners is important to set out the provision of integrated health and care services including major service redesign.

## Transformation and Change - Workforce Planning

Delivering a high quality of integrated services for users.

Integration of Health and Social Care services requires responsive and appropriate workforce planning, while respecting governance structures and responsibilities in place within different sectors. The IJB Workforce Strategy 2017-19, which is focused on aligning integrated service provision to the key strategic plan areas, has, as its summary aim, to provide a workforce capable to deliver the strategic aims of the Workforce Plan. At a local level, the Partnership is building on existing common working practices to put in place robust arrangements with the aim of providing better, more integrated adult health and social care services. The Workforce Strategy is specifically targeted at the priorities of the Partnership which complement respective employer commitments made to their own staff.

NHS Borders has a framework to support the development of workforce plans at service, Board and regional level, whilst Scottish Borders Council currently produces people plans for each department. Although the two organisations currently use differing methodologies the principle and approach are similar. Workforce planning leads from NHS Borders and Scottish Borders Council are working together to ensure future workforce planning for the Partnership becomes a seamless, joint process. Progress to date includes things such as a joint assessment of HR policies and key similarities or differences identified; joint recruitment process is in place; and a pilot has taken place to consider the best approach to workforce planning.

This workforce plan sets out the Partnership's commitment to identifying, creating and putting in place a workforce that will be able to support the delivery of the Strategic plan and the Scottish Government 2020 Vision for Health and Social Care. The plan also lays out commitment to the development of leaders and the personal development of staff in order to implement a new culture of collaborative, integrated partnership working.

Whilst we recognise a workforce plan is in place and workforce planning is an ongoing process, we would suggest that the IJB's current Workforce Strategy 2017-2019 should be reviewed and updated to reflect any changes, progress made and future plans and also incorporates guidance from the Scottish Government's report 'An Integrated Health and Social Care Workforce Plan for Scotland' published December 2019.

We have made a recommendation in respect of workforce planning. Refer to Section 5 (*Recommendation 3*).

### Conclusion

Workforce planning is an ongoing process and should be reviewed and revised regularly to ensure it is up to date in respect of delivery partner plans and commitments, IJB priorities within its Strategic Plan, and Scottish Government guidance.

## **Performance Management Framework**

Performance management is concerned with developing and maintaining a strategic and integrated approach to improving the effectiveness of the organisation in delivering a high quality of service for users which represents value for money.

Effective performance management relies upon:

- Reliably measuring and monitoring relevant aspects of service delivery and outcomes on a timely basis in order to ascertain areas which are performing significantly better or worse than expected; and
- Taking appropriate action to secure improvement.

Robust, comprehensive performance reporting enables better management of services, demonstrates best value and satisfies statutory obligations to stakeholders. Delivery Partners have performance monitoring and reporting controls of their own in operation.

The Integration Performance Group (IPG) developed the revised and updated IJB's Performance Management Framework (PMF) for 2018-21 in line with the Strategic Plan. This was presented to the Strategic Planning Group (SPG) in June 2019, and subsequently approved by the IJB. A set of high level Key Performance Indicators (KPI) have been established which are aligned under the three strategic objectives in the Strategic Plan. The IPG will continue to review, refine and develop the indicators and ensure that any new indicators for reporting are robust and that any proposed changes are discussed at the IJB. Monitoring performance through KPIs is also vital in determining whether desired outcomes are being achieved.

This PMF supports the IJB to assess the effectiveness of the Health & Social Care Partnership in working towards the achievement of the strategic objectives in the Strategic Plan. This will help the partnership make informed decisions on future priorities by using performance information to identify and drive improvement work, and build a culture of continuous improvement. The IPG works with the IJB Leadership Group on an ongoing basis to ensure high quality performance information is developed and used appropriately. Performance Reports are presented to the IJB on a quarterly basis thus enabling improved mechanisms to monitor service delivery and provide assurance to the IJB that the necessary reporting and scrutiny is in place through the partnership. However, it is not clear from the performance reports who is the responsible owner for any mitigating actions to address performance off target. There is also a legislative requirement for the IJB to publish an Annual Performance Report by 31 July each year (delayed for 2019/20 due to the impact of COVID-19).

### **Conclusion**

A Performance Management Framework has been refined during the year in line with the Strategic Plan to support the IJB to assess the effectiveness in achieving strategic objectives. Clear and regular performance updates ensure that the IJB fulfils its requirements regarding monitoring and measuring the effectiveness of the arrangements for the carrying out of the integration functions.

## **Follow up of 2018/19 Recommendations**

There were two recommendations in the 2018/19 Internal Audit Annual Assurance Report, one of which is still outstanding (permanent CFO) and we have reiterated this in the action plan in section 5 (*Recommendation 1*). The second recommendation regarding the regular review of IJB strategic risks at IJB meetings has been implemented.

## 5 Action Plan

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

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

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

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

### Recommendations

### Agreed action owner and timescale

#### 1 Corporate Governance – Chief Financial Officer

**Medium**

The Chief Financial Officer role is being fulfilled on an interim basis by a secondee until August 2020. Steps are required to recruit to the IJB CFO role on a permanent basis.

Responsible Owner: Chief Officer

Completion Date: December 2020

#### 2 Transformation and Change - Directions

**Medium**

An annual report setting out the Directions that the IJB has made to partner organisations would ensure that clarity and transparency can be demonstrated and aligned to performance and financial reporting.

Responsible Owner: Chief Officer

Completion Date: Directions will be issued as required

#### 3 Transformation and Change – Workforce Planning

**Medium**

The IJB's Workforce Strategy 2017-2019 should be reviewed and updated to reflect any changes, progress made and future plans, and incorporate guidance from the Scottish Government report on integrated workforce planning (published December 2019).

Responsible Owner: Chief Officer

Completion Date: December 2020

## 6 Public Sector Internal Audit Standards (PSIAS)

The 2019/20 self-assessment of practices against the professional standards PSIAS (2017) has indicated that Scottish Borders Council's Internal Audit function conforms with the requirements within the 13 Assessment Areas of the Definition of Internal Auditing, the Code of Ethics, the Attribute Standards and the Performance Standards. This includes the production of this report to communicate the results of its audit work during the year for the Scottish Borders Health and Social Care Integration Joint Board.

## 7 Significant Incident March 2020

The significant incident in late March 2020 associated with the Covid-19 pandemic emergency response and the Scottish Borders Health and Social Care Partnership's strategic role therein tested how well the risk management framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community. This was achieved using new ways of decision-making, amended governance arrangements, leadership and implementation including virtual meetings, conference calls, and systems remote access. It will be important for the IJB, at the appropriate time, to highlight any lessons learned and apply these in practice.

Scottish Borders Health & Social Care  
Integration Joint Board Audit Committee



Meeting Date: 8 June 2020

Report By	Rob McCulloch-Graham, Chief Officer Health & Social Care
Contact	Jill Stacey, IJB Chief Internal Auditor
Telephone:	01835 825036

**ANNUAL GOVERNANCE STATEMENT 2019/20**

<b>Purpose of Report:</b>	This report proposes that the IJB Audit Committee considers and approves the Annual Governance Statement 2019/20 of the Scottish Borders Health and Social Care Integration Joint Board that will be published in the Annual Report and Accounts.
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<b>Recommendations:</b>	<p>The Scottish Borders Health &amp; Social Care Integration Joint Board Audit Committee is asked to:</p> <ul style="list-style-type: none"> <li>a) Consider the details of the Annual Governance Statement 2019/20 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and</li> <li>b) Approve that it be published in the Annual Report and Accounts 2019/20 of the Scottish Borders Health and Social Care Integration Joint Board.</li> </ul>
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<b>Personnel:</b>	<p>The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.</p> <p>The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p>
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<b>Carers:</b>	There is no direct impact on carers arising from the contents of this report.
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<b>Equalities:</b>	There are no direct equalities and diversities implications arising from the contents of this report.
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<b>Financial:</b>	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.</p> <p>The IJB is required to review the effectiveness of its existing governance arrangements against its Local Code of Corporate Governance, and prepare a governance statement and report compliance on an annual basis. This is set out in the Annual Governance Statement 2019/20.</p>
Risk Implications:	<p>The Annual Governance Statement 2019/20 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate 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 have been used to provide assurance to the SBIJB.</p>

## Background

- 1.1 The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 1.2 The IJB approved a revised Local Code of Corporate Governance in September 2018, on recommendation by this Committee, which helps to ensure proper arrangements continue to be in place to meet these responsibilities. The Local Code is consistent with the principles and requirements of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) which is deemed appropriate for the IJB under the legislative framework for integration authorities.
- 1.3 Fundamentally, Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.

- 1.4 The CIPFA/SOLACE Framework urges authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 1.5 Part of the IJB Audit Committee's remit is to assess the adequacy and effectiveness of the IJB's internal controls and corporate governance arrangements against the good governance framework and consider the annual governance reports and assurances to ensure that the highest standards of probity and public accountability are demonstrated. This includes to 'Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'<sup>1</sup>.

## **2 Annual Governance Statement 2019/20**

- 2.1 The Annual Governance Statement 2019/20 (Appendix 1), in compliance with the CIPFA/SOLACE Framework, provides details of the IJB's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and Overall Opinion.
- 2.2 In terms of overall corporate governance it is the Chief Officer's opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the IJB are operating adequately. The Annual Governance Statement 2019/20 is informed by the work of Internal Audit, External Audit and Inspection agencies, and existing mechanisms embedded within both NHS Borders and Scottish Borders Council.

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<sup>1</sup> CIPFA guidance note for local authorities 'Audit Committees' (2018)

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## **Annual Governance Statement 2019/20**

### **Introduction**

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

### **Scope of Responsibility**

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

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

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

### **The Governance Framework and Internal Control System**

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

The IJB's Local Code of Corporate Governance (IJB Local Code), which was approved by the Board in September 2018, sets out the framework and key principles which require to be complied with to demonstrate effective governance. The IJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the Local Code in existence during 2019/20 included:

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

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

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

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

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

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

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

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

#### **B. Ensuring openness and comprehensive stakeholder engagement**

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

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

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

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

The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership's Strategic Plan 2018-2021 and the associated Strategic Implementation Plan, which reflect on-going assessment of need. These is underpinned by the Locality Plans which provide the associated implementation actions.

Implications are considered during the decision making process by way of the standard report template covering Personnel, Carers, Equalities, Financial, Legal, and Risk implications.

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

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

The Scottish Borders Health & Social Care Partnership's Strategic Plan 2018-2021 is based on consultation during its review and update and describes the planned redesign of Health and Social Care. The Strategic Implementation Plan sets out how services will be planned and delivered using the integrated budgets to achieve the strategic objectives.

The IJB, as strategic commissioner of health and social care services, gives directions to NHS Borders and Scottish Borders Council for delivery of the services in line with the Strategic Plan. In future there will be more use of directions as service redesign and recommissioning in line with the transformation programme is progressed.

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

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

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

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

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

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

The IJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. Improved strategic risk review and reporting to the Board have been established to embed risk management into the culture of the IJB.

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters. The IJB CFO post has been filled on an interim basis until August 2020.

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

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

The IJB also relies upon the partners for:

- Counter fraud and corruption arrangements; and
- Management of data in accordance with applicable legislation.

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

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

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

Quarterly Performance Reports were presented to the Board for monitoring and control purposes. An Annual Performance Report for 2019/20 is being prepared to outline progress against strategic objectives over the year (the deadline has been extended in light of COVID-19 outbreak).

The Annual Accounts and Report for 2019/20 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

The IJB completed a self-assessment return in May 2019 for the Ministerial Strategic Group as part of the review of progress with health and social care integration. Progress with implementation of improvements set out in an Action Plan is being monitored.

### **Review of Adequacy and Effectiveness**

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

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

### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 Recruit on a permanent basis to the IJB Chief Financial Officer post.
- 2 Improve the clarity and transparency of Directions from the IJB to partners.
- 3 Review the Workforce Strategy to align to Strategic Plan priorities.

The implementation of these actions to enhance the governance arrangements in 2020/21 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2020/21 is designed to test improvements in governance arrangements.

## **Conclusion and Opinion on Assurance**

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

## **Covid-19 Response**

The above assurance reflects the assessment of governance in place during normal operations in 2019/20 prior to the significant coronavirus (Covid-19) outbreak in late March 2020. The Scottish Borders Health and Social Care Partnership played a strategic role in the emergency response with innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community. This was achieved using new ways of decision-making, amended governance arrangements, leadership and implementation including virtual meetings, conference calls, and systems remote access. The learning from the Covid-19 response will now feature in a fundamental review of the future decision-making processes of the partnership.

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Rob McCulloch-Graham  
IJB Chief Officer  
mm 2020

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Stephen Mather  
Chair of the IJB (to March 2020)  
mm 2020

**SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD  
IJB AUDIT COMMITTEE  
ANNUAL REPORT FROM THE CHAIRMAN – 2019/20**

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

**Meetings**

The IJB Audit Committee has met 4 times during the financial year on 5 June, 12 August and 9 December 2019, and 9 March 2020 to consider reports pertinent to the audit cycle.

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

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

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

**Membership**

The Membership of the IJB Audit Committee is set out within its Terms of Reference, namely “at least four voting members of the IJB”. This structure, which is based on legislative requirements, does not meet with independence principles of good practice within CIPFA ‘Audit Committees’ Guidance. In addition, an Independent Member has been appointed from an external source as a non-voting member to enhance independence of the IJB Audit Committee’s role in the scrutiny process.

The Committee membership during the year was Councillor T Weatherston (Chairman), Councillor J Greenwell, Mr M Dickson, Mrs K Hamilton, Mr A Clark (Independent Member October 2018 to October 2019) and Mr J Wilson (Independent Member from February 2020).

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

<b>Member</b>	<b>Meeting of 5 June 2019</b>	<b>Meeting of 12 August 2019</b>	<b>Meeting of 9 December 2019</b>	<b>Meeting of 9 March 2020</b>
<b>Cllr T Weatherston (Chair)</b>	Present	Present	Present	Present
<b>Cllr J Greenwell</b>	Present	Present	Present	Present
<b>Mr M Dickson</b>	Present	Present	Present	Present
<b>Mrs K Hamilton</b>	Apologies	Present	Apologies	Present
<b>Mr A Clark</b>	Present	Apologies		
<b>Mr J Wilson</b>				Present

Every meeting of the IJB Audit Committee in 2019/20 was quorate (i.e. at least three Members present).

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

### **Skills and Knowledge**

Given the wider corporate governance remit of IJB Audit Committees and the topics covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that IJB Audit Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas.

### **Self-Assessment of the Committee**

The annual self-assessment was carried out by members of the IJB Audit Committee on 9 March 2020 during an Informal Session facilitated by the IJB Chief Internal Auditor using the ‘Good Practice Principles Checklist’ and ‘Evaluation of Effectiveness Toolkit’ from the CIPFA ‘Audit Committees’ Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the IJB.

The outcome of the self-assessments for the Committee was a high degree of performance against the good practice principles and a medium, but improving, degree of effectiveness. The following improvement has been identified: utilise the Knowledge and Skills Framework to inform future learning and development needs of IJB Audit Committee members.

### **Assurance Statement to the Council**

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

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

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

None.

Councillor Tom Weatherston  
Chairman of IJB Audit Committee  
May 2020

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the integration authority have a dedicated audit committee?	Yes	The IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle.
Does the audit committee report directly to full Board?	Yes	IJB full Board approves Minutes of each IJB Audit Committee meeting.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement	Yes	Review has been completed by IJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed applicable to integration authorities' audit committees).
Is the role and purpose of the audit committee understood and accepted across the integration authority?	Yes	IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle which are regularly attended by the IJB's Chief Officer, Chief Finance Officer, Chief Internal Auditor and External Auditor.
Does the audit committee provide support to the integration authority in meeting the requirements of good governance?	Yes	The IJB Audit Committee is a key part of the IJB's governance framework as outlined in the IJB Local Code of Corporate Governance (approved 17 September 2018). The role of the IJB Audit Committee is to have high-level oversight of the IJB's internal control, governance and risk management and its remit includes promotion of the highest standards of conduct and professional behaviour.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes	The IJB Audit Committee reviewed its terms of reference as part of the 2019/20 self-assessment of performance against best practice checklists on 9 March 2020. An Annual Report is presented to the IJB setting out the activities to enable stakeholders to understand how the IJB Audit Committee has discharged its duties and to identify areas of improvement to fulfil its remit.

Functions of the committee	Yes/Partly /No	Comments
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		
• good governance	Yes	Included in function no. 1
• assurance framework, including partnerships and collaboration arrangements	Yes	Included in all aspects of functions
• internal audit	Yes	Included in function no. 3
• external audit	Yes	Included in function no. 4
• financial reporting	Yes	Included in function no. 5
• risk management	Yes	Included in function no. 2
• Value for money or best value	Yes	Included in function no. 7. Reliance is placed on partners' arrangements as part of their operational service delivery.
• Counter-fraud or corruption	Yes	Implicit in functions nos. 1 & 8. Reliance is placed on partners' arrangements as part of their operational service delivery.
• Supporting the ethical framework	Yes	Included in function no. 6

Functions of the committee (cont'd)	Yes/Partly /No	Comments
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Yes	The IJB Audit Committee reviewed how it has fulfilled its terms of reference during the 2019/20 self-assessment of performance against best practice checklists on 9 March 2020, and there is evidence of improvement during the year. The Assurance Framework and the Audit Cycle that define the programme of work for the IJB Audit Committee are included in the Induction training pack along with Essential Questions for the Committee members to ask those charged with governance when considering the relevant reports as part of the Audit Cycle (under the three topics of Internal Control, Risk Management, and Governance).
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	Review has been completed by IJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed relevant to integration authorities' audit committees). In the context of health and social care integration reliance is placed on partners' audit committees fulfilling their functions. Chairs of IJB, NHS Borders and SBC Audit Committees have met during the year to share practice.
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	Coverage of core areas is adequate.
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	The 2019/20 self-assessment has confirmed that the IJB Audit Committee adhered to its terms of reference during the year.

Membership and support	Yes/Partly /No	Comments
<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member</li> </ul>	Yes	<p>1<sup>st</sup> bullet point – The scrutiny arrangements in place, which are based on legislative requirements, do not meet with generally accepted principles of good practice (refer below).</p> <p>2<sup>nd</sup> 3<sup>rd</sup> and 4<sup>th</sup> bullet points – The IJB appoints the Committee membership which consists of at least four voting members of the IJB, excluding professional advisors, and an independent member appointed from an external source.</p>
<p>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the IJB?</p>	Yes	<p>To replace the previous independent member who stood down in October 2019, a new independent member was appointed by the full IJB Board in February 2020.</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	Yes	<p>Pre-meetings between the Chair of the IJB Audit Committee and IJB Chief Internal Auditor were held prior to each Committee meeting. Chairs of IJB, SBC and NHS Borders' Audit Committees met during the year to share practice and information.</p>
<p>Are there arrangements in place to support the committee with briefings and training?</p>	Yes	<p>The Induction Programme includes: Outline of Corporate Governance; role of the IJB Audit Committee; role of Internal and External Audit; Assurance Framework; and Audit Cycle. Informal Sessions before or after each IJB Audit Committee meeting are used for the purpose of briefing and training.</p>
<p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>	No	<p>The improvement identified in the 2018/19 self-assessment will be carried forward: IJB Audit Committee Members will utilise the Knowledge and Skills Framework to inform their learning and development needs.</p>
<p>Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?</p>	Yes	<p>Members, in particular the Chair of the IJB Audit Committee, utilise opportunities to meet with or email, as required, the key people involved in the IJB's governance for advice and support e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, External Auditor and Secretary.</p>
<p>Is adequate secretariat and administrative support to the committee provided?</p>	Yes	<p>A Secretary is assigned to the IJB Audit Committee.</p>

Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Yes	The IJB Audit Committee obtained feedback on its performance from the external auditors and has enacted improvements by way of considering a wider range of reports and information at its meetings.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	Recorded in Minutes.
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	Members utilise opportunities to meet with or email, as required, the key people responsible for the IJB's governance and improvement e.g. Chief Officer, Chief Finance Officer.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations are made to the full IJB Board through their approval of Minutes of each IJB Audit Committee meeting or via IJB Audit Committee Chair or via other reports to the IJB e.g. IJB Strategic Risk Register review frequency.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	During its 2019/20 self-assessment the toolkit 'Evaluating the Effectiveness of the Audit Committee' from the CIPFA 'audit committees' guidance (2018) was utilised to consider how it is adding value to the IJB.
Does the committee have an action plan to improve any areas of weakness?	Yes	The IJB Audit Committee identified areas where it could improve in respect of its scrutiny and challenge role to fulfil its remit during its 2019/20 self-assessment against best practice checklist.
Does the committee publish an annual report to account for its performance and explain its work?	Yes	An Annual Report is presented to the IJB setting out the activities to enable stakeholders to understand how the IJB Audit Committee has discharged its duties and to identify areas of improvement to fulfil its remit.



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## Scottish Borders Health and Social Care Integration Joint Board Audit Committee – self-assessment of Effectiveness 9 March 2020

Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
1. Promoting the principles of good governance and their application to decision making	Supporting development of local code of governance. Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it. Working with key members to improve their understanding of the AGS and their contribution to it. Supporting audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships.	Committee scrutinised Local Code of Corporate Governance and AGS. Opportunity for Members to engage with officers to clarify matters. Committee supports the role of audit in improving internal control and governance. Committee received presentations and reports from Management and Auditors. Chairs of IJB, SBC and NHS Borders Audit Committees met to share practices.	4 (4 2018/19)
2. Contributing to the development of an effective control environment.	Actively monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising significant concerns over controls with appropriate senior managers.	Committee received periodic progress reports from Auditors e.g. follow-up activity. CO / CFO attended Committee meetings to discuss progress with improvement actions. National Reports shared with Committee to learn from others and understand context.	4 (4 2018/19)
3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements. Holding risk owners to account for major/strategic risks.	Committee received Annual Reports from Auditors providing opinion on risk management arrangements. 6-monthly reviews of IJB Strategic Risk Register reported to full IJB Board as recommended by Committee.	4 (3 2018/19)
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	Induction programme outlined Governance and Assurance Framework and Audit Cycle. Annual Strategies, Plans and Reports received from Auditors for assurance purposes.	4 (4 2018/19)

## Scottish Borders Health and Social Care Integration Joint Board Audit Committee – self-assessment of Effectiveness 9 March 2020

Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
5. Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting. Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. Actively support Internal Audit improvements (QAIP).	Committee places reliance on SBC's A&S Committee to approve Internal Audit Charter and confirm conformance with PSIAS (QAIP). IJB Internal Audit Annual Plans and Annual Assurance Reports are received for review.	4 (4 2018/19)
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing how the governance arrangements support the achievement of sustainable outcomes. Reviewing major projects and programmes to ensure governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	Auditors provided assurance on transformation, efficiencies and performance management arrangements. Committee scrutinised annual accounts and report including Management Commentary on performance and outcomes.	4 (3 2018/19)
7. Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. Considering how performance in value for money is evaluated as part of the Annual Governance Statement.	Auditors provided assurance on value for money arrangements e.g. transformation, sustainability, and performance management. AGS sets out the Governance Framework including arrangements for best value.	3 (3 2018/19)
8. Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against standards in CIPFA's <i>Managing the Risk of Fraud and Corruption</i> (2014). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. Assessing the effectiveness of ethical governance arrangements for both staff and governance bodies.	Reliance is placed on the arrangements for countering fraud and corruption within operational arrangements of partners who deliver the services commissioned by the IJB. Chairs of IJB, SBC and NHS Borders Audit Committees met to share practices.	4 (3 2018/19)
9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Improving how the authority discharges its public reporting responsibilities e.g. audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging transparency. Publishing a Committee annual report.	Committee scrutinised annual accounts and report prior to publication and audit, and commented on the format/content for users – unaudited (June); audited (September) along with Annual Audit Report. Audit Committee annual report to IJB.	4 (4 2018/19)

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

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