

**IJB Audit Committee**  
**27.03.17**



**UPDATE: COMPLIANCE ASSESSMENT WITH LEGISLATION AND RECOMMENDED BEST PRACTICE**

**Aim**

- 1.1 The aim of this report is to provide the committee with an update of progress made across the Scottish Borders Health and Social Care Integration (H&SCI) programme with regard to compliance with the legislative provisions within The Public Bodies (Joint Working) Scotland Act 2014 and the subsequent recommended best practice guidance issued by the Scottish Government / Integrated Resources Advisory Group (IRAG).
- 1.2 These provisions relate to the establishment of the arrangements for Financial Governance, Planning, Management and Reporting within NHS Borders, Scottish Borders Council and the Scottish Borders Health and Social Care partnership.

**Background**

- 2.1 The last report of this nature made to the IJB Audit Committee in September 2016. Within the report, a summary of the key provisions contained within the IRAG guidance, together with the progress made in their establishment was presented. These provisions pertained to the arrangements requiring establishment and other key considerations across a range of areas:

- Governance Structure
- Assurance and Governance
- Financial Reporting
- Financial Planning and Financial Management
- VAT
- Capital and Asset Management
- Accounting Standards

- 2.2 Previously reported, of the 69 key provisions identified, 46 (67%) had been fully implemented. Of the remaining 23,

8 were deemed to be low risk / materiality  
 10 were deemed to be medium-risk / materiality  
 2 were deemed to be high-risk / materiality  
 3 did not currently apply

**Progress Update**

- 3.1 Since the previous report, the key areas where progress has been made primarily relates to those covering:

- Audit and Risk Management
- Strategic Financial Planning
- Governance

3.2 Specifically, in relation to audit and risk management, a number of developments have been made:

- The IJB held the inaugural meeting of its Audit Committee on 26 September 2016
- The IJB Audit Committee approved the partnership's 2016/17 annual Audit Plan on 26 September 2016
- Work has continued to develop the partnership's strategic and operational risk registers and whilst these remain unapproved by the Audit Committee, the work is almost concluded

3.3 The Health and Social Care partnership has yet to establish a financial planning process fully integrated with those of its partners. Work continues however to develop an approach more aligned with the provisions within the partnership's Scheme of Integration. To enable this, the partnership's Executive Management Team (EMT) has considered on a number of occasions and continues to implement ways in which a more joined up approach can be undertaken in delivering a robust medium-term financial plan for the partnership, reflective of its priorities. As part of this, the IJB approved, at its meeting of 27 February 2017, a strategy for integrated financial planning. Accompanying this report was a Reserves Policy for the partnership, which the IJB also approved.

3.4 The governance arrangements under which the partnership operate have also been subject to review during its first year of operation, both generally and particularly those pertaining to the approval of transformation and redesign projects and the investment of integrated care funding.

3.5 As a result of this progress therefore, a number of the outstanding principles can now be classified as complete or update to reflect their status towards completion. An updated schedule of progress made against IRAG provisions is detailed in Appendix 1.

### **Outstanding Provisions**

4.1 At March 2017, of the 69 key provisions identified, 53 (77%) have been fully implemented. Of the remaining 16,

9 were deemed to be now low risk / materiality  
 5 were deemed to be medium-risk / materiality  
 1 were deemed to be high-risk / materiality  
 1 did not currently apply

#### High

4.2 The main area of immediate required action relates to a full review of financial regulations within NHS Borders and Scottish Borders Council now being significantly overdue, in order to ensure adequacy of controls over the resources delegated to the Health and Social Care partnership and internal arrangements for

ensuring that these resources are aligned with the directed priorities of the IJB are in place. This includes ensuring consistency and the flow of approval for budget virement. (Q1, 2017/18)

### Medium

- 4.3 Further work remains to be undertaken to identify all non-current assets held by partners required to deliver the partnership's Strategic Plan. This has yet to be formally defined (Q2, 2017/18). Additionally, work is planned for early 2017/18 to examine the basis for and process of resource transfer and how resources are used to fund the delivery of social care, with a view to baselining this arrangement and formalising within core delegated budget to the IJB (Q1, 2017/18). A similar exercise is required in relation to hosted services (Q1, 2017/18).
- 4.4 Work is also planned in early 2017/18 to analyse how the IJB allocates resources across the expected outcomes of its Strategic Plan. This will clearly show the degree of resource consumption expected to be required and provide a baseline from which future resource shifts in line with priorities can be measured (Q1, 2017/18). This work will also include analysis of resources planned across each locality of the partnership (Q1, 2017/18).

### Low

- 4.5 There are a range of low-materiality tasks that remain outstanding at the current time in order to fully deliver the remaining provisions. These are all covered by the key actions detailed below:
- Agreement of the basis of and permanent appointment to the role of chief financial officer (Q1, 2017/18)
  - Further development of capital planning arrangements across partners, reflective of the strategic needs of the partnership (Q2, 2017/18)
  - A formally agreed arrangement for insurance, specific to the Integration Joint Board (Q1, 2017/18)
  - Further implementation and delivery of the medium-term integrated financial planning strategy approved by the partnership in February 2017 (Q2, 2017/18)
  - Agreed consistency in application of a monthly accrual accounting policy between partner organisations (Q2, 2017/18)
  - The arrangements for virement still require specification within partner organisations' Schemes of Delegation (Q2, 2017/18)
  - Further work developing the methodology for and assurance over the large hospital budget set-aside is required (Q1, 2017/18)
  - How resources, if appropriate, can shift between the hospital sector and other health and social care functions, in line with demand, requires further development (Q2, 2017/18)

## **Recommendation**

The Integration Joint Board Audit Committee is asked to **note** the report.

### Background Papers:

Report to NHS Borders Audit Committee 19 September 2016

## Report to Scottish Borders Council Audit Committee 26 September 2016

<b>Policy/Strategy Implications</b>	There are no policy or strategy implications directly arising from this report.
<b>Consultation</b>	Consultation on this report is currently being undertaken and any outcomes will be reported to the committee for noting when it is presented.
<b>Risk Assessment</b>	The approach to risk management is set out in the Scheme of Integration and the partnership currently is finalising its strategic and operational risk registers. There are no risk implications to the partnership directly arising from the outcomes of this report.
<b>Compliance with requirements on Equality and Diversity</b>	There are no adverse equality implications from any of the factors included within this report. The integration of health and social care aims to overcome some of the current barriers between health and social care services, to improve pathways of care and outcomes to the population of the Scottish Borders.
<b>Resource/Staffing Implications</b>	There are no costs attached to any of the recommendations contained in this report. The issues raised are consistent with professional guidance and the partnership's Scheme of Integration and the report is intended to provide assurance over the deliverability of the Strategic Plan through sound governance and robust financial planning, management and reporting.

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
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