



Item No. 9

Meeting Date Wednesday 12th June 2019

Glasgow City Integration Joint Board Finance, Audit and Scrutiny Committee

Report By: Chief Internal Auditor for the Integration Joint Board

Contact: Duncan Black

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ANNUAL GOVERNANCE STATEMENT 2018/19

Purpose of Report:	To present to the IJB Finance, Audit and Scrutiny Committee the Annual Governance Statement for the Glasgow City Integration Joint Board for 2018/19.
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Background/Engagement:	The Integration Joint Board is required to comply with Article 7 of the Local Authority Accounts (Scotland) Regulations 2014. The regulations requires a local authority to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
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Recommendations:	The IJB Finance, Audit and Scrutiny Committee is asked to: a) note the Annual Governance Statement for 2018/19 and refer to the Integration Joint Board for approval.
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Relevance to Integration Joint Board Strategic Plan:

To provide assurance on various aspects of the Strategic Plan.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	None
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Personnel:	None
Carers:	None
Provider Organisations:	None
Equalities:	None
Fairer Scotland Compliance:	None
Financial:	None
Legal:	The IJB will be compliant with: - The Integrated Resource Advisory Group guidance in relation to audit provision. - The Local Authority Accounts (Scotland) Regulations 2014
Economic Impact:	None
Sustainability:	None
Sustainable Procurement and Article 19:	None
Risk Implications:	None
Implications for Glasgow City Council:	None
Implications for NHS Greater Glasgow & Clyde:	None

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ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

- 1.1 The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.
- 1.2 In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority's 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.
- 1.3 The IJB has adopted governance arrangements consistent where appropriate with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

2. Purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Plan. The governance framework will be continually updated to reflect best practice, new legislative requirements and the expectations of stakeholders.
- 2.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

3. Governance Framework

- 3.1 The Board of the IJB comprises the Chair and 15 other voting members; eight are Council Members nominated by Glasgow City Council and eight are Board members of NHS Greater Glasgow and Clyde. There are also a number of non-voting professional and stakeholder members on the IJB Board. Stakeholder members currently include representatives from the third and independent sector bodies and service users. Professional members include the Chief Officer and Chief Officer, Finance and Resources. The IJB, via a process of delegation from NHS Greater Glasgow and Clyde and Glasgow City Council, and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area.

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3.2 The main features of the IJB's system of internal control are summarised below.

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Corporate Statement which sets out the key outcomes the IJB is committed to delivering with its partners, as set out in its Strategic Plan and Annual Financial Statement.
- Services are able to demonstrate how their own activities link to the IJB's vision and priorities through their Corporate Improvement Plans.
- Performance management, monitoring of service delivery and financial governance is provided by the Finance, Audit and Scrutiny Committee which reviews and reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget and scrutinises progress with key pieces of work.
- The IJB has a comprehensive performance management framework in place which ensures there is regular scrutiny at senior management, committee and Board levels. Performance is linked to delivery of objectives and is reported quarterly to the IJB. Information on performance can be found in the Annual Performance Report published on the IJB website.
- The Participation and Engagement Strategy sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its health service and local authority partners and through existing community planning networks. The IJB publishes information about its performance regularly as part of its public performance reporting. The Public Engagement Committee approves and keeps under review the Participation and Engagement Strategy.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders, Scheme of Delegation, Financial Regulations and Standing Financial Instructions; these are scheduled for regular review.
- Effective scrutiny and service improvement activities will be supported by the formal submission of reports, findings and recommendations by the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Finance, Audit and Scrutiny Committee.
- The IJB follows the principles set out in COSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and Local Authority and resources paid to its local authority and health service partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Officer Finance and Resources. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB.

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- The IJB's approach to risk management is set out in the risk management strategy, the risk management policy and the Corporate Risk Register. Regular reporting on risk management is undertaken and reported annually to the Senior Management Team and Finance, Audit and Scrutiny Committee.
- Committee members observe and comply with the Nolan Seven Principles of Public Life. Arrangements are in place to ensure Board members and officers are supported by appropriate training and development.
- Staff are made aware of their obligations to protect client, patient and staff data. The NHS Scotland *Code of Practice on Protecting Patient Confidentiality* has been issued to all staff.
- Staff are also required to undertake mandatory training on information security.

4. Compliance with best practice

- 4.1 The IJB complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The IJB's Chief Officer, Finance & Resources has overall responsibility for the IJB's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.
- 4.2 The IJB complies with the requirements of the CIPFA Statement on "*The Role of the Head of Internal Audit in Public Organisations 2019*". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA "*Public Sector Internal Audit Standards 2013*".
- 4.3 The IJB's Finance, Audit and Scrutiny Committee operates in accordance with CIPFA's *Audit Committee Principles in Local Authorities in Scotland* and *Audit Committees: Practical Guidance for Local Authorities*.

5. Review of Adequacy and Effectiveness

- 5.1 The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the Internal Auditors and the Chief Internal Auditor's annual report, and reports from External Auditors and other review agencies and inspectorates.

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- 5.2 The review of the IJB's governance framework is supported by processes within Glasgow City Council and NHS Greater Glasgow and Clyde. Within Glasgow City Council a self-assessment governance questionnaire and certificate of assurance is completed by all Service Directors on an annual basis. The responses to these are considered as part of the review of the Council's governance framework. A similar process is in operation within NHS Greater Glasgow and Clyde where Service Managers were provided with a "Self Assessment Checklist" to complete and return as evidence of review of key areas of the internal control framework. The Senior Management Team then considered the completed evaluations and provided a Certificate of Assurance for their services.
- 5.3 Due to the nature of IJB Board Membership, a conflict of interest can arise between an IJB Board Members' responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon.
- 5.4 The arrangements continue to be regarded as fit for purpose in accordance with the governance framework with the exception of the issue noted above.

6. Significant governance issues

- 6.1 The Chief Internal Auditor has confirmed that there are no new significant governance issues that require to be reported specific to the IJB for 2018/19.

7. Update on previously reported governance issues

- 7.1 There has only been one significant governance issue previously reported specific to the IJB, in relation to financial planning. The IJB had significant uncertainty over its budget for 2017/18. This improved slightly for 2018/19 with the Board accepting the Chief Officer, Finance and Resources, recommendation to conditionally accept the interim budget allocations from NHS Greater Glasgow and Clyde and Glasgow City Council, subject to formal letters being issued and clarification of savings being received from Glasgow City Council. However, the Chief Officer, Finance and Resources, did not receive a confirmed position until May 2018.

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7.2 A similar situation has arisen for 2019/20. At its meeting in March 2019, the Board was provided with a report on the financial allocations and budget for 2019/20. The Board accepted the Chief Officer, Finance and Resources, recommendation to accept the allocation from Glasgow City Council subject to the joint development of a financially sustainable solution for both Homecare and Housing First by September 2019. The Board also accepted the Chief Officer, Finance and Resources, recommendation to conditionally accept the indicative funding allocation from NHS Greater Glasgow and Clyde, subject to confirmation in April 2019.

8. Future Activity

8.1 In November 2018 Audit Scotland published the results of the second of three national performance audits of health and social care integration following the introduction of the Public Bodies (Joint Working) (Scotland) Act 2014. The audit examined the impact public bodies are having as they integrate health and social care services. It made nine recommendations that were directly relevant to Glasgow City HSCP within six topic areas:

- commitment to collaborative leadership and building relationships;
- effective strategic planning for improvement
- integrated finances and financial planning;
- agreed governance and accountability arrangements;
- ability and willingness to share information and
- meaningful and sustained engagement.

8.2 In February 2019 the Ministerial Strategic Group for Health and Community Care published the results of a national review of progress of integration committed by the then Cabinet Secretary for Health and Sport in a Scottish Parliamentary debate in May 2018. The Ministerial Strategic Group made 25 'proposals' (that is, recommendations), of which 22 were for IJBs/HSCPs across the country. They too were in six topic areas:

- collaborative leadership and building relationships;
- integrated finances and financial planning;
- effective strategic planning for improvement;
- governance and accountability arrangements;
- ability and willingness to share information and
- meaningful and sustained engagement.

8.3 The IJB at its meeting in February 2019 were presented with the findings of the two reports and considered and approved an initial draft action plan in response to the Audit Scotland report, whilst acknowledging further work required in the review of progress proposals made by the Ministerial Strategic Group.

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- 8.4 Due to the subsequent overlap between the two reports, the IJB and Glasgow City HSCP, facilitated with support from the Improvement Service, progressed work with the two statutory partner bodies, Glasgow City Council and NHS Greater Glasgow and Clyde, to self-evaluate the progress of integration within Glasgow City. The self-evaluation aimed to identify areas where good progress has been made and where improvements need to be made against each of Ministerial Strategic Group recommendations, with an improvement plan of actions developed to take forward. The self-evaluation consisted of a survey for IJB Members, the Council and Health Board, and was the focus of discussion at the IJB's April 2019 development session with further work to develop the improvement actions.
- 8.5 The Scottish Government has indicated that it is expected that the Set Aside arrangements will be fully implemented during 2019/20. Health Boards are awaiting guidance on the mechanism for implementation. Following this an updated Set Aside allocation will be formally issued. An internal audit review of set aside is planned for 2019/20.

9. Internal audit opinion

- 9.1 Based on the audit work undertaken, the assurances provided by the Chief Officers of the IJB, Executive Directors of Glasgow City Council Services, and the Senior Management Teams of services within NHS Greater Glasgow and Clyde it is the Chief Internal Auditor's opinion that reasonable assurance can be placed upon the control environment which operated during 2018/19.

10. Certification

- 10.1 Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement.

Susanne Millar
Interim Chief Officer

Simon Carr
Chair

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11. Recommendations

11.1 The IJB Finance, Audit and Scrutiny Committee is asked to:

- a) note the Annual Governance Statement for 2018/19 and refer to the Integration Joint Board for approval.

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