



**Item No. 9**

**Meeting Date**

**Wednesday 13<sup>th</sup> June 2018**

**Glasgow City  
Integration Joint Board  
Finance and Audit Committee**

**Report By:** Chief Internal Auditor for the Integration Joint Board

**Contact:** Duncan Black

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**ANNUAL GOVERNANCE STATEMENT 2017/18**

<b>Purpose of Report:</b>	To present to the Finance and Audit Committee the Annual Governance Statement for the Glasgow City Integration Joint Board for 2017/18.
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<b>Background/Engagement:</b>	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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<b>Recommendations:</b>	The IJB Finance and Audit Committee is asked to note the Annual Governance Statement for 2017/18 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.

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**Implications for Health and Social Care Partnership:**

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

## 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 also meets 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 Glasgow City 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.

## ANNUAL GOVERNANCE STATEMENT (continued)

### 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.

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 and Audit Committee and Performance Scrutiny Committee. The Finance and Audit Committee reviews and reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget. The Performance Scrutiny Committee scrutinises progress with key pieces of work.
- We have 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, the Finance and Audit Committee and the Performance Scrutiny Committee.

## ANNUAL GOVERNANCE STATEMENT (continued)

- 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.
- 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 and Audit 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 2010*". 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 and Audit Committee operates in accordance with CIPFA's *Audit Committee Principles in Local Authorities in Scotland* and *Audit Committees: Practical Guidance for Local Authorities*.

## ANNUAL GOVERNANCE STATEMENT (continued)

### 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.
- 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 The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

### 6. Significant governance issues

- 6.1 The Chief Internal Auditor has confirmed that there are no significant governance issues that require to be reported specific to the IJB for 2017/18.

### 7. Update on Significant Governance Issues Previously Reported

- 7.1 There were only one significant governance issue in 2016/17 specific to the IJB which was in relation to financial planning. The IJB had significant uncertainty over its budget for 2017/18 as the Board had accepted the Chief Officer, Finance and Resources, recommendation not to accept the NHS Greater Glasgow and Clyde part of the allocated budget.
- 7.2 The Board approved the IJBs budget for 2017/18 at its meeting in September 2017. This included the solution to the unallocated savings on a non-recurring basis for 2017/18 with a permanent solution for 2018/19 onwards.

ANNUAL GOVERNANCE STATEMENT (continued)

7.3 At its meeting in March 2018, the Board was provided with a report on the financial allocations and budget for 2018/19. The Board accepted 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 a formal letter being issued by NHSGGC and clarification of savings being received from Glasgow City Council. The Chief Officer, Finance and Resources, did not receive a confirmed position from NHSGGC until 1 May 2018. Proposals to meet the savings from Glasgow City Council were also confirmed. The Board approved the budget for 2018/19 at its meeting in May 2018.

**8. Internal audit opinion**

8.1 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, and excluding the issues noted above, it is the Chief Internal Auditor's opinion that reasonable assurance can be placed upon the control environment which operated during 2017/18.

**9. Certification**

9.1 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 identified areas for improvement.

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**David Williams**

*Chief Officer*

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**Councillor Mhairi Hunter**

*Chair*