



Item No. 7

Meeting Date 17 June 2016

Integration Joint Board Finance and Audit Committee

Report By: Chief Internal Auditor to the Integrated Joint Board

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DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16
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Purpose of Report:	To present to the Finance and Audit Committee the draft Annual Governance Statement for the Glasgow City Integration Joint Board for 2015/16
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Recommendations:	The Finance and Audit Committee is asked to note the draft Annual Governance Statement and refer to the Integration Joint Board.
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Implications for IJB:

Financial:	None
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Personnel:	None
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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
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Economic Impact:	None
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Sustainability:	None
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Sustainable Procurement and Article 19:	None
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Equalities:	None
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Implications for Glasgow City Council:	None
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Implications for NHS Greater Glasgow & Clyde:	None
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DRAFT ANNUAL GOVERNANCE STATEMENT 2015/16

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 Local Code 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, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control has been in place at the IJB from 6 February to 31 March 2016 and up to the date of the approval of the Statement of Accounts.

3. Governance Framework

3.1 The Board of the IJB currently comprises the Chair and 14 members; eight are Council Members nominated by Glasgow City Council and seven are Board members of NHS Greater Glasgow and Clyde, with one vacancy for a Board member of NHS Greater Glasgow and Clyde. 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 Partnership'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. It reviews and reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget.
- The draft 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 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 Audit Scotland, the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Finance and Audit 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

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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. Comprehensive 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.

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 and Resources has overall responsibility for the Partnership'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 Partnership 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 Partnership'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*

5. Review of 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

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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 In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

6. Significant governance issues

- 6.1 The Chief Auditor has confirmed that there are no significant governance issues that require to be reported specific to the IJB.
- 6.2 Glasgow City Council's Annual Governance Statement for 2015/16 included reference to an audit of Business Continuity and IT Disaster Recovery Management, which was subject to an unsatisfactory audit opinion.
- 6.3 On 15 December 2015 an incident involving the air handling unit and fire suppression system occurred in the Council's primary data centre. The incident caused significant disruption to the Council's ICT systems. Whilst key business operations were able to continue, such as payments processing and access to social care information, the incident caused significant disruption across the Council group. The Council continues to investigate the incident and conduct lessons-learned reviews. An Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and has identified a number of improvement actions for the Council and its ICT partner ACCESS. The incident has highlighted the need to improve the ICT disaster recovery and business continuity controls, including those for the CareFirst social care management system and associated applications.

7. Internal Audit Opinion

- 7.1 Based on the audit work undertaken, the assurances provided by Executive Directors (of Glasgow City Council Services) and the Senior Management Teams (of services within NHS Greater Glasgow and Clyde) and excluding the significant issue noted above, it is the Chief Auditor's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during the reporting period of 2015/16.

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8. Certification

8.1 Subject to the above, and on the basis of the 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.

Chief Officer

Chair

Date

Date