



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 19 JULY 2017

REPORT ON: DUNDEE INTEGRATION JOINT BOARD ANNUAL INTERNAL AUDIT REPORT 2016/17 & ANNUAL GOVERNANCE STATEMENT

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC14-2017

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to advise the Performance and Audit Committee of the outcome of the Chief Internal Auditor's Report on the Integration Joint Board's internal control framework for the financial year 2016/17 and to agree the IJB's revised Annual Governance Statement following this assessment.

2.0 RECOMMENDATIONS

It is recommended that the Performance & Audit Committee (PAC):

- 2.1 Notes the content and findings of the attached Annual Internal Audit Report 2016/17 (Appendix 1);
- 2.2 Instructs the Chief Finance Officer to develop an action plan in response to identified issues for consideration by management arising from this report.
- 2.3 Notes and approves the revised Annual Governance Statement (Appendix 2) following the Chief Internal Auditor's conclusion that reliance can be placed on the IJB's governance arrangements and systems of internal control for 2016/17 and instructs the Chief Finance Officer to incorporate this within the IJB's Draft Annual Accounts

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4.0 MAIN TEXT

- 4.1 The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional guidance, outlines the responsibility of the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This guidance also shows that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control
- 4.2 The IJB agreed in May 2016 to appoint the Chief Internal Auditor of NHS Tayside to the role of Chief Internal Auditor of Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB's lead internal auditors for 2016/17. This role has been supported by Dundee City Council's Internal Audit service. The attached report provides the Chief Internal Auditors opinion on the IJB's internal control framework in place for the financial year 2016/17.

- 4.3 The Chief Internal Auditors' assessment of these frameworks concludes that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2016/17. In addition, the Chief Internal Auditor is satisfied that the Governance Statement is consistent with the information gathered from their audit work.
- 4.4 The audit report recommends that an action plan is drawn up to ensure a range of planned improvements for 2017/18 and other developing issues are managed effectively and the Chief Finance Officer will develop this accordingly for consideration at the Performance and Audit Committee meeting on the 12 September 2017.
- 4.5 The IJB's Draft Annual Accounts 2016/17 included a draft Annual Governance Statement which was subject to review by the Chief Internal Auditor as part of the Internal Audit assessment of the adequacy and effectiveness of the IJB's arrangements for risk management, governance and internal control. The assurance now provided through the Annual Internal Audit report supports the IJB's assessment of the adequacy and effectiveness of these controls and the Annual Governance Statement has been amended accordingly.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Officer and the Clerk along with the Chief Internal Auditor of Dundee IJB were consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 4 July 2017

APPENDIX 1

FINAL REPORT

**DUNDEE IJB
INTERNAL AUDIT SERVICE**



ANNUAL INTERNAL AUDIT REPORT

2016/2017

Issued To: D Lynch, Chief Officer
D Berry, Chief Finance Officer

Dundee Integration Joint Board
External Audit- Audit Scotland

Date: 6 July 2017

ANNUAL INTERNAL AUDIT REPORT 2016/17

INTRODUCTION AND CONCLUSION

1. Legislation to implement health and social care integration came into force on 1 April 2016, following the Public Bodies (Joint Working) (Scotland) Act 2014.
2. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
3. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
4. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
5. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - i) Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:
 - (a) facilitates the effective exercise of the authority's functions; and
 - (b) includes arrangements for the management of risk.
 - ii) Conduct a review at least once in each financial year of the effectiveness of its system of internal control.
6. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
7. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2016/17.
8. This review examined the framework in place during the financial year 2016/2017 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - ✧ Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance

9. The 2015/16 IJB Annual Internal Audit Report recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. While the challenges to describing the new HSCI relationships and governance arrangements are well understood by the parties, there remains a need to agree and document a clear, consistent and coherent understanding of HSCI risks and accountabilities, so that comprehensive assurance systems can be developed which reflect shared understanding, minimise duplication as far as possible and ensure there are no omissions. We recognise that the Chief Officer has articulated a clear vision for IJB governance and that the IJB set out its position clearly in a paper on Health and Social Care Governance to the May 2016 IJB Board. However, the details and consequences have not yet been formally agreed with both parties, with further work required to ensure that these principles are embedded within the governance and assurance structures of all three bodies and that the resultant changes are enacted.
10. Whilst not all key principles were formally agreed by year-end and there is no formal agreement setting out the precise responsibilities of the IJBs, Tayside NHS Board and the Councils in relation to operational activities and the exact nature of the delegation of functions to the IJBs, significant progress has been made.
11. As IJBs continue to evolve it is important that there is clarity around these issues particularly in relation to the provision of assurances and risk management as well as a clear understanding around the tripartite roles of IJB Chief Officers.
12. The IJB has produced a draft Governance Statement for 2016/17. This includes a statement that an action plan to meet any identified recommendations from this report will be produced and agreed by the Performance and Audit Committee and will be incorporated into the above Annual Governance Statement to form the final Annual Accounts Statement.
13. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2016/17.
14. Based on work undertaken I have concluded that:

<ul style="list-style-type: none">• Reliance can be placed on the IJBs governance arrangements and systems of internal controls for 2016/17.

15. In addition, I have not advised management of any concerns around the following:

<ul style="list-style-type: none">• Consistency of the Governance Statement with information that we are aware of from our work;• The format and content of the Governance Statement in relation to the relevant guidance;• The disclosure of all relevant issues.

16. The CIPFA publication 'Delivering Good Governance in Local Government Framework 2016' lists key elements of the structures and processes that comprise an authority's governance arrangements and this includes the requirement for 'Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact'.

17. The CIPFA statement on 'The role of the Chief Financial Officer in Local Government' includes 5 principles which are broken down into the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. A self assessment assessing compliance against each of these elements as well as referring to evidence demonstrating compliance and explanations for non-compliance was completed.
18. We have validated this self assessment through review of available documentary evidence and through professional judgment of subjective assessments and have concluded that all assessments reached are consistent with our findings.

ACTION

19. The IJB is asked to **note** this report in evaluating the internal control environment for 2016/17 and **consider** any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

20. Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service in conjunction with our Local Authority colleagues. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). The 2016/17 internal audit plan was approved by the IJB in December 2016. Audit work has been undertaken, in partnership with the Dundee City Council Internal Audit Service, sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls, with two further reports to be completed by the September 2017 Audit Committee.
21. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation.
22. The Audit Committee will also receive additional assurance on the control systems in place within the parent bodies and an understanding of the wider governance and control framework within which the IJB operates, through the presentation of the Dundee City Council and NHS Tayside Annual Internal Audit reports and an assurance letter from the NHS Tayside Audit Committee Chair.
23. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2017; as well as ongoing and planned work in 2017/18. Based on our assessment, we also recommend further issues for consideration by management.
24. Our evaluation of the IJB's Governance Framework is summarised below.

A - Corporate Governance	
A1 - Key arrangements in place as at year end 2016/17	
<ul style="list-style-type: none"> I. From 1 April 2016, delegated and hosted functions transferred to Dundee IJB and in turn, the IJB directed these functions to be carried out by Dundee City Council or NHS Tayside, and in respect of these matters agreed to make available to NHS Tayside and Dundee City Council the sums determined in accordance with the method set out in the Integration Scheme. II. In May 2016, the IJB approved an updated Code of Conduct for Members of the Dundee IJB in line with the statutory instrument issued and submitted to the Scottish Government. Standing Orders were appropriately updated to take account of this. A Standards Officer was also nominated and held a briefing session with IJB members to advise of their duties and responsibilities with regard to their role within the IJB. III. The IJB noted a paper on Health & Social Care Governance in May 2016. IV. The IJB received a report on implementation of the Strategic and Commissioning Plan in December 2016 informing members of progress towards the strategic shifts. V. A report on the progress in developing and implementing the performance framework was reported to the IJB in August 2016 and to the newly established Performance and Audit Committee in January 2017. This committee also received a report on the process for the annual performance report in March 2017. VI. Following the adoption of the IJB's Risk Management Policy and Strategy in May 2016, the high level risk register was reported to the IJB in August 2016 and to the Performance and Audit Committee in January 2017. The risk register identifies the ten key strategic risks for the partnership alongside the risk owner, inherent and current risk scores, current internal controls action and information on the current status of the risk. VII. In February 2016, the IJB considered the Audit Scotland report on Health and Social Care Integration. The IJB's position with regard to the report recommendations was monitored by the Performance and Audit Committee in January 2017. VIII. The remit and membership of the Performance and Audit Committee was agreed in August 2016 and the first meeting took place in January 2017. IX. In May 2016 the IJB approved the Mainstreaming Equalities Report and agreed the reporting cycle. X. Following the 2015/16 Annual Internal Audit Report, a governance action plan was developed and an update reported to the Performance and Audit Committee in January 2017. A number of actions remained outstanding at year end and we have reviewed these to ensure that all issues have been incorporated within this report. These issues should continue to be monitored to ensure they are addressed. 	
A2- Developments in 2017/18- in place or planned by management	
<ul style="list-style-type: none"> I. Following the presentation to the IJB of the high level risk register, the CFO was remitted to bring an integrated operational risk register to the IJB as well as continuity plans for operational IJB functions. This is at development stage 	

	presently and will be monitored by the Performance and Audit Committee once implemented.
II.	The standard IJB report structure already requires consideration to be given to implications arising in relation to finance, risk management and equalities issues associated with decision making. An enhanced risk assessment section is to be included in future IJB reports.
III.	A draft Governance Statement has been prepared for 2016/17.
IV.	In line with ongoing national work, Dundee IJB is participating in work in relation to further clarification on Large Hospital services and set aside budget. We would recommend that the IJB receive regular updates on these arrangements.
V.	The Market Facilitation Strategy 'Shaping the Adult Health and Social Care Market in Dundee 2017-2021' was noted by the IJB in April 2017.
VI.	A mechanism is to be developed for the IJB to formally assess whether the level of Corporate Support it receives is sufficient to enable the IJB to successfully deliver the Strategic Plan. Internal Audit report DD06/17 will also comment on this area.
VII.	The partnership is contributing towards the development of the Local Outcome Improvement Plan for Dundee.
VIII.	The Annual Performance report is currently being developed and includes information to address the requirements under Best Value with information drawn from the Transformation Programme, financial information and wider service redesign initiatives.

A3 - Recommended further issues for consideration by management

I.	A Participation and Engagement Strategy was originally approved in February 2016 but no updates have come back to the IJB during 2016/17.
II.	The IJB received a report in June 2017 on the financial performance of Hosted Services across Tayside for 2016/17 including recovery plans being developed by Angus and Perth & Kinross IJBs for those services facing significant financial pressures. Further work is required on both a Tayside and Dundee basis to update the Memorandum of Understanding for Hosted Services agreed in February 2016, to take into account of the differing governance arrangements emerging amongst the IJBs, as well as to develop performance reporting for hosted services and sharing information across the partnerships.
III.	The 2015/16 IJB Annual Internal Audit Report recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. Whilst progress has been made, including the May 2017 paper referred to above, not all key principles were agreed by all parties across Tayside by the year-end and there is as yet no formal written agreement setting out the precise responsibilities of the IJB, Tayside NHS Board and the Council in relation to operational activities and the exact nature of the delegation of functions to the IJBs.
IV.	The risk register does not currently contain information on assurances in place against the controls for each risk, nor timescales for action. Such reporting arrangements should be reviewed, specifically in relation to

<p>explicitly linking objectives, risks, controls/actions and assurances/performance reporting within the context of the IJB governance structures. As set out in paragraphs 9-11 above, risk management arrangements including the Risk Management Strategy should also be reviewed following the conclusion of the governance work currently underway.</p> <p>V. Formal reporting of the clarification of deputising arrangements is still due to be presented to the IJB; although a Scheme of Delegation has been presented which provides information on the powers of the deputy without overtly nominating an individual to perform the role.</p> <p>VI. Best practise would be for an action points update on decisions taken at previous meetings to be a standing agenda item for the IJB and Performance and Audit Committee.</p>
<p>B - Clinical & Care Governance/ Financial Governance/ Staff Governance/ Information Governance</p>
<p>B1 - Key arrangements in place as at year end 2016/17</p>
<p>I. Financial regulations were adopted in May 2016</p> <p>II. On an annual basis the IJB has to formally agree a devolved budget with Dundee City Council and NHS Tayside. In June 2016, the IJB received a report which confirmed the overall delegated budgeted resources from the parties and accepted the level of resources although reference was made to the risk sharing agreement. The same report also included information on service redesign proposals and a cost reduction and efficiency savings plan was approved, to address the shortfall resulting from the level of resources available.</p> <p>III. Since August 2016 each meeting of the IJB has received a financial monitoring report which includes updates on the financial position and financial outturn forecasts. Additional partnership funds are also monitored. Details of the Transformation programme of the Dundee HSCP and how this links with the actions reflected in the strategic and commissioning plan were reported in August 2016 and progress is monitored through the financial monitoring reports.</p> <p>IV. An overall underspend position was achieved at year end 2016/17. However, this included a substantial overspend on (hosted) NHS Tayside services and GP Prescribing currently directly covered by the risk sharing agreement. Underspends on Dundee City Council Services can be carried forward in reserves. Additionally, there will be a carry forward position of additional specific partnership funds.</p> <p>V. An update was received in February 2017 in relation to the implementation of the Clinical, Care & Professional Governance Framework. The IJB agreed that an exception report is to come to every Performance & Audit Committee meeting and a six monthly report to the IJB beginning October 2017.</p> <p>VI. The Dundee Health and Social Care Clinical, Care and Professional Governance Forum (R2) is in place and met 6 times during the year 2016/17</p> <p>VII. The IJB, as well as the Performance & Audit Committee since its establishment, regularly received outcomes of Care Inspectorate Inspection reports.</p>

<p>VIII. The Chief Social Work Officer's Annual report for 2015/16 was reported to the December 2016 IJB meeting. In addition, the IJB received the following reports in year:</p> <ul style="list-style-type: none"> • Independent convenor's biennial report of the Adult Support and Protection Committee 2014-2016; • Annual report of the Drug Deaths Review and Working Group on Drug Deaths in Tayside 2015; • Director of Public Health Annual report 2015/16. <p>IX. The development and implementation of existing and new processes for the partnership's complaints procedure were reported in June 2016. In April 2017, the decision was taken that 3 monthly reports would be provided to the Performance and Audit Committee on complaints.</p> <p>X. A Workforce and Organisational Development Strategy is in place, as well as a Dundee Health and Social Care Partnership Staff Forum which held meetings throughout the year.</p>
<p>B2- Developments in 2017/18 - in place or planned by management</p>
<p>I. The IJB received an Annual report of the Dundee Health and Social Care Partnership Clinical Governance and Risk Management Forum (R2) in June 2017.</p> <p>II. Developments are planned to ensure appropriate assurance on clinical & care governance which includes a review of the remit, membership and reporting arrangements of the R2 forum. The R2 group is now also reporting to the NHS Tayside Clinical Quality Forum.</p> <p>III. As agreed by the IJB in October 2016, the CFO is to bring back a paper on the final financial implications and any subsequent issues arising following full implementation of the living wage commitment for care workers in adult social care.</p> <p>IV. A Scheme of Delegation for the Chief Officer as well as a Reserves Policy for the IJB were approved in April 2017.</p> <p>V. Work is ongoing in relation to an Information Sharing Protocol for a new client management system to be implemented.</p>
<p>B3 - Recommended further issues for consideration by management</p>
<p>I. A Scheme of Further Delegation needs to be documented for IJB services directed to NHS Tayside and Dundee City Council.</p> <p>II. Whilst workforce is one of the high level risks of the IJB, reporting on workforce and staff governance is currently limited at IJB level. Consideration should be given to reporting arrangements against the Workforce and Organisational Development Strategy, as well as the partnership forum.</p> <p>III. Developments in relation to clinical and care governance should take into account the Social Work Scotland guidance document on Governance for quality social care in Scotland.</p> <p>IV. Consideration should be given to arrangements required by the IJB to comply with Freedom of Information and Public Records legislation.</p>

ACKNOWLEDGEMENT

25. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
1.	Our evaluation of the IJB's governance framework has identified planned improvements for 2017/18 as well as further issues for consideration by management.	We would recommend that an action plan setting out a timetable for implementation is drawn up by officers and approved and monitored by the IJB or an appropriate governance committee.	2	Agreed: Action Plan to be reported to the Performance and Audit Committee.	Chief Finance Officer To be presented to the Performance and Audit Committee meeting in September 2017

Annual Governance Statement

Introduction

The Annual Governance Statement explains Dundee Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's system of internal control.

Scope of Responsibility

Dundee Integration Joint Board 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 Integration Joint Board 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 Integration Joint Board's policies, aims and objectives. Reliance is also placed on the NHS Tayside and Dundee City Council 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 Integration Joint Board.

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

The Governance Framework and Internal Control System

Dundee Integration Joint Board comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer appointed by the Integration Joint Board. Throughout 2016/17, the Integration Joint Board continued to develop and enhance its governance arrangements as it became responsible for the strategic and operational management of delegated health and social care services.

The main features of the governance framework in existence during 2016/17 were:

- The Integration Scheme as the overarching agreement as to how the planning for and delivery of delegated health and social care services is to be achieved, including a range of governance arrangements remained unchanged during 2016/17.
- Dundee Integration Joint Board has appointed its senior leadership team including the appointment of the Chief Officer in accordance with Section 10 of The Public Bodies (Joint Working) (Scotland) Act 2014 and the Chief Financial Officer in terms of section 95 of the Local Government (Scotland) Act 1973. The Chief Financial Officer has overall responsibility for the Integration Joint Board's financial arrangements and is professionally qualified and suitably experienced to lead the Integration Joint Board's finance function and to direct staff accordingly.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the Integration Joint Board as Standards Officer were all in place during 2016/17.
- A Performance and Audit Committee was established as a Sub Committee of Dundee Integration Joint Board to enhance its audit, scrutiny and performance monitoring arrangements in line with regulations and good practice governance standards in the public sector.
- Internal Audit arrangements for 2016/17 were approved including the appointment of the Chief Internal Auditor with a partnership approach to internal audit services to the Dundee Integration Joint Board between Fife, Forth Valley and Tayside Internal Audit Services and Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2016/17 was approved drawing on resources from both organisations.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2016/17 this included the following:

- The governance arrangements between Dundee Integration Joint Board, Dundee City Council and NHS Tayside were consolidated into a single document (Report DIJB21-2016) on 4 May 2016.
- A Risk Management Policy and Strategy and a High Level Risk Register for the Integration Joint Board with regular review were developed and approved.

- An Equalities Outcomes and a Mainstreaming Equalities Framework with associated performance measures to meet its obligations under Equalities legislation was adopted by the Integration Joint Board.
- The level of assurance provided by the Chief Internal Auditor as part of the 2015/16 Internal Audit Review in that Dundee Integration Joint Board had adequate and effective controls in place proportionate to its responsibilities at the time and recommended actions was noted by the Integration Joint Board.
- Dundee Integration Joint Board noted the Chief Internal Auditors opinion that the financial assurance / due diligence process followed was robust and carried out in line with guidance with acknowledgement of the level of collaborative working which took place throughout the process and the recommended actions which followed.
- A new Complaints Procedure for the Integration Joint Board was developed.
- The performance management framework was developed with a range of performance reports published throughout the year, including specific areas such as Discharge Management performance and Measuring Performance Under Integration, initially to the Integration Joint Board and subsequently to the Performance and Audit Committee once established.
- The 2016/17 delegated budget was approved by Dundee Integration Joint Board, with the risk sharing arrangement with NHS Tayside invoked for specific areas such as prescribing whereby the financial risks of those budgets would remain with NHS Tayside.
- A process of regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2016/17.
- The Integration Joint Board received in-year reporting of progress made in meeting the strategic priorities as set out in the Strategic & Commissioning Plan.
- The Integration Joint Board received in-year reporting on issues relating to Clinical, Care and Professional Governance.
- The wider financial settlement facing Dundee City Council and NHS Tayside and estimated implications for Dundee Integration Joint Board in 2017/18 and beyond were communicated to the Integration Joint Board as part of the Revenue Budget setting process with a subsequent budget proposal for 2017/18 and approved Transformation Programme.
- A process of ensuring the Performance & Audit Committee has sight of a range of external scrutiny reports relating to delegated services from scrutiny bodies such as the Care Inspectorate and Mental Welfare Commission and supporting subsequent action plans is in place.
- Dundee Integration Joint Board has adopted Audit Scotland's Annual Audit Plan 2016/17.
- Dundee Integration Joint Board has approved a Reserves Policy.

Dundee Integration Joint Board complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). The Head of Internal Audit reports directly to the Performance and Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Performance & Audit Committee.

Review of Adequacy and Effectiveness

Dundee Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

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.

The review of Dundee Integration Joint Board's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the Integration Joint Board's internal control framework. The Senior Management Team has input to this process through the Chief Financial Officer. 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. There were no significant internal control issues identified by the self-assessment review.

Throughout the year, the Performance and Audit Committee has considered a range of issues which cover its core responsibilities in providing the Integration Joint Board with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements. The Chair of the Performance and Audit Committee provides an update to the next available Integration Joint Board meeting on the issues raised and any areas of concern which the Integration Joint Board should be made aware of. Over the course of 2016/17, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

The Chief Internal Auditor has carried out his review of the adequacy and effectiveness of the IJB's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2016/17 which supports the outcome of the self-assessment process noted above and concludes that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2016/17. The Chief Internal Auditor has noted a number of recommendations for further consideration by management and an action plan to meet these will be developed and submitted to the Performance and Audit Committee for approval at its meeting on the 12th September 2017.

Conclusion and Opinion on Assurance

While recognising that the above Annual Governance Statement is subject to Internal Audit assessment, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee Integration Joint Board's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Integration Joint Board's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

