



**REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 31 JULY 2018**

**REPORT ON: DUNDEE INTEGRATION JOINT BOARD ANNUAL INTERNAL AUDIT REPORT 2017/18 & ANNUAL GOVERNANCE STATEMENT**

**REPORT BY: CHIEF FINANCE OFFICER**

**REPORT NO: PAC47-2018**

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to advise the Integration Joint Board of the outcome of the Chief Internal Auditor's Report on the Integration Joint Board's internal control framework for the financial year 2017/18 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 2017/18 (Appendix 1);
- 2.2 Instructs the Chief Finance Officer to develop an overall Governance Action Plan as recommended by the Chief Internal Auditor and present this to the PAC meeting to be held on 25 September 2018.
- 2.3 Notes and agrees the revised Annual Governance Statement (Appendix 2) to be incorporated into the IJB's Draft Annual Accounts following the Chief Internal Auditor's conclusion that reliance can be placed on the IJB's governance arrangements and systems of internal control for 2017/18

**3.0 FINANCIAL IMPLICATIONS**

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 Performance and Audit Committee agreed in September 2017 to continue the arrangement for the provision of Internal Audit Services through the appointment of the Chief Internal Auditor of NHS Tayside to the role of Chief Internal Auditor for the Integration Joint Board with internal audit services provided by FTF Audit and Management Services supported by Dundee City Council's Internal Audit service. The attached report provides the Chief

Internal Auditor's opinion on the IJB's internal control framework in place for the financial year 2017/18.

- 4.3 The Internal Audit review examined the framework in place during 2017/18 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. In doing so, the review considered the areas of corporate, clinical, staff, financial and information governance.
- 4.4 The IJB's Draft Annual Statement of Accounts 2017/18 includes a Governance Statement based on a self assessment of the IJB's governance, risk management and control frameworks as they have developed during 2017/18. This has established there are no major issues.
- 4.5 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 2017/18. In addition, the Chief Internal Auditor is satisfied that the Governance Statement is consistent with the information gathered from their audit work.
- 4.6 The audit report sets out one recommendation which is that an overall Governance Action Plan is created to enable the PAC to monitor progress in implementing agreed actions arising from internal and external audit reports and other governance related recommendations. The Chief Finance Officer will develop this accordingly for consideration at the Performance and Audit Committee meeting to be held on 25 September 2018.
- 4.7 The IJB's Draft Annual Accounts 2017/18 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 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that if required actions in response to Internal Audit recommendations are not coordinated and acted on appropriately the IJB's governance arrangements will not be adequate and effective.
<b>Risk Category</b>	Governance
<b>Inherent Risk Level</b>	Likelihood 3 x Impact 4 = 12 (High Risk)
<b>Mitigating Actions</b> (including timescales and resources)	- Implementation and monitoring of governance action plan as recommended by Chief Internal Auditor
<b>Residual Risk Level</b>	Likelihood 2 x Impact 3 = 6 (Moderate Risk)
<b>Planned Risk Level</b>	Likelihood 2 x Impact 3 = 6 (Moderate Risk)
<b>Approval recommendation</b>	Given the moderate level of planned risk and the expectation that the mitigating action will make the impact necessary to enhance the IJB's governance arrangements the risk should be accepted.

## 7.0 CONSULTATIONS

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

**8.0 BACKGROUND PAPERS**

None.

Dave Berry  
Chief Finance Officer

DATE: 6 July 2018



**DUNDEE IJB  
INTERNAL AUDIT SERVICE**



**ANNUAL INTERNAL AUDIT REPORT**

**2017/2018**

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

Dundee Integration Joint Board  
External Audit- Audit Scotland

Date Issued: 6 July 2018



## **ANNUAL INTERNAL AUDIT REPORT 2017/18**

### **INTRODUCTION AND CONCLUSION**

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (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.
2. This guidance states 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.
3. 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.
4. 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*'.
5. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework, 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 2017/18.
6. This review examined the framework in place during the financial year 2017/2018 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

7. The 2015/16 IJB Annual Internal Audit Report first 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. We note that across Tayside, a degree of progress has been made, with NHS Tayside Audit Committee in December 2017 agreeing two models of HSCI governance as well as a set of underlying principles for all areas of governance which have been agreed by Tayside IJB Chief Officers. However, these principles have not yet been discussed with local authority colleagues.
8. A governance action plan to address the recommendations made in the 2016/17 Internal Audit Annual report was provided to Dundee IJB's Performance & Audit Committee (PAC) in September 2017. Minutes show that the PAC agreed to remit to the Chief Finance Officer (CFO) to provide a progress report prior to March 2018. Only a progress report against the external audit action plan was subsequently provided in May 2018. However, this also demonstrated that not all actions had been progressed in line with the initially envisaged timescales.
9. The IJB has been dealing with a number of complex issues, not least of which is the need for transformative change to resolve the consequences of the changing environment particularly in relation to performance and finance and workforce. As a consequence, a range of governance developments identified within the IJB's own self assessment and through internal and external audit recommendations have not progressed as anticipated.
10. Whilst we recognise that the IJB is still a nascent organisation and that its governance structures are, therefore, necessarily emergent, it must ensure that its governance arrangements are appropriate to its needs and that they develop with increasing responsibilities. It may be that the IJB will need to accept that not all developments can be undertaken concurrently, given the many other significant priorities the IJB must resolve. In the short term a pragmatic approach may be required in which the IJB prioritises the most important developments with a view to enhancing governance arrangements as the organisation develops further. It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non-achievement.
11. Dundee IJB directs the majority of its services from NHS Tayside but is also in a symbiotic relationship with both parent bodies in which the controls in place in one body inevitably affect those in the other. We note that NHS Tayside has indicated that its Governance Statement may not be in a position to conclude positively on the adequacy and effectiveness of controls. Therefore, whilst the controls in place within the IJB may be suitable for this stage in its development, there is now a need to reflect on whether all the services for which the IJB is responsible have been provided within the context of an adequate and effective control environment.



12. Dundee City Council has drafted a Governance Statement which concludes that *the annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects*. In addition, the Annual Internal Audit Report concludes that *reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2018*. Whilst both contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB's Governance Statement.
13. The IJB has produced a draft Governance Statement for 2017/18 which includes reference to the control issues within NHS Tayside.
14. Audit Scotland issued a Good Practice Note relating to IJB Annual accounts in April 2018 which commented on the information to be provided in the governance statement and recommended that sufficient information should be provided in the identified developments for the reader to assess the adequacy of improvement actions to be taken. The draft Governance Statement for 2017/18 includes this information.
15. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2017/18.
16. Based on work undertaken I have concluded that:

- **Reliance can be placed on the IJBs governance arrangements and systems of internal controls for 2017/18.**

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

- **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.**

## **ACTION**

18. The IJB is asked to **note** this report in evaluating the internal control environment for 2017/18 and to **consider** any actions to be taken on the issues reported for consideration.

## INTERNAL CONTROL

19. 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. Continuation of this arrangement for 2017/18 was approved by the Dundee IJB PAC in September 2017. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). The 2017/18 internal audit plan was approved by the PAC in November 2017. An Audit Charter as well as a Protocol for sharing audit reports between the parties were also approved at this meeting. 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.
20. 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. Our update of the checklist for 2017/18 also included a comparison to an example of a local authority governance statement self assessment, the October 2017 Audit Scotland 'Checklist for Councillors and Board Members' and the Audit Scotland technical guidance note 2017/10(LA) module 9 on IJBs.
21. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2018; and also comment on where further development is needed in 2018/19. Based on our assessment, we also recommend further issues for consideration by management.
22. We recommend that an overarching Governance Action Plan is created which also includes recommendations made in all previous annual internal and external audit reports, the further recommendations made within this report, a RAG rating for outstanding issues previously identified, and provides greater clarity on whether the action is on track, any remedial action being taken and the effectiveness of that remedial action. We also recommend that the removal of any items from the action plan is formally agreed by the PAC.
23. It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non achievement or slippage in the governance action plan in overall context.
24. Our evaluation of the IJB's Governance Framework is summarised below.

<b>A - Corporate Governance</b>
<b>A1 - Key arrangements in place as at year end 2017/18</b>
<p>I. The 2016/17 Annual Performance report was submitted to the IJB for approval in August 2017. We commend the detailed reporting and scrutiny at PAC level of the quarterly performance reports as well as additional detailed reports with clear links being made to the organisation's strategic risks.</p>

- II. The organisation's high level risk register was reported to the PAC in February 2018. The risk register identifies the ten key strategic risks for the partnership and provides a description, alongside the original, current and target risk scores, mitigating actions and a narrative section. An enhanced risk assessment section has been included in the decision making report template, providing for a mandatory narrative.
- III. Following on from the Mainstreaming Equalities Report which was approved by the IJB in May 2016, a progress update was received in March 2018.
- IV. Whilst no directions were formally issued for 2017/18, in February 2018 the IJB agreed to include a 'Directions' heading within IJB reports to identify where a decision would lead to a direction being issued and to whom.
- V. Our review of agendas and minutes of the IJB during the year shows that in this second year of operation, the main focus of the IJB was the redesign of care. For example, the IJB regularly considered the Mental Health Service Redesign Transformation Programme, Technology Enabled Care progress, Remodelling Care for Older People, Carers Act implementation and Reshaping Non-Acute Care in Dundee as well as the implementation of the new GP contract.
- VI. Dundee IJB has a Transformation Programme in place with an update in December 2017 which shows for each transformation project the link to a strategic plan priority and estimated and achieved savings.
- VII. The PAC met on 5 occasions during 2017/18. We commend good practice that for each meeting an assurance report is provided to the IJB on delegated decisions taken by the committee, performance against the workplan and any issues to highlight to the Board.
- VIII. A revised integration scheme to include new functions and duties contained in the Carers' Act 2016 was submitted for approval by Scottish Ministers in March 2018.
- IX. The Market Facilitation Strategy 'Shaping the Adult Health and Social Care Market in Dundee 2017-2021' was noted by the IJB in April 2017.
- X. An amendment to the Standing Orders in August 2017 extended the term of the chair to two years.
- XI. The concept of delivering and reviewing performance in relation to Best Value is noted as a key local outcome under the priority 'Managing our Resources Effectively' within the Strategic Plan. The Annual Performance Report for 2017/18 will build on the 2016/17 report which includes a Best Value overview. The Audit Scotland 'Auditing Best Value - Integration Joint Boards', March 2018 guidance should be taken into account as part of this.

## **A2 - Developments originally planned for 2017/18**

Many of the areas planned for development during 2017/18 have not yet fully concluded and further developments are now planned for 2018/19.

Our review of progress of development actions originally planned for 2017/18 shows the following:

- I. Work has been ongoing during the year on the operational risk register. This work was originally planned to include business continuity planning and to be monitored by the PAC but this has not yet been presented. The Dundee IJB Annual Risk Management report presented to the 29 May 2018 PAC

<p>identified areas of further development and these will be supplemented by additional recommendations arising from internal audit D04/18 – Risk Management</p> <ul style="list-style-type: none"><li>II. In line with the national picture, work in relation to further clarification in relation to Large Hospital services and set aside budget remains ongoing.</li><li>III. Some progress has been made in developing hosted service arrangements to support the Memorandum of Understanding agreed in 2016 including a basis for resource allocation and financial reporting. However, in our opinion, further work is required on risk &amp; performance management arrangements for hosted services.</li><li>IV. The Strategic Plan is now being reviewed with a view to producing an updated version for agreement in 2019.</li><li>V. A mechanism was 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 D06/17 made recommendations in relation to this with actions due by August 2018.</li></ul>
<p><b>A3 - Recommended further issues for consideration by management</b></p> <ul style="list-style-type: none"><li>I. We would recommend that the PAC considers the governance principles adopted by the HSCI Governance working group and ensures that they are taken forward within the IJB, in partnership with both parent bodies.</li><li>II. Any changes necessitated by a formal agreement on integration governance should be taken into consideration as part of the next update to the Standing Orders, Scheme of (further) Delegation and Standing Financial Instructions.</li><li>III. We note that future developments are planned for risk management during 2018/19. Internal Audit report D04/18 - Risk Management will conclude on risk management arrangements in detail and the recommendations should be taken into account as part of any update to risk management arrangements as described above.</li><li>IV. We note that it was intended to develop the performance report information into a delivery plan framework but this has not as yet come forward to the committee. A Strategic Delivery Plan would help to ensure the IJB fulfils its remit in delivering the direction of travel within the Strategic Commissioning Plan.</li><li>V. Membership of the IJB and the Audit Committee changed during the year including both voting and non-voting members. Although by 31 March 2018 all positions were appropriately filled, further changes in membership continue to take place. We would recommend that the IJB ensure a regular induction and development process for members.</li><li>VI. We noted a number of instances where a decision taken by the IJB/PAC was not implemented as originally envisaged. We would recommend a clear action points update for each meeting of the IJB and PAC as well as development of an annual workplan to which any reports which are to come forward can be added and scheduled when agreed. At year end, the PAC should provide the IJB with a conclusion on whether it has fulfilled its remit and its view on the adequacy and effectiveness of the matters under its purview.</li></ul>

**B - Clinical & Care Governance/Financial Governance/Staff Governance/Information Governance**

**B1 - Key arrangements in place as at year end 2017/18**

- I. The IJB and PAC have been regularly informed on Clinical, Care & Professional Governance issues. Internal audit report D07/17 Clinical, Care & Professional Governance concluded that there is evidence of structured activity and reporting which demonstrates a clear momentum and the reports to the IJB provide assurance that the 'Getting It Right For Everyone' (GIRFE) framework is being implemented. The PAC has agreed that exception reports on this topic will be presented at each meeting with biannual assurance provided to the IJB.
- II. The IJB confirmed the overall budgeted resources for delegated services at its meeting in June 2017 (subject to the adoption of the risk sharing arrangement for prescribing). The IJB was also regularly kept informed about the development of the 2018/19 budget.
- III. A Scheme of Delegation for the Chief Officer as well as a Reserves Policy for the IJB were approved in April 2017.
- IV. Regular Finance Monitoring reports were provided to the IJB which include updates on the financial position and financial outturn forecasts as well as risk assessments and risk management commentary.
- V. The financial monitoring position for Dundee Health and Social Care Partnership based on expenditure to 28 February 2018 showed a net projected overspend position of c£2M primarily as a result of overspends in GP prescribing and additional investment in capacity for care at home services and care home placements.
- VI. A Model Publication Scheme was adopted by Dundee IJB in April 2017 based on the information commissioner's statutory publication scheme.
- VII. A Data Sharing agreement is now in place for the new Source Social Care dataset for Scotland.

**B2- Developments already agreed**

- I. The Clinical, Care & Professional Governance Framework GIFRE is currently under review across Tayside. In response to internal audit report D07/17 - Clinical, Care & Professional Governance, management has agreed to carry out a review to clarify and delineate the relationship between the PAC, the Clinical Forum and the Clinical Governance and Risk Management Forum. Clear reporting lines will be established with a particular focus given to the level and nature of data to be provided at each level and responsibility for risk, Information Governance and Care Commission reports clearly allocated.
- 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. In response to internal audit report D06/17 - Workforce Planning, management have agreed to ensure the vision and objectives of the Workforce and Organisational Development Strategy become embedded within the partnership. In addition, integrated workforce plans will be developed. Actions are due by August 2018.

**B3 - Recommended further issues for consideration by management**

- I. Given the review of the Strategic Plan being undertaken in preparation for approval in 2019, we recommend the development of a financial framework covering the same multi year period reflecting the transformation programme and any available financial planning assumptions.
- II. Whilst an update on preparations for GDPR was received in April 2018, it is not clear that, under its current configuration, the IJB itself owns the data it uses. There is a need for a wider discussion around information sharing, GDPR and ownership of information that clarifies responsibilities and accountabilities in this area; the HSCI governance principles referred to above also highlight the need for urgent clarification of these matters.

**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.	<p>A range of governance developments identified within the IJB's own self assessment and through internal and external audit recommendations have not progressed as fully as anticipated.</p> <p>Our evaluation of the IJB's governance framework is set out in the body of this report and also includes recommended further issues for consideration by management.</p> <p>It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non achievement or slippage in the governance action plan in overall context.</p>	<p>An overall Governance Action Plan should be created to include:</p> <ul style="list-style-type: none"> <li>• Recommendations made in all previous annual internal and external audit reports</li> <li>• actions or issues recommended for further consideration by management made within this report</li> <li>• a RAG rating for outstanding issues</li> <li>• greater clarity on whether the action is on track, any remedial action being taken and the effectiveness of that remedial action.</li> </ul> <p>Removal of any items from the action plan should be formally agreed by the PAC.</p>	2	<p>Agreed – Chief Finance Officer will lead on the development of a Governance Action Plan to be presented at the Performance and Audit Committee meeting on 25 September 2018.</p>	<p>Chief Finance Officer 30 September 2018</p>





## Annual Governance Statement

### Introduction

The Annual Governance Statement explains Dundee City 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 City 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 City 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 and Chief Finance Officer appointed by the Integration Joint Board. During 2017/18, the Integration Joint Board continued to develop and enhance its governance arrangements as it moved through its second year of being responsible for the strategic planning and operational delivery of integrated health and social care services. This included progressing areas highlighted as developments in the 2016/17 Annual Governance Statement.

The main features of the governance framework in existence during 2017/18 were:

- The Integration Scheme as the overarching agreement between the Integration Joint Board, NHS Tayside and Dundee City Council as to how the planning for and delivery of delegated health and social care services is to be achieved reflecting a range of governance arrangements required to support this arrangement.
- The senior leadership team consisting of the Chief Officer, Head of Finance and Strategic Planning (Chief Finance Officer) and Head of Health and Community Care. The Chief Finance 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.
- Monthly meetings of the senior leadership team.
- 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 2017/18.
- The Integration Joint Board met on eight occasions throughout the year to consider its business.
- The Integration Joint Board's Performance and Audit Committee met on five occasions throughout the year to enhance scrutiny of the performance of the

Integration Joint Board and audit arrangements in line with regulations and good governance standards in the public sector.

- Internal Audit arrangements for 2017/18 were approved including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the Integration Joint Board supported by Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2017/18 was approved drawing on resources from both organisations.
- The assurances provided from internal audit through their independent review work of the Integration Joint Board's internal control systems.
- The Clinical, Care and Professional Governance Framework continued to evolve as an action identified as an area of improvement from the 2016/17 annual governance statement through the leadership of the Dundee Health and Social Care Clinical, Care and Professional Governance Forum (R2). An Internal Audit Review found these arrangements as being broadly satisfactory.
- The Integrated Strategic Planning Group met on three occasions during the year.
- The establishment of the Transformation Delivery Group, consisting of senior leaders from the health and social care partnership, the voluntary sector, staff side representation and Dundee City Council and NHS Tayside transformation leads to provide oversight and governance to the developing range of service redesign and transformation projects.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Finance Officer, as set out in CIPFA guidance.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/18 this included the following:

- The enhancement of risk management arrangements through the clear identification of risks in relation to Integration Joint Board decisions reflected in reports presented to the Integration Joint Board and Performance and Audit Committee, subsequently included within the High Level Risk Register with regular reviews provided to the Performance and Audit Committee as an area of improvement identified within the 2016/17 Annual Governance Statement.
- The approval and progressing of the Annual Internal Audit Plan.
- Continued development of the performance management framework with a range of performance reports published and scrutinised by the Performance and Audit Committee throughout the year, including more detailed reviews of specific areas of concern as requested by the committee.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2017/18.
- The provision of regular budget development reports for 2018/19 to the Integration Joint Board.
- The provision of an assurance report from the chair of the Performance and Audit Committee outlining the key issues raised at the previous Performance and Audit Committee meeting to the following Integration Joint Board meeting.
- In-year reporting on issues relating to Clinical, Care and Professional Governance in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- The development of a process for issuing directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Regular reporting to the Performance & Audit Committee 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.

- Development and reporting of the Integration Joint Board's Complaint's Handling Procedure.
- Reliance on the procedures, processes and systems of NHS Tayside and Dundee City Council.

### Continuous Improvement

The following areas for improvement have been identified through the self-assessment process and Annual Internal Audit Report. Progress against these will be monitored by the Performance and Audit Committee during 2018/19. Some of these are outstanding from the 2016/17 continuous improvement plan (marked as \*) and have primarily been delayed due to resource capacity and the impact of other priorities across the wider partnership with NHS Tayside and the other Tayside Integration Joint Boards.

Area for Improvement	Lead Officer	Planned Completion Date
Development of Large Hospital Set Aside arrangements in conjunction with the Scottish Government, NHS Tayside and Angus and Perth and Kinross Integration Joint Boards	Chief Officer / Chief Finance Officer	December 2018
Implementation of an action points update to each meeting of the IJB and PAC in addition to an annual workplan to be agreed for both meetings	Chief Officer / Chief Finance Officer	October 2018
Development of improved Hosted Services arrangements around risk and performance management for hosted services*	Chief Officer / Chief Finance Officer	December 2018
Development of an overall Governance Action Plan to progress previous recommended areas for improvement	Chief Finance Officer	October 2018
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	December 2018
Further develop the Integration Joint Board's local Code of Governance*	Chief Officer / Chief Finance Officer	December 2018
Present the governance principles adopted by the Health and Social Care Integration Governance Working Group to the PAC to be taken forward by all parties (* reflects partial	Chief Finance Officer	September 2018

Area for Improvement	Lead Officer	Planned Completion Date
development from 2016/17)		
Development of multi-year financial plan as part of the review of the Strategic and Commissioning Plan	Chief Finance Officer	March 2019
Update the Integration Joint Board's Participation and Engagement Strategy*	Chief Officer / Chief Finance Officer	December 2018
Develop Scheme of further delegation in relation to delegated services to the Integration Joint Board*	Chief Officer / Chief Finance Officer	December 2018
Clarify responsibilities and accountabilities around the impact of General Data Protection Regulations (GDPR) legislation with partner bodies	Chief Finance Officer	October 2018
Update and enhance the IJB's Risk Management Strategy and further develop the IJB's operational risk register	Chief Finance Officer	December 2018

Dundee City Integration Joint Board complies in full 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 Finance 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 City 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 City 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 Finance Officer. There were no significant internal control issues identified by the self-assessment review.

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. Due to ongoing concerns during 2017/18, NHS Tayside has been subject to a number of internal (e.g. Internal Audit) and external (e.g. Scottish Government) commissioned reviews. These reviews have reported back to NHS Tayside and the Scottish Government with a series of actions set out to address identified weaknesses. These actions will be monitored locally by NHS Tayside's new leadership team and through the Scottish Government. A number of the weaknesses identified may have an impact on the Integration Joint Board and its ability to deliver on its strategic objectives. In particular, the Integration Joint Board is supported by NHS Tayside in relation to financial management and strategic planning capacity, with both of these regarded as weaknesses in NHS Tayside's own review of governance. The Integration Joint Board will continue to work in partnership with NHS Tayside to mitigate the impact of these issues.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council's Annual Governance Statements. While recognising the issues noted above within NHS Tayside, there were no issues arising which require any further disclosure in the Integration Joint Board's Governance Statement.

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 2017/18, 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 Integration Joint Board's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2017/18 which was reported to the Performance and Audit Committee on 31st July 2018. The Annual Internal Audit Report supports the outcome of the self-assessment process noted above and concludes that reliance can be placed on the Integration Joint Board's governance arrangements and systems of internal controls for 2017/18. The Chief Internal Auditor has noted a number of areas for further consideration by management and an action plan to meet these has been developed and is to be submitted to the Performance and Audit Committee for approval at its meeting on 25th September 2018. These actions are noted under the continuous improvement section above and the action plan will be monitored by the Performance and Audit Committee.

### **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee City 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.

