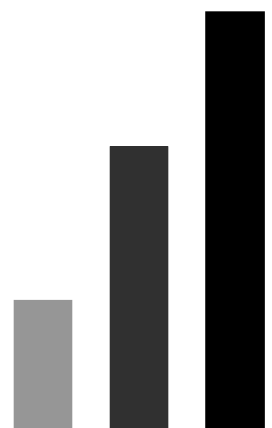


Agenda 2018

Inverclyde Integration Joint Board Audit Committee

For meeting on:

20	March	2018
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A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Tuesday 20 March 2018 at 2pm within Board Room 1, Municipal Buildings, Greenock.

Gerard Malone
Head of Legal and Property Services

BUSINESS

1. **Apologies, Substitutions and Declarations of Interest**
2. **Minute of Meeting of IJB Audit Committee of 30 January 2018**
3. **Internal Audit Progress Report – 8 January to 23 February 2018**
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership
4. **External Audit – Annual Audit Plan 2017/18**
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership
5. **Local Code of Governance**
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership

Enquiries to - **Sharon Lang** - Tel 01475 712112

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 JANUARY 2018

Inverclyde Integration Joint Board Audit Committee

Tuesday 30 January 2018 at 2pm

Present: Councillors L Quinn and L Rebecchi, Mr A Cowan, Dr D Lyons, Mr I Bruce and Ms D McCrone.

Chair: Councillor Rebecchi presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms L Aird, Chief Financial Officer, HSCP, Mr A Stevenson, Head of Health & Community Care, Ms H Watson, Head of Strategy & Support Services, Ms A Priestman, Chief Internal Auditor, Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

- | | | |
|----------|--|----------|
| 1 | Apologies, Substitutions and Declarations of Interest | 1 |
| | No apologies for absence or declarations of interest were intimated. | |
| 2 | Minute of Meeting of Inverclyde Integration Joint Board Audit Committee of 12 September 2017 | 2 |
| | There was submitted minute of the meeting of the Inverclyde Integration Joint Board Audit Committee of 12 September 2017.
Decided: that the minute be agreed. | |
| 3 | Internal Audit Progress Report – 12 September 2017 to 5 January 2018 | 3 |
| | There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 12 September 2017 to 5 January 2018.
Decided: that the Committee note the progress made by Internal Audit during the period from 12 September 2017 to 5 January 2018. | |
| 4 | IJB Risk Management Update | 4 |
| | There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership providing an update on the status of the IJB Strategic Risk Register.
During the course of discussion on this item, a number of modifications to the report template were suggested and Ms Aird undertook to give consideration to these proposed changes.
Decided:
(1) that the Committee note the contents of the report and the reporting process;
(2) that the Committee note the high/red risks contained on other HSCP Risk Registers;
(3) that agreement be given to the proposed IJB Strategic Risk Register; and
(4) that it be agreed that the Committee review the IJB Strategic Risk Register annually with a six monthly update to the Committee reflecting all red/very high risks. | |

Report To: IJB Audit Committee **Date:** 20 March 2018
Report By: Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership **Report No:** IJBA/02/2018/AP
Contact Officer: Andi Priestman **Contact No:** 01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 8 JANUARY TO 23 FEBRUARY 2018

1.0 PURPOSE

- 1.1 The purpose of this report is to enable IJB Audit Committee members to monitor the performance of Internal Audit and gain an overview of the IJB's overall control environment.
- 1.2 The report also presents an update on the Internal Audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC) between 8 January and 23 February 2018 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

- 2.1 There were no internal audit reports finalised since the last Audit Committee meeting in January 2018.
- 2.2 The fieldwork for the 2017/2018 plan is underway and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	1
Draft Report	0
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	1
Not Started	0
Total	2

- 2.3 In relation to Internal Audit follow up, there were 3 action plans due for completion by 28 February 2018 and action dates in relation to all 3 actions has been revised. The current status report is attached at Appendix 1.
- 2.4 In addition, since the last Audit Committee meeting in January 2018, a number of Internal Audit Reports have been reported to Inverclyde Council and NHSGGC which are relevant to the IJB Audit Committee which are set out in Section 5 of this report.

2.5 Actions have been agreed with management and Internal Audit within Inverclyde Council and NHSGGC undertake follow up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

3.0 RECOMMENDATIONS

3.1 It is recommended that IJB Audit Committee members agree to note the progress made by Internal Audit in the period from 8 January and 23 February 2018.

Louise Long
Chief Officer Inverclyde Integration Joint Board

4.0 BACKGROUND

- 4.1 In September 2017, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2017-18.
- 4.2 Internal Audit reports findings and action plans to relevant IJB Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to the Audit Committee.
- 4.3 In each audit, one of 4 overall opinions is expressed:-

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
Requires improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

- 4.4 Individual audit findings are categorised as Red, Amber or Green:-

Red	In our opinion the control environment is insufficient to address the risk and could impact the organisation as a whole. Corrective action must be taken and should start immediately.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but are unlikely to affect the organisation as a whole.
Green	In our opinion our audit highlighted areas for minor control improvement and/or areas of minor control weakness.

- 4.5 A summary is also provided in relation to internal audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde that may have an impact upon the IJB's control environment.

5.0 CURRENT POSITION

- 5.1 There were no internal audit reports finalised since the last Audit Committee meeting in January 2018.
- 5.2 The fieldwork for the 2017/2018 plan is underway and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	1
Draft Report	0
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	1
Not Started	0
Total	2

5.0 CURRENT POSITION (CONTINUED)

5.3 In relation to Internal Audit follow up, there were 3 items due for completion by 28 February 2018 and action dates in relation to all 3 items has been revised. The current status report is attached at Appendix 1.

5.4 Inverclyde Council – Internal Audit Progress Report Summary

Since the last Audit Committee meeting in January 2018, the following Internal Audit Report has been reported to Inverclyde Council, which is relevant to the IJB Audit Committee:-

Audit Report	Report Opinion	Number/Category of Issues		
		Red	Amber	Green
Quick Quotes (1)	Satisfactory	0	4	6

5.5 (1) Quick Quote is an online quotation facility hosted on Public Contracts Scotland, which was launched in August 2008 by the Scottish Government. The objective is to provide a single public sector “electronic portal” where suppliers can bid for Public Sector Contracts.

Within Inverclyde Council, Quick Quote only applies to goods or services with an aggregate spend of between £5,000 and £25,000 and works between £10,000 and £100,000 respectively. It is intended to apply to “low risk/low value” contracts only.

A minimum of four potential suppliers should be selected from companies registered on Quick Quote and invited to bid electronically for the contract. After the deadline has passed, the bids are evaluated and a contract awarded to the successful company.

The audit identified 4 AMBER issues summarised as follows:

- Testing identified that for some cases, a shorter timescale for bid submissions was applied resulting in a lower number of bid submissions being received which may not demonstrate value for money.
- Housekeeping to close off the awarded contract on Quick Quotes was not always being done timeously or at all.
- Registered companies are not subject of any form of vetting or validation and are not regulated in the same way as other frameworks. Currently, the only check conducted consists of a Company’s House check. However, this check is not consistently performed by all services. Proportionate checks require to be implemented.
- Management information such as a list of successful bidders, contract award notices, single bid contracts, Quick Quote award analysis and any outstanding notices is not routinely produced or acted upon by any service.

An action plan is in place to address all issues by 30 November 2018.

5.6 As part of the Internal Audit Annual report to the IJB Audit Committee, reports rated Unsatisfactory or Requires Improvement will be considered for inclusion within the IJB’s annual governance statement as appropriate.

5.0 CURRENT POSITION (CONTINUED)

5.7 In addition, corporate fraud investigations have been undertaken as follows:

Year/Ref	Enquiry	Status
17/18 17-93	Misuse of Expired Blue Badge	Closed - misuse established and badge seized. Letter issued to badge holder.
17/18 17-94	Misuse of Expired Blue Badge	Closed – misuse established and badge seized. Letter issued to badge holder.
17/18 17-102	Misuse of Expired Blue Badge	Closed – misuse established and database updated.
17/18 17-107	Misuse of Expired Blue Badge	Closed – misuse established and badge seized.

5.8 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in January 2018, the following Internal Audit Reports have been issued to and agreed by NHSGGC Audit Committee which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		High	Medium	Low
Waiting times management (1)	High	1	3	1
Suicide risk assessment (2)	High	1	2	1
Delayed discharge (3)	Medium	-	4	-
Temporary staffing: nursing (4)	Medium	-	2	1
Key financial controls: accounts payable	Low	-	-	-
Key financial controls: fixed assets	Low	-	-	3
Total findings		2	11	6

5.9 High Risk indicates findings that could have a:-

- Significant impact on operational performance; or
- Significant monetary or financial statement impact; or
- Significant breach in laws and regulations resulting in significant fines and consequences; or
- Significant impact on the reputation or brand of the organisation

Medium Risk indicates findings that could have a:-

- Moderate impact on operational performance; or
- Moderate monetary or financial statement impact; or
- Moderate breach in laws and regulations resulting in significant fines and consequences; or
- Moderate impact on the reputation or brand of the organisation

Low Risk indicates findings that could have a:-

- Low impact on operational performance; or
- Low monetary or financial statement impact; or
- Low breach in laws and regulations resulting in significant fines and consequences; or
- Low impact on the reputation or brand of the organisation

5.0 CURRENT POSITION (CONTINUED)

- 5.10 (1) Following the findings of a previous audit report, a new corporate capacity planning exercise was undertaken. The programme of demand and capacity gap assessment and improvement were intended to provide a consistent approach to addressing the deteriorating performance against waiting times targets. Whilst a significant level of time and resource has been expended to date on implementing the programme of demand and capacity gap assessment and improvement, there is a risk that this exercise will not deliver its key objectives due to the current lack of project management discipline and the absence of a capacity planning approach that considers actual available resource.
- (2) NHS Greater Glasgow and Clyde has a series of risk assessment protocols in place, which address numerous mental health risk factors including suicide. Overall PwC found that whilst there are risk assessment tools in place which have been tailored for specific service needs, these are not being completed in practice in accordance with the requirements of the Board's policies. They also found that there are gaps in the coordination of suicide risk assessment across service areas in NHS Greater Glasgow and Clyde. At the time of the report, Board suicide prevention guidelines covered adult mental health services only, rather than including CAMHS, Acute and Primary Care services. As part of the revision of risk management policy, management has recognised that an overarching framework of Suicide Prevention Guidance needed to be developed to bring together all relevant policies into one coherent document. That is now available online through Staffnet. Management also accepted the criticism of suicide prevention training (as distinct from risk management training) made in this audit.
- (3) In 2015/16, NHS Greater Glasgow and Clyde received additional funding from the Scottish Government of £23.66m allocated across the Board's six Health and Social Care Partnerships (HSCPs) over a period of three years. This funding came from the national Integration Fund and was designed to support reduced numbers of delayed discharges. The key finding of this report is that, in order to drive tangible and sustainable improvement against delayed discharge targets, a more detailed, data-driven and targeted approach must be taken in order to identify and change underlying root causes at a granular, departmental and patient-pathway level. This approach should be based on available delayed discharge data, lost bed days data and any additional understanding that can be gained on detailed underlying root causes for delay. Actions should then be targeted towards the areas which present the poorest performance. By doing this, the Board will be better equipped to create and prioritise meaningful actions.
- (4) In the last 12 months the Board has initiated a series of actions to consider the use of temporary staffing across nursing and midwifery. At present the focus is on reducing the level of agency use. Whilst in the longer term it is the objective that reliance on bank staff will be reduced, it has been acknowledged that bank staff will always be required as a contingency across the health service. The findings and recommendations raised within this report demonstrate that the root cause of the issues is the need to set consistent minimum standards for approving the use of agency requests, for managing and monitoring complaints and to ensure proper on-boarding of agency staff.
- 5.11 Internal Audit undertakes follow up work to confirm the implementation of high risk and a sample of medium risk recommendations. The results of the follow up work is reported to the NHSGCC Audit Committee with any matters of concern being drawn to the attention of this Committee.

5.0 CURRENT POSITION (CONTINUED)

- 5.12 As part of the Internal Audit Annual report to the IJB Audit Committee, annual reports rated Unsatisfactory or Major Improvement Required will be considered for inclusion within the IJB's annual governance statement as appropriate.

6.0 IMPLICATIONS

Finance

- 6.1 The work required to deliver the Annual Internal Audit Plan will be contained within the existing Internal Audit budget set by Inverclyde Council.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 6.2 There are no direct legal implications arising from this report.

Human Resources

- 6.3 There are no direct HR implications arising from this report.

Equalities

- 6.4 There are no direct equalities implications arising from this report.

Clinical or Care Governance Implications

There are no direct clinical or care governance implications arising from this report.

- 6.5 **National Wellbeing Outcomes**

There are no direct national wellbeing outcomes arising from this report.

7.0 CONSULTATIONS

- 7.1 N/A

8.0 LIST OF BACKGROUND PAPERS

- 8.1 Internal Audit Reports. Copies available from Chief Internal Auditor.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
AT 28 FEBRUARY 2018**

Summary: Section 1 Summary of Management Actions due for completion by 28/02/18

There were 3 items due for completion by 28 February 2018 and action dates in relation to all 3 items have been revised.

Section 2 Summary of Current Management Actions Plans at 28/02/18

At 28 February 2018 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 28/02/18

At 28 February 2018 there were 8 current audit action points.

Section 4 Analysis of Missed Deadlines

At 28 February 2018 there were 3 audit action points where the agreed deadline had been missed.

Section 5 Summary of Audit Action Points By Audit Year

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 28.02.18

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
3	0	3		

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 28.02.18

SECTION 2

Current Actions	
Due for completion June 2018	4
Due for completion September 2018	3
Due for completion December 2018	1
Total current actions:	8

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 28.02.18

SECTION 3

Action	Owner	Expected Date
Review of Governance Arrangements (February 2017)		
<p>Managing the Integration Joint Board's governance arrangements (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will;</p> <ul style="list-style-type: none"> • include appropriate coverage of the Local Code of Governance when reporting the current status of the IJB's governance arrangements; • determine the level of detail, format and frequency of reporting to the IJB on the current status of its governance arrangements; and • more formally co-ordinate the timetabling and completion of all outstanding IJB governance arrangements. 	Chief Officer	30.06.18*
<p>Managing IJB members individual training needs in governance matters (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will;</p> <ul style="list-style-type: none"> • develop adequate and proportionate personal development plans for IJB members which reflect their training needs in governance matters, including refresher training; and • review the online accessibility of all relevant IJB governance documents. 	Chief Officer	30.09.18*
<p>Managing reviews and updates of the Integration Joint Board's (IJB) governance documents (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will organise a formal two year rolling timetable to review and update all relevant IJB governance documents.</p>	Chief Officer	30.09.18*

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 28.02.18

SECTION 3

Action	Owner	Expected Date
Strategic Planning and Performance Management Arrangements (January 2018)		
<p>Embedding risk management arrangements within the Inverclyde IJB's strategic planning process (Amber) The Inverclyde IJB Chief Officer will direct all relevant officers to:</p> <ul style="list-style-type: none"> • embed risk management within the Inverclyde IJB strategic planning process. In particular this exercise will include preparing and regularly updating a risk register for both the current and subsequent strategic plan. The action plans flowing from the risk registers will concentrate on addressing critical risks which are at least to some extent controllable; and • examine how best to better utilise the knowledge and experience of Strategic Planning Group (SPG) participants when applying risk management to the Inverclyde IJB strategic planning process. 	Head of Strategy & Support Services	30.06.18
<p>Annual review of the IJB's three year strategic plan and managing changes which impact on delivering outcomes (Amber) The Head of Strategy & Support Services will:</p> <ul style="list-style-type: none"> • ensure that the IJB's strategic plan is reviewed each year and during that exercise specify an appropriate role for the Strategic Planning Group and • develop a more formal approach to fully examining the impact of internal and external changes which could impact on successfully implementing the strategic plan. That approach will be directly linked to the arrangements for reviewing the strategic plan each year. 	Head of Strategy & Support Services	30.09.18
<p>The Head of Strategy & Support Services will also:</p> <ul style="list-style-type: none"> • increase the role of the Strategic Planning Group in monitoring implementation of the strategic plan; and • develop the Strategic Planning Group's role in monitoring the process for measuring delivery of outcomes within the strategic plan in order that the Strategic Planning Group can be satisfied those arrangements are supported by robust evidence. 	Head of Strategy & Support Services	31.12.18

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 28.02.18

SECTION 3

Action	Owner	Expected Date
<p>Reporting progress on delivery of Inverclyde IJB's three year strategic plan and managing strategic planning decisions (Green) The Inverclyde IJB Chief Officer will:</p> <ul style="list-style-type: none"> • collectively confirm with members of the Inverclyde IJB that performance reports on the strategic plan broadly meet their requirements as the primary users of such information. This exercise will allow for the extent to which performance reporting is prescribed by legislation and continue to follow relevant Scottish Government guidance; and • ensure, whenever appropriate, that all reports submitted to the Inverclyde IJB are clearly referenced back to the strategic plan in order to demonstrate their relevance to the strategic plan. 	<p>Head of Strategy & Support Services</p>	<p>30.06.18</p>
<p>Ensuring compliance with legal requirements regarding the Strategic Planning Group (Green) The Head of Strategy & Support Services will, in consultation with the IJB Standards Officer, develop an approach to actively manage all outstanding compliance issues regarding the operation of the Strategic Planning Group.</p>	<p>Head of Strategy & Support Services</p>	<p>30.06.18</p>

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Review of Governance Arrangements (February 2017)	<p>Managing the Integration Joint Board's governance arrangements (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will;</p> <ul style="list-style-type: none"> • include appropriate coverage of the Local Code of Governance when reporting the current status of the IJB's governance arrangements; • determine the level of detail, format and frequency of reporting to the IJB on the current status of its governance arrangements; and • more formally co-ordinate the timetabling and completion of all outstanding IJB governance arrangements. 	28.02.18	30.06.18	<p>The Local Code of Governance framework will be presented for approval to the March meeting of the IJB Audit Committee.</p> <p>The agreed framework will be evaluated as part of the Annual Governance Statement process and will continue to be monitored on an annual basis.</p> <p>Action plans will be developed for any governance issues identified through the evaluation process.</p>
Review of Governance Arrangements (February 2017)	<p>Managing IJB members individual training needs in governance matters (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will;</p> <ul style="list-style-type: none"> • develop adequate and proportionate personal development plans for IJB members which reflect their training needs in governance matters, including refresher training; and • review the online accessibility of all relevant IJB governance documents. 	28.02.18	30.09.18	<p>Induction training has been carried out for new members. A programme for training in governance matters will be agreed.</p>

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Review of Governance Arrangements (February 2017)	<p>Managing reviews and updates of the Integration Joint Board's (IJB) governance documents (Green)</p> <p>The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will organise a formal two year rolling timetable to review and update all relevant IJB governance documents.</p>	28.02.18	30.09.18	A framework document is being developed which will detail all governance documents together with the current approval date, next review date and responsible officer.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 28 February 2018.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	3	0	0	0	3
2017/2018	5	0	0	3	2
Total	8	0	0	3	5

* This part of the table sets out the total number of current actions not yet due at the date of the follow up report.

Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 20 March 2018

Report By: Louise Long, Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/04/2018/LA

Contact Officer: Lesley Aird **Contact No:** 01475 715381

Subject: EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2017/18

1.0 PURPOSE

- 1.1 The purpose of this report is to present the External Audit Plan for 2017/18, produced by Audit Scotland.

2.0 SUMMARY

- 2.1 Appendix 1 contains the Annual Audit Plan 2016/17 for the IJB prepared by the IJB's External Auditors, Audit Scotland.
- 2.2 The proposed audit fee for 2017/18 is £24,000 (£17,400 for 2016/17); this represents a 38% increase. A copy of correspondence from CIPFA on the matter is enclosed within this report.
- 2.3 Representatives from Audit Scotland will be in attendance at the meeting in order to present the Plan and answer any questions.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the IJB Audit Committee notes the Annual Audit Plan 2017/18.
- 3.2 It is recommended that the IJB Audit Committees notes the proposed Audit Fee and authorise officers to write to Audit Scotland direct, querying this and asking for an urgent review of the proposed fee.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

4.1 The IJB's External Auditors, Audit Scotland, have submitted their plan for the audit of the 2017/18 annual accounts. This plan is attached at Appendix 1.

4.2 The audit fee is set nationally by Audit Scotland based on an estimate of the number of days and work involved in the audit. For 2017/18 the proposed audit fee for each IJB is £24,000. This represents a £6.6k, 38% increase from the previous year.

4.3 The CIPFA CFO Section Group has discussed the proposed Audit Fees; a copy of the resultant advice from CIPFA is enclosed at Appendix 2. The Committee is asked to authorise officers to write to Audit Scotland direct, in line with the CIPFA email, to query the proposed fee. The main points which would be queried would be in line with the CIPFA email below, ie:

- Verification of additional input (staff time) to 17/18 audits would be welcome
- Expectation that the second year would have seen a reduction given the initial 'implementation' audits
- Most details in partner accounts (front line spend)
- Verification of audit fee reductions re partner audits (if IJB audit fees increasing, are partner (LA/NHS) fees decreasing)
- Note that Health & Sport Committee may question the increase, especially given the restrictions on CFO time
- The balance of cost of preparation vs cost of audit should be considered (albeit the audit fee covers more than just the annual accounts)
- Flat universal fee per IJB approach could be queried

4.4 Representatives from Audit Scotland will be in attendance at the meeting in order to present the Plan and answer any questions.

5.0 IMPLICATIONS

5.1 FINANCE

There are no financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
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N/A					
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LEGAL

5.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

5.3 There are no specific human resources implications arising from this report.

EQUALITIES

5.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

5.5 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

5.6 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

There are no governance issues within this report.

5.7 **NATIONAL WELLBEING OUTCOMES**

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

6.0 CONSULTATION

6.1 The draft plan was circulated by Audit Scotland to the Chief Financial Officer for comment and feedback and shared with the Chief Officer.

7.0 BACKGROUND PAPERS

7.1 None.

Inverclyde Integration Joint Board

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

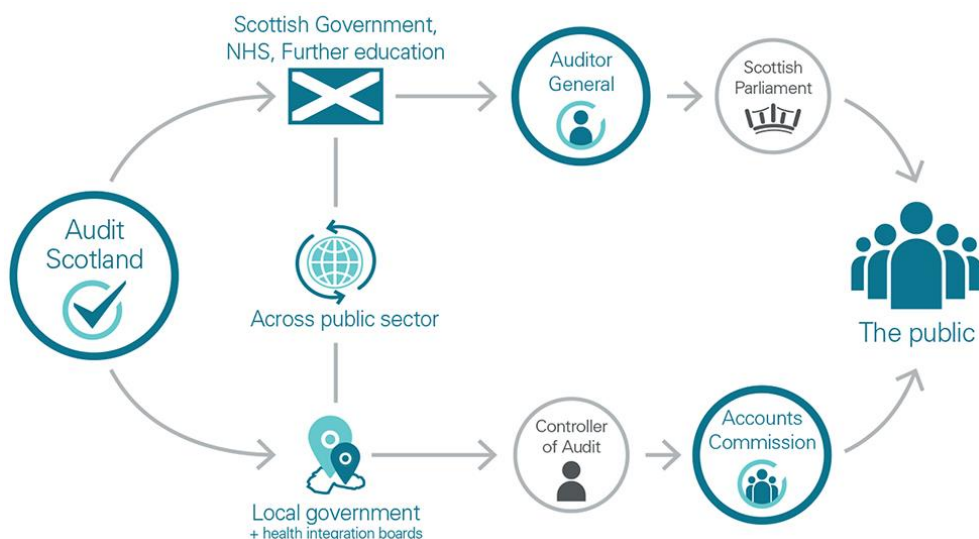
Prepared for Inverclyde Integration Joint Board

February 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

3. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Inverclyde Integration Joint Board. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statement issues and risks		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Agreement of balances and transactions to NHS Greater Glasgow & Clyde and Inverclyde Council financial reports/ correspondence.</p> <p>Service auditor assurances will be obtained from the auditors of NHS Greater Glasgow & Clyde and Inverclyde Council over the completeness, accuracy and allocation of the income and expenditure.</p>
Wider dimension risks		
<p>2 Financial sustainability</p> <p>The IJB does not currently prepare medium to long term financial plans. There is consequently a risk that the IJB is not aware or adequately prepared for future challenges and financial constraints in the medium to long term.</p>	<p>The IJB is in the process of completing longer term financial plans. These are due to be presented to the Board in spring/summer 2018.</p>	<p>Review medium to long term financial planning assumptions.</p> <p>Review development of medium to long term financial plans.</p>

Reporting arrangements

4. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest, will be published on our website: www.audit-scotland.gov.uk.
5. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.
6. We will provide an independent auditor's report to Inverclyde Integration Joint Board, and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit Committee (or equivalent) Date
Annual Audit Plan	March 2018	March 2018
Annual Audit Report	September 2018	September 2018
Independent Auditor's Report	September 2018	September 2018

Audit fee

7. The proposed audit fee for the 2017/18 audit of Inverclyde Integration Joint Board is £24,000 (2016/17 - £17,400). In determining the audit fee we have taken account of the risk exposure of Inverclyde Integration Joint Board, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. However the increase from the prior year is not due to specific risks but relates to a central review which recognised that the audit requirements for integration joint boards were higher than initially expected. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package by 30 June 2018.

8. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Accountable Officer

9. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

10. The audit of the financial statements does not relieve management or the Inverclyde Integration Joint Board Audit Committee, as those charged with governance, of their responsibilities.

Appointed auditor

11. Our responsibilities as independent auditor are established by the 1973 Act for local government and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

12. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

13. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Inverclyde Integration Joint Board and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Inverclyde Integration Joint Board will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

14. We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the financial position of the audited bodies and their expenditure and income
- whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.

Materiality

15. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinion in the auditor's report.

16. We calculate materiality at different levels as described below. The calculated materiality values for Inverclyde Integration Joint Board are set out in [Exhibit 3](#).



Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the latest budget proposals for 2017/18.	£1.5 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 75% of planning materiality.	£1.1million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 3% of planning materiality.	£45,000



17. We review and report on other information published with the financial statements including the management commentary, annual governance report and the remuneration report. Any issue identified will be reported to the Audit Committee.

Timetable

18. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit Committee dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	June 2018
Latest submission date of unaudited annual accounts with complete working papers package	June 2018
Latest date for final clearance meeting with the Chief Financial Officer	August 2018
Issue of letter of representation and proposed independent auditor's report	September 2018
Agreement of audited unsigned annual accounts	September 2018
Issue of Annual Audit Report including ISA 260 report to those charged with governance	September 2018
Independent auditor's report signed	September 2018

Internal audit

19. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by Inverclyde Council.

Adequacy of internal audit

20. Our assessment of the internal audit function concluded that it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS). We will consider the work of internal audit throughout the year to inform our audit processes.

Audit dimensions

21. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

22. The appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

23. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps

- whether Inverclyde Integration Joint Board can demonstrate the affordability and effectiveness of funding and expenditure decisions it has made.

24. The first two years of the budget setting process has resulted in single year budget proposals. To provide greater assurance over the medium term funding arrangements, the Board should consider preparing a budget spanning two to three years.

Financial management

25. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether Inverclyde Integration Joint Board has arrangements in place to ensure systems of internal control are operating effectively
- whether the Board can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how the Board has assured itself that its financial capacity and skills are appropriate
- whether the Board has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

26. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether Inverclyde Integration Joint Board can demonstrate that the governance arrangements in place are appropriate and operating effectively (including services delivered by, or in partnership with, NHS Greater Glasgow and Clyde and Inverclyde Council).
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

Value for money

27. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether Inverclyde Integration Joint Board can provide evidence that it is demonstrating value for money in the use of its resources and achievement of outcomes.

Strategic plan for the five year appointment

28. As part of our responsibility to report on the audit dimensions over the current audit appointment we have identified the following areas of proposed audit work (this will be subject to annual review):

Exhibit 1

Strategic plan

Dimension	2017/18	2018/19	2019/20 to 2020/21
Financial sustainability	Financial planning		
Financial management	Financial governance and resource management		
Governance and transparency	Leadership, governance and scrutiny		
Value for money	Operational efficiency		

Independence and objectivity

29. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

30. The engagement lead for Audited Body is Brian Howarth, Assistant Director. Auditing and ethical standards require the appointed auditor Audit Scotland to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Inverclyde Integration Joint Board.

Quality control

31. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

32. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and relevant supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

33. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Adding value

34. Through our audit work we aim to add value to the Audited Body. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well the Audited Body has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

Inverclyde Integration Joint Board

Annual Audit Plan 2017/18

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From: Davies, Gareth
Sent: 08 February 2018 17:16
Subject: IJB CFO Section - Audit Fees

Dear CFO

The Chair has advised that, given that the Audit Scotland request letters were sent to each IJB and sought responses from each IJB, it would be appropriate for each IJB to respond specifically to Audit Scotland.

CFOs may wish to consider whether a particular due process, for example Chief Officer or Board approval, would be appropriate.

CFOs will use their own judgement in determining the extent to which the proposed fees for this year may be open to amendment, and potentially the extent to which any response may assist in setting a clear expectation on the part of the IJB regarding 2018/19 fee levels.

For ease of reference, if CFOs wish to refer to any of the following, the points below were raised at the last CFO Section meeting in relation to the fee request:

- Verification of additional input (staff time) to 17/18 audits would be welcome
- Expectation that the second year would have seen a reduction given the initial 'implementation' audits
- Most details in partner accounts (front line spend)
- Verification of audit fee reductions re partner audits (if IJB audit fees increasing, are partner (LA/NHS) fees decreasing)
- Note that Health & Sport Committee may question the increase, especially the given restrictions on CFO time
- The balance of cost of preparation vs cost of audit should be considered (albeit the audit fee covers more than just the annual accounts)
- Flat universal fee per IJB approach could be queried

Additionally some comments have been made that the late notification of the proposed increase, being announced some 9 months into the financial year, is not helpful. Arguably it does not appear to be indicative of forward financial planning by Audit Scotland, and the requirement to fund a significant fee increase at a late stage is not supportive of the financial planning, monitoring and control processes of the IJBs.

I trust that this is helpful.

Many thanks - Gareth

Report To: Inverclyde Integration Joint Board - Audit Committee **Date:** 20 March 2018

Report By: Louise Long
Corporate Director, (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:**
IJBA/03/2018/LA

Contact Officer: Lesley Aird **Contact No:**
01475 715381

Subject: LOCAL CODE OF GOVERNANCE

1.0 PURPOSE

- 1.1 The purpose of this report is to establish a local code of governance framework with sources of assurance for the Integration Joint Board (IJB).

2.0 SUMMARY

- 2.1 The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, safeguarding public funds and assets and ensuring best value. The local code framework attached to this report will ensure that the IJB is able to discharge that responsibility effectively

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board Audit Committee:
1. Notes the contents of this report;
 2. Approves the Local Code of Governance Framework attached at Appendix A;
 3. Notes that officers will carry out an evaluation of compliance of the IJB's governance arrangements against the Local Code of Governance Framework, which evaluation will be reflected in the Annual Governance Statement.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, safeguarding public funds and assets and ensuring best value.
- 4.2 In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority systems of internal control that support compliance with both parent organisations' policies and promotes achievement of each organisations' aims and objectives, as well as those of the IJB.
- 4.3 In order to demonstrate this, a governance statement for the IJB is produced each year, which is included within the Annual Accounts. The IJB is also required to review and assess the effectiveness of its governance arrangements and control environment annually.
- 4.4 As part of this, the Chief Internal Auditor reviewed the effectiveness of the IJB's governance arrangements and control environment, and it was the Chief Auditor's opinion that there were no significant issues and that a reasonable assurance could be placed on it.

5.0 LOCAL CODE AND SOURCES OF ASSURANCE

- 5.1 The review of the IJB's governance framework is supported by processes within Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC). Within the Council, a self-assessment governance questionnaire and certificate of assurance are completed by all Directors/Chief Officer on an annual basis. The responses to these are considered as part of the review of the Council's governance framework. A similar process is in operation within NHSGGC where Service Managers are provided with a 'self-assessment checklist' to complete and return as evidence of review of key areas of the internal control framework.
- 5.2 The IJB's approved Annual Governance Statement for 2016/17 confirmed that it had adopted governance arrangements that were consistent with the principles of CIPFA's and the Society of Local Authority Chief Executives' (SOLACE) framework 'Delivering Good Governance in Local Government: Framework' and the Statement explained how the IJB complied with the Framework and also met the Code of Practice on Local Authority Accounting in the UK.
- 5.3 While the Framework is written in a Local Authority context, most of the principles are applicable to the IJB, particularly as legislation recognises IJBs as a local government body under Part VII of the Local Government (Scotland) Act 1973, and therefore subject to the Local Authority Accounting Code of Practice.
- 5.4 It is proposed that Inverclyde IJB establishes a Local Code of Corporate Governance based on the seven principles of CIPFA's and SOLACE's Framework:
 1. behaving with integrity, demonstrating strong commitment to ethical values and representing the role of the law;
 2. ensuring openness and comprehensive stakeholder engagement;
 3. determining outcomes in terms of sustainable economic, social and environmental benefits;
 4. determining the interventions necessary to optimise the achievement of intended outcomes;
 5. developing the entity's capacity, including the capability of its leadership and the individuals within it;
 6. managing risk and performance through robust internal control and strong public financial management and
 7. implementing good practices in transparency, reporting and audit to deliver

effective accountability.

Attached at Appendix A is the proposed Local Code of Governance Framework. Officers will undertake an evaluation of the IJB's existing governance arrangements against this Framework. Any significant governance compliance issues, including action plans, will be demonstrated in the Annual Governance Statement.

5.5 Going forward, the Chief Internal Auditor's annual review and assessment of the IJB's governance arrangements and control environment will continue to be framed within the context of the seven CIPFA/SOLACE good governance principles, using the Local Code and its sources of evidence and self-assessment documents as part of that assessment and review.

6.0 IMPLICATIONS

6.1 FINANCE

There are no specific financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments

LEGAL

6.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

6.3 There are no specific human resources implications arising from this report.

EQUALITIES

6.4 There are no specific equalities implications arising from this report.

6.4.1 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

6.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no clinical or care governance issues within this report.

6.6 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	Enhanced governance arrangements mean that

	resources are better directed to the delivery of key objectives
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7.0 CONSULTATION

7.1 The Chief Officer, Chief Internal Auditor and IJB Standards' Officer have been consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

8.1 None.

**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Good Governance Code**

Public Sector organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
A1.1	Behaving with integrity	<p>Ensuring IJB members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> • Codes of conduct • Individual sign off with regard to compliance with code • Induction for IJB members and staff on standard of behaviour expected • Performance appraisals for staff • Decision making systems • Declarations of interests made at all Board and Committee meetings • Conduct at meetings • Development sessions to support decision making on specific issues • Anti-fraud policies are working effectively • Up-to-date register of interests • Up-to-date register of gifts and hospitality • Complaints policy and examples of responding to complaints about behaviour • Changes/improvements as a result of complaints received and acted upon
A2.1	Demonstrating strong commitment to ethical values	<p>Seeking to establish, monitor and maintain the organisation's ethical standards and performance. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p>	<ul style="list-style-type: none"> • Scrutiny of decision making • Championing ethical compliance at governing body level • Provision of ethical awareness training • Appraisal processes take account of values and ethical behaviour • Staff appointments policy • Procurement policy
A3.1	Respecting the rule of law	<p>Ensuring IJB members and officers demonstrate a</p>	<ul style="list-style-type: none"> • Statutory provisions and guidance is followed • Job description /specifications

Scoring: 3 - Fully Compliant, 2 - Partially Compliant, 1 - Non Compliant

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
		<p>strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers and IJB members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. Striving to optimise the use of the full powers available for the benefit of communities and other stakeholders. Dealing with breaches of legal and regulatory provisions effectively. Ensuring corruption and misuse of power are dealt with effectively</p>	<ul style="list-style-type: none"> • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016) • Terms of reference • Committee support • Legal advice provided by officers • Monitoring provisions • Record of legal advice provided by officers • Statutory provisions

Scoring: 3 - Fully Compliant, 2 - Partially Compliant, 1 - Non Compliant

B. Ensuring openness and comprehensive stakeholder engagement

To ensure the HSCP is run for the public good, the organisation should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
B1.1	Openness	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to Openness</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used.</p> <p>Ensuring that the impact and consequences of those decisions are clear</p>	<ul style="list-style-type: none"> • Annual report • Freedom of Information Act • Publication scheme online • Organisational values • IJB papers published in advance of meetings • Record of decision making and supporting materials • Meeting reports show details of advice given • Discussion among all IJB members and officers on the information needs of members to support decision making • Agreement on the information that will be provided and timescales • Calendar of dates for submitting, publishing and distributing timely reports is adhered to
B2.1	Engaging comprehensively with stakeholders	<p>Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes are clear so that outcomes are achieved successfully and sustainably</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively based on:</p> <ul style="list-style-type: none"> • Trust • a shared commitment to change • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit 	<ul style="list-style-type: none"> • Communication strategy • Database of stakeholders with whom the IJB engages • Partnership protocols
B3.1	Engaging	Establishing a clear policy on the type of issues that	<ul style="list-style-type: none"> • Record of public consultations

Scoring: 3 - Fully Compliant, 2 - Partially Compliant, 1 - Non Compliant

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
	stakeholders effectively	<p>the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, service users and organisations of different backgrounds and implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p>	<ul style="list-style-type: none"> • Partnership framework • Communications strategy • Joint strategic needs assessment • Processes for dealing with competing demands within the community, for example a consultation

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C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long term nature and impact of many of the organisation's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
C1.1	Defining Outcomes	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p> <p>Specifying the intended impact on, or changes for, stakeholders and delivering defined outcomes on a sustainable basis within the resources that will be available</p> <p>Identifying and managing risks to the achievement of outcomes</p> <p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</p>	<ul style="list-style-type: none"> • Vision used as a basis or corporate and service planning • Community engagement and involvement • Corporate and service plans • Regular reports on progress • Performance trends are established and reported upon • Risk management protocols • An agreed set of quality standard measures for each service element are included in service plans • Processes for dealing with competing demands within the community
C2.1	Sustainable economic, social and environmental benefits	<p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's</p>	<p>Placing reliance on Partners Capital investment protocol to ensure these are structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing:</p> <ul style="list-style-type: none"> ○ Capital programme ○ Capital investment strategy <p>Reliance on Partners Climate Change Planning</p> <ul style="list-style-type: none"> • Discussion between members and officers on the information

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Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
		<p>intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p> <p>Ensuring fair access to services</p>	<p>needs of members to support decision making</p> <ul style="list-style-type: none"> • Record of decision making • Protocols for consultation • Protocols ensure fair access and statutory guidance is followed

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D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The organisation will achieve its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
D1.1	Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options	<ul style="list-style-type: none"> • Discussion between members and officers on the information needs of members to support decision making • Decision making protocols • Option appraisals • Agreement of information that will be provided and timescales
D1.2	Determining interventions	Considering feedback from the public and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	<ul style="list-style-type: none"> • Consultations • Strategic Plan • Financial Strategy linked to Strategic Plan
D2.1	Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> • Calendar of dates for developing and submitting plans and reports that are adhered to
D2.2	Planning interventions	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<ul style="list-style-type: none"> • Communication strategy
D2.3	Planning interventions	Considering and monitoring risks facing each partner when working collaboratively including shared risks	<ul style="list-style-type: none"> • Risk management protocol

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Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
D2.4	Planning interventions	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> • KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly
D2.5	Planning interventions	Ensuring capacity exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> • Reports include detailed performance results and highlight areas where corrective action is necessary
D3.1	Optimising achievement of intended outcomes	Ensuring the medium term Financial strategy integrates and balances service priorities, affordability and other resource constraints and sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	<ul style="list-style-type: none"> • Feedback surveys and exit/ decommissioning strategies • Changes as a result • Medium Term Financial plan

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E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The organisation needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
E1.1	Developing the entity’s capacity	Reviewing services, performance and use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> • Regular reviews of activities, outputs and planned outcomes
E1.2	Developing the entity’s capacity	Recognising the benefits of partnership and collaborative working where added value can be achieved	<ul style="list-style-type: none"> • Effective operation of partnerships which deliver agreed outcomes
E1.3	Developing the entity’s capacity	Developing and maintaining an effective workforce plan	
E2.1	Developing the capability of the entity’s leadership and other individuals	Developing protocols to ensure that IJB members and officers interact with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained and ensuring the IJB Chair and the Chief Officer have clearly defined and distinctive leadership roles within a structure, whereby the Chief Officer leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority	<ul style="list-style-type: none"> • Job descriptions • Regular review of communication arrangements • Clear statement of respective roles and responsibilities of the Chief Officer and IJB Chair and how they will be put into practice • Access to courses/ information briefings on new legislation • Induction programme • Personal development plans
E2.2	Developing the capability of the	Ensuring that there are structures in place to encourage public participation	<ul style="list-style-type: none"> • Stakeholder forums • Strategic partnership frameworks

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Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
	entity's leadership and other individuals		
E2.3	Developing the capability of the entity's leadership and other individuals	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<ul style="list-style-type: none"> • Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs

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F. Managing risks and performance through robust internal control and strong public financial management

The organisation needs to ensure that its and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
F1.1	Managing Risk	<p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p> <p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p> <p>Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<ul style="list-style-type: none"> Risk management strategy/ policy formally approved, adopted, reviewed and updated on a regular basis

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
F2.1	Managing performance	Monitoring service delivery effectively	<ul style="list-style-type: none"> • Performance map showing all key activities have performance measures • Benchmarking information, where appropriate • Calendar of dates for submitting, publishing and distributing timely reports
F2.2	Managing performance	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<ul style="list-style-type: none"> • Discussion between members and officers on the information needs of members to support decision making • Publication of agendas and minutes of meetings • Agreement on the information that will be needed and timescales
F3.1	Robust internal control	<p>Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<ul style="list-style-type: none"> • Risk management strategy • Audit plan • Audit reports • Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) • Annual governance statement • Effective internal audit service is resourced and maintained
F3.2	Robust internal control	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened and acted upon 	<ul style="list-style-type: none"> • Audit committee complies with best practice – see Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) • Terms of reference • Membership Training

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Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
F4.1	Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<ul style="list-style-type: none"> • Data management framework and procedures • Data protection officers in place via NHS and Local Authority • Data protection policies and procedures • Data sharing agreement • Data sharing register • Data processing agreements
F4.2	Managing data	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> • Data quality procedures and reports • Data validation procedures
F5.1	Strong public financial management	Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls and that it supports both long-term achievement of outcomes and short-term financial and operational performance	<ul style="list-style-type: none"> • Budget monitoring reports • Financial management supports the delivery of services and transformational change as well as securing good stewardship

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G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
G1.1	Implementing good practices in transparency	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<ul style="list-style-type: none"> • Standard IJB report format • Published IJB agendas, reports and minutes in clear standard formats • Website • Annual report
G2.1	Implementing good practices in reporting	<p>Reporting at least annually on Performance</p> <p>Ensuring members and officers own the results</p>	<ul style="list-style-type: none"> • Formal annual report • Annual financial statements • Appropriate approvals • Annual governance statement
G2.2	Implementing good practices in reporting	<p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</p>	<ul style="list-style-type: none"> • Format follows best practice
G3.1	Assurance and effective accountability	<p>Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon and that recommendations for corrective action made by audit are acted upon</p> <p>Welcoming peer challenge, reviews and inspections from</p>	<ul style="list-style-type: none"> • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) • Compliance with Public Sector Internal Audit Standards • Audit recommendations have informed positive improvement

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Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
		regulatory bodies and implementing recommendations	
G3.2	Assurance and effective accountability	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<ul style="list-style-type: none"> • Annual Governance statement
G3.3	Assurance and effective accountability	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	<ul style="list-style-type: none"> • Integration Scheme

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