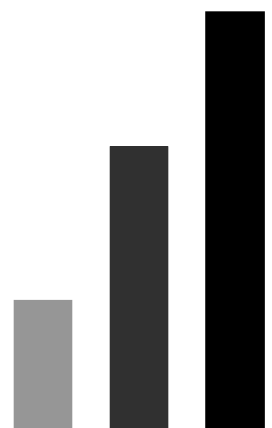


## Agenda 2017

# Inverclyde Integration Joint Board Audit Committee

For meeting on:

24	January	2017
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Municipal Buildings, Greenock PA15 1LY

**PLEASE NOTE TIME AND VENUE OF MEETING**

Ref: SL/AI

Date: 12 January 2017

**A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Tuesday 24 January 2017 at 4.30pm (or at conclusion of the Inverclyde Integration Joint Board if later) within the Scott Walker Room, Holiday Inn Express, Cartsburn West, Greenock PA15 1AE.**

**Gerard Malone  
Head of Legal and Property Services**

**BUSINESS**

1. **Apologies, Substitutions and Declarations of Interest**
2. **Minute of Meeting of Inverclyde Integration Joint Board Audit Committee of 18 August 2016**
3. **Financial Regulations**  
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership
4. **Strategic Risk Register**  
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership
5. **Internal Audit – Annual Plan 2016-2017**  
Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership

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

## INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 18 AUGUST 2016

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### Inverclyde Integration Joint Board Audit Committee

Thursday 18 August 2016 at 1.30pm

**Present:** Councillors S McCabe and L Rebecchi, Mr A MacLeod, Mr S Carr, Mr I Bruce and Ms R Garcha.

**Chair:** Mr A MacLeod presided.

**In attendance:** Mr B Moore, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms B Culshaw, Head of Community Care & Health, Ms H Watson, Head of Planning, Health Improvement & Commissioning, Ms D Gillespie, Head of Mental Health, Addictions & Homelessness, Ms L Aird, Chief Financial Officer, HSCP, Ms F Houlihan, Service Manager, Specialist Children's Services, Ms A Priestman (Chief Internal Auditor), Ms V Pollock (for Head of Legal & Property Services) and Mr N Duffy (Legal & Property Services).

#### 1 **Apologies, Substitutions and Declarations of Interest** 1

No apologies for absence or declarations of interest were intimated.

#### 2 **2015/16 Unaudited Annual Accounts** 2

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership asking the Committee to review the unaudited annual accounts for the Inverclyde Integration Joint Board for the year ending 31 March 2016. (Councillor Rebecchi entered the meeting during consideration of this item of business).

**Decided:**

- (1) that the Committee endorse the unaudited annual accounts for the Integration Joint Board for the year ended 31 March 2016; and
- (2) that it be noted that the External Auditor's annual report to Members for the financial year ended 31 March 2016 will be submitted to a meeting of the Integration Joint Board before 30 September 2016.

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<b>Report To:</b>	<b>Inverclyde Integration Joint Board - Audit Committee</b>	<b>Date:</b>	<b>24 January 2017</b>
<b>Report By:</b>	<b>Brian Moore, Corporate Director (Chief Officer) Inverclyde Health &amp; Social Care Partnership</b>	<b>Report No:</b>	<b>IJBA/02/2017/LA</b>
<b>Contact Officer:</b>	<b>Lesley Aird</b>	<b>Contact No:</b>	<b>01475 715381</b>
<b>Subject:</b>	<b>FINANCIAL REGULATIONS</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek Audit Committee approval of revised Financial Regulations which detail the responsibilities of the Integration Joint Board (IJB) for its own financial affairs.

## **2.0 SUMMARY**

- 2.1 The Financial Regulations provide the financial governance framework in which the IJB will operate. Draft regulations were agreed by the IJB at its August 2015 meeting. Further work has been done since then to further refine these financial regulations to reflect best practice and the requirements of the new IJBs.

- 2.2 The Financial Regulations are informed by both the:

- Professional guidance developed by the Integrated Resources Advisory Group (IRAG), a national group established to develop guidance to support the implementation of the Public Bodies Joint Working (Scotland) Act 2014.
- Work to date from officer working groups comprising NHS and Local Authority finance professionals developing IRAG guidance into a set of procedures that will support the IJB in decision making in strategic and operational finance matters

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Integration Joint Board Audit Committee notes the contents of this report and approves the revised Financial Regulations as set out in Appendix 1 of this report.

**Brian Moore**  
Corporate Director (Chief Officer)

**Lesley Aird**  
Chief Financial Officer

## **4.0 BACKGROUND**

- 4.1 Both the Council and the Health Board operate under Financial Regulations or Standing Financial Instructions in the operational delivery of services. As this service delivery will continue to be carried out within the Council and the Health Board, all operational and transactional finance matters for delivery of Inverclyde HSCP services will comply with Council Financial Regulations and Health Board Standing Financial Instructions as appropriate.
- 4.2 The Chief Officer, supported by the Chief Financial Officer, must ensure that there are adequate systems and controls in place for the proper management of the IJB's financial affairs.
- 4.3 As these Financial Regulations relate specifically to the affairs of the IJB itself, they are therefore more limited and focussed in scope.
- 4.4 Draft Financial Regulations were noted by the IJB at its August 2015 meeting. Further work has been done across the Greater Glasgow and Clyde Partnerships since then to further refine these financial regulations to reflect best practice and the requirements of the new IJBs.

## **5.0 FINANCIAL REGULATIONS**

- 5.1 The attached Financial Regulations set out the responsibilities of Board Members, the Chief Officer, and the Chief Finance Officer within the context of the IJB's financial management framework.
- 5.2 These Financial Regulations provide a sound basis for financial control within the IJB to ensure financial stewardship is effectively applied across IJB resources.
- 5.3 Subsequent updates to these regulations will be brought for approval, through the IJB Audit Committee, as required.
- 5.4 Main changes since the previously agreed version:
  - References to an additional "Finance Manual" have been removed and relevant elements incorporated into the main document
  - Some minor terminology updates throughout the report
  - Some paragraphs/sections have been reordered within the documents

The following paragraphs and sections have been added to the document

### What the Regulations Cover

- Para 1.3 expanding on the IJB being a legal entity in its own right
- Para 1.4 clarifying the linkage between these financial regulations and those of the Council and Health Board
- Para 1.8 explaining the process around the IJB giving Directions to the Council and Health Board around planned spend
- Para 1.10 review process for these regulations

### Responsibilities Under these Financial Regulations

- Para 3.5 some background information on what the Integration Scheme lays out in respect of financial management

### Financial Planning and Reporting

- Paras 5.15 and 5.16 explain the process for budget setting as outlined in the Integration Scheme

- Para 5.17 outlines the limits on expenditure incurred by the IJB
- Paras 5.18 and 5.19 outlines the process and limits applicable for approval of budget virements
- Paras 5.20 to 5.22 outline budgetary control processes and responsibilities
- Para 5.23 clarifies the requirement for all IJB and IJB sub committee reports to detail any financial implications

#### New Sections in the Regulations

- Section 8 Reserves – explaining the legislation under which the IJB reserves policy is applicable
- Section 9 VAT – updated narrative around VAT requirements for the IJB
- Section 10 Financial Reporting – narrative around the regulations relating to the financial statements of the IJB
- Section 11 Internal Audit – outlining the role of Internal Audit
- Section 12 External Audit – outlining the role of External Audit
- Section 13 Audit Committee – outlining the requirement for the IJB to put in place an Audit Committee
- Section 14 – Risk Management and Insurance – outlining roles and responsibilities in relation to these areas
- Section 16 – Economy, Efficiency and Effectiveness (Best Value) – outlining roles and responsibilities in relation to this area

## **6.0 IMPLICATIONS**

### **6.1 FINANCE**

These Financial Regulations relate specifically to the affairs of the IJB.

One off Costs

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

Annually Recurring Costs / (Savings)

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

### **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 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.

## 6.5 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

## 6.6 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

## 6.7 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

## **7.0 CONSULTATION**

7.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer, the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

## **8.0 BACKGROUND PAPERS**

8.1 None.





Inverclyde Health and Social Care  
Partnership

# Integration Joint Board Financial Regulations

<b>Version</b>	<b>Inverclyde Integration Joint Board Financial Regulations 2016</b>
<b>Owner</b>	<b>Lesley Aird Chief Finance Officer</b>
<b>Approved by</b>	<b>Integration Joint Board</b>
<b>Date Approved</b>	<b>00/00/0000</b>
<b>Date for Review</b>	<b>31/12/2019</b>
<b>Replaces Previous Version</b>	

## Financial Regulations - Index

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Inverclyde Integration Joint Board positively promotes the principles of sound corporate governance within all areas of the Integration Joint Board's affairs. These Financial Regulations are an essential component of the corporate governance of the Inverclyde Integration Joint Board.

## 1. What the Regulations Cover

- 1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. Inverclyde Health and Social Care Partnership is governed by the Inverclyde **Integration Joint Board** which was established by Parliamentary Order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. Inverclyde Council and (the Health Board) have delegated functions and resources to the Integration Joint Board. The Integration Joint Board will direct the Council and the Health Board on how resources will be spent in line with the approved Strategic plan, and allocate resources back to the Council and Health Board in accordance with this direction. The Integration Joint Board retains responsibility for oversight and management of expenditure within the allocated budgets.
- 1.2 Both the Health Board and the Council operate under Financial Regulations/Standing Financial Instructions in the operational delivery of services. As this service delivery will continue to be carried out within the Health Board and the Council, these Financial Regulations relate specifically to the affairs of the Integration Joint Board itself and therefore are more limited and focussed in scope. All operational and transactional finance matters for delivery of Inverclyde Health and Social Care Partnership will comply with Inverclyde Council Financial Regulations and Health Board Standing Financial Instructions.
- 1.3 The Integration Joint Board is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme. It is accountable for the stewardship of public funds and is expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. Stewardship is a major function of management and, therefore, a responsibility placed upon the appointed members and officers of the Integration Joint Board.
- 1.4 These Financial Regulations should be read in conjunction with the Standing Financial Instructions of the Health Board and the Financial Regulations of Inverclyde Council.
- 1.5 The Chief Officer, supported by the Chief Finance Officer must ensure that there are adequate systems and controls in place for the proper management of the Integration Joint Board's financial affairs. These Financial Regulations of the Inverclyde Integration Joint Board are for its own financial affairs.
- 1.6 These Regulations set out the respective responsibilities of the Integration Joint Board, the Chief Officer and the Chief Finance Officer of the Integration Joint Board.

- 1.7 It will be the duty of the Chief Officer assisted by the Chief Finance Officer to ensure that these Regulations are made known to the appropriate persons within the Integration Joint Board and to ensure that they are adhered to. All actions which affect the Integration Joint Board's finances should only be carried out by properly authorised employees. The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
- 1.8 The Integration Joint Board will give directions to Inverclyde Council and the Health Board that are designed to ensure resources are spent in accordance with the Strategic Plan and Integration Scheme.
- 1.9 If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer to determine what action is to be taken.
- 1.10 These Regulations will be the subject of regular review by the Integration Joint Board Chief Finance Officer in consultation with the Health Board Director of Finance and the Inverclyde Council Section 95 Officer, and where necessary, subsequent adjustments will be submitted to the Integration Joint Board Audit Committee for approval.

## 2. Corporate Governance

- 2.1 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Integration Joint Board. The basic principles of corporate governance are as follows.

**Openness** Anyone with an interest in the affairs of the Integration Joint Board should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

**Integrity** There should be honesty, selflessness, objectivity and high standards of conduct in how the Integration Joint Board's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of members and officers involved in the running of its affairs.

**Accountability** There needs to be a clear understanding by everyone involved in the

Integration Joint Board's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved in the Integration Joint Board's affairs, including how the Integration Joint Board's funds and performance are managed.

- 2.2 These Financial Regulations are an essential part of the corporate governance of the Integration Joint Board.
- 2.3 Members of the Integration Joint Board are required to follow any formally agreed national codes of conduct.

### **3. Responsibilities under these Financial Regulations**

- 3.1 The Integration Joint Board will continuously work to secure best value for money, and economy, efficiency and effectiveness in how the organisation directs its resources.
- 3.2 The Chief Finance Officer (in consultation with the Chief Officer) will advise the Integration Joint Board on the financial implications of the Integration Joint Board's activities. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

#### **Strategic Plan and Integrated Budget**

- 3.3 The Integration Joint Board's Strategic Plan sets out arrangements for planning and directing the functions delegated to it by Inverclyde Council and the Health Board. The Strategic Plan covers a rolling three-year period and will determine the budgets allocated to each operational partner for operational service delivery in line with the Strategic Plan, recognising that these may need to be indicative for years two and three.
- 3.4 The Chief Officer and the Chief Finance Officer will develop an integrated budget based on the Strategic Plan and agreed funding from Inverclyde Council and the Health Board for consideration and agreement as part of the annual budget setting process.
- 3.5 The Integration Scheme sets out the detail of the integration arrangement agreed between the Health Board and Inverclyde Council. In relation to financial management it specifies:
  - The financial management arrangements including treatment of budget variances;

- Reporting arrangements between the Integration Joint Board, the Health Board and Inverclyde Council;
- The method for determining the resources to be made available by the Health Board and Inverclyde Council;
- The functions which are delegated to the Integration Joint Board by the Health Board and Inverclyde Council.

### 3.6 **Budget Management**

Budget holders within the Council and the Health Board will be accountable for all budgets within their control as directed by the Integration Joint Board in line with its Strategic Plan. The Integration Joint Board will ensure appropriate arrangements are in place to support good financial management and planning.

3.7 Inverclyde Council's Section 95 Officer and the Health Board's Director of Finance will provide the Chief Finance Officer with management accounts and forecasts to allow the Integration Joint Board to monitor the overall financial performance of the Integration Joint Board's functions in relation to the approved Revenue Budgets.

3.8 The Chief Finance Officer will provide regular budget monitoring reports to the Integration Joint Board along with explanations for any significant variations from budget and the action planned to deal with them.

## 4. **The Framework for Financial Administration**

4.1 The Financial Regulations set out the responsibilities of Board Members, the Chief Officer and the Chief Finance Officer within the context of the Integration Joint Board's financial management framework.

## 5. **Financial Planning and Reporting**

### **Preparing Procedures, Records and Accounts**

5.1 The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the Integration Joint Board's financial performance for the year to 31 March to the Integration Joint Board. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30<sup>th</sup> June of the same year, or such date as decided by the Controller of Audit.

5.2 The accounts of the Integration Joint Board will be hosted by Inverclyde Council.

5.3 The Chief Finance Officer must provide any information necessary for the closure of the

Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Chief Finance Officer. The format of the Accounts and the relevant notes to the Accounts of the Health Board and the Council will be in line with national CIPFA and / or LASSAAC guidance.

#### **Presenting External Audit Reports**

- 5.4 The Chief Finance Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the Integration Joint Board and make such reports available to the Health Board and Inverclyde Council.
- 5.5 In consultation with Inverclyde Council, which hosts the annual accounts, the Chief Finance Officer will make appropriate arrangements for the public inspection of the Integration Joint Board's Accounts.

#### **Capital Planning**

- 5.6 The Chief Officer annually, in consultation with Inverclyde Council and the Health Board, will prepare a Capital Plan to make best use of existing resources and identify the asset requirements to support the Strategic Plan.
- 5.7 The Capital Plan will be submitted to the Integration Joint Board for approval.
- 5.8 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Inverclyde Council's Capital Planning Group or the Health Board's Capital Planning Group for approval.
- 5.9 The Chief Officer will be a member of both partners' Capital Planning Groups.
- 5.10 Where new capital investment is required to deliver the Strategic Plan both partners should consider the Business Plan.

#### **Control of Capital Expenditure**

- 5.11 The Integration Joint Board does not receive a capital funding allocation. Capital projects are funded by either Inverclyde Council or the Health Board and expenditure will be controlled in accordance with their financial regulations.
- 5.12 The Integration Joint Board will receive financial monitoring reports which include information on capital expenditure from both partners against approved schemes

relevant to the services delegated to the Integration Joint Board.

5.13 In matters relating to capital planning and expenditure, the Capital Planning Guidance developed for the partnerships in Greater Glasgow & Clyde should be followed.

#### 5.14 **Strategic Plan and Integrated Budget**

The Integration Joint Board is responsible for the production of a Strategic Plan which sets out the services for their population over the medium term (3 years). The resources within scope of the Strategic Plan are:

- The payment made to the Integration Joint Board by Inverclyde Council for delegated social care services;
- The payment from the Health Board to the Integration Joint Board for delegated primary and community healthcare services and for those delegated hospital services managed by the Chief Officer.
- The amount set aside by the Health Board for delegated services provided in large hospitals for the population of the Integration Joint Board.

the Health Board and Inverclyde Council will provide indicative three year rolling funding allocations to the Integration Joint Board to support the Strategic Plan and medium term planning process. Such indicative allocations will remain subject to annual approval by both organisations.

5.15 The Chief Officer and the Chief Finance Officer will develop an integrated budget based on the Strategic Plan and agreed funding from the Health Board and Inverclyde Council. The budget proposal paper should be evidence based with full transparency on its assumptions and take account of:

- **Activity Changes.** The impact on resources in respect of increased demand e.g. demographic pressures and increased prevalence of long term conditions, and for other planned activity changes;
- **Cost Inflation.** Pay and supplies cost increases;
- **Efficiencies.** All savings (including increased income opportunities and service rationalisations/cessations) should be agreed between the Integration Joint Board, Inverclyde Council and the Health Board as part of the annual rolling financial planning process to ensure transparency;
- **Performance on outcomes.** The potential impact of efficiencies on agreed outcomes must be clearly stated and open to challenge by Inverclyde Council and the Health Board;
- **Legal requirements.** Legislation may entail expenditure commitments that should



be taken into account in adjusting the payment;

- **Transfers to/from the notional budget for hospital services** set out in the Strategic Plan;
- **Additional Funding for National Priorities and Adjustments to address equity.** Inverclyde Council and the Health Board may choose to adjust contributions to reflect increased funding received for National priorities or to smooth the variation in weighted capita resource allocations across partnerships.

5.16 The Strategic Plan will determine the budgets allocated to each operational partner for operational service delivery in line with the Plan.

#### 5.17 **Limits on Expenditure**

No expenditure will be incurred by the Integration Joint Board unless it has been included within the approved Integration budget and Strategic Plan except:

- I. Where additional funding has been approved by the Health Board and/or Inverclyde Council and the integrated budget/strategic plan has been updated appropriately;
- II. Where a supplementary budget has been approved by the Integration Joint Board;
- III. In emergency situations in terms of any scheme of delegation;
- IV. As provided in paragraphs 5.18 and 5.19 below (Virement).

#### 5.18 **Virement**

Virement is defined by CIPFA as “the transfer of an underspend on one budget head to finance additional spending on another budget head in accordance with the Financial Regulations”. In effect virement is the transfer of budget from one main budget heading (employee costs, supplies and services etc.) to another, or a transfer of budget from one service to another. Where resources are transferred between the two operational arms of the Integrated Budget this will require in-year balancing adjustments to the allocations from the Integration Joint Board to Inverclyde Council and the Health Board i.e. a reduction in the allocation to the body with the underspend and a corresponding increase in the allocation to the body with the overspend.

5.19 Virements require approval and they will be permitted subject to any Scheme of Delegation of the Integration Joint Board as follows:

- I. Virement must not create additional overall budget liability. One off savings or additional income should not be used to support recurring expenditure or to create future commitments including full year effects of decisions made part way through a year.

- II. The Chief Officer will not be permitted to vire between the Integrated Budget and those budgets that are managed by the Chief Officer, but are outwith the scope of the Strategic Plan, unless agreed by Inverclyde Council and the Health Board.
- III. Any virement over £20,000 which changes the specific budget values delegated back to the Health Board or Council requires the approval of the Integration Joint Board.

#### 5.20 **Budgetary Control**

It is the responsibility of the Chief Officer and Chief Finance Officer to report regularly and timeously on all budgetary control measures, comparing projected outturn with the approved financial plan, to the Integration Joint Board and other bodies as designated by the Health Board and Inverclyde Council.

- The Health Board Director of Finance and the Section 95 officer of Inverclyde Council will, along with the Integration Joint Board Chief Finance Officer put in place a system of budgetary control which will provide the Chief Officer with management accounting information for both arms of the operational budget and for the Integration Joint Board in aggregate.

5.21 It is the responsibility of the Integration Joint Board Chief Finance Officer, in consultation with the Health Board and the Section 95 Officer of Inverclyde Council, to agree a consistent basis and timetable for the preparation and reporting of management accounting information.

5.22 The Integration Scheme specifies how in year over/under spends will be treated. Where it appears that any heading of income or expenditure may vary significantly from the Financial Plan, it will be the duty of the Chief Officer and the Chief Finance Officer, in conjunction with the Health Board Director of Finance and the Section 95 Officer of the Council, to report in accordance with the appropriate method established for that purpose by the Integration Joint Board, the Health Board and Inverclyde Council, the details of the variance and any remedial action required.

#### 5.23 **Reports to Integration Joint Board**

All reports to the Integration Joint Board and sub-committees thereof must specifically identify the extent of any financial implications. These must have been discussed and agreed with the Integration Joint Board Chief Finance Officer prior to lodging of reports.

## 6. **Legality of Expenditure**

6.1 It will be the duty of the Chief Officer to ensure that no expenditure is incurred, or

included within the Strategic Financial Plan unless it is within the power of the Integration Joint Board. In cases of doubt the Chief Officer should consult the respective legal advisers of the Health Board and Inverclyde Council before incurring expenditure. The legality of expenditure on new service developments, initial contributions to other organisations and responses to emergency situations which require expenditure must be clarified prior to being incurred.

## **7. Reviewing the Financial Regulations**

- 7.1 The Integration Joint Board Audit Committee will consider and approve any alterations to these Financial Regulations. The Integration Joint Board may also withdraw these Financial Regulations. If so, this will come into force from the first working day after the end of the Integration Joint Board Audit Committee meeting at which the change or withdrawal was approved. This policy will be formally reviewed through the Audit Committee at least every three years.

## **8. Reserves**

- 8.1 Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the Integration Joint Board to hold reserves which should be accounted for in the financial accounts and records of the Integration Joint Board. The Integration Joint Board Reserves Policy and Strategy outlines the level of reserves required and their purpose. This will be agreed as part of the annual budget setting process and will be reflected in the Strategic Plan agreed by the Integration Joint Board.

## **9. VAT**

- 9.1 HMRC has confirmed that there is no requirement to have a separate VAT registration for the Integration Joint Board as it will not be delivering any services within the scope of VAT. This situation should be kept under review by the Chief Finance Officer should the operational activities of the Integration Joint Board change and a need to register be established. HMRC guidance will apply to Scotland.

## **10. Financial Reporting**

### **10.1 Accounting Procedures and Records**

All accounting procedures and records of the Integration Joint Board will be as specified in applicable legislation and regulations. Financial Statements will be prepared following the Code of Practice on Local Authority Accounting in the UK. Statements will be signed as specified in regulations made under Section 105 of the Local Government (Scotland) Act 1973.

10.2 The financial statements must be completed to meet the audit and publication timetable specified in regulations made under section 105 of the Local Government (Scotland) Act 1973. It is the primary responsibility of the Chief Finance Officer to meet these targets and of the Chief Officer to provide any relevant information to ensure that the Health Board and Inverclyde Council meet their respective statutory audit and publication requirements for their individual and group financial statements.

10.3 The Integration Joint Board Chief Finance Officer will agree the financial statements timetable with the external auditors of the Integration Joint Board.

## **11. Internal Audit**

### **11.1 Responsibility for Internal Audit**

It is the responsibility of the Integration Joint Board to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This will include determining who will provide the internal audit service for the Integration Joint Board and nominating a Chief Internal Auditor.

11.2 The operational delivery of internal audit services within the Health Board and Inverclyde Council will be covered by their respective internal audit arrangements as at present.

11.3 A Chief Internal Auditor will be appointed to act as the Integration Joint Board Chief Internal Auditor in addition to their role as Chief Internal Auditor of their respective authority.

11.4 The Internal Audit Service will undertake their work in compliance with the Public Sector Internal Audit Standards.

11.5 On or before the start of each financial year the Integration Joint Board Chief Internal

Auditor will consult with the Chief Officer and Chief Finance Officer in the preparation of a strategic and risk based audit plan, which the Chief Internal Auditor will then submit to the Integration Joint Board Audit Committee for approval. The internal audit plan will consider:

- The Strategic Plan and planning process;
- The financial plan underpinning the Strategic Plan; and
- Relevant issues raised from the partner Health Board and Local Authority.

It is recommended that the internal audit plan is shared with the relevant committees of the Health Board and Inverclyde Council.

- 11.6 The Integration Joint Board Chief Internal Auditor will report to the Integration Joint Board on the annual audit plan, delivery of the plan and recommendations and will provide an annual internal audit report including the audit opinion.
- 11.7 The Integration Joint Board annual internal audit report will be shared with the Audit Committees of NHS Greater Glasgow & Clyde and Inverclyde Council.
- 11.8 Internal audit reports carried out as part of the Integration Joint Board internal audit plan will be submitted to the Chief Officer and the Integration Joint Board Audit Committee for scrutiny.
- 11.9 Relevant internal audit activity carried out by partners will also be submitted to the Integration Joint Board Audit Committee for information and note. This activity will be agreed with partner auditors, the Chief Officer and / or Chief Executives of NHS Greater Glasgow & Clyde and Inverclyde Council.

## **12. External Audit**

- 12.1 The Accounts Commission will appoint the Auditors to the Integration Joint Board.
- 12.2 The Integration Joint Board should make appropriate and proportionate arrangements for consideration of external audit reports including those relating to the annual financial statements to ensure that they are compliant with relevant statutory provisions and Accounting Codes of Practice.
- 12.3 Reports on external audit activity will be submitted to the Chief Officer and the Integration Joint Board Audit Committee for scrutiny.

## **13 Audit Committee**

- 13.1 The Integration Joint Board will put in place an Audit Committee to ensure that an effective assurance process is in place that assesses the objectives, risks and performance of the Partnership. This will include consideration of any reports from auditors.
- 13.2 It will be the responsibility of the Integration Joint Board to agree the membership having regard to the agreed remit, skills and good practice for a the Audit Committee. It is anticipated that members of the Integration Joint Board will serve in this capacity.

## **14. Risk Management and Insurance**

### **14.1 Responsibility for Insurance and Risk**

The Integration Joint Board, while having legal personality in its own right, has neither replaced nor assumed the rights or responsibilities of either the Health Board of the Council as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. The Council and the Health Board will continue to indemnify, insure and accept responsibility for the staff that they each employ; their particular capital assets that integrated services are delivered from or with; and the respective functions themselves that each has delegated to the Integration Joint Board.

- 14.2 The Integration Joint Board will make appropriate insurance arrangements for all activities of the Integration Joint Board in accordance with the risk management strategy.
- 14.3 The Chief Officer will arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all normal insurable risks arising from the activities of the Integration Joint Board for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of members of the Integration Joint Board acting in a decision making capacity.
- 14.4 The Health Board's Director of Finance and the Section 95 Officer of Inverclyde Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

#### **14.5 Risk Strategy and Risk Register**

The Chief Officer is responsible for establishing the Integration Joint Board risk strategy and profile and developing the risk reporting arrangements; this will include arrangements for a risk register. The Risk Management strategy will be approved by the Integration Joint Board Audit Committee.

14.6 The Health Board and Inverclyde Council will continue to identify and manage within their own risk management arrangements any risks they have retained under the integration arrangements. The partners will continue to report risk management to their existing committees including the impact of the integration arrangements.

#### **14.7 Notification of Insurance Claims**

The Chief Officer and the Chief Finance Officer will put in place appropriate procedures for the notification and handling of any insurance claims made against the Integration Joint Board.

### **15. Board Members' Expenses**

15.1 Payment of voting Integration Joint Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and will be made in accordance with their own Schemes.

15.2 Non-voting members of the Integration Joint Board will be entitled to payment of travel expenses. Non-voting members are required to submit claims on the Integration Joint Board's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the Integration Joint Board will be shared equally by the Health Board and the Council.

15.2 The Chief Finance Officer will ensure that a record of all expenses paid under the Scheme, detailing name, amount and nature of payment.

### **16. Economy, Efficiency and Effectiveness (Best Value)**

16.1 The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the Integration Joint Board. This

will apply in respect of:

- the resources delegated to the Integration Joint Board by the Health Board and Inverclyde Council; and
- the resources paid to the Health Board and Inverclyde Council by the Integration Joint Board for use as directed and set out in the Strategic Plan.

- 16.2 The Integration Joint Board has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services. There will be a process of strategic planning which will have full board member involvement, in order to establish the systematic identification of priorities and realisation of Best Value in the delivery of services.
- 16.3 It will be the responsibility of the Chief Officer to deliver the arrangements put in place to secure Best Value and to co-ordinate policy in regard to ensuring that the Integration Joint Board provides Best Value.
- 16.4 The Chief Officer will be responsible for ensuring implementation of the strategic planning process. Best Value should cover the areas of human resource and physical resource management, commissioning of services, financial management and policy, performance and service delivery process reviews.



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**Report To:** Inverclyde Integration Joint Board - Audit Committee      **Date:** 24 January 2017

**Report By:** Brian Moore, Corporate Director (Chief Officer)  
Inverclyde Health & Social Care Partnership      **Report No:** IJBA/03/2017/LA

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

**Subject:** STRATEGIC RISK REGISTER

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek Audit Committee approval of the Integration Joint Board (IJB) Strategic Risk Register.

## **2.0 SUMMARY**

- 2.1 The IJB approved the Risk Management Policy and Strategy at its meeting of 18 August 2016. The risks and risk scores detailed in the Strategic Risk Register attached as Appendix A were then developed during a facilitated IJB session held on 16 September 2016.
- 2.2 The enclosed register relates to IJB strategic risks only, separate risk registers are held for all operational activities within the Council and Health Board.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Integration Joint Board Audit Committee:-

- (1) notes the contents of this report;
- (2) discusses and agrees a final version of the Integration Joint Board Strategic Risk Register; and
- (3) remits the final version of the Strategic Risk Register to the next meeting of the Integration Joint Board for final consideration and approval.

**Brian Moore**  
Corporate Director (Chief Officer)

**Lesley Aird**  
Chief Financial Officer

## 4.0 BACKGROUND

4.1 It is essential that a robust risk monitoring framework is in place to identify, assess and prioritise risks related to the delivery of services under integration functions, particularly any which are likely to affect the delivery of the Strategic Plan.

## 5.0 STRATEGIC RISK REGISTER

5.1 The proposed initial IJB Strategic Risk Register enclosed at Appendix A sets out an assessment of the likelihood and potential impact of a range of different risks that may directly affect the IJB at a strategic level.

5.2 The risks were developed, discussed and initially scored by IJB members at a session facilitated by Zurich Municipal on 16 September 2016.

5.3 Risk scores were based on the following risk matrix, agreed as part of the IJB Risk Management Policy and Strategy. Further information on the definition of each of the following is enclosed at Appendix B.

Risk Impact	Likelihood
1 – Insignificant	1 – Rare
2 – Minor	2 – Unlikely
3 – Moderate	3 – Possible
4 – Major	4 – Probable
5 – Catastrophic	5 – Almost Certain

5.4 This Strategic Risk Register aims to:

- Identify risks that pose a threat to the business objectives of the IJB
- Identify the potential consequences of each risk
- Recognise the control measures that already exist to address these risks
- Propose new controls to further mitigate each risk

5.5 The Strategic Risk Register is a live document that should be regularly reviewed and updated. As such the Strategic Risk Register, once agreed will be placed as a standing agenda item on the IJB Audit Committee Agenda.

## 5.6 PROPOSED CHANGES TO THE STRATEGIC RISK REGISTER

Following the IJB session in September, officers updated and reviewed the resultant draft register and recommend the following changes:

### Risk 4 – Financial Sustainability/Constraints/Resource Allocation

The current residual risk level is a 16, Red/Unacceptable, based on a likelihood of 4 and impact of 4.

Officers believe that with the mitigations in place the likelihood is now 3 but the impact still remains at 4. This would reduce the score to an Amber/Issue 12.

### Risk 6 – Understanding the Needs of the Community

The current residual risk level for this (ie the residual risk after all control mechanisms are applied) is still 12 which is an Amber/Issue level risk based on a likelihood of 3 and impact of 4.

Officers believe that with the mitigations in place the likelihood is now 2 but the impact still remains at 4. This would reduce the score to a Yellow/Adequate 8.

### Risk 8 - Strategic Capacity

The current residual risk level is a 16, Red/Unacceptable, based on a likelihood of 4 and impact of 4.

Officers believe that with the mitigations in place the likelihood is now 2 but the impact still remains at 4. This would reduce the score to a Yellow/Adequate 8.

Risk 9 – Legislative/Policy Developments

The current residual risk level is a 16, Red/Unacceptable, based on a likelihood of 4 and impact of 4.

Officers believe that with the mitigations in place the likelihood is now 2 but the impact still remains at 4. This would reduce the score to a Yellow/Adequate 8.

Risk 10 - Partner Organisations

In addition there was some discussion on the day about Risk 10 - Partner Organisations and their ability to meet needs. The discussion was around whether this should be combined with Risk 8 Strategic Capacity which covers the same area and also talks about Partner Organisations.

Officers' view is that these should be combined and Risk number 10 removed.

- 5.7 For the next iteration of the Risk Register, where appropriate officers will develop a list of additional control mitigation actions aimed at further minimising these risks with a note of a responsible officer and deadline for each action. A template for this is enclosed at Appendix C. This appendix also shows the risks and scores as updated per the above proposals. This format of risk register/risk map will be used for the IJB going forward.

**6.0 IMPLICATIONS**

**6.1 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
N/A					

**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 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.

6.5 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

6.6 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

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

6.7 **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

## **7.0 CONSULTATION**

7.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer, the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

## **8.0 BACKGROUND PAPERS**

8.1 None.

**Inverclyde Health & Social Care Partnership Risk Register**

**APPENDIX A**

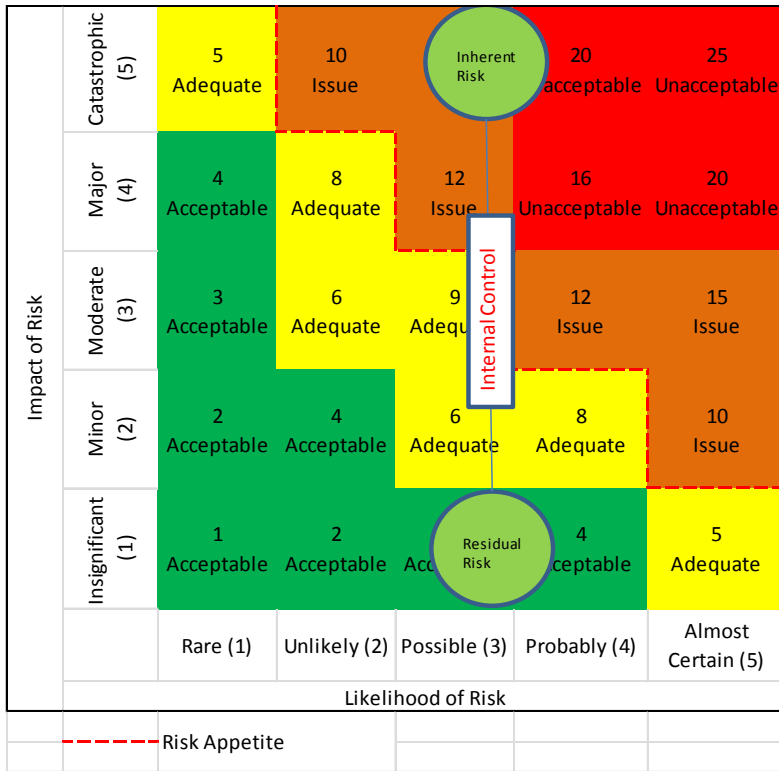
Date Prepared: 16 Sept 2016												
Version No: Draft 0.1												
Risk No	Date Identified	Risk Description	Initial Risk Level				Control Measures	Current Risk Level				Risk Owner
			Likelihood	Impact	Risk Score	Risk Category		Likelihood	Impact	Risk Score	Risk Category	
1	Sep-16	<p><b>Workforce Sustainability</b></p> <p>Risk due to changing workforce demographics &amp; the type of skills required to deliver services in the future the workforce may not have the skill, experience or capacity to deliver the type &amp; quality of services the community needs. This could be compounded by lack of resources available to invest in training our people.</p> <p>Potential Consequences: Don't attract or retain the right people, don't have an engaged &amp; resilient workforce, service user needs not met, strategic plan not delivered, &amp; reputational damage.</p>	4	4	16	Unacceptable	<p>1. Strategic Plan</p> <p>2. Workforce Planning</p> <p>3. People Plan</p> <p>4. Individual development plans</p> <p>5. Training budgets</p>	3	4	12	Issue	B Moore, Chief Officer
2	Sep-16	<p><b>Performance Management Information</b></p> <p>Risk due to lack of quality, timeous performance information systems to inform strategic &amp; operational planning &amp; decision making.</p> <p>Potential Consequences: Misallocate resources to non-priority areas, lack of focus, decisions based on anecdotal thinking or biased perspectives, &amp; community needs not met.</p>	5	4	20	Unacceptable	<p>1. Performance management infrastructure and reporting cycle</p> <p>2. Regular financial monitoring reports showing performance against budget and projected outturns</p> <p>3. Locality planning arrangements</p> <p>4. Robust budget planning processes</p> <p>5. Quarterly Performance Reviews</p> <p>6. Data repository regularly updated</p> <p>7. Quality strategy and self evaluation processes</p>	2	3	6	Adequate	B Moore, Chief Officer
3	Sep-16	<p><b>Complaints Process</b></p> <p>Risk of ineffective complaints process due to process complexity &amp; the need to put complaints in writing.</p> <p>Potential Consequences: Missed opportunities to learn from perceived &amp; real errors or mistakes, missed opportunity to address perceived or real problems at earliest opportunity &amp; possibly leading to more serious complaints &amp; litigation later, services do not respond as they should to service user needs, &amp; reputational damage.</p>	5	4	20	Unacceptable	<p>1. Complaints process</p> <p>2. Complaints reporting - including the Annual Complaints report which goes to the Health &amp; Social Care Cttee and IJB</p> <p>3. Performance management</p> <p>4. Service user engagement &amp; feedback processes</p> <p>5. Complaints handling training</p>	2	3	6	Adequate	B Moore, Chief Officer

Risk No	Date Identified	Risk Description	Initial Risk Level				Control Measures	Current Risk Level				Risk Owner
			Likelihood	Impact	Risk Score	Risk Category		Likelihood	Impact	Risk Score	Risk Category	
4	Sep-16	<p><b>Financial Sustainability / Constraints / Resource Allocation</b> Risk due to increased demand for services, potentially not aligning budget to priorities, or anticipated future budget cuts to our funding partners which means that the level of funding provided by the funding partners to the IJB becomes insufficient to meet national &amp; local outcomes &amp; to deliver Strategic Plan Objectives</p> <p>Potential Consequences: IJB unable to deliver Strategic Plan objectives, reputational damage, dispute with Partners, needs not met, risk of overspend on Integrated Budget</p>	4	5	20	Unacceptable	<ol style="list-style-type: none"> <li>1. Strategic Plan</li> <li>2. Due Diligence work</li> <li>3. Close working with Council &amp; Health when preparing budget plans</li> <li>4. Regular budget monitoring reporting to the IJB</li> <li>5. Regular budget reports and meetings with budget holders</li> <li>6. Regular Heads of Service Finance meetings</li> <li>7. Close working with other HSCPs to deliver a whole system approach to financial planning and delivery</li> </ol>	4	4	16	Unacceptable	B Moore, Chief Officer
5	Sep-16	<p><b>Effective Governance</b> Risk through partner organisational restructures causing additional governance complexity, not having the right skills mix on the IJB, lack of clarity of role &amp; ability to make decisions, lack of effective horizon scanning, inability to review the performance of Board, poor communications, or perceived lack of accountability by the public.</p> <p>Potential Consequences: Poor decision making, lack of critical skills lead to 'blind spots' or unanticipated risks, partners disengage from the IJB, dysfunctional behaviours, fail to deliver the strategic plan.</p>	4	4	16	Unacceptable	<ol style="list-style-type: none"> <li>1. IJB themed development sessions carried out throughout the year to update members on key issues</li> <li>2. Code of Conduct for members</li> <li>3. Standards Officer appointed</li> <li>4. Chief Officer is a member of both Partner CMT's &amp; has the opportunity to influence any further governance mechanism changes</li> <li>5. Regularly planning/liasion meetings between Chief Officer and Chair/Vice Chair</li> <li>6. Internal and External Audit reviews of governance arrangements</li> </ol>	2	4	8	Adequate	B Moore, Chief Officer
6	Sep-16	<p><b>Understanding Needs of the Community</b> Risk due to lack of quality data about the needs of service users in order to inform decision making &amp; allocation of resources to deliver the Strategic Plan</p> <p>Possible consequences: Poor quality decision making, don't address health inequalities or understand root causes of why they persist, lack of understanding about future needs &amp; service demands, unable to allocate resources appropriately to deliver the strategic plan, high levels of disease, drug &amp; alcohol misuse consume ever more resources.</p>	5	5	25	Unacceptable	<ol style="list-style-type: none"> <li>1. Community Engagement</li> <li>2. Health Education Programmes</li> <li>3. Locality planning to enhance local targeting of services</li> <li>4. Strategic Planning Group</li> <li>5. Equalities Outcomes as part of the Strategic Plan</li> <li>6. Strategic Needs Assessment Work which is advanced at a community and care group level</li> <li>7. The above informs work across care groups and partnership working</li> </ol>	3	4	12	Issue	B Moore, Chief Officer

Risk No	Date Identified	Risk Description	Initial Risk Level				Control Measures	Current Risk Level				Risk Owner
			Likelihood	Impact	Risk Score	Risk Category		Likelihood	Impact	Risk Score	Risk Category	
7	Sep-16	<p><b>Relationship with Acute Partners</b> Risk due to partnership breakdown caused by different priorities &amp; pressures from external stakeholders, lack of trust or effective communication.</p> <p>Potential Consequences: relationship breakdown, dysfunctional working relationships, cannot affect or influence change or priorities, resources skewed towards acute care away from preventative, unable to deliver strategic plan.</p>	4	4	16	Unacceptable	<p>1. HSCP/Acute joint working groups</p> <p>2. CO on HB CMT along with Acute Colleagues</p> <p>3. Developing commissioning plans in partnership with Acute colleagues</p> <p>4. Workstreams have been developed within the commissioning framework</p>	3	4	12	Issue	B Moore, Chief Officer
8	Sep-16	<p><b>Strategic Capacity</b> Risk due to constrained resources within partner organisations, loss of key people, or lack of commitment to IJB priorities</p> <p>Potential Consequences: partners do not engage or consult with IJB, short term pressures mean long term strategic thinking &amp; planning is neglected, poorer health outcomes for the community, do not address long term entrenched health problems, or deliver the strategic plan</p>	4	4	16	Unacceptable	<p>1. Strategic Planning Process</p> <p>2. Performance Monitoring</p> <p>3. Workforce development plan</p> <p>4. Close working of CO and SMT with Senior Officers of HB and Council</p> <p>5. Staff Partnership Forum</p> <p>6. IJB Oversight of performance</p> <p>7. Planning framework</p>	4	4	16	Unacceptable	B Moore, Chief Officer
9	Sep-16	<p><b>Legislative/Policy Developments</b> A risk of further legislative or policy development or change which impacts the IJBs ability to deliver its strategic plan</p> <p>Potential Consequences: IJB unable to deliver Strategic Plan, additional unfunded cost pressures, reputational damage</p>	4	4	16	Unacceptable	<p>1. Ongoing work of the Strategic Planning Group</p> <p>2. Close working of the CO and SMT with Senior Officers of HB and Council</p> <p>3. Horizon scanning through SMT network groups</p> <p>4. Regular liaison of senior officers with Scottish Government</p>	4	4	16	Unacceptable	B Moore, Chief Officer
10	Sep-16	<p><b>Partner Organisations (merge with no. 8?)</b> Risk due to potential lack of ability to innovate in how services are delivered to meet the needs of service users</p> <p>Potential Consequences: burden falls on NHS or Council to support service users &amp; deliver services directly.</p>	3	4	12	Issue	<p>1. Strategic Planning Process</p> <p>2. Performance Monitoring</p> <p>3. Workforce development plan</p> <p>4. Close working of CO and SMT with Senior Officers of HB and Council</p> <p>5. Staff Partnership Forum</p> <p>6. IJB Oversight of performance</p>	2	4	8	Adequate	B Moore, Chief Officer



**Inverclyde Integration Joint Board Risk Scoring Guide**

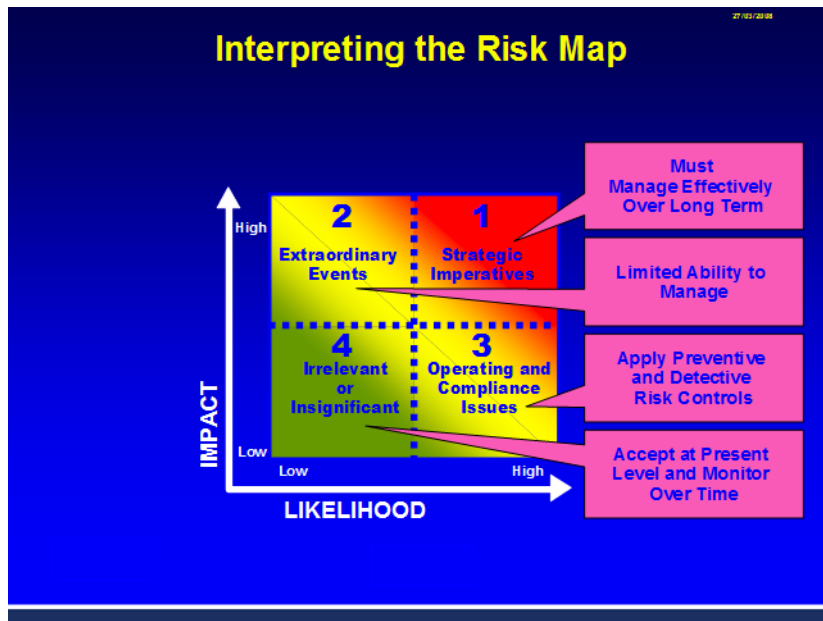


Risk Impact	1	2	3	4	5
	<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Catastrophic</b>
<b>Financial</b>	<£100k	£100k-£250k	£250k-£500k	£500k-£1,000k	£1,000k>
<b>Reputation</b>	Individual negative perception	Local negative perception	Intra industry or regional negative perception	National negative perception	Sustained national negative perception
<b>Legal and Regulatory</b>	Minor regulatory or contractual breach resulting in no compensation or loss	Breach of legislation or code resulting in a compensation award	Regulatory censure or action, significant contractual breach	Breach of regulation or legislation with severe costs/fine	Public fines and censure, regulatory veto on projects/ withdrawal of funding. Major adverse corporate litigation
<b>Operational/ Continuity</b>	An individual service or process failure	Minor problems in specific areas of service delivery	Impact on specific customer group or process	Widespread problems in business operations	Major service of process failure impacting majority or major customer groups
<b>Likelihood</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Rare</b>	<b>Unlikely</b>	<b>Possible</b>	<b>Probable</b>	<b>Almost Certain</b>
<b>Definition</b>	Not likely to happen in the next 3 years	Unlikely to happen in the next 3 years	Possible to occur in the next 3 years	Likely to occur in the next year	Very likely to occur in the next 6 months

DRAFT IJB RISK REGISTER/RISK MAP FORMAT							APPENDIX C	
Organisation					Inverclyde Integration Joint Board			
Date:					01/11/2016			
Risk No	Description of RISK Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Current Controls	Who is Responsible? (name or title)	Additional Controls/Mitigating Actions & Time Frames with End Dates
1	<p><b>Workforce Sustainability</b></p> <p>Risk due to changing workforce demographics &amp; the type of skills required to deliver services in the future the workforce may not have the skill, experience or capacity to deliver the type &amp; quality of services the community needs. This could be compounded by lack of resources available to invest in training our people.</p> <p>Potential Consequences: Don't attract or retain the right people, don't have an engaged &amp; resilient workforce, service user needs not met, strategic plan not delivered, &amp; reputational damage.</p>	4	3		12	<ol style="list-style-type: none"> <li>1. Strategic Plan</li> <li>2. Workforce Planning</li> <li>3. People Plan</li> <li>4. Individual development plans</li> <li>5. Training budgets</li> </ol>		
2	<p><b>Performance Management Information</b></p> <p>Risk due to lack of quality, timeous performance information systems to inform strategic &amp; operational planning &amp; decision making.</p> <p>Potential Consequences: Misallocate resources to non-priority areas, lack of focus, decisions based on anecdotal thinking or biased perspectives, &amp; community needs not met.</p>	3	2		6	<ol style="list-style-type: none"> <li>1. Performance management infrastructure and reporting cycle</li> <li>2. Regular financial monitoring reports showing performance against budget and projected outturns</li> <li>3. Locality planning arrangements</li> <li>4. Robust budget planning processes</li> <li>5. Quarterly Performance Reviews</li> <li>6. Data repository regularly updated</li> <li>7. Quality strategy and self evaluation processes</li> </ol>		
3	<p><b>Complaints Process</b></p> <p>Risk of ineffective complaints process due to process complexity &amp; the need to put complaints in writing.</p> <p>Potential Consequences: Missed opportunities to learn from perceived &amp; real errors or mistakes, missed opportunity to address perceived or real problems at earliest opportunity &amp; possibly leading to more serious complaints &amp; litigation later, services do not respond as they should to service user needs, &amp; reputational damage.</p>	3	2		6	<ol style="list-style-type: none"> <li>1. Complaints process</li> <li>2. Complaints reporting - including the Annual Complaints report which goes to the Health &amp; Social Care Cttee and IJB</li> <li>3. Performance management</li> <li>4. Service user engagement &amp; feedback processes</li> <li>5. Complaints handling training</li> </ol>		
4	<p><b>Financial Sustainability / Constraints / Resource Allocation</b></p> <p>Risk due to increased demand for services, potentially not aligning budget to priorities, or anticipated future budget cuts to our funding partners which means that the level of funding provided by the funding partners to the IJB becomes insufficient to meet national &amp; local outcomes &amp; to deliver Strategic Plan Objectives</p> <p>Potential Consequences: IJB unable to deliver Strategic Plan objectives, reputational damage, dispute with Partners, needs not met, risk of overspend on Integrated Budget</p>	4	3		12	<ol style="list-style-type: none"> <li>1. Strategic Plan</li> <li>2. Due Diligence work</li> <li>3. Close working with Council &amp; Health when preparing budget plans</li> <li>4. Regular budget monitoring reporting to the IJB</li> <li>5. Regular budget reports and meetings with budget holders</li> <li>6. Regular Heads of Service Finance meetings</li> <li>7. Close working with other HSCPs to deliver a whole system approach to financial planning and delivery</li> </ol>		

Risk No	*Description of RISK Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A * B)	Current Controls	Who is Responsible? (name or title)	Additional Controls/Mitigating Actions & Time Frames with End Dates
5	<p><b>Effective Governance</b></p> <p>Risk through partner organisational restructures causing additional governance complexity, not having the right skills mix on the IJB, lack of clarity of role &amp; ability to make decisions, lack of effective horizon scanning, inability to review the performance of Board, poor communications, or perceived lack of accountability by the public.</p> <p>Potential Consequences: Poor decision making, lack of critical skills lead to 'blind spots' or unanticipated risks, partners disengage from the IJB, dysfunctional behaviours, fail to deliver the strategic plan.</p>	4	2		8	<ol style="list-style-type: none"> <li>1. IJB themed development sessions carried out throughout the year to update members on key issues</li> <li>2. Code of Conduct for members</li> <li>3. Standards Officer appointed</li> <li>4. Chief Officer is a member of both Partner CMT's &amp; has the opportunity to influence any further governance mechanism changes</li> <li>5. Regularly planning/liaison meetings between Chief Officer and Chair/Vice Chair</li> <li>6. Internal and External Audit reviews of governance arrangements</li> </ol>		
6	<p><b>Understanding Needs of the Community</b></p> <p>Risk due to lack of quality data about the needs of service users in order to inform decision making &amp; allocation of resources to deliver the Strategic Plan</p> <p>Possible consequences: Poor quality decision making, don't address health inequalities or understand root causes of why they persist, lack of understanding about future needs &amp; service demands, unable to allocate resources appropriately to deliver the strategic plan, high levels of disease, drug &amp; alcohol misuse consume ever more resources.</p>	4	2		8	<ol style="list-style-type: none"> <li>1. Community Engagement</li> <li>2. Health Education Programmes</li> <li>3. Locality planning to enhance local targeting of services</li> <li>4. Strategic Planning Group</li> <li>5. Equalities Outcomes as part of the Strategic Plan</li> <li>6. Strategic Needs Assessment Work which is advanced at a community and care group level</li> <li>7. The above informs work across care groups and partnership working</li> </ol>		
7	<p><b>Relationship with Acute Partners</b></p> <p>Risk due to partnership breakdown caused by different priorities &amp; pressures from external stakeholders, lack of trust or effective communication.</p> <p>Potential Consequences: relationship breakdown, dysfunctional working relationships, cannot affect or influence change or priorities, resources skewed towards acute care away from preventative, unable to deliver strategic plan.</p>	4	3		12	<ol style="list-style-type: none"> <li>1. HSCP/Acute joint working groups</li> <li>2. CO on HB CMT along with Acute Colleagues</li> <li>3. Developing commissioning plans in partnership with Acute colleagues</li> <li>4. Workstreams have been developed within the commissioning framework</li> </ol>		
8	<p><b>Strategic Capacity</b></p> <p>Risk due to constrained resources within partner organisations, loss of key people, or lack of commitment to IJB priorities</p> <p>Potential Consequences: partners do not engage or consult with IJB, short term pressures mean long term strategic thinking &amp; planning is neglected, poorer health outcomes for the community, do not address long term entrenched health problems, or deliver the strategic plan</p>	4	2		8	<ol style="list-style-type: none"> <li>1. Strategic Planning Process</li> <li>2. Performance Monitoring</li> <li>3. Workforce development plan</li> <li>4. Close working of CO and SMT with Senior Officers of HB and Council</li> <li>5. Staff Partnership Forum</li> <li>6. IJB Oversight of performance</li> <li>7. Planning framework</li> </ol>		
9	<p><b>Legislative/Policy Developments</b></p> <p>A risk of further legislative or policy development or change which impacts the IJBs ability to deliver its strategic plan</p> <p>Potential Consequences: IJB unable to deliver Strategic Plan, additional unfunded cost pressures, reputational damage</p>	4	2		8	<ol style="list-style-type: none"> <li>1. Ongoing work of the Strategic Planning Group</li> <li>2. Close working of the CO and SMT with Senior Officers of HB and Council</li> <li>3. Horizon scanning through SMT network groups</li> <li>4. Regular liaison of senior officers with Scottish Government</li> </ol>		

<b>Requires active management.</b>	High impact/high likelihood: risk requires active management to manage down and maintain exposure at an acceptable level.	Very High
<b>Contingency plans.</b>	A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from plan.	High
<b>Good Housekeeping.</b>	May require some risk mitigation to reduce likelihood if this can be done cost effectively, but good housekeeping to ensure the impact remains low should be adequate. Reassess frequently to ensure conditions remain the same.	Medium (5-9)
<b>Review periodically.</b>	Risks are unlikely to require mitigating actions but status should be reviewed frequently to ensure conditions have not changed.	Low



**Report To:** Inverclyde Integration Joint Board Audit Committee      **Date:** 24.01.17

**Report By:** Brian Moore  
 Corporate Director (Chief Officer)  
 Inverclyde HSCP      **Report No:** IJBA/01/2017

**Contact Officer:** Andi Priestman      **Contact No:** 01475 712251

**Subject:** INTERNAL AUDIT - ANNUAL PLAN 2016-2017

**1.0 PURPOSE**

1.1 The purpose of this report is to present the Internal Audit Annual Plan for 2016-2017 for approval.

**2.0 SUMMARY**

- 2.1 In June 2016, the Inverclyde IJB approved the appointment of Inverclyde Council's Chief Internal Auditor as the IJB's Chief Internal Auditor.
- 2.2 Following on from that appointment, the Internal Audit Annual Plan for 2016-2017 requires to be approved.
- 2.3 As it is the first year of the appointment, the scope will be limited to providing assurance on the governance arrangements, undertaking relevant risk-based audit planning which will determine the work of Internal Audit in future years and providing an Annual Internal Audit Report which will inform the work required to review and update the Annual Governance Statement for 2016-2017.

The proposed Internal Audit Annual Plan for 2016-2017 is set out below:

<b>Audit Area</b>	<b>Indicative Scope</b>
Governance Arrangements	A report was presented to the Inverclyde IJB meeting on 26 January 2016 which outlined the progress made in implementing the key legislative and other requirements which are necessary to ensure sound governance arrangements are in place for integrated health and social care. Internal Audit will review the current status of the governance arrangements to ensure that these are adequate and effective.
Audit Planning and Management	Developing the audit universe, liaison with Chief Officer and CFO and attendance at Audit Committee.
Annual Internal Audit Report	Chief Internal Auditor's annual assurance statement to the Inverclyde IJB.

2.4 The total budget for the Internal Audit Annual Plan for 2016-2017 has been set at 25 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Inverclyde IJB Audit Committee approve the Internal Audit Annual Plan for 2016-2017.

**Brian Moore**  
**Corporate Director (Chief Officer)**  
**Inverclyde HSCP**

## 4.0 BACKGROUND

- 4.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising governance, risk management and control by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 4.2 As stated in the IRAG (Integrated Resources Advisory Group) Guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.
- 4.3 In June 2016, the Inverclyde IJB approved the appointment of Inverclyde Council's Chief Internal Auditor as the IJB's Chief Internal Auditor.
- 4.4 Following on from that appointment, the Internal Audit Annual Plan for 2016-2017 requires to be approved.

## 5.0 CURRENT POSITION

- 5.1 As it is the first year of the appointment, the scope will be limited to providing assurance on the governance arrangements, undertaking relevant risk-based audit planning which will determine the work of Internal Audit in future years and providing an Annual Internal Audit Report which will inform the work required to review and update the Annual Governance Statement for 2016-2017.

The proposed Internal Audit Annual Plan for 2016-2017 is set out below:

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- 5.2 The total budget for the Internal Audit Annual Plan for 2016-2017 has been set at 25 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.

## 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 Discussions have taken place with the Inverclyde IJB's Chief Officer and Chief Financial Officer in relation to the proposed annual audit plan coverage for 2016-2017.
- 7.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

## 8.0 LIST OF BACKGROUND PAPERS

- 8.1 None.