

## Notice of Meeting and Agenda Renfrewshire Health and Social Care Integration Joint Board Audit Committee

Date	Time	Venue
Friday, 15 September 2017	09:00	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

KENNETH GRAHAM  
Clerk

### Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at [www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx](http://www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx)

For further information, please either email [democratic-services@renfrewshire.gov.uk](mailto:democratic-services@renfrewshire.gov.uk) or telephone 0141 618 7112.

### Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

## Items of business

### Apologies

Apologies from members.

### Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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|----------|--|----------------|
| <b>1</b> | <b>Minute</b>  | <b>3 - 6</b>   |
|          | Minute of meeting of the Audit Committee held on 3 February 2017.    |                |
| <b>2</b> | <b>Membership of Audit Committee</b>                                 | <b>7 - 8</b>   |
|          | Report by Clerk  |                |
| <b>3</b> | <b>Renfrewshire IJB Audited Annual Accounts 2016/17</b>              | <b>9 - 46</b>  |
|          | Report by Chief Finance Officer.                                     |                |
| <b>4</b> | <b>Internal Audit Annual Audit Report 2016/17</b>                    | <b>47 - 66</b> |
|          | Report by Chief Auditor.   |                |
| <b>5</b> | <b>Proposed Dates of Meetings of the Audit Committee<br/>2017/18</b> | <b>67 - 68</b> |
|          | Report by Clerk.   |                |



## Minute of Meeting Renfrewshire Health and Social Care Integration Joint Board Audit Committee

Date	Time	Venue
Friday, 03 February 2017	11:30	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

### PRESENT

Dr Donny Lyons and John Legg (both Greater Glasgow & Clyde Health Board); Councillor Michael Holmes (Renfrewshire Council); and David Wylie (Health Board staff member involved in service provision).

### CHAIR

Dr Donny Lyons, Chair, presided.

### IN ATTENDANCE

Ken Graham, Head of Corporate Governance (Clerk), Andrea McMahon, Chief Internal Auditor, Karen Locke, Risk Manager and Elaine Currie, Senior Committee Services Officer (all Renfrewshire Council); David Leese, Chief Officer, Sarah Lavers, Chief Finance Officer and Jean Still, Head of Administration (all Renfrewshire Health and Social Care Partnership); and David McConnell, Assistant Director and Tom Reid, Senior Auditor (both Audit Scotland).

### APOLOGIES

Councillors Derek Bibby and Bill Brown (substitute for Councillor Bibby) (both Renfrewshire Council) and Alan McNiven (third sector representative).

### DECLARATIONS OF INTEREST

There were no declarations of interest intimated prior to the commencement of the meeting.

## **ADDITIONAL ITEM**

The Chair intimated that there was an additional item in relation to Audit Scotland's annual audit plan 2016/17 which had not been included in the notice calling the meeting. The Chair, being of the opinion that the item which was dealt with at item 5 below, was urgent in view of the need to advise members of the position, authorised it's consideration.

### **1 MINUTE**

The Minute of the meeting of the Integration Joint Board (IJB) Audit Committee held on 16 September 2016 was submitted.

**DECIDED:** That the Minute be approved.

### **2 FUTURE CHAIR AND MEMBERSHIP**

The Chair referred to paragraph 2.14 of the Integration Scheme and paragraph 3.1 of the IJB procedural standing orders. He informed the Committee that he would take up the position of Chair of the IJB after 17 September 2017.

At that time a new Chair of the Audit Committee and another health board voting member would require to be appointed to the Audit Committee.

**DECIDED:** That the matter be noted.

### **3 INTERNAL AUDIT PROGRESS AND PERFORMANCE TO 31 DECEMBER 2016**

The Chief Internal Auditor submitted a report relative to the internal audit plan for 2016/17 approved at the meeting of the IJB held on 18 March 2016.

The report intimated that the IJB directed both Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGG&C) to deliver services that enabled the IJB to deliver on its strategic plan. Both the Council and NHSGG&C had internal audit functions and conducted audits across each organisation, the findings of which were reported to the respective audit committees. Members of the IJB had an interest in the outcomes of the audits at both the Council and NHSGG&C that impacted upon the IJB's ability to deliver the strategic plan.

The report provided a summary of the internal audit activity of both organisations from 1 April 2016 to 30 December 2016.

In relation to paragraph 5.1.2 of the report it was proposed that further information be obtained from NHSGG&C in relation to the new medium risk finding identified during the review of clinical governance arrangements concerning IJBs meeting statutory requirements. This was agreed.

**DECIDED:**

(a) That the report be noted; and

(b) That further information be obtained from NHSGG&C in relation to the new medium risk finding identified during the review of clinical governance arrangements concerning IJBs meeting statutory requirements and forwarded to members of the Audit Committee.

#### **4 ANNUAL INTERNAL AUDIT PLAN 2017/18**

The Chief Internal Auditor submitted a report relative to the annual internal audit plan for 2017/18, a copy of which formed the appendix to the report.

The report intimated that in line with the requirements of the Public Sector Internal Audit Standards a risk-based internal audit plan for 2017/18 had been developed which set out a resource requirement of 35 days, including assurance work, time for follow-up of previous recommendations, ad-hoc advice and planning and reporting.

The allocation of internal audit resources was sufficient to allow emerging priorities and provided adequate coverage of governance, risk management and internal control to inform the annual assurance statement.

The audit plan might be subject to amendment during the course of the year due to the emergence of issues of greater priority or other unforeseen circumstances and any change would be reported to the IJB Audit Committee.

#### **DECIDED:**

(a) That the internal audit plan for 2017/18 be approved; and

(b) That it be noted that the internal audit plan for 2017/18 would be shared with Renfrewshire Council and NHSGG&C.

#### **5 AUDIT SCOTLAND ANNUAL AUDIT PLAN 2016/17**

The Chief Finance Officer submitted a report relative to the annual audit plan 2016/17 for the Joint Board which outlined Audit Scotland's planned activities in their audit for the 2016/17 financial year.

The report highlighted that the annual audit plan 2016/17 included a section on Audit Issues and Risks and that within this section Audit Scotland had identified a risk of 'management override of controls'. This risk had been included in the audit plans of all bodies which Audit Scotland worked with, in light of updated international standards on auditing. The inclusion of this risk was not a reflection of increased risk within the Joint Board and Audit Scotland had confirmed that they had not found any issues on this in previous years.

**DECIDED:** That Audit Scotland's annual audit plan 2016/17 be noted.

#### **6 DATE OF NEXT MEETING**

**DECIDED:** That it be noted that the next meeting of the IJB Audit Committee would be held at 9.30 am on 29 June 2017 in the Abercorn Conference Centre, Renfrew Road, Paisley.



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**To:** Renfrewshire Integration Joint Board Audit Committee

**On:** 15 September 2017

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**Report by:** Clerk

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**Heading:** Membership of Audit Committee

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## **1. Summary**

- 1.1 The Joint Board at its meeting held on 20 November 2015 approved the establishment of an Audit Committee together with its terms of reference and standing orders.
  - 1.2 The arrangements in relation to the establishment and membership of the Audit Committee were noted at the meeting of the Joint Board held on 18 March 2016. At this meeting it was agreed that the approach to appointing members of the Audit Committee be that the four health board voting members be invited to nominate two of their number to sit on the Audit Committee; the four Council voting members be invited to nominate two of their number to sit on the Audit Committee; and that the non-voting members be invited to indicate if they wished to be considered for nomination to sit on the Audit Committee. The health board voting members were also invited to propose which of the two nominated members was to be Chair of the Audit Committee.
  - 1.3 At the meeting of the Joint Board held on 23 June 2017 it was noted that the four Council voting members had nominated Councillors Lisa-Marie Hughes and Scott Kerr to sit on the Audit Committee and that the four health board voting members would consider their representation on the Audit Committee.
  - 1.4 The health board voting members have now advised that Dr Donny Lyons and Linda de Casteaker will sit on the Audit Committee until 18 September 2017 and thereafter the nominated health board voting members will be Morag Brown and Dorothy McErlean.
  - 1.5 The non-voting members of the Audit Committee are Alan McNiven and David Wylie.
  - 1.6 The Chair and Vice Chair of the Audit Committee, post 18 September 2017, as nominated by the Council and health board voting members respectively, will be advised at the meeting.
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## 2. Recommendations

- 2.1 That, it be noted that the Council will assume the chair of the Audit Committee when the current Chair, Dr Donny Lyons, vacates this role on 18 September 2017, and the Council member will be intimated at the meeting;
  - 2.2 That it be noted that Dr Donny Lyons and Linda de Casteaker will sit on the Audit Committee until 18 September 2017 and thereafter, the nominated health board voting members will be Morag Brown and Dorothy McErlean; and
  - 2.3 That it be noted that the health board will assume the role of Vice Chair of the Audit Committee as of 18 September and the health board voting member will be intimated at the meeting.
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## Implications of the Report

1. **Financial** - none.
  2. **HR & Organisational Development** - none.
  3. **Community Planning** - none.
  4. **Legal** - none.
  5. **Property/Assets** - none.
  6. **Information Technology** - none.
  7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the NHS GC&C website.
  8. **Health & Safety** - none.
  9. **Procurement** - none.
  10. **Risk** - none.
  11. **Privacy Impact** - none.
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**List of Background Papers** – none.

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0141 618 7111

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**To: Renfrewshire Integration Joint Board Audit Committee**

**On: 15 September 2017**

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**Report by: Chief Finance Officer**

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**Heading: IJB Audited Annual Accounts 2016/17**

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## **1. Summary**

- 1.1 Each year the IJB's external auditors (Audit Scotland) will carry out an audit of the IJB's financial statements and provide an opinion as to whether those statements provide a fair and true view of the financial position of the IJB and its income and expenditure for the year; and also whether they have been prepared in accordance with the Local Government (Scotland) Act 1973.
  - 1.2 In accordance with International Auditing Standards (ISA260), Audit Scotland are obliged to report to those charged with the governance of the organisation, matters which have arisen in the course of the audit.
  - 1.3 The attached report from Audit Scotland outlines their findings from the audit of the 2016/17 IJB's financial statements.
  - 1.4 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the IJB must meet to consider the Annual Accounts and aim to approve those accounts for signature no later than 30 September. In order to comply with these requirements, the audited financial statements will be presented to the IJB for approval at its meeting of 15 September 2017.
  - 1.5 David McConnell (Assistant Director) and Adam Haar (Senior Auditor), both from Audit Scotland, will attend the IJB's Audit Committee to speak to their report. The 2016/17 Annual Accounts were submitted to the IJB for approval on 23 June 2017 and then submitted for audit to Audit Scotland.
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## **2. Recommendation**

- 2.1 Members are asked to note the Audit Scotland report attached.
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## **Implications of the Report**

- 1. **Financial** – The financial statements demonstrate that the IJB has managed its financial affairs within the resources available.
- 1. **HR & Organisational Development** – none
- 2. **Community Planning** – none

3. **Legal** – An audit opinion free from qualification demonstrates the IJB’s compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
4. **Property/Assets** – none
5. **Information Technology** – none
6. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the IJB’s website.
7. **Health & Safety** – none
8. **Procurement** – none
9. **Risk** – none
10. **Privacy Impact** – none

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**List of Background Papers – None**

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**Author:** Sarah Lavers, Chief Finance Officer

Sarah Lavers  
Renfrewshire HSCP  
Renfrewshire House,  
Cotton Street,  
Paisley,  
PA1 1AL

15 September 2017

## Renfrewshire Integration Joint Board 2016/17 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2016/17 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 15 September 2017 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the Joint Board we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.



## APPENDIX A: Proposed Independent Auditor's Report

### Independent auditor's report to the members of Renfrewshire Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Renfrewshire Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its deficit on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and

disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Report on other requirements**

#### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

#### **Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

David McConnell

Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

15 September 2017



## APPENDIX B: Letter of Representation (ISA 580)

David McConnell  
Assistant Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear David

### **Renfrewshire Integration Joint Board Annual Accounts 2016/17**

1. This representation letter is provided in connection with your audit of the financial statements of Renfrewshire Integration Joint Board for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Renfrewshire Integration Joint Board, as at 31 March 2017 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Joint Board, the following representations given to you in connection with your audit of Renfrewshire Integration Joint Board for the year ended 31 March 2017.

### **General**

3. I acknowledge my responsibility and that of Renfrewshire Integration Joint Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Renfrewshire Integration Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Annual Report to the financial statements, including the Management Commentary and Remuneration Report, presents a balanced picture of Renfrewshire Integration Joint Board and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and in accordance with the requirements of Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003 and directions made thereunder by the Scottish Ministers including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Renfrewshire Integration Joint Board for the year ended 31 March 2017.

### **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the Summary of Significant Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The Board has assessed Renfrewshire Integration Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

### **Events Subsequent to the Date of the Statement of Financial Position**

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

### **Corporate Governance**

14. I acknowledge as Accountable Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2017, which require disclosure.

## **Fraud**

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **Assets**

17. The assets shown in the Balance Sheet at 31 March 2017 were owned by Renfrewshire Integration Joint Board. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

## **Liabilities**

18. All liabilities have been provided for in the financial records, including the liabilities for all purchases to which title has passed prior to 31 March 2017.

## **Carrying Value of Assets and Liabilities**

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Yours sincerely

Sarah Lavers  
Chief Finance Officer  
Renfrewshire IJB



# Renfrewshire Integration Joint Board

2016/17 Annual Audit Report DRAFT



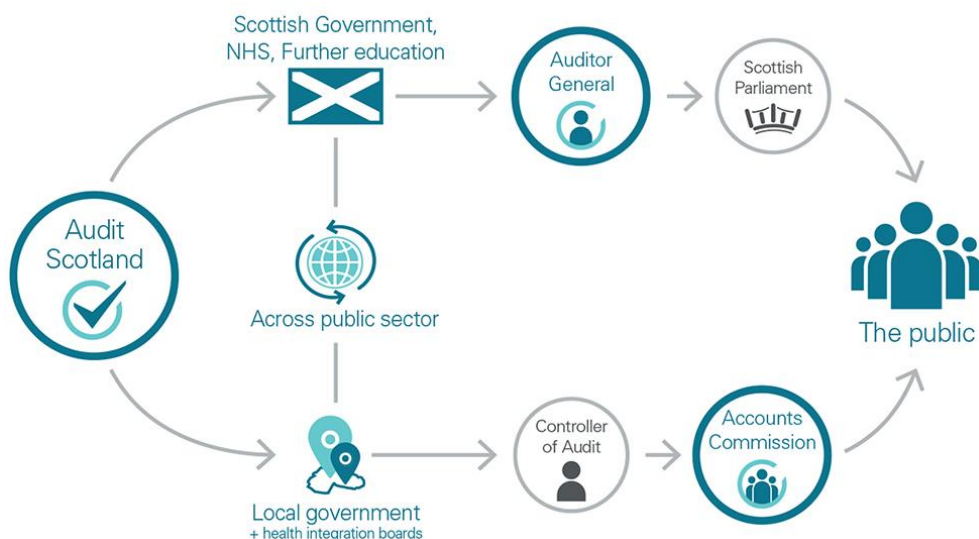
Prepared for the Members of Renfrewshire Integration Joint Board and the Controller of Audit

15 September 2017

## 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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# Key messages

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## 2016/17 annual accounts

- 1 Our audit opinions were all unqualified. These covered the financial statements, the remuneration report, the management commentary and the annual governance statement.

## Financial management

- 2 The IJB reported a surplus of £5.494 million. The surplus has allowed the creation of reserves which will assist the IJB in achieving financial balance in future periods.
- 3 The 2017/18 health budget is still to be approved and the 2016/17 savings plan was approved following a significant delay. The IJB should review these issues in relation to the budget setting process to avoid future delays.
- 4 The IJB should review its financial monitoring to ensure the integration of financial reporting for each partner is fully reflected in the financial projections to the IJB.

## Financial sustainability

- 5 The IJB is in a position of surplus at the close of 2016/17 but it is important that it prioritises long term financial planning to demonstrate financial sustainability and support future developments.

## Governance and transparency

- 6 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.
- 7 The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.

## Value for money

- 8 The audit findings included throughout this report, comment on arrangements that have been put in place by the IJB to secure Best Value in areas such as the financial position, financial management and governance arrangements. We will keep this area under review over the five-year audit appointment and will report as appropriate.
- 9 The IJB are meeting, or close to meeting, the majority of their performance targets.

# Introduction

**1.** This report is a summary of our findings arising from the 2016/17 audit of Renfrewshire Integration Joint Board, hereby referred to as the 'RIJB'. The report is divided into sections which reflect our public sector audit model.

**2.** The scope of our audit was set out in our Annual Audit Plan presented to the February 2017 meeting of the Audit Committee. It comprises an audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public sector audit requirements as illustrated in [Exhibit 1](#).

## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

**3.** The main elements of our audit work in 2016/17 have been:

- an interim audit of Renfrewshire Council's main financial systems and governance arrangements which are used by the IJB
- an audit of the IJB's 2016/17 annual accounts the issue of an independent auditor's report setting out our opinions.

**4.** RIJB is responsible for preparing the annual accounts that show a true and fair view and, for establishing effective arrangements for governance, which enable them to successfully deliver their objectives.

**5.** Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), and supplementary guidance, and are guided by the auditing profession's ethical guidance.

**6.** These responsibilities include giving independent opinions on the financial statements, the remuneration report, the management commentary and the annual governance statement. We also review and report on the arrangements within the IJB to manage its performance, and use of resources. In doing this, we aim to support improvement and accountability.

**7.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.

**8.** The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist. Also, our annual audit report contains an action plan at [Appendix 1 \(page 21\)](#). It sets out specific recommendations, responsible officers and dates for implementation.

**9.** Communication in this report of matters arising from the audit of the annual accounts or of risks or of weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

**10.** As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

**11.** This report is addressed to both the Board and the Accounts Commission and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**12.** We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.

# Part 1

## Audit of 2016/17 annual accounts



### Main judgements

**Our audit opinions were all unqualified. These covered the financial statements, the remuneration report, the management commentary and the annual governance statement.**

### Unqualified audit opinions

**13.** The annual accounts for the year ended 31 March 2017 were approved by the Board on 15 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the remuneration, management commentary and the annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

### Submission of annual accounts for audit

**15.** We received the unaudited financial statements on 23 June 2017, in line with our agreed audit timetable.

**16.** RIJB submitted the information required for consolidation purposes to NHS Greater Glasgow and Clyde within the agreed timetable.

**17.** The working papers provided with the unaudited financial statements were of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider dimension risks, how we addressed these and conclusions.

### Materiality

**19.** Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

The annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

**20.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit based on budget forecasts. Specifically with regard to the annual accounts, we assess the materiality of uncorrected misstatements, both individually and collectively.

**21.** On receipt of the annual accounts we updated our materiality calculations for the 2016/17 results, these are summarised in [Exhibit 2](#).

## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£2.589 million
<b>Performance materiality</b> - 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 60% of overall materiality.	£1.553 million
<b>Reporting threshold</b> - 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 1% of overall materiality, and is capped at £100k.	£0.100 million

## Evaluation of misstatements

**22.** There were no misstatements which had an impact on the unaudited annual report and accounts.

## Significant findings

**23.** International Standard on Auditing (UK and Ireland) 260 requires us to communicate to you significant findings from the audit. These are summarised in [Exhibit 3 \(page 9\)](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1 \(page 21\)](#) has been included.

## Exhibit 3

### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Reserves Relating to Other Bodies</b></p> <p>RIJB achieved a surplus of £5.949 million in 2016/17, which has resulted in the creation of reserves. £2.094 million of the earmarked reserves balance relates to funds that are held on behalf of NHS Greater Glasgow and Clyde, which were transferred back to the health board in July 2017.</p> <p>Although this arrangement is not irregular, RIJB's reserves and surplus for the year are temporarily inflated by this arrangement with NHS Greater Glasgow and Clyde.</p>	<p>RIJB should consider whether this temporary funding movement between itself and the Health Board is appropriate in future years.</p> <p><a href="#">Action Plan (Appendix 1, point 1)</a></p>
<p><b>2. 2016/17 Health Savings Requirement</b></p> <p>The 2016/17 health budget savings plan was not agreed until 23 June 2017, after the end of the 2016/17 financial year. A revised savings target of £1.105 million for 2016/17 was agreed, which has been added to the requirement for 2017/18.</p> <p>Management have identified a number of cost containment programmes to create a reserve of £1.125 million. This will be used to assist in the delay in implementing the savings requirement carried forward into 2017/18.</p>	<p>The health budget savings plan for 2017/18 was also agreed on 23 June 2017. While this is a significant improvement on 2016/17, RIJB should put in place a process to ensure that the 2018/19 savings plan is agreed before the start of the financial year.</p> <p><a href="#">Action Plan (Appendix 1, point 2)</a></p>
<p><b>3. 2017/18 Health Budget</b></p> <p>The RIJB integration scheme sets out that budgets must be agreed between RIJB and partner bodies. The 2017/18 health services budget has not yet been agreed with NHS Greater Glasgow and Clyde due to the lack of agreement over the level of funding to be provided (a similar situation exists with all NHS Greater Glasgow and Clyde IJBs).</p> <p>Spending on health services commenced on 1 April 2017. Although RIJB have estimated their expected allocation, over/underspends may not be apparent until the budget is agreed, at which point there may not sufficient time to mitigate for these.</p>	<p>RIJB and NHS Greater Glasgow and Clyde should seek to reach agreement on the 2017/18 health budget as soon as possible. The process should also be considered to ensure that the 2018/19 budget before that financial year begins.</p> <p><a href="#">Action Plan (Appendix 1, point 2)</a></p>
<p><b>4. Hospital Acute Services (Set Aside)</b></p> <p>A notional figure for the sum 'set aside' for hospital acute services under the control of RIJB has been agreed with NHS Greater Glasgow and Clyde and included in the 2016/17 annual report and accounts of both bodies. This is based on the 2014/15 activities and the levels have been up-rated to reflect the 2016/17 position. The set aside sum recorded in the 2016/17 annual report and accounts does not reflect actual hospital use.</p>	<p>This is a transitional agreement for 2016/17 that was agreed by the Scottish Government. NHS Greater Glasgow and Clyde and RIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2017/18.</p> <p><a href="#">Action Plan (Appendix 1, point 3)</a>,</p>

## Other Findings

**24.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited financial statements.

# Part 2

## Financial management



### Main judgements

RIJB achieved a surplus of £5.494 million in 2016/17. The surplus has allowed the creation of reserves which will assist the IJB in achieving financial balance in future periods.

The 2017/18 health budget is still to be approved and the 2016/17 savings plan was approved following a significant delay. The IJB should review these issues in relation to the budget setting process to avoid future delays.

RIJB should review its financial monitoring to ensure the integration of financial reporting for each partner is fully reflected in the financial projections to the IJB.

### Financial management

**25.** Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. It is the Board's responsibility to ensure that its financial affairs are conducted in a proper manner.

**26.** As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the Chief Finance Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

**27.** As highlighted in part 1 of this report, a number of issues relating to the budget setting process were noted in our significant findings section ([Exhibit 3 \(page 9\)](#)):

- the health budget savings plan for 2016/17 was not agreed until 23 June 2017; see [Action Plan \(Appendix 1, point 2\)](#).

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

- the 2017/18 health budget has not yet been agreed; see [Action Plan \(Appendix 1, point 2\)](#).

**28.** We noted that financial reports presented to the board during 2016/17 recognised the expected creation of reserves when making projections of the year end result. However, the value of the year end surplus (£5.949 million) was not clear until the year end financial report was presented on 23 June 2017, the previous interim report projecting a breakeven position and the creation of an unspecified amount of reserves. While we recognise that budget projections are subject to variance, and are more challenging for RIJB in the first year of operation, this should not prevent management presenting a best estimate of the year end position to the board throughout the year.

**29.** The finance teams of NHS Great Glasgow and Clyde and Renfrewshire Council operate independently, use different financial systems, and report separately to the IJB Chief Finance Officer. The current reporting arrangements pose challenges for aligning financial monitoring data for the IJB and also for promoting an integrated approach to managing resources across the organisation. There is a risk that the efficiency and effectiveness of integrated budget monitoring information is impaired. Although the IJB has recognised this risk, there is still progress to be made to ensure the alignment of financial reporting. [Action Plan \(Appendix 1, point 4\)](#).

**30.** Overall we have concluded that there is scope to improve the current budget monitoring and reporting processes, particularly in relation to the alignment of financial reporting by Partners of the IJB.

## Financial performance in 2016/17

**31.** The IJB does not hold any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB.

**32.** The integration scheme sets out the arrangements between RIJB and the partner bodies regarding over/underspends. The scheme states that where planned underspends occur, these can be retained by RIJB in line with its reserves policy.

**33.** RIJB achieved a total underspend of £5.494 million against total budgeted net expenditure of £243,426 million on both health and social care services in 2016/17, as summarised in [Exhibit 4 \(below\)](#). The full value of the underspend has been retained within RIJB's reserves, though it should be noted that £2.094 million of the underspend was transferred temporarily from NHS Greater Glasgow and Clyde, and has been returned in 2017/18.

## Exhibit 4 Budget Summary

IJB budget objective summary	Budget £m	Actual £m	Variance £m
Health Services (NHS Greater Glasgow and Clyde)	164,339	160,364	3,975
Social Care Services (Renfrewshire Council)	79,087	77,568	1,519

IJB budget objective summary	Budget £m	Actual £m	Variance £m
Total Net Expenditure	243,426	237,932	5,494
Surplus (from NHSGGC to be retained by RIJB)	0	3,975	3,975
Surplus (from Renfrewshire Council to be retained by RIJB)	0	1,519	1,519
Earmarked Reserves (all relate to NHSGGC budget)	0	2,850	2,850

Source: 2016/17 Renfrewshire IJB Annual Accounts

## Internal controls

**34.** As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that RIJB has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**35.** Almost all of RIJB's transactions are recorded by either NHS Greater Glasgow and Clyde (for health services) or Renfrewshire Council (for social care services) and are reported to RIJB on a monthly basis. RIJB therefore rely on the internal control environment at their partner bodies to ensure that the reported financial information is accurate. Any transactions recorded directly by RIJB are processed on systems hosted by Renfrewshire Council.

**36.** Due to the reliance placed on partner bodies' internal controls by RIJB we sought assurances from the external auditor of NHS Greater Glasgow and Clyde and Renfrewshire Council (in accordance with ISA 402). No significant control weaknesses were identified which could affect the Council or Health Board's, and by extension RIJB's, ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Standards of conduct and arrangements for the prevention and detection of bribery and corruption

**37.** RIJB does not have its own anti-fraud strategy however it places reliance on the strategies of both NHS Greater Glasgow and Clyde and Renfrewshire Council. It was found that these policies were effective through the work undertaken by the partner bodies.

**38.** RIJB requires that all members must comply with the Code of Conduct. In addition to this a register of interest is kept for all members of RIJB.

**39.** Based on our review of the evidence we concluded that RIJB has effective arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues that need to be recorded within this report.

# Part 3

## Financial sustainability



### Main judgements

**The IJB is in a position of surplus at the close of 2016/17 but it is important that it prioritises long term financial planning to demonstrate financial sustainability and support future developments.**

### Financial planning

**40.** RIJB allocates the resources it receives from the health board and council in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2016/17 budget and no issues were identified.

**41.** As previously reported in paragraph 31 the IJB achieved a surplus in 2016/17. This is better than the original budget set on 24 June 2016. However the final budget allocation was not confirmed until 23 June 2017 due to a delay in agreeing the 2016/17 savings plan. See [Action Plan \(Appendix 1, point 2\)](#).

**42.** The 2017/18 social care budget was approved at the RIJB meeting on 10 March 2017, and represents a base budget increase of 7.2%. The 2017/18 health budget has not yet been agreed with NHS Greater Glasgow and Clyde. See [Action Plan \(Appendix 1, point 2\)](#).

**43.** There are currently no financial plans projecting beyond 2017/18, although a financial plan for 2018/19 - 2020/21 is currently being prepared and is expected to be presented to the board in September 2017. See [Action Plan \(Appendix 1, point 4\)](#).

### Reserves strategy

**44.** The RIJB reserves policy was approved at the board meeting on 24 June 2016. This allows RIJB to hold reserves and for 2016/17, the underspend of £5.494 million has been allocated to reserves; £2.850 million of earmarked reserves and the balance of £2.644 million held in the general fund as a contingency.

### Efficiency savings

**45.** RIJB expect to have to make savings of £2.464 million in 2017/18, which includes £1.378 million of savings from 2016/17. Savings plans were presented to the RIJB meeting on 23 June 2017 and reported that the RIJB will achieve the required reduction in expenditure.

**46.** There are no reports which look beyond 2017/18 and therefore there are no medium to long term financial plans in place. We recognise that RIJB is fully funded from both the host bodies and that funding from the Scottish Government to these organisations is based on a one year basis. However, this should not prevent RIJB from preparing medium to long term financial plans based on sensitivity analysis and scenario planning for possible changes to their budget allocation. See [Action Plan \(Appendix 1, point 5\)](#).

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

# Part 4

## Governance and transparency



### Main judgements

**RIJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.**

**The Joint Board is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.**

### Governance arrangements

**47.** RIJB was formally established in June 2015, however did not take responsibility for integrated delivery of health and care services until 1 April 2016. The board has representation from a wide range of service users and partners including four elected councillors nominated by Renfrewshire Council and four non-executive directors nominated by NHS Greater Glasgow and Clyde.

**48.** The Board is supported by one sub committee, the Audit committee. The Board is also supported by a Chief Officer and Chief Finance Officer. The former provides strategic and operational advice to the board while the latter is responsible for financial management including budget monitoring reports.

**49.** As part of the wider review of governance arrangements across the public sector, we completed a follow up on the 'Role of Boards' national report, published in September 2010. This involved a review of documentation, discussions with key officers and attendance at Board and committee meetings. From this work we found that:

- an appropriate level of challenge is being applied to decision making
- high standards of conduct and behaviour were also observed
- RIJB ensures that individual training needs are identified for Board members with a number of training initiatives being completed throughout the year to ensure that all members had the appropriate training to succeed in their role.

**50.** The governance arrangements as outlined above support good governance and accountability.

### Internal audit

**51.** Internal audit provides the IJB board and Accountable Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

**52.** The internal audit function is carried out by Renfrewshire Council's internal audit team. We carried out a review of the adequacy of Renfrewshire Council's internal audit function and concluded that it operates in accordance with the Public

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.

Sector Internal Audit Standards (PSIAS). However, there were areas where we identified recommendations for improvement.

**53.** To avoid duplication effort we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However, we did review audit reports that were relevant to our work to help with our understanding of the systems and processes in place.

## **Risk management**

**54.** The risk management strategy was approved in the shadow year for RIJB on 18 September 2015. Risk management updates are taken to the board every 6 months.

**55.** Based on our review of the evidence we concluded that RIJB has appropriate risk management arrangements which are subject to regular review by the board.

## **Transparency**

**56.** Transparency means that the public, in particular, local residents have access to understandable, relevant and timely information about how RIJB is taking decisions and how it is using resources.

**57.** Full details of the meetings held by RIJB are available through the Renfrewshire Council website, where access is given to all committee papers and minutes of meetings. Additional information is also available on the Renfrewshire Health and Social Care Partnership website.

**58.** Every committee and board meeting is open to the public and a notice can be found on the council website.

**59.** Overall, we concluded that the IJB conducts its business in an open and transparent manner.

## **Other governance arrangements**

**60.** RIJB is committed to ensuring the involvement of partner groups including community planning groups, the third sector, the independent sector and local communities. The Strategic Plan and locality planning arrangements enable partners to engage in and support the delivery of the health and social care provision.

# Part 5

## Value for money



### Main judgements

**Performance management information is reported at each Joint Board meeting.**

**RIJB are meeting, or close to meeting, the majority of their performance targets.**

### Best Value

**61.** Local government bodies, including IJBs, have a statutory duty to make arrangements to secure Best Value (BV) through the continuous improvement in the performance of their functions. The characteristics of a Best Value organisation are laid out in Scottish Government Guidance issued in 2004.

**62.** Value for money is a key element of our audit approach. The audit findings included throughout this report, comment on arrangements that have been put in place by the Joint Board to secure BV in areas such as the financial position, financial management and governance arrangements. We will keep this area under review over the five-year audit appointment and will report as appropriate.

### Performance management

**63.** In order to achieve value for money RIJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**64.** The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and the Integration Scheme for the Board set out the legislative changes required to implement adult health and social care both operationally and financially. One of these is in respect of performance management arrangements.

**65.** The IJB board receives performance reports on a bi-monthly basis. These give details on selected areas where performance is below expectation, and include actions required for improvement along with a timeline. A full scorecard showing performance against all indicators is presented twice a year.

**66.** The Strategic Plan identifies three strategic priorities that are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. These are:

- improving health and wellbeing
- the right service, at the right time, in the right place
- working in partnership to treat the person as well as the condition.

Value for money is concerned with using resources effectively and continually improving services.

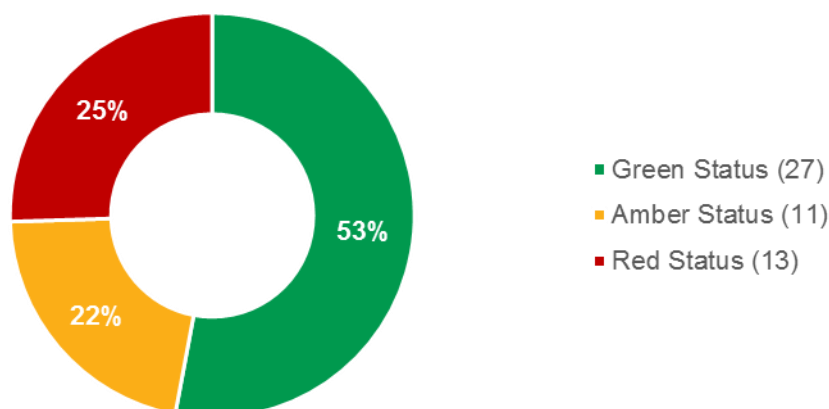
**67.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan. A performance report was submitted to the IJB Board meeting on 23 June 2017 and was in line with requirements of the act.

**68.** The annual performance report contains information on 88 key performance indicators (KPIs). Thirty-seven of these are for data only, with the remaining 51 assessed as red, amber or green on the basis of performance against a target. The performance against KPIs for 2016/17 is summarised in exhibit 5.

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## Exhibit 5

### Performance Indicators




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**69.** A number of targets with “green” status, indicating targets were achieved are highlighted below:

- the number of adults with an anticipatory care plan has continued to increase from 977 in 2015/16 to 1,847 in 2016/17, well in excess of the target of 440
- all patients started treatment within 18 weeks of referral to psychological services (target 90 per cent)
- the average number of clients on the occupational therapy waiting list was 340, lower than the target of less than 350.

**70.** The report also indicated a number of areas where targets have not been met:

- the number of carer assessments for adults was 64 against a target of 185 and has continued to decline each year from 2014/15
- the number of emergency admissions from care homes was 538 against a target of (less than) 480
- the percentage of clients on the occupational therapy waiting list allocated a social worker within 4 weeks was 15 per cent against a target of 70 per cent.

## National performance audit reports

**71.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, we published a number of reports which are of direct interest to the Board. These are outlined in [Appendix 3 \(page 25\)](#).

**72.** In December 2015, we published the first of three national reports looking at the integration of health and social care. In the report we recognised that The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a significant programme of reform affecting most health and care services and over £8 billion of public money. The reforms are far reaching and have scope to address previous barriers to providing the right care for people closer to home.

**73.** We also reported some significant risks to the success of health and social care integration. These included complex governance arrangements, difficulties in budget-setting and consequent delays in strategic planning.




**74.** The scale of the change is significant and will not happen quickly. Therefore, we will carry out a second audit in 2018, now integration authorities are more established, to look at progress and to follow up on these risks. The audit will also examine changes to the system, including evidence for shifts in service delivery from acute to community-based and preventative services, and for impact on the lives of local people.




**75.** There are arrangements in place within the IJB to consider these national reports. The key points and recommendations from the reports are identified and management provide a response or a follow up action to these if required. The recommendations with management responses are then presented to the IJB's Audit Committee for review and consideration.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Page no.	 <b>Issue/risk</b>	 <b>Recommendation</b>	 <b>Agreed management action/timing</b>
9	<b>1. Reserves</b>  RIJB carried forward £2.094million of reserves temporarily transferred from NHS Greater Glasgow and Clyde in 2016/17.  <b>Risk</b>  There is a risk that reserves do not reflect the financial position of RIJB.	The board should consider whether it is appropriate to effect these transfers in the future.	The CFO agrees with this recommendation, and for future years only reserves specific to RIJB will be carried forward to ensure that the reserves position accurately reflects the financial position of RIJB.  Chief Finance Officer  Immediate
9	<b>2. Delayed Agreement of Health Budgets</b>  The 2016/17 health budget savings plan was not agreed until 23 June 2017, after the 2016/17 financial year ended.  The 2017/18 health budget has not yet been agreed.  RIJB management has made assumptions regarding budget and savings plans.  <b>Risk</b>  There is a risk assumptions made by management may be incorrect, leading to unforeseen over/underspends.	The board should put in place procedures to ensure that future budgets/savings plans are agreed in advance of the financial year end.	Based on the CFO's recommendations RIJB agreed at their meeting of 23 June 2017 that savings plans would be taken to the IJB for approval in advance of the financial year end.  Chief Officer and Chief Finance Officer  On-going
9	<b>3. Hospital Acute Services (Set Aside)</b>  Arrangements for the sum set aside for hospital acute services under the control of RIJB are not yet operating as required by legislation and statutory guidance.  A notional figure has been agreed and included in the annual report and accounts.	NHS Greater Glasgow and Clyde and RIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources	The CFO is currently working with colleagues at NHSGGC to agree a methodology for the allocation and monitoring of the set aside budget based on actual current activity levels and current price base. Renfrewshire along with Glasgow HSCP are working with the Scottish Government

Page no.			
	Issue/risk	Recommendation	Agreed management action/timing
	<p>This is based on 2014/2015 activity levels uprated to reflect the 2016/2017 price basis and does not reflect actual hospital use.</p> <p>This is a transitional arrangement for 2016/17 agreed by the Scottish Government.</p> <p><b>Risk</b></p> <p>There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>in 2017/18.</p>	<p>and NHSGGC as a pilot to take this forward as a matter of urgency in line with the Scottish Governments directions</p> <p>Chief Finance Officer</p> <p>1 April 2018</p>
12	<p><b>4. Budget Reports</b></p> <p>Budget reports provided to the board in 2016/17 recognised that reserves were being created, while projecting a breakeven position. The value of the reserves (£5.494 million) was not clarified until the year end report in June 2017.</p> <p>While we recognise that year end projections are subject to variance, the board should be informed of the best estimate of financial position.</p> <p><b>Risk</b></p> <p>Board reports may not provide sufficient information to allow members to review financial performance and make informed decisions.</p>	<p>Financial reports should be revised to ensure they are accurately reflecting spending to date and the projected year end position.</p>	<p>The financial reports for 2017/18 now include a reconciliation of the reserves position to date, along with an explanation of how they have been notionally applied (prior to IJB approval). In addition, a reconciliation of the additional balances made available by the Council for 2017/18 is also now included.</p> <p>Chief Finance Officer</p> <p>Immediate</p>
14	<p><b>5. Medium to Long Term Financial Planning</b></p> <p>Current financial planning is short term, extending to the end of the current financial year.</p> <p>RIJB are currently in the process of creating a financial plan for 2018/19 – 2020/21.</p> <p><b>Risk</b></p> <p>There is a risk that without long term planning there will be an impact on RIJB future budget.</p>	<p>RIJB should ensure their financial plan for 2018/19 – 2020/21 is completed and used to guide future budgeting decisions.</p>	<p>The financial plan for 2018/20 to 2020/21 will be presented to the IJB at its meeting of 15 Sept 2017.</p> <p>Chief Finance Officer</p> <p>15 September 2017</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).





















Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<b>1 Risk of management override of controls</b>  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.	Detailed testing of journal entries.  Review of accounting estimates.  Focused testing of accruals and prepayments.  Evaluation of significant transactions that are outside the normal course of business.	Confirmations of testing by external auditors of the Council and Health Board for journal entries, and testing over the completeness, accuracy and allocation of income and expenditure were obtained in the form of written assurances.  Testing of transactions processed locally by RIJB was also carried out.  We noted that RIJB carried forward £2.094million of reserves temporarily transferred from NHS Greater Glasgow and Clyde in 2016/17.  The board should consider whether it is appropriate to effect these transfers in the future.
<b>2 Preparation of annual accounts</b>  The 2016/17 financial statements will be the first for the operational IJB and will be more complex than those produced in 2015/16. The Chief Finance Officer will be supported by Renfrewshire Council finance staff however it is still to be confirmed what level of support will be provided. There is a risk that the IJB does not have the relevant financial expertise to prepare timely, accurate and Code compliant annual accounts.	On going planning with officers to ensure that the annual accounts are prepared and audited in sufficient time to allow the accounts to be approved in September.  Review of compliance with accounting standards as part of financial statements audit.	The unaudited accounts were prepared and delivered in line with the agreed timetable.  As a result of our audit, a number of presentational and disclosure issues were identified and amended in the audited accounts.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>		
<p><b>3 2016/17 budget and savings proposals</b></p> <p>The IJB's 2016/17 budget has not been approved. At the meeting on 25 November 2016, the Board rejected the 2016/17 savings proposals of £1.4m. If the savings proposals cannot be agreed NHS Greater Glasgow and Clyde and Renfrewshire Council will have to fund the shortfall. There is a risk that the IJB does not agree savings proposals for 2016/17 resulting in a need to utilise earmarked funds which may impact on service delivery.</p>	<p>Review of the IJB's progress in agreeing its budget and savings plans for 2016/17.</p> <p>Assess the success of the IJB in achieving the required savings.</p>	<p>Savings proposals for 2016/17 were agreed on 23 June 2017, after the 2016/17 financial year end. See Action Plan (Appendix 1, point 2).</p>
<p><b>4 Financial planning</b></p> <p>The IJB's 2017/18 budget is still being developed. The savings required for 2017/18 are more challenging than those required in 2016/17. There is high projected growth in demand and increased costs to fund the living wage, self directed support and home care. If recurring savings are not agreed for the 2016/17 financial year the challenge of meeting the savings gap will increase. There is a risk that delays in agreeing the 2017/18 budget will impact negatively on the financial management of the IJB and service delivery.</p>	<p>Review of the effectiveness of the IJB's financial plans.</p> <p>Review of the IJB's progress in agreeing a budget and savings proposals for 2017/18.</p>	<p>The 2017/18 health budget has not yet been agreed. Action Plan (Appendix 1, point 5).</p> <p>The audit social care (council funded) budget was agreed on 10 March 2017.</p> <p>Savings proposals for 2017/18 were agreed on 23 June 2017.</p>

# Appendix 3

## Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

### IJB relevant reports

[The National Fraud Initiative in Scotland](#) – June 2016

[NHS in Scotland 2016](#) – October 2016

[Social work in Scotland](#) – September 2016

[Scotland's NHS workforce](#) – February 2017

# Renfrewshire Integration Joint Board

## 2016/17 Annual Audit Report DRAFT

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**To: Renfrewshire Health and Social Care Audit Committee**

**On: 15 September 2017**

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**Report by: Chief Internal Auditor**

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**Heading: Internal Audit Annual Report 2016/2017**

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## **1. Summary**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor must deliver an annual internal audit opinion, on the overall adequacy and effectiveness of the internal control environment; that can be used by the organisation to inform its governance statement. The purpose of this report is to advise the Audit Committee of the Chief Internal Auditor's Internal Audit Annual Report and the annual internal audit opinion.
- 1.2 The Internal Audit Annual Report outlines the internal audit work we have carried out for the year ended 31 March 2017. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 The report attached, at Appendix 1, includes the Chief Internal Auditor's independent and objective opinion as to the adequacy and effectiveness of the internal control environment.

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## **2. Recommendations**

- 2.1 That the Audit Committee notes the content of the Internal Audit Annual Report for 2016/2017.
- 

### **Implications of the Report**

- 1. **Financial** - none
- 2. **HR & Organisational Development** - none.
- 3. **Community Planning** - none.
- 4. **Legal** - none.

5. **Property/Assets** - none.
  6. **Information Technology** - none.
  7. **Equality & Human Rights** - none
  8. **Health & Safety** - none.
  9. **Procurement** - none.
  10. **Risk** - The report provides an opinion on the overall internal control environment including governance and risk management of the Integration Joint Board.
  11. **Privacy Impact** - none.
- 

**List of Background Papers** – none.

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**Author:** Andrea McMahon, Chief Internal Auditor

# **Renfrewshire Health and Social Care Integration Joint Board**

## **Internal Audit Annual Report 2016-2017**

**June 2017**



## **Renfrewshire Health and Social Care Integration Joint Board**

### **Internal Audit Annual Report 2016/2017**

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## **Renfrewshire Health and Social Care Integration Joint Board**

### **Internal Audit Annual Report**

**1 April 2016 – 31 March 2017**

#### **1. Introduction**

- 1.1 Renfrewshire Council provides an internal audit service to the Renfrewshire Health and Social Care Integration Joint Board (IJB). This includes:
- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Chief Officer;
  - Delivery of the planned audit assignments;
  - Follow up of previous audit recommendations;
  - Provision of any ongoing advice support and training on audit and risk management related matters;
  - Provision of an Annual Report and Assurance Statement to the IJB Audit Committee.
- 1.2 The Service operates in accordance with the Public Sector Internal Audit Standards which defines Internal Audit's role as:
- ".....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 1.3 In line with the Standards, the purpose of this Annual Report is to report on:
- The outcome of the planned Internal Audit reviews 2016/17 relating to the IJB;
  - The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
  - Internal audit performance;
  - Planned audit work for 2017/18;
  - The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the IJB's internal control environment.
- 1.4 The operational delivery of services within the Health Board and Local Authority on behalf of the Integration Joint Board will be covered by their respective internal audit arrangements. In concluding on the overall opinion, reliance has been placed on the internal audit annual report for NHS Greater Glasgow and Clyde.

## 2. Responsibilities of Management and Internal Audit

- 2.1 It is the responsibility of management to ensure that the areas under their control are adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.
- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

## 3. Internal Audit Activity during 2016/2017

- 3.1 The Internal Audit Plan for the IJB for 2016/2017 provided for a review of the performance management framework and the arrangements in place to monitor progress of the strategic plan outcomes and the arrangements for monitoring the financial plan and managing the financial risks. The final report is attached at Appendix 1.
- 3.2 There were no prior year audit recommendations to be followed up in 2016/17.
- 3.3 Internal Audit also carried out reviews of the main corporate systems operating within Renfrewshire Council which support the IJB's activity. The main findings in relation to these are summarised in table 1 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

**Table 1**

<b>Audit Area</b>	<b>Conclusion</b>
Corporate Governance (Gifts and Hospitality)	<ul style="list-style-type: none"><li>• <b>Limited Assurance</b></li><li>• Internal Audit have reviewed the level of awareness and compliance with the procedures for gifts and hospitality. Council management has agreed to review the documented procedures in place and develop training material to promote staff awareness and compliance.</li></ul>
Procurement (Tendering arrangements)	<ul style="list-style-type: none"><li>• <b>Substantial Assurance</b></li><li>• No key risks were identified, although some recommendations were made in relation to retention of records, updating procedures and segregation of duties.</li></ul>

#### 4. Review of Internal Audit Performance

- 4.1 In previous years internal audit measured performance against a range of measures. In 2016/17, Internal audit were in the process of implementing a new audit management system, during this phased implementation period it was only possible to measure the percentage completion of the audit plan for the year. Table 2 shows the actual performance against targeted performance for the year.

**Table 2**

Internal Audit Performance 2016/17		
Performance measure	Target 2016/17	Actual 2016/17
% completion of audit plan for the year*	95%	91.8%

\* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

- 4.2 Actual performance for the year is 3.2% below the target performance level. This was due to the actual level of resources available being lower than had been planned for, due to vacancies and maternity leave. The 95% targeted completion was achieved by the end of April 2017.
- 4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit including conformance with the PSIAS. During 2016/17, an external quality assessment was undertaken, as required by the PSIAS once every five years. The assessment was undertaken as a peer review by West Lothian Council and concluded that the internal audit service was well managed and effective. A small number of recommendations for improvement were made and these have been added to the quality assurance and improvement programme for implementation during 2017/18.
- 4.4 External Audit

External Audit's review of the internal audit service concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

#### 5. Planned Work for 2017/18

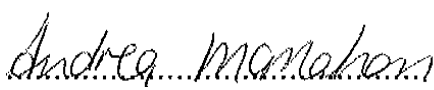
- 5.1 Following a risk based assessment of the activities of the IJB and consultation with the Chief Officer and Chief Financial Officer the Internal Audit Plan for 2017/2018 provides for 35 days of Internal Audit resource to undertake a governance review focused on compliance with the integration scheme and provides time for planning and reporting, follow up on previous

recommendations, ad-hoc advice and consultancy. The Internal Audit Plan for 2016/2017 was approved by the IJB on 3 February 2017.

- 5.2 An annual report for 2017/2018 will also be provided to the Audit Committee of the IJB.

## 6. Audit Assurance Statement

- 6.1 The audit work performed has been reported to the Chief Officer, and to the Integration Joint Board in this annual report. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.
- 6.2 The internal audit review of strategic and financial planning undertaken during 2016/17 provided limited assurance to the IJB with a significant risk relating to on-going financial sustainability. The IJB have yet to agree on savings options to close the budget gap, this impacts on financial management, medium and long-term planning which could impact on the IJB's ability to achieve its objectives.
- 6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.
- 6.4 In this context, it is considered that subject to paragraph 6.2 a reasonable level of assurance can be placed upon the adequacy and effectiveness of the IJB's internal control, risk management and governance arrangements, as evidenced by:-
- The results of the audit work in 2016/17 and the opinion's contained in the Internal Audit Annual Reports of the Health Board and the Local Authority.
  - Management self assessment of internal control, risk management and governance arrangements.
  - Management action to respond to audit recommendations.

Signed 

Chief Auditor

Date 29 June 2017



## Internal Audit Report

### RENFREWSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP

#### IJB Strategic Financial Plan (B0017/2016/001)

##### Recipients

<b>Issued to:</b>	David Leese, Chief Officer
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##### Key Dates

<b>Draft Report Issued</b>	17/05/2017
<b>Management Response Due</b>	07/06/2017
<b>Management Response Received</b>	19/05/2017
<b>Final Report Issued</b>	19/05/2017

##### Index and Report Distribution List

- Section 1 - Executive Summary
- Section 2 - Detailed Report including planned  
Management Actions

Overall Assurance Rating	Recommendation Risk Ratings			
Limited	Critical	Important	Good Practice	Service Improvement
	1	3	1	0

## **EXECUTIVE SUMMARY**

### **Audit Objectives**

The objectives of the audit were to ensure that:

- A comprehensive performance management framework is in place;
- Performance measures have been developed to monitor progress of the strategic plan outcomes;
- Performance measures defined are SMART and measurable against baseline data;
- Performance is regularly reported to the Integration Joint Board;
- Financial risks are adequately managed through the organisation's risk register;
- Adequate arrangements are in place to monitor financial spend against the allocated budgets;
- Medium and longer term financial plans are being developed;
- Financial management is regularly reported to the Integration Joint Board;
- Governance arrangements exist to report performance and financial management to the partner bodies.

### **Audit Scope**

1. Interviewed the appropriate staff, evaluated the performance management arrangements, progress of the strategic plan outcomes, financial plan monitoring and management of financial risks.
2. Prepared and undertook a series of tests to confirm the adequacy and effectiveness of the performance monitoring and reporting arrangements identified.

Key Audit Assurances
<ol style="list-style-type: none"><li>1. A performance management framework is in place and performance measures have been developed to monitor progress of the strategic plan outcomes.</li><li>2. Performance and financial matters are regularly reported to the Integration Joint Board.</li></ol>



Key Risks
As the IJB budget for 2016/17 was not agreed, the IJB have identified the required 2016/17 savings as part of the 2017/18 budget planning process. Delays in agreeing savings options will adversely impact on the ability of the IJB to develop longer terms financial plans for the IJB which in turn could impact on service delivery.

Overall Audit Opinion
The audit review provided limited assurance over arrangements in place to monitor performance, progress of the strategic plan outcomes and the financial plan and to manage financial risks. As IJB members have not agreed on savings options to close the budget gap, financial management, medium and long term planning and the ability to continue with the full range of service delivery are uncertain. This could result in reactive and unplanned budget cuts.



# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**      **Date: May 2017**

#### Detailed Report

Rec No.	Detailed Finding	Recommendation
<b>Recommendation 1 (Critical)</b>	<p><b>Monitoring financial spend against allocated budgets</b></p> <p>The Financial Report to the IJB for the period 1 April 2016 to 30 November 2016, presented in January 2017, showed an over spend of £914,000 (Renfrewshire Health Services £918k over spend, Social Work - Adult Services £4k under spend) and a projected adverse variance of £1.378m for the year end 31 March 2017. The report said:</p> <ul style="list-style-type: none"> <li>- that an agreed in year allocation from NHS Greater Glasgow and Clyde will result in an expected break even position at 31 March 2017.</li> <li>- that at a meeting in November 2016 proposals to achieve savings targets of £1.378m were not approved by IJB members.</li> <li>- that there will be a requirement for the IJB to address this funding issue on a recurring basis as part of its 2017/18 budget.</li> </ul> <p>The IJB Risk Register shows a risk that if the IJB does not agree savings proposals for 2016/17 that it will result in a need to utilise earmarked funds which may impact on service delivery.</p>	<p>Confirmation is sought that a timescale for agreeing savings proposals with IJB members can be agreed so that a balanced budget can be set within a reasonable timeframe.</p>
	<p><b>Management Action to be taken</b></p> <p>It is intended to take proposals in respect of the outstanding 2016/17 and 2017/18 delegated Health budget savings targets to the IJB meeting on 23 June 2017 for approval. However, it should be noted that given the previous delays by the IJB not to accept savings proposals there may be further delays in agreeing the 2017/18 budget for health delegated services.</p>	<p>Action Owner</p> <p>Sarah Lavers</p> <p>Completion Date</p> <p>30/6/17 (dependent on approval by IJB on 23/6/17)</p>

# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**

**Date: May 2017**

Rec No.	Detailed Finding	Recommendation
<b>Recommendation 2 (Important)</b>	<p><b>Medium and longer term financial plans</b></p> <p>As a result of Finding 1 above, the auditor is concerned that Renfrewshire Health and Social Care Partnership are not in a position to determine any medium and longer term financial plans. Uncertainty in financial planning could impact on future service delivery.</p>	<p>Confirmation is sought that medium and longer term financial plans will be determined within a reasonable timescale.</p>
Management Action to be taken		
These will be progressed once the savings strategy is agreed – the CFO will meanwhile continue to closely monitor and regularly report the financial position to the HSCP's SMT and the IJB.		<p>Action Owner</p> <p>Sarah Lavers</p> <p>Completion Date</p> <p>30/9/17</p> <p>This date is provisional dependent on agreement being reached on savings at the meeting on 23/6/17</p>

# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**

**Date: May 2017**

Rec No.	Detailed Finding	Recommendation
<b>Recommendation 3 (Important)</b>	<p><b>Reporting to Leadership Board</b></p> <p>It was stated in a report to Renfrewshire Council in March 2016 that from 1 April 2016, updates on activity and performance of the delegated adult social work services, as defined in legislation, would be provided to elected members on a twice yearly basis at the Leadership Board.</p> <p>The next report about adult social work activity and performance to the Leadership Board was on 29 March 2017, with a note that a future performance report will be presented in September 2017.</p>	Confirmation should be sought from Renfrewshire Council that adult social work activity and performance will be reported twice yearly to the Leadership Board.
Management Action to be taken		
Twice yearly reports on adult social work services will be taken to the Leadership Board. Information will be available after March and September, therefore reports will be taken to the next available Leadership Board.	Fiona MacKay	Completion Date 30 September 2017

# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**

**Date: May 2017**

Rec No.	Detailed Finding	Recommendation
<b>Recommendation 4 (Important)</b>	<p><b>Risk Management reporting</b></p> <p>A risk management update was presented to the IJB Board in June 2016 and the auditor was informed that the next risk update is planned for June 2017.</p> <p>If more regular risk management updates are not presented to the IJB Board this increases the risk that they do not have adequate oversight of the key risks to Renfrewshire Health and Social Partnership.</p>	Key risks should be reported to the IJB Board more regularly. We recommend that they are reported at least twice yearly.
<b>Management Action to be taken</b>		
The risk register is reviewed monthly by SMT and updated as required. The Head of Administration will submit a summary Risk Management report to the IJB in June and December each year.	Action Owner	
Review of the risk management strategy required to facilitate the role of the Audit Committee to monitor the HSCP risk register prior to submission to the IJB.	Jean Still	
	Completion Date	
	31 December 2017	

# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**      **Date: May 2017**

Rec No.	Detailed Finding	Recommendation
<b>Recommendation 5 (Good Practice)</b>	<b>SMART performance measures</b> It was noted that some performance measures in IJB Board reports in 2015/16 and 2016/17 did not have previous year comparison figures and that many did not achieve their targets.  The Head of Planning and Performance said that some performance measures were new and so did not have comparatives, some take more than 2 years to be validated by Scottish Government and comparatives would not be included until they are validated. She also said that challenging targets are set, many of which require long term programmes to achieve.  The auditor acknowledges the complexities of preparing Health and Social Care performance measures and that there are expert staff involved in the process of preparing and measuring them. However, a high level review of performance measures appears to indicate that whilst they are specific and measurable, further consideration could be given so that they are more clearly achievable, realistic and timebound.	Management should give consideration to the performance measures for Renfrewshire Health and Social Care Partnership so that they are more clearly achievable, realistic and timebound.
	<b>Management Action to be taken</b>	Action Owner
	Targets for 2017/18 will be reviewed to ensure they remain challenging but achievable, within the available budget.	Completion Date  30 September 2017

# Internal Audit Report

## Renfrewshire HSP

### IJB Strategic Financial Plan (B0017/2016/001)

**B0017/2016/001**

**Date: May 2017**

In arriving at our opinion we comply with the Public Sector Internal Audit Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance.

For the area under review we consider the overall adequacy and effectiveness of risk management, control, and governance processes. Collectively we refer to these activities as "the system of internal control".

The audit was based on sampling and therefore errors and/ or omissions may exist which have not been identified.

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**To: Renfrewshire Integration Joint Board Audit Committee**

**On: 15 September 2017**

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**Report by: Clerk**

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**Heading: Proposed Dates of Meetings of the Audit Committee 2017/18**

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## **1. Summary**

- 1.1 At the meeting of the Joint Board held on 23 June 2017 the IJB delegated authority to the Clerk and Chief Officer, in consultation with the Chair and Vice-chair, to fix the date and start time for the meeting of the IJB and Audit Committee to be held in September 2017; and decided that a report be submitted to the September meeting of the IJB detailing proposed dates of meetings of the IJB in 2017/18.
- 1.2 In terms of this delegation, it was decided that the date and time of the September Audit Committee be 15 September 2017 at 9.00 am and that the IJB meeting be held on 15 September 2017 at 10.00 am.
- 1.3 It is proposed that the Audit Committee consider its timetable of meeting dates in 2017/18.
- 1.4 Arrangements for meetings of the Audit Committee are governed by the provisions of Standing Order 5.1 of the Audit Committee's Terms of Reference and Procedural Standing Orders which state that:-

“5.1 The Audit Committee shall meet at least three times per year.”
- 1.5 The suggested dates and times are set out below, with meetings being held on Fridays:

24 November 2017 at 9.00 am (prior to the meeting of the IJB)  
26 January 2018 at 9.00 am (prior to the meeting of the IJB)  
29 June 2018 at 9.00 am (prior to the meeting of the IJB).
- 1.6 It is proposed that meetings of the Audit Committee are held in the Abercorn Conference Centre, Renfrew Road, Paisley, unless that venue is unavailable or unsuitable, in which case it be delegated to the Clerk and Chief Officer, in consultation with the Chair and Vice Chair, to determine an alternative venue.
- 1.7 A further report will be presented to the Audit Committee in due course to agree meetings post June 2018.

## 2. Recommendations

- 2.1 That the Audit Committee approve the dates and times of meetings for 2017/18 as detailed in section 1.5 of the report; and
- 2.2 That meetings of the IJB be held in the Abercorn Conference Centre, Renfrew Road, Paisley, unless that venue is unavailable or unsuitable, in which case it be delegated to the Clerk and Chief Officer, in consultation with the Chair and Vice Chair, to determine an alternative venue.

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### Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
4. **Legal** - none.
5. **Property/Assets** - none.
6. **Information Technology** - none.
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the NHS GC&C website.
8. **Health & Safety** - none.
9. **Procurement** - none.
10. **Risk** - none.
11. **Privacy Impact** - none.

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**List of Background Papers** – none.

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