

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

Date	Time	Venue
Friday, 26 January 2018	09:00	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

KENNETH GRAHAM
Clerk

Membership

Councillor Lisa-Marie Hughes: Councillor Scott Kerr: Morag Brown: Dorothy McErlean: Alan McNiven: David Wylie

Councillor Lisa-Marie Hughes (Chair)

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

For further information, please either email 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 reception 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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|----------|--|----------------|
| 1 | Minute | 3 - 6 |
| | Minute of meeting of the Audit Committee held on 24 November 2017. | |
| 2 | Internal Audit Progress and Performance - Quarter 3 | |
| | Report by Chief Internal Auditor. (not available - copy to follow). | |
| 3 | Annual Internal Audit Plan 2018/19 | 7 - 12 |
| | Report by Chief Internal Auditor. | |
| 4 | Audit Scotland Annual Audit Plan 2017/18 | 13 - 30 |
| | Report by Chief Finance Officer. | |
| 5 | Local Code and Sources of Assurance for Governance | 31 - 44 |
| | Arrangements | |
| | Report by Head of Administration. | |
| 6 | Training for Audit Committee Members | 45 - 48 |
| | Report by Chief Internal Auditor. | |
| 7 | Date of Next Meeting | |
| | Note that the next meeting of the Audit Committee will be held at 9.00 am on 29 June 2018 in the Abercorn Conference Centre. | |



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

Date	Time	Venue
Friday, 24 November 2017	09:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

PRESENT

Councillor Lisa-Marie Hughes and Councillor Jane Strang (both Renfrewshire Council); Morag Brown and Dorothy McErlan (both Greater Glasgow & Clyde Health Board); and David Wylie (Health Board staff member involved in service provision).

CHAIR

Councillor Lisa-Marie Hughes, Chair, presided.

IN ATTENDANCE

Ken Graham, Head of Corporate Governance (Clerk), Andrea McMahon, Chief Internal Auditor and Carol MacDonald, Senior Committee Services Officer (all Renfrewshire Council); and David Leese, Chief Officer, Sarah Lavers, Chief Finance Officer, Jean Still, Head of Administration and James Higgins, Project Officer (all Renfrewshire Health and Social Care Partnership).

APOLOGIES

Councillor Scott Kerr (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.

1 MINUTE

The Minute of the meeting of the Integration Joint Board (IJB) Audit Committee held on 15 September 2017 was submitted.

DECIDED: That the Minute be approved.

2 INTERNAL AUDIT PROGRESS AND PERFORMANCE 1 APRIL 2017 TO 30 SEPTEMBER 2017

The Chief Internal Auditor submitted a report relative to the internal audit plan for 2017/18 approved at the meeting of the IJB Audit Committee held on 13 February 2017.

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 to 30 December 2017 in terms of the delivery of the overall audit plan for the year and compared actual performance against targets set by Renfrewshire Council's Director of Finance and Resources.

DECIDED: That the report be noted.

3 TRAINING FOR AUDIT COMMITTEE MEMBERS

The Chief Internal Auditor submitted a report relative to a proposed programme of training briefings which would be delivered at meetings of the IJB Audit Committee.

The appendix to the report outlined the briefing on the Role of the Audit Committee which would be delivered at this meeting.

The Chief Internal Auditor gave a briefing on the role of the Audit Committee and detailed the governance arrangements and audit committee principles; outlined the core functions; highlighted the role of the Members and the role of the Chief Internal and External Auditors; and indicated the benefits of an effective audit committee.

DECIDED:

(a) That the content of the training briefing on the Role of the Audit Committee be noted; and

(b) That a programme of training briefings be submitted to the next meeting of the Audit Committee.

4 LOCAL CODE AND SOURCES OF ASSURANCE FOR GOVERNANCE ARRANGEMENTS

The Chief Finance Officer submitted a report relative to the Local Code of Corporate Governance based on the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) framework and the Society of Local Authority Chief Executive's (SOLACE) framework approved at the meeting of the IJB held on 23 June 2017.

The report intimated that the Local Code included identified sources of assurance which enabled the IJB Audit Committee to review and assess its governance arrangements against the Annual Governance Statements from 2017/18 onwards.

Due to the complexity of the document, and in order to understand individual principles and compliance, an overview of each source of assurance per each of the principles would be developed. A draft example of the overview formed Appendix 1 to the report and it was noted further work would be undertaken to populate the remaining principles and also rate compliance against each source of assurance if approved by the IJB Audit Committee. An updated version of the document would be submitted to the next meeting of the IJB to be held on 26 January 2018.

In relation to governance arrangements it was proposed that the Chief Officer submit a report to a future meeting of the IJB relative to external scrutiny arrangements. This was agreed.

DECIDED:

(a) That the report be noted;

(b) That the overview template, as detailed in Appendix 1 of the report, be approved and populated for each of the principles and that a report relative to this matter be submitted to the next meeting of the IJB meeting to be held on 26 January 2018;

(c) That it be agreed that the annual review of IJB governance arrangements and reporting of the outcome in the Annual Governance Statement would be scrutinised by the IJB Audit Committee in advance of IJB approval; and

(d) That in relation to governance arrangements, the Chief Officer submit a report to a future meeting of the IJB relative to external scrutiny arrangements.

5 RISK MANAGEMENT POLICY AND STRATEGY

The Chief Officer submitted a report relative to an update on the status of the Risk Register currently being maintained by Renfrewshire Health & Social Care Partnership (HSCP)

The report intimated that two separate risk registers would be maintained, one specifically for the strategic responsibilities of the IJB and another for the operational responsibilities of the HSCP. The revised Risk Management Policy and Strategy formed Appendix 1 to the report; the IJB Risk Register formed Appendix 2 to the report and the HSCP Risk Register formed Appendix 3 to the report.

DECIDED:

- (a) That the Risk Management Policy and Strategy, as detailed in Appendix 1 to the report, be approved;
- (b) That the IJB Risk Register, as detailed in Appendix 2 to the report, be approved; and
- (c) That the Health & Social Care Risk Register, as detailed in Appendix 3 to the report, 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 9.00 am on 26 January 2018 in the Abercorn Conference Centre, Renfrew Road, Paisley.

To: Renfrewshire Health and Social Care Integration Joint Board Audit Committee

On: 26 January 2018

Report by: Chief Internal Auditor

Heading: Annual Internal Audit Plan 2018/19

1. Summary

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2018/19 has been developed and is detailed at Appendix 1 of this report.
- 1.2 The plan sets out a resource requirement of 35 days, including assurance work, time for follow up of previous recommendations, ad-hoc advice and planning and reporting.
- 1.3 The allocation of internal audit resources is sufficient to allow emerging priorities and provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement.
- 9.3 The plan may be subject to amendment during the course of the year due to the emergence of issues of greater priority, or other unforeseen circumstances. We will report changes to the Audit Committee.

2. Recommendations

- 2.1 That the Board approves the Internal Audit Plan for 2018/19.
 - 2.2 That the Board notes that the Internal Audit Plan will be shared with the Local Authority and the Health Board.
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3. Background

- 3.1 It is the responsibility of the Integration Joint Board to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated

resources. At its meeting on 18 September 2015, the IJB appointed the Chief Auditor of Renfrewshire Council as the Chief Internal Auditor for the IJB.

- 3.2 The Integrated Resources Advisory Group (IRAG) guidance recommends that the Chief Internal Auditor should develop a risk based internal audit plan for the IJB. The IRAG guidance clarifies that the operational delivery of services within the Health Board and Local Authority on behalf of the IJB will be covered by their respective internal audit arrangements.
- 3.3 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2018/19 has been developed and is detailed at Appendix 1 of this report.
- 3.4 In order to ensure proper coverage, avoid duplication of effort and co-ordinate activities the Chief Internal Auditor is expected to share information with the Local Authority and Health Board. The Chief Internal Auditor meets regularly with the Health Board Auditor's to discuss areas of common interest.
- 3.5 In line with the requirements of the Integrated Resources Advisory Group professional guidance, the Chief Internal Auditor will report to the Chief Officer and the Integration Joint Board on the annual audit plan, delivery of the plan and recommendations made. The Chief Internal Auditor will also provide an annual internal audit report including the audit opinion.
- 3.6 For the purposes of reporting the annual opinion, reliance will be placed on the work of the NHSGGC auditors and other external providers of assurance and consulting services, including work undertaken by Renfrewshire Council's Internal Audit Service, in relation to reviews of operational activities within adult social care services.

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 subject matter of this report is the risk based Audit Plan for 2018 – 2019.

11. Privacy Impact - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Annual Audit Plan – 2018/19 Renfrewshire Integrated Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Assurance	Governance	23	<ul style="list-style-type: none"> • Governance Arrangements • Review of adequacy and compliance with the Local Code of Corporate Governance
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	6	The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	6	Any relevant issues raised by NHSGGC and Renfrewshire Council in relation to the operational delivery of services.



To: Renfrewshire Integration Joint Board Audit Committee

On: 26 January 2018

Report by: Chief Finance Officer

Subject: Annual Audit Plan 2017/18

1. Summary

- 1.1 The Annual Audit Plan 2017/18 for Renfrewshire Integration Joint Board is submitted for Members' information. The Plan outlines Audit Scotland's planned audit activities for the financial year 2017/18.
 - 1.2 The Annual Audit Plan includes a section on Audit Issues and Risks. Within this section Audit Scotland have identified a risk of "Management override of controls". This risk is being included in the audit plans of all bodies which Audit Scotland are working with, in light of updated international standards on auditing. The inclusion of this risk is not a reflection of increased risk within Renfrewshire Integration Joint Board. Audit Scotland has confirmed that they have not found any issues on this in previous years.
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2. Recommendations

- 2.1 The Joint Board is asked to note the Annual Audit Plan 2017-18 by Audit Scotland.

Renfrewshire Integration Joint Board

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

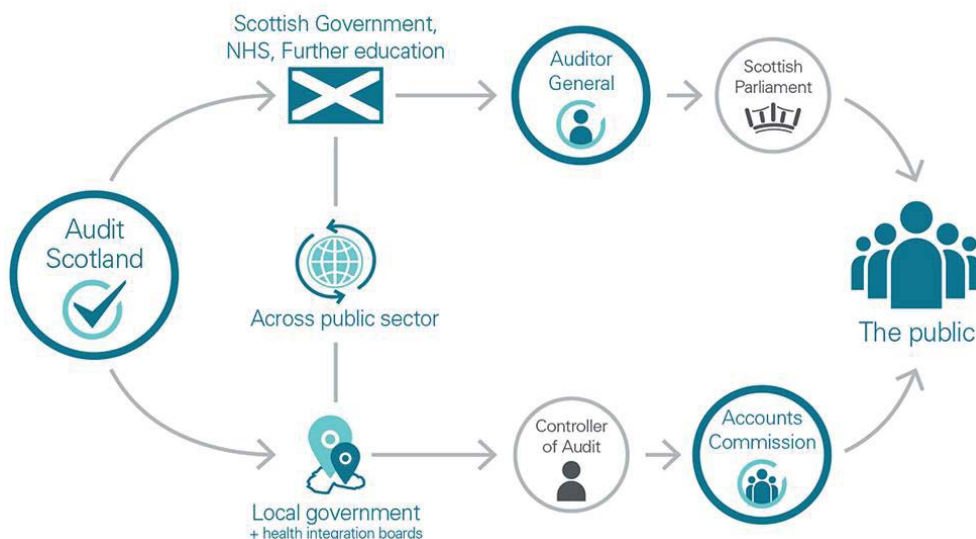
Prepared for Renfrewshire Integration Joint Board

26 January 2018

Who we are

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

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



About us

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

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

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

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Risks and planned work

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

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

Audit risks

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

Exhibit 1

2017/18 Key audit risks

Audit Risk	Management's source of assurance	Planned audit work
Financial statement issues and risks		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>
<p>2 Approval of 2016/17 financial statements</p> <p>There were a number of procedural issues noted during the completion of the 2016/17 financial statements.</p> <p>Although these did not delay the financial statements statutory sign off deadline there is a risk of</p>	<p>Meetings will be scheduled with the external auditor early on in the audit process to establish and agree timescales and procedures to be followed for the 17/18 accounts review. This will include agreeing relevant papers, appendices, certificates to be included and presented to the</p>	<p>Working closely with the audit committee and finance team to ensure potential issues are identified early on.</p>

Audit Risk	Management's source of assurance	Planned audit work
similar issues in 2017/18.	IJB Audit Committee and IJB	
Wider dimension risks		
<p>3 Financial sustainability</p> <p>RIJB is projecting a breakeven position for the 2017/18 financial year. However this is contingent on the use of reserves (£4.3 million, some of which was planned) and additional funding (£4.4 million) provided by Renfrewshire Council.</p> <p>The IJB also has a number of medium term financial pressures including pay inflation, increasing prescribing costs and increasing service demand.</p> <p>Based in the expected impact of these pressures the IJB has identified a funding gap of between £16 million and £21 million for the period 2018/19-20/21. RIJB is projecting that annual savings of £6 million will be required to breakeven in this period.</p> <p>The short and medium term financial challenges highlight the risk that RIJB may be unable to maintain its current level of service provision whilst achieving financial balance.</p>	<p>The IJB approved their 3 year Financial Plan in November 2017, which set out a clear short to medium term financial strategy. Financial Reports are brought to each IJB meeting to update members on the IJB's ability to deliver on this strategy and review its in-year financial position in line with its Financial Plan.</p> <p>Furthermore, as part of the wider HSCP transformation agenda, a programme of recurring cost containment and redesign work is underway. This programme is building on a long-standing approach to deliver savings and efficiencies for local health services, it includes a review of all major services, workforce planning changes and budget efficiencies. IJB Members receive regular updates on this programme.</p> <p>Building upon this, the Chief Finance Officer and Chief Officer are proactively working with IJB members to address its recognised financial pressures. Regular development sessions with the IJB members include discussion around the HSCP's proposal to address the recognised financial pressures for 18/19. On the back of this work, the IJB has already agreed some of the savings required to deliver a balanced budget.</p> <p>The HSCP has an established financial planning process and is developing further saving proposals in liaison with the IJB for approval at future Boards.</p> <p>The Chief Officer and Chief Finance Officer also have regular budget monitoring and planning meetings with the Chief Executives and Finance</p>	<p>Attendance at board meetings.</p> <p>Monitoring of performance against savings plans.</p> <p>Monitoring service delivery KPIs.</p> <p>Assessment of savings plan for 2018/19 and 2019/20.</p>

Audit Risk	Management's source of assurance	Planned audit work
	Directors of both the Council and NHS GGC in order to proactively manage the IJB's budget strategy and in-year financial position.	
<p>4 Agreement of health budgets</p> <p>The 2017/18 health budget was not agreed until September 2017, six months after the start of the financial year.</p> <p>The health budget for 2018/19 is due to be approved at the board meeting on 23 March 2018.</p> <p>Due to the delays experienced last year, there is a risk that the 2018/19 health budget will not be approved until after the start of the financial year. This could impact the ability of the IJB to strategically manage expenditure.</p>	<p>In a letter dated 14 December 2017, Christine McLaughlin, Director of Health Finance at the Scottish Government noted that "NHS Boards should ensure that 2018-19 budget settlements for Integration Authorities are in place in advance of the new financial year".</p> <p>To further mitigate the risk of delay, the Chief Finance Officer and Chief Officer will, as a priority, assess the budget offer as soon as it is confirmed by the Health Board, and make recommendations on its sufficiency to the IJB. To ensure the timely agreement of the final budget in advance of the new financial year, an IJB meeting has been scheduled on Friday 23 March 2018.</p>	<p>Attendance at board meetings and discussion with management.</p>
<p>5 Roles of board and committee members</p> <p>A number of the board and audit committee members have less than 12 months experience in their appointed role.</p> <p>From discussions with management there is a programme to provide training and development to support members. Until this is rolled out there is a risk that members are not fully effective in their respective roles.</p>	<p>Training Needs Analysis is currently being carried out for all IJB Members and a tailored training programme will be developed based on this exercise.</p> <p>In addition, the HSCP holds regular development sessions for all IJB Members. These have all been timetabled for the coming the year. Members are asked for topics they would like covered at these sessions.</p> <p>IJB Audit Committee Members are also routinely provided training on key topics/issues the by the Internal Auditor.</p> <p>The HSCP is also actively engaging with the other 5 HSCPs in the GGC area to take advantage of any shared IJB training and development opportunities and/ or gaining</p>	<p>Attendance at board and audit committee meetings.</p>

Audit Risk	Management's source of assurance	Planned audit work
	feedback on what different approaches have been well received by Members.	

Reporting arrangements

4. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

5. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

6. We will provide an independent auditor's report to Renfrewshire IJB and Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit Committee Date
Annual Audit Report	30 September 2018	TBC
Independent Auditor's Report	30 September 2018	TBC

Audit fee

7. The proposed audit fee for the 2017/18 audit of Renfrewshire IJB is £24,000 (2016/17: £17,400). In determining the audit fee we have taken account of the risk exposure of Renfrewshire IJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 29 June 2018.

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

Responsibilities

Audit Committee and Accountable Officer

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

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

Appointed auditor

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

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

Audit scope and timing

Financial statements

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

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

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

- whether they give a true and fair view, in accordance with applicable law and the 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom, of the financial position of Renfrewshire IJB as at 31 March 2018 and its income and expenditure for the year there ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code
- whether they 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.



Materiality

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

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

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the latest budgeted for expenditure for 2017/18. Planning materiality will be updated on receipt of the unaudited annual accounts in June 2018.	£2.549 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 60% of planning materiality.	£1.529 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 5% of planning materiality.	£0.124 million

Source: Audit Scotland



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

Timetable

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

Exhibit 4

Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	29 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	29 June 2018
Latest date for final clearance meeting with Chief Financial Officer	Early September 2018
Issue of letter of representation and proposed independent auditor's report	By 30 September 2018
Agreement of audited unsigned annual accounts	By 30 September

2018

 Issue of Annual Audit Report including ISA 260 report to those charged with governance

Independent auditor's report signed

By 30
September
2018

Internal audit

19. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. The IJB's internal audit function is provided by the internal auditors of Renfrewshire Council, overseen by a Chief Internal Auditor.

Adequacy of Internal Audit

20. Our review of the internal audit service concluded that it has sound documentation standards and reporting procedures in place and it complies with the main requirements of the Public Sector Internal Audit Standards.

Areas of Internal Audit reliance

21. In respect of our wider dimension audit responsibilities we plan to consider other areas of internal audit work including:

- Governance – compliance with Integration Scheme

Audit dimensions

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

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

23. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

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

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

Financial management

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

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

Governance and transparency

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

- whether Renfrewshire IJB can demonstrate that the governance arrangements in place are appropriate and operating effectively.
- whether there is effective scrutiny, challenge and transparency on the decision – making and finance and performance reports.
- whether the board and Audit Committee members demonstrate high standards of behaviour and receive sufficient training and development
- the quality and timeliness of financial and performance reporting.

Value for money

27. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- whether Renfrewshire IJB can provide evidence that it is demonstrating value for money in the use of its resources.
- whether Renfrewshire IJB can demonstrate that there is a clear link between money spent, output and outcomes delivered.

- whether Renfrewshire IJB can demonstrate that outcomes are improving.
- whether there is sufficient focus on improvement and the pace of it.

Independence and objectivity

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

29. The engagement lead for Audited Body is David McConnell. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Renfrewshire IJB.

Quality control

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

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

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

Adding Value

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

Renfrewshire Integration Joint Board

Annual Audit Plan 2017/18

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To: Renfrewshire Integration Joint Board Audit Committee

On: 26 January 2018

Report by: Head of Administration

Heading: Local Code and Sources of Assurance for Governance Arrangements

1. Summary

- 1.1. At its meeting on 23 June 2017, the Integration Joint Board (IJB) approved a Local Code of Corporate Governance based on the seven principles of CIPFA's and SOLACE's Framework.
 - 1.2. The Local Code includes identified sources of assurance which enable the IJB Audit Committee to review and assess its governance arrangements, against which it will measure itself in Annual Governance Statements from 2017/18 onwards.
 - 1.3. At its meeting on 24 November 2017, the IJB Audit Committee agreed that further work would be undertaken to populate the Sources of Assurance template to rate compliance against each principle and provide updates, as appropriate, against the status of each source.
 - 1.4. A copy of the updated Sources of Assurance is included at Appendix 1.
-

2. Recommendations

It is recommended that the IJB Audit Committee:

- Review and approve the Sources of Assurance attached in Appendix 1;
 - Note, as previously agreed, the annual review of IJB governance arrangements will be scrutinised by the IJB Audit Committee in advance of IJB approval.
-

3. Background

- 3.1. The IJB's approved Annual Governance Statement for 2015/16 confirmed that it had adopted governance arrangements that were consistent with the principles of CIPFA's and the Society of Local Authority Chief Executives' (SOLACE) framework 'Delivering Good Governance in Local Government: Framework' and the Statement explained how the IJB complied with the Framework and also met the Code of Practice on Local Authority Accounting in the UK.
- 3.2. While the Framework is written in a Local Authority context, most of the principles are applicable to the IJB, particularly as legislation recognises IJBs as a local government body under Part VII of the Local Government (Scotland)

Act 1973, and therefore subject to the Local Authority Accounting Code of Practice.

- 3.3. At its meeting on 23 June 2017, the IJB approved a Local Code of Corporate Governance based on the seven principles of CIPFA's and SOLACE's Framework.

4. Sources of Assurance

- 4.1. The Local Code includes identified sources of assurance which enable the IJB to review and assess its governance arrangements, against which it will measure itself in Annual Governance Statements from 2017/18 onwards.
- 4.2. Appendix 1 provides an update on the current status of each source of assurance, highlighting where any sources have still to be developed or updated, and confirms review arrangements for all sources which are in place.

5. Compliance with Local Code

- 5.1. The Local Code of Governance Arrangements is a statement of the policies and procedures through which we direct and control our functions and how we interact with service users, the local community and other stakeholders. It enables the IJB to demonstrate that its governance structures comply with the core and sub principles contained in the Framework, and test their governance structures and partnerships against the Framework's principles.
- 5.2. The Local Code of Corporate Governance is subject to ongoing review by the Chief Finance Officer to ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework. The update on the Local Code will be brought to the January 2018 Audit Committee.

6. Future Governance Arrangements

- 6.1. It is recommended that the review of the Local Code of governance arrangements, and scrutiny of the outcome of that review in the 2017/18 Annual Governance Statement, is carried out by the IJB Audit Committee in advance of being presented for IJB approval.

Implications of the Report

- 1. Financial – Nil**
- 2. HR & Organisational Development – Nil**
- 3. Community Planning – Nil**
- 4. Legal** – The Local Code and Sources of Assurance ensure that the Integration Joint Board is compliant with the Integrated Resource Advisory Group guidance in relation to audit provision and the Local Authority Accounts (Scotland) Regulations 2014.
- 5. Property/Assets – Nil**
- 6. Information Technology** – managing information and making information available may require ICT input.
- 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 Council's website.

8. **Health & Safety – Nil**

9. **Procurement – Nil**

10. **Risk** – Without a Local Code and Sources of Assurance, there is a risk that the Integration Joint Board does not have an effective framework for the assessment of its governance arrangements.

11. **Privacy Impact** – None. The information to be made available via the Publication Scheme is information which would be disclosed in response to a request under the Freedom of Information (Scotland) Act 2002. This therefore would not include Personal Data as defined by the Data Protection Act 1998.

List of Background Papers – Local Code and Sources of Assurance for Governance, 24 November 2017, Renfrewshire IJB

Author: Jean Still, Head of Administration

Appendix 1: Sources for Assurance Overview

1. Principle A Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of the law.				
SOURCE	STATUS		ADDITIONAL INFORMATION	
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED	OUTSTANDING	
a. Integration Scheme		X		<p>The current Integration Scheme was approved by the Scottish Ministers in June 2015.</p> <p>The current Integration Scheme is being updated to reflect the changes in relation to the Carers Act. An updated copy of the Integration Scheme will be brought to the IJB in March 2018.</p>
b. Governance Arrangements and Structure (IJB and Committees)	X			<p>The IJB is established with a full membership. Members from the IJB have also been identified to be members of the Audit Committee, alongside the Chief Internal Auditor.</p>
c. Standing Orders	X			<p>Procedural Standing Orders for the IJB were approved on 18 September 2015.</p> <p>Procedural Standing Orders for the IJB Audit Committee were approved by the IJB on 20 November 2015.</p>
d. Code of Conduct	X			<p>Regular updates are provided to members by the Standards Officer.</p>
e. Declaration of Interests	X			<p>A process is underway for Voting Members to complete a register of interests in line with the Ethical Standards in Public Life Etc (Scotland) Act 2000.</p>

				The register for the IJB is maintained by the Standards Officer.
f. IJB Induction	X			An Induction Pack has been developed and is shared with members as and when required (e.g. following a change in membership etc).
g. IJB Development Programme	X			<p>Regular development sessions take place with IJB members throughout the year to allow discussion on key current and emerging issues.</p> <p>A development programme for IJB Audit Committee members has been arranged across NHSGGC in collaboration with CIPFA to build knowledge and understanding.</p> <p>A schedule of development sessions have been arranged until June 2018.</p> <ul style="list-style-type: none"> • Friday 2 March 2018 • Friday 27 April 2018 • Friday 1 June 2018
h. Financial Regulations	X			The Financial Regulations for the IJB were agreed on 19 June 2015 by the Shadow IJB.
i. Annual Accounts (including Governance Statement, Statement of Income and Expenditure and Balance Sheet)	X			<p>The Annual Accounts for the IJB are presented in June each year prior to them being submitted for audit before the Statutory deadline of 30 June each year.</p> <p>The Audited Accounts, including a report from the Auditor, are submitted to a future meeting of the IJB Audit Committee and IJB for consideration.</p>

j. Annual Audit Report	X			An annual Internal Audit Report is submitted to the IJB Audit Committee by the Chief Internal Auditor.
k. Audit Plans (Internal and Third Party)	X			Internal and External Audit Plan are submitted to the IJB Audit Committee.
l. Information Governance (Freedom of Information, Records Management and Information Sharing)	X			A bi-annual update is reported to the IJB which includes performance updates in relation to Complaints, Freedom of Information and Health & Safety.
m. Clinical and Care Governance Arrangements and Reporting	X			An annual update in relation to Clinical, Care and Quality Governance arrangements is reported to the IJB. The last update was presented to the IJB on 10 March 2017.

2. Principle B Ensuring openness and comprehensive stakeholder engagement.				
SOURCE	STATUS			ADDITIONAL INFORMATION
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED	OUTSTANDING	
a. Governance Arrangements and Structure (IJB and Committees)	X			Please see point 1b, above.
b. IJB Membership (incl. Stakeholder Members for patients/service users, carers, third and independent sectors and Trade Unions)	X			The IJB Membership includes representation from all the prescribed stakeholder groups per the Public Bodies Scotland Act.

c. Publication of IJB and Committee papers	X			IJB (and IJB Audit Committee) papers are publically available on both Renfrewshire Council and Renfrewshire HSCP websites. Meetings are held in public venues.
d. Strategic Plan	X			Strategic Plan is in place. A process is in place to review this on a regular basis with updates being brought back to the IJB for approval.
e. Locality Plans	X			Locality Plans are in place within the IJB Strategic Plan.
f. Participation and Engagement Strategy, including Communication Strategy	X			The Participation, Engagement and Communication (PEG) Strategy has a supporting Action Plan which is refreshed bi-annually and progress reported to the IJB at the same frequency.
g. Equalities Mainstreaming and Outcome Plan		X		IJBs are required to publish a set of equality outcomes and a progress report under the Equality Act 2010. The first report since the establishment of the IJB was approved on 18 March 2016. The next update will be considered at the IJB meeting in March 2018, per the agreed 2-yearly update frequency.

3. Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits.				
SOURCE	STATUS			ADDITIONAL INFORMATION
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED	OUTSTANDING	
a. Strategic Plan	X			Please see 2d, above.
b. Locality Plans	X			Please see 2e, above.
c. Ongoing Development of Other Strategies/Plans (e.g. Children and Young People Services Plan, Dementia Strategy, Commissioning and Procurement Strategy and Communications Strategy)	X			Regular updates on key and emerging issues are shared with IJB members in both development mode and formal meetings by way of update reports/presentations.
d. Performance Management Framework and Reporting	X			The Performance Management Framework for reporting was agreed by the IJB. A Performance Management Update is presented at each IJB meeting. A full year performance scorecard is presented on a 6 monthly basis.
e. Annual Performance Report	X			An Annual Performance Report is published on an annual basis. The last report was presented to the IJB on 23 June 2017.

4. Principle D Determining the interventions necessary to optimise the achievement of intended outcomes.				
SOURCE	STATUS			ADDITIONAL INFORMATION
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED	OUTSTANDING	
a. Risk Management Strategy and Procedure and Reporting	X			A Risk Management Strategy, Procedure and Reporting arrangements are in place.
b. Budget Monitoring and Reporting	X			Regular reporting to the IJB Audit Committee. A Financial Report is presented to each meeting of the IJB.
c. Performance Management Framework and Reporting	X			Please see 3d, above.
d. Audit Plans and Assurance (Internal and Third Party)	X			Please see 1k, above
e. Clinical and Care Governance Arrangements and Reporting		X		Please see 1m, above.

5. Principle E Developing the entity's capacity, including the capability of its leadership and individuals within it.				
SOURCE	STATUS		OUTSTANDING	ADDITIONAL INFORMATION
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED		
Workforce Plan (including Organisational Development Strategy)	X			A Service Improvement and Organisational Development Strategy (including a Workforce Plan) was submitted to the IJB on 23 June 2017. An annual update will be presented to the IJB.
IJB Induction	X			Please see 1f, above.
IJB Development Programme	X			Please see 1g, above.
6. Principle F Managing risk and performance through robust internal control and strong public financial management.				
SOURCE	STATUS		OUTSTANDING	ADDITIONAL INFORMATION
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED		
Integration Scheme	X			Please see 1a, above.
Financial Regulations	X			Please see 1h, above.
Budget Monitoring and Reporting	X			Please see 4b, above.
Annual Accounts (including Governance Statement, Statement of Income and Expenditure and Balance Sheet)	X			Please see 1i, above.
Annual Audit Report	X			Please see 1j, above.

Risk Management Strategy and Procedure and Reporting	X				Please see 4a, above.
Audit Plans and Assurance (Internal and Third Party)	X				Please see 1k, above.
Clinical and Care Governance Arrangements and Reporting	X				Please see 1m, above.

7. Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability.					
SOURCE	STATUS			ADDITIONAL INFORMATION	
	IN PLACE AND UP-TO-DATE	CURRENT DRAFT BEING UPDATED	OUTSTANDING		
IJB and Committee Reporting Framework and Schedule	X			Please see 1b, above.	
Publication of IJB and Committee papers	X			Please see 2c, above.	
Financial Regulations	X			Please see 1h, above.	
Financial Reporting (e.g., Budget Monitoring, Financial Allocations and Budgets and Capital Programme)	X			A Financial Report is presented to each meeting of the IJB.	
Annual Accounts (including Governance Statement, Statement of Income and Expenditure and Balance Sheet)	X			Please see 1i, above.	
Annual Audit Report	X			Please see 1j, above.	

Risk Management Strategy and Procedure and Reporting	X					Please see 4a, above.
Performance Management Framework and Reporting	X					Please see 3d, above.
Annual Performance Report	X					Please see 3e, above.
Audit Plans and Assurance (Internal and Third Party)	X					Please see 1k, above.
Clinical and Care Governance Arrangements and Reporting	X					Please see 1m, above.

To: Renfrewshire Health and Social Care Integration Joint Board Audit Committee

On: 26 January 2018

Report by: Chief Internal Auditor

Heading: Training for Audit Committee Members

1. Summary

- 1.1 In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, it is good practice to provide training on audit and risk related matters to members of the Audit Committee.
- 1.2 A proposed programme of training briefings is outlined at Appendix 1 which will be delivered at board meetings.
-

2. Recommendations

- 2.1 That the IJB Audit Committee approve the proposed programme of training briefings.
-

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 – Training for members on audit and risk related matters is good practice.

11. Privacy Impact - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Date	Topic
29 June 2018	Risk Management
TBC	The Role of Internal Audit
TBC	The Role of External Audit

