

## **Notice of Meeting and Agenda Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee**

<b>Date</b>	<b>Time</b>	<b>Venue</b>
Friday, 19 June 2020	10:00	Remotely by Skype,

KENNETH GRAHAM  
Clerk

### **Membership**

Councillor Lisa-Marie Hughes: Councillor Jennifer Adam-McGregor; Margaret Kerr: Dorothy McErlean: Alan McNiven: David Wylie

Margaret Kerr (Chair): Councillor Lisa-Marie Hughes (Vice Chair)

### **Members of the Press and Public**

Members of the press and public wishing information in relation to this meeting should contact Elaine Currie, [elaine.currie@renfrewshire.gov.uk](mailto:elaine.currie@renfrewshire.gov.uk)

## 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.

- |           |   |                  |
|-----------|---|------------------|
| <b>1</b>  | <b>Minute</b>   | <b>5 - 10</b>    |
|           | Minute of meeting of the Integration Joint Board (IJB) Audit Committee held on 31 January 2020. |                  |
| <b>2</b>  | <b>Rolling Action Log</b>   | <b>11 - 12</b>   |
|           | Rolling action log.   |                  |
| <b>3</b>  | <b>Unaudited Annual Governance Statement 2019/20</b>  | <b>13 - 22</b>   |
|           | Report by Chief Finance Officer.  |                  |
| <b>4</b>  | <b>Internal Audit Annual Report 2019/20</b>   | <b>23 - 38</b>   |
|           | Report by Chief Internal Auditor.   |                  |
| <b>5</b>  | <b>Summary of Internal Audit Reports</b>  | <b>39 - 44</b>   |
|           | Report by Chief Internal Auditor.   |                  |
| <b>6</b>  | <b>Summary of Internal Audit Activity in Partner Organisations</b>                              | <b>45 - 50</b>   |
|           | Report by Chief Internal Auditor.   |                  |
| <b>7</b>  | <b>Compliance with the Local Code of Corporate Governance</b>                                   | <b>51 - 54</b>   |
|           | Report by Chief Internal Auditor.   |                  |
| <b>8</b>  | <b>Local Code and Sources of Assurance for Governance Arrangements</b>                          | <b>55 - 74</b>   |
|           | Report by Head of Administration.   |                  |
| <b>9</b>  | <b>Review of Integration Joint Board Financial Governance Arrangements</b>                      | <b>75 - 116</b>  |
|           | Report by Chief Finance Officer.  |                  |
| <b>10</b> | <b>Inspection of Care at Home Services by Care Inspectorate</b>                                 | <b>117 - 122</b> |
|           | Report by Chief Officer.  |                  |

- 11     Inspection of Care Home Services by Care Inspectorate**     **123 - 130**  
Report by Chief Officer.
- 12     Integration Joint Board and Health and Social Care  
Partnership Risk Registers**  
Report by Head of Administration. (not available - copy to follow)
- 13     Date of Next Meeting**  
Note that the next meeting of the IJB Audit, Risk and Scrutiny Committee will be held at 10.00 am on 11 September 2020.





## Minute of Meeting

### Renfrewshire Health and Social Care Integration

### Joint Board Audit Committee

Date	Time	Venue
Friday, 31 January 2020	09:00	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

#### Present

Councillor Lisa-Marie Hughes and Councillor Jennifer Adam-McGregor (both Renfrewshire Council); Margaret Kerr and Dorothy McErlean (both Greater Glasgow & Clyde Health Board); Alan McNiven (third sector representative); and David Wylie (Health Board staff member involved in service provision).

#### Chair

Margaret Kerr, Chair, presided.

#### In Attendance

Andrea McMahon, Chief Internal Auditor, Lynn Mitchell, Managing Solicitor (Contracts and Conveyancing) and Elaine Currie, Senior Committee Services Officer (all Renfrewshire Council); 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); and John Cornett, Audit Director and Paul Bonfanti, Auditor (both Audit Scotland).

#### 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 of business in relation to Audit Scotland's report entitled 'Local Government in Scotland: Financial Overview 2018/19' which had not been included in the notice calling the meeting. The Chair, being of the opinion that the item, which is dealt with at item 7 below, should be considered as the Audit Director, Audit Scotland, would be in attendance, authorised its consideration.

## 1 Minute

The Minute of the meeting of the Integration Joint Board (IJB) Audit Committee held on 20 September 2019 was submitted.

It was noted that Dorothy McErlean's apology had not been recorded in the Minute.

**DECIDED:** That the Minute, as amended to include Dorothy McErlean's apology, be approved.

## 2 Internal Audit Plan 2019/20 - Progress

The Chief Internal Auditor submitted a report providing an update on the progress of the remaining areas of work of the internal audit plan 2019/20 and seeking approval of the amended internal audit plan for 2019/20.

The report intimated that in line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2019/20 had been developed and approved by the IJB Audit Committee on 25 January 2019, a copy of which formed Appendix 1 to the report.

Since the plan had been approved, the Ministerial Strategic Group for Health and Community Care Integration Review Leadership published a self-evaluation tool for IJBs to review their progress with integration and this covered much of the remit for the planned assurance review of integration of services. Following discussions with HSCP senior management it had been agreed that to avoid duplication, this review would be replaced with a governance review of the IJB and reporting arrangements and a facilitated self-assessment of the IJB Audit Committee using the CIPFA good practice self-evaluation tool.

The amended audit plan 2019/20 formed Appendix 2 to the report.

In relation to training, it was proposed (i) that the Chief Internal Auditor deliver training at a future development session for members of the IJB Audit Committee following completion of the facilitated self-assessment of the IJB Audit Committee; and (ii) that the Chief Internal Auditor forward details of the audit committee members training delivered by CIPFA to members of the IJB Audit Committee and that, if appropriate, arrangements be made for members to attend a training course. This was agreed.

### **DECIDED:**

- (a) That the proposed amendment to the internal audit plan 2019/20 be approved;
- (b) That the progress against the remaining areas of the internal audit plan 2019/20 be noted;
- (c) That the Chief Internal Auditor deliver a future development session for members of the IJB Audit Committee to complete the facilitated self-assessment of the IJB Audit Committee that would help inform future training for members; and

(d) That the Chief Internal Auditor forward details of the audit committee members training delivered by CIPFA to members of the IJB Audit Committee and that, if appropriate, arrangements be made for members to attend a training course.

### **3 Annual Internal Audit Plan 2020/21**

The Chief Internal Auditor submitted a report relative to the annual internal audit plan 2020/21, a copy of which was appended 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 2020/21 had been developed. The plan 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 provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement. It was noted that the plan might be subject to amendment during the course of the year due to the emergence of issues of greater priority, or for unforeseen circumstances which would be reported to the committee.

It was proposed that the Chief Internal Auditor provide members with details of the audit activity to date and what the audit universe looked like moving forward. This was agreed.

It was noted that the Chief Officer and Chief Finance Officer had responded to the Accounts Commission in relation to the work programme for 2020/25 and the proposed audit work in relation to the four broad risk areas Audit Scotland had identified. The Chief Officer intimated that he would forward this response to members of the IJB Audit Committee.

It was proposed that the Chief Officer and the Chief Finance Officer meet with Audit Scotland and the Chief Internal Auditor to discuss the risk register and that the Chief Officer submit a report to the next meeting of the IJB Audit Committee in relation to risk.

#### **DECIDED:**

(a) That the internal audit plan 2020/21 be approved;

(b) That it be noted that the internal audit plan would be shared with the local authority and health board;

(c) That the Chief Internal Auditor provide members with details of the audit activity to date and what the audit universe looked like moving forward; and

(d) That the Chief Officer and the Chief Finance Officer meet with Audit Scotland and the Chief Internal Auditor to discuss the risk register and that the Chief Officer submit a report to the next meeting of the IJB Audit Committee in relation to risk.

### **4 Audit Scotland Annual Audit Plan 2019/20**

The Chief Finance Officer submitted a report relative to the annual audit plan 2019/20 for the IJB which outlined Audit Scotland's planned activities in their audit for the 2019/20 financial year.

The report highlighted that the annual audit plan 2019/20 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 IJB.

John Cornett, Audit Director, Audit Scotland focussed on 3 sections of the audit plan being the risks identified in Exhibit 1, materiality and the audit fee which were then discussed by members. Members also discussed issues around the use of the set aside budget for unscheduled care and the proposed changes to the terms of reference for the IJB Audit Committee and any knock-on effect for the IJB.

In relation to the set aside budget for unscheduled care, it was noted that Audit Scotland were still in discussions around whether a national report would be produced or whether the focus would be on NHS GG&C's use of the set aside budget for unscheduled care. It was felt that this could be misleading if figures for GG&C were detailed in Audit Scotland's annual report but silent on other health board areas.

In relation to the audit fee, it was noted that the Audit Director would reflect the Audit Committee's conversation to Audit Scotland.

**DECIDED:** That Audit Scotland's annual audit plan 2019/20 be noted.

## **5 Summary of Internal Audit Activity in Partner Organisations**

The Chief Internal Auditor submitted a report providing a summary of internal audit activity undertaken in partner organisations during 1 April to 31 December 2019.

The report intimated that the IJB directed both Renfrewshire Council and NHS GG&C to deliver services that enabled the IJB to deliver on its strategic plan. Both Renfrewshire Council and NHS GG&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 Renfrewshire Council and NHS GG&C that impacted upon the IJB's ability to deliver the strategic plan or support corporate functions.

In relation to internal audit activity within Renfrewshire Council, the report provided detail on reports submitted to the Council's Audit, Risk and Scrutiny Board which were relevant to the IJB; contract management for home care; GDPR and the Data Protection Act 2018; the quick quote process; key financial controls and payroll.

In relation to internal audit activity within NHS GG&C, the report provided detail on reports submitted to the NHS GG&C Audit Committee; delayed discharges; financial systems health check; the grievance process and IT security.

It was noted that a new grievance policy would be implemented in NHS GG&C from 1 March 2020 which would tighten up processes and that staff awareness sessions were currently underway. It was further noted that, in relation to delayed discharges, NHS internal audit would follow-up on one specific aspect of the process.

It was proposed that the Chief Internal Auditor request further information from the NHS GG&C internal audit team on the improvements undertaken in IT security since publication of the internal audit report and that this be included in a future report to the IJB Audit Committee. This was agreed.



**DECIDED:**

(a) That the report be noted; and

(b) That the Chief Internal Auditor request further information from the NHS GG&C internal audit team on the improvements undertaken in IT security since publication of the internal audit report and that this be included in a future report to the IJB Audit Committee.

**6 Proposed Dates of Meetings of the IJB Audit Committee 2020/21**

The Clerk submitted a report relative to proposed dates of meetings of the IJB Audit Committee in 2020/21.

**DECIDED:**

(a) That the next meeting of the IJB Audit Committee be held at 10.00 am on 19 June 2020;

(b) That meetings of the IJB Audit Committee be held at 10.00 am on 11 September and 4 December 2020 and 12 March and 18 June 2021; and

(c) That meetings of the IJB Audit Committee be held in Renfrewshire House, Cotton Street, Paisley unless that venue was 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.

**7 Audit Scotland Report - Local Government in Scotland: Financial Overview 2018/19**

The Chief Finance Officer submitted a report relative to Audit Scotland's report entitled 'Local Government in Scotland: Financial Overview 2018/19' published in December 2019.

The Audit Scotland report provided an independent assessment of how effectively Scottish local government was managing public money and responding to the financial challenges it faced and outlined some key messages covering Councils' income in 2018/19; Councils' financial position in 2018/19; Councils' financial outlook; and IJBs' overview 2018/19.

The key messages together with the associated Renfrewshire IJB position formed Appendix 1 to the report and the Audit Scotland report formed Appendix 2 to the report.

The Audit Director, Audit Scotland, advised that Audit Scotland published an annual report and that every second year it had a financial focus; highlighted the key messages detailed on page 17 of the report; and encouraged the IJB to use the report moving forward.

**DECIDED:** That the Audit Scotland report be noted in the context of Renfrewshire IJB.



## IJB Audit, Risk and Scrutiny Committee Rolling Action Log

Date of Board	Report	Action to be taken	Officer responsible	Due date	Completed
31/01/20	Internal Audit Plan 2019/20 – Progress	<p>Deliver a future development session for members of the IJB Audit Committee to complete the facilitated self-assessment of the IJB Audit Committee that will inform future training for members.</p> <p>Forward details of the audit committee members training delivered by CIPFA to members of the IJB Audit Committee and that, if appropriate, make arrangements for members to attend a training course.</p>	<p>Chief Auditor</p> <p>Chief Auditor</p>	<p>Development date to be determined</p>	<p>2 June 2020</p>
	Annual Internal Audit Plan 2020/21	<p>Provide members with details of the audit activity to date and what the audit universe looks like moving forward</p> <p>Meet with Audit Scotland and the Chief Internal Auditor to discuss the risk register and that the Chief Officer submit a report to the next meeting of the Audit Committee in relation to risk.</p>	<p>Chief Auditor</p> <p>Chief Officer and Chief Finance Officer</p>	<p>12 June 2020</p> <p>12 June 2020 delayed due to covid-19 priorities</p>	<p>12 June 2020 included in annual report</p> <p>November 2020</p>

	Summary of Internal Audit Activity in Partner Organisations	Request further information from the NHSGG&C internal audit team on the improvements undertaken in IT security since publication of the internal audit report and that this be included in a future report to the Audit Committee.	Chief Auditor	12 June 2020	12 June 2020 included in annual report
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**To:** Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Finance Officer

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**Heading:** Unaudited Annual Governance Statement 2019/20

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**1. Purpose of Report**

- 1.1. To present to the IJB Audit, Risk and Scrutiny Committee, the Unaudited Annual Governance Statement for the Renfrewshire Integration Joint Board for 2019/20 and:
- To provide the Audit, Risk and Scrutiny Committee, with the opportunity to provide comment on and approve the annual governance statement; and,
  - To agree that assurances on the governance framework can be provided to Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC).
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**2. Recommendation**

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the draft annual governance statement, as set out in Appendix 1.
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**3. Background**

- 3.1. The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.
- 3.2. In discharging these responsibilities, the Chief Officer has a reliance on NHSGGC and Renfrewshire Council's systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.
- 3.3. The IJB has adopted governance arrangements consistent where appropriate with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". The Annual Governance statement explains how the IJB has complied with these governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which includes the requirement for an Annual Governance Statement.

- 3.4. In addition, the annual governance statement which forms a key part of the annual accounts provides readers of the accounts with assurance that the governance framework is fit for purpose.
- 3.5. The Annual Governance Statement for 2019/20 is attached and has been prepared in accordance with the relevant regulation and guidance taking account of the Internal Audit Annual Report and the Chief Officer's evaluation of the operation of the governance arrangements within each service area.
- 3.6. The Governance Statement is subject to statutory audit by the Council's External Auditors as part of their review of the annual accounts.

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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** – none
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – The Annual Governance Statement provides information on the effectiveness of the IJB Governance Framework. Specific risks identified from the Chief Auditor's Annual Report and the assessments of the CO are disclosed in the statement.
11. **Privacy Impact** – none.

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### List of Background Papers – None

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

Any enquiries regarding this paper should be directed to Sarah Lavers, Chief Finance Officer ( <a href="mailto:Sarah.Lavers@renfrewshire.gov.uk">Sarah.Lavers@renfrewshire.gov.uk</a> / 0141 618 6824)
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## **Annual Governance Statement**

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

### **Scope of Responsibility**

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHSGGC and Renfrewshire Council systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

This system can only provide reasonable and not absolute assurance of effectiveness.

The IJB has adopted governance arrangements consistent where appropriate, with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

### **Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Plan. The governance framework will be continually updated to reflect best practice, new legislative requirements and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

### **Governance Framework and Internal Control System**

The Board of the IJB comprises the Chair and 7 other voting members; four are Council Members nominated by Renfrewshire Council, and, four are Board members of NHSGGC. There are also a number of non-voting professional and stakeholder members on the IJB Board. Stakeholder members currently include representatives from the third and independent sector bodies, carers and service users. Professional members include the Chief Officer and Chief Finance Officer. The IJB, via a process of delegation from NHSGGC and

Renfrewshire Council, and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all delegated health and social care within its geographical area.

The main features of the governance framework in existence during 2019/20 were:

- The IJB is formally constituted through the Integration Scheme agreed by Renfrewshire Council and NHSGGC and approved by Scottish Ministers.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation, Financial Governance arrangements; these are subject to regular review.
- A Local Code of Corporate Governance was approved by the IJB early in 2017 which is subject to ongoing updates as required. Board members adhere to an established Code of Conduct and are supported by induction and ongoing training and development. Performance and Personal Development (PPD) schemes are also in place for all staff, the aim of which is to focus all staff on their performance and development that contributes towards achieving service objectives
- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Strategic Plan which sets out the key outcomes the IJB is committed to delivering with its partners.
- The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its Health Service and Local Authority partners. The IJB publishes information about its performance regularly as part of its public performance reporting.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Audit, Risk and Scrutiny Committee, as appropriate.
- The RHSCP has a robust Quality, Care and Professional Governance Framework and supporting governance structures which are based on service delivery, care and interventions that are: person centred, timely, outcome focused, equitable, safe, efficient and effective. This is reported annually to the IJB and provides a variety of evidence to demonstrate the delivery of the core components within RHSCP Quality, Care and Professional Governance Framework and the Clinical and Care Governance principles specified by the Scottish Government.
- RHSCP has an Organisational Development and Service Improvement Strategy developed in partnership with its parent organisations. Progress, including an update on the Workforce Plan, is reported annually to the IJB.
- The IJB follows the principles set out in CoSLA's Code of Guidance on Funding External Bodies and Following the Public Pound for both resources delegated to the IJB by the Health Board and Local Authority and resources paid to its Local Authority and Health Service partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by managers within the



HSCP supported by NHSGGC and Renfrewshire Council in relation to the operational delivery of health and social care services.

- Performance management, monitoring of service delivery and financial governance is provided by RHSCP to the IJB who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget. This ensures there is regular scrutiny at senior management, committee and Board level. Performance is linked to delivery of objectives and is reported regularly to the IJB. Information on performance can be found in the Annual Performance Report published on the IJB website.
- The IJB's approach to risk management is set out in its Risk Management Strategy and the Corporate Risk Register. Regular reporting on risk management is undertaken through regular reporting to the Senior Management Team and also to the IJB Audit, Risk and Scrutiny Audit Committee for their review and comment.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Audit, Risk and Scrutiny Committee.
- The HSCP's medium term approach (Tier 2) to financial planning recognised the need to transform the way in which the HSCP delivers services, to ensure the sustainability of health and social care services going forward. A key element of the Tier 2 approach is the implementation of the HSCP's Transformation Programme. A Programme Board which will provide governance and oversight of progress has been established, and through implemented governance structures, all transformational activity will reflect and contribute to the delivery of four guiding principles which have been developed to align with the key principles set out in the Financial Plan.

### Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA Statement on "The Role of the Chief Finance Officer in Local Government 2014". The IJB's Chief Finance Officer has overall responsibility for RHSCP's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The IJB complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit Risk and Scrutiny Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

### **Review of Adequacy and Effectiveness**

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

The review of the IJB's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes "Self-assessment Checklists" as evidence of review of key areas of the IJB's internal control framework, these assurances are provided to Renfrewshire Council and NHS GGC. The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control. There were no significant internal control issues identified by the review.

Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the Audit Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

Due to the nature of IJB Board Membership, a conflict of interest can arise between an IJB Board Members' responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon.

The Management Commentary provides an overview of the key risks and uncertainties facing the IJB.

Although no system of internal control can provide absolute assurance, nor can Internal Audit give that assurance. On the basis of audit work undertaken during the reporting period and the assurances provided by the partner organisations, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control, risk management and governance is operating effectively within the organisation.

**Significant Governance Issues due to the Impact of Covid-19**

The IJB's agreed governance framework has been in place for the majority of the year ended 31 March 2020. However, from March 2020 the governance context in which the IJB operates has been impacted by the need to implement business continuity processes in response to the significant public health challenge presented by the Covid-19 pandemic. The planning and delivery of health and social care services has had to adapt to meet this challenge and the IJB has had to adapt its governance structures accordingly. In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services in Renfrewshire, the IJB approved and initiated temporary decision-making arrangements at its meeting of Friday 20 March 2020. The temporary arrangements will be in place for as long as is necessary, subject to ongoing review.

Under these temporary arrangements, authority is delegated, if required, to meet immediate operational demand, to the Chief Officer in consultation with the Chair and Vice Chair of the IJB.

HSCP Clinical Governance Groups have been postponed as key individuals are leading or have been deployed to assist with COVID response. This will remain under review and will be reinstated once the impact of the virus lessens. Additional governance implemented includes:

- HSCP participation in daily CMT meetings with Renfrewshire Council
- HSCP participation in NHS Board COVID-19 Governance at Strategic, Tactical and Operational Level.
- HSCP SMT meetings, held three times a week, to discuss and manage key issues and risks, using implemented risk, issue and decision monitoring, absence and status reporting (with additional meetings as required).
- Financial governance remains in place and has been supplemented by additional controls to manage and monitor Covid19 related expenditure.

Renfrewshire IJB is working with partners to participate in the wider response to the pandemic at Health Board and national level and is a key participant in the Council family and Greater Glasgow and Clyde governance structures working with other HSCPs to manage the impact of the pandemic.

The HSCP has implemented new service areas in response to the pandemic, examples of which have included the establishment of an assessment centre to support assessment and testing of potential COVID-19 patients and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.

With significant disruption to how health and social care services across Renfrewshire are currently being delivered likely to continue in the short to medium term, officers within the HSCP are developing plans to capture the extent of the shift from business as usual activity and ensure the IJB can continue to meet need and achieve the strategic priorities set out in the Strategic Plan. A vital element of the recovery planning activity being undertaken is learning

from the interim changes put in place. The HSCP are actively seeking to understand the impact of the measures implemented to identify which could be retained or adapted to improve services and continue to meet individuals' outcomes. Some of the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. A detailed approval/decision tracker log is being maintained internally by the Chief Finance Officer to record the details, including approval routes, of any decisions with financial implications for the IJB. This is supported by a mobilisation plan which has been approved by the Scottish Government, with discussions in relation to funding ongoing.

### Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the IJB's governance. Regular updates on progress of the agreed actions will be monitored by the IJB Audit, Risk and Scrutiny Committee.

A copy of the agreed Action Plan is included in the following table:

Agreed Action	Responsible Person	Date
Reprofile scheduling of 2020/21 savings targets and transformational activity for period to 2022/23 in response to Covid-19 crisis and implement robust programme and benefits management to ensure continued financial grip	Chief Finance Officer	November 2020
Implement standing agenda item at each IJB Audit, Risk and Scrutiny Committee to provide update on transformational activity and benefits management in line with above reprofiling	Chief Finance Officer	November 2020
Put in place a plan to review, on a rolling basis, IJB key governance documents, including for example Standing Orders, Scheme of Delegation and Financial Regulations.	Head of Administration / Chief Finance Officer	November 2020

Working with NHSGGC and the five other GGC HSCP's Develop commissioning plans in relation to acute set-aside resources	Chief Officer / Head of Strategic Planning and Health Improvement	November 2020
Review existing Risk Management arrangements, including an agreed risk appetite statement.	Head of Administration / Strategic Service Improvement Manager	March 2021
Review existing Business Continuity arrangements, in light of current COVID19 impact on service delivery and lessons learned.	Head of Administration / Strategic Service Improvement Manager	March 2021

**Update on 2018/19 Action Plan**

Agreed Action	Progress	Responsible Person	Date
Review and update, as necessary, the Audit Committee Terms of Reference	Completed and approved by IJB in January 2020. IJB Audit Committee will be renamed IJB Audit, Risk and Scrutiny Committee.	Head of Administration	Complete
Implement Ministerial Steering Group Review of Integration Proposals and Self Actions identified to be delivered over 2019/20, including: the development of commissioning plans to support the implementation of the set aside arrangements; working closely with the IJB and the Director of Finance for NHSGGC to ensure that all possible steps are taken to enable the IJB to approve the delegated health budget prior to the start of the financial year.	In progress. Work ongoing to develop updated Set Aside arrangements in line with MSG recommendations through the Unscheduled Care Commissioning Plan	Chief Officer	Ongoing

Carry out a review of the Renfrewshire Integration Scheme in line with the Public Bodies (Joint Working) (Scotland) Act 2014)	Updated Integration Scheme drafted and will be subject to consultation following Covid-19 pandemic.  Action plan developed to complete review in line with legislative requirements.	Chief Officer	June 2020
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### Conclusion and Opinion on Assurance

While recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team throughout the year.

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**Cllr Jacqueline Cameron**  
**IJB Chair**  
**Date: 20/09/19**

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**David Leese**  
**Chief Officer**  
**Date: 20/09/19**

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**To:** Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Internal Auditor

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**Heading:** Internal Audit Annual Report 2019/2020

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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 2020. 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. In forming the opinion, the Chief Internal Auditor has conducted a review of the Internal Audit reports issued to the IJB in the year and the internal audit annual report from Renfrewshire Council and internal audit progress reports from NHS Greater Glasgow and Clyde.
- 

## **2. Recommendations**

- 2.1 That the Audit Committee notes the content of the IJB's Internal Audit Annual Report for 2019/2020.
- 

## **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 2019-2020**

**June 2020**



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

### **Internal Audit Annual Report 2019/2020**

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

### **Internal Audit Annual Report**

**1 April 2019 – 31 March 2020**

#### **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 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 2019/20 relating to the IJB;
  - The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
  - Internal audit performance;
  - Planned audit work for 2020/21;
  - 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, the Chief Internal Auditor has conducted a review of the Internal Audit reports issued to the IJB in the year and the internal audit annual report from Renfrewshire Council and progress summaries from 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 2019/2020**

- 3.1 The Internal Audit Plan for the IJB for 2019/2020 provided for a review of progress with service integration and the annual review of the adequacy and compliance with the Local Code of Corporate Governance.
- 3.2 To avoid duplicating the work of the Ministerial Strategic Group self-evaluation review of progress with integration, the Board agreed in January 2020 that the review of service integration would be replaced with a governance review and a facilitated self-assessment of the of the Audit Committee using the CIPFA good practice self-evaluation tool. The governance review has been completed. However, the self-evaluation of the Audit, Risk and Scrutiny Committee has been carried forward into the 2020/2021 audit year, due to the cancellation of planned development days.
- 3.4 The Annual Report for 2018/2019 was submitted to the IJB Audit Committee on 28 June 2019.
- 3.5 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2019/20, 1 recommendation was followed up and confirmed as implemented. There are no recommendations outstanding.

## **4. Review of Internal Audit Performance**

- 4.1 Internal Audit produces regular reports on its performance during the year to Renfrewshire Council's Audit, Risk and Scrutiny Board, against a range of measures set annually by Renfrewshire Council's Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 1 shows the actual performance against targeted performance for the year.

**Table 1**

<b>Internal Audit Performance 2019/20</b>
---

Performance measure	Target 2019/20	Actual 2019/20
% of audit assignments completed by target date	95%	95.4%
% of audit assignments completed within time budget	95%	96.9%
% completion of audit plan for the year*	95%	98.5%

\* 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 above the target performance level. All IJB specific audit engagements have now been completed.

4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. The review did not identify any areas of non-conformance that require to be addressed.

4.4 External Audit

External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

## 5. Planned Work for 2020/21

5.1 Following a risk-based assessment of the activities of the IJB and consultation with the senior management team, the Internal Audit Plan for 2020/2021 provides for 35 days of Internal Audit resource to undertake:

- A review of the arrangements in place for budget monitoring; and
- The annual review of the adequacy and effectiveness of the Local Code of Corporate Governance.

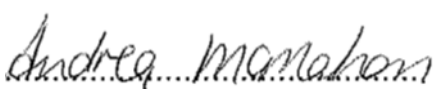
The plan also provides time for planning and reporting, follow up on previous recommendations, ad-hoc advice and consultancy. The Internal Audit Plan for 2020/2021 was approved by the IJB Audit Committee on 31 January 2020.

5.2 At the meeting on 31 January 2020, the Audit Committee requested details of audit activity to date for the IJB. Appendix 2 shows the work undertaken to

date. The audit universe will be reviewed during 2020/2021 in conjunction with Senior Management and External Audit to reflect the maturity of the organisation. The 2021/2022 Annual Audit Plan will provide details of the revised audit universe and the anticipated coverage over the following years.

## 6. Audit Assurance Statement

- 6.1 The audit work performed in relation to the 2019/20 internal audit plan has been reported to the Chief Officer. Relevant audit work undertaken by partner organisations has been reported to the Audit, Risk and Scrutiny Committee. Where areas for improvement in internal control have been identified appropriate recommendations have been made and accepted for action by management.
- 6.2 Some matters have been identified in relation to the internal control, risk management and governance arrangements within the partner organisations and these have been recommended by the respective Chief Internal Auditors for inclusion in the partner governance statements. There are no significant matters arising in relation to those audit engagements specific to the IJB.
- 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 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 2019/20 and the opinion's contained in the Internal Audit Annual Reports of the Local Authority and progress reports from the Health Board.
  - Management self-assessment of internal control, risk management and governance arrangements.
  - Management action to respond to audit recommendations.

Signed 

Chief Internal Auditor

Date 19 June 2020

**Appendix 1**



**Summary of Internal Audit Assurances for the IJB and partner organisations  
Renfrewshire Council and NHS Greater Glasgow and Clyde**

Integration Joint Board		
Audit Engagement	Assurance Level	Significant Matters
Governance Arrangements	Substantial	<ul style="list-style-type: none"> <li>None</li> </ul>
Local Code of Corporate Governance	Substantial	<ul style="list-style-type: none"> <li>None</li> </ul>
Renfrewshire Council		
Audit Engagement	Assurance Level	Significant Matters
General Ledger	Reasonable	<ul style="list-style-type: none"> <li>None</li> </ul>
Procurement – Quick Quote Process	Reasonable	<ul style="list-style-type: none"> <li>None</li> </ul>
Cloud Services	Limited	<ul style="list-style-type: none"> <li>The review identified that there was scope to improve the cloud security control environment, a number the areas identified were already known to management and work was underway to address. Recommendations were made in relation to formal Cloud Security Assessments for all contractors. We also identified processes that would benefit from completion and implementation of a formal framework for supplier assurance and performance.</li> </ul> <p><i>Update from Renfrewshire Council Management have provided assurance to the Auditor that they have implemented the majority of the recommendations and the remainder will be progressed during the year and followed up as part of the annual audit follow up review.</i></p>
Information Security – Adult Services	Reasonable	<ul style="list-style-type: none"> <li>None</li> </ul>
NHS Greater Glasgow and Clyde		
Audit Engagement	Overall Audit Rating	Significant Matters
Capacity Planning – Delayed Discharge	Minor Improvement Required	<ul style="list-style-type: none"> <li>None</li> </ul>
Financial Systems Health Check	Effective	<ul style="list-style-type: none"> <li>None</li> </ul>
Financial Information and Reporting	Effective	<ul style="list-style-type: none"> <li>None</li> </ul>
Medicines Reconciliation in	Substantial	<ul style="list-style-type: none"> <li>The review identified areas which</li> </ul>

hospital	<b>Improvement Required</b>	<p>could be improved to support more uniform application of the Medicines Reconciliation in Hospital Policy.</p> <ul style="list-style-type: none"> <li>It was found that there is no management information in place to ensure that reconciliations are completed as expected, which means consultants are unable to monitor the performance of junior doctors in this area. We also found that there is no formal review or feedback process in place to identify issues of compliance or training needs.</li> </ul> <p><i>Update from NHSGGC Auditor</i> The majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and will be reported to the NHSGGC Audit Committee.</p>
Sickness Absence – follow up	<b>Substantial Improvement Required</b>	<ul style="list-style-type: none"> <li>During the follow-up review, it was found that individual and team compliance with the process is still inconsistent.</li> <li>Despite this progress has been made implementing the previous recommendations. NHSGGC has now established a framework for improvement initiatives, designed specifically to identify and address the root causes of sickness absence. It was confirmed that this activity is beginning to yield results in some areas of the organisation.</li> </ul> <p><i>Update from NHSGGC Auditor</i> The majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and will be reported to the NHSGGC Audit Committee.</p>
Statutory and Mandatory Training	<b>Minor Improvement Required</b>	<ul style="list-style-type: none"> <li>None</li> </ul>
Grievance Process	<b>Minor Improvement Required</b>	<ul style="list-style-type: none"> <li>None</li> </ul>
I.T Security	<b>Substantial</b>	<ul style="list-style-type: none"> <li>The audit identified that</li> </ul>

	<b>Improvement Required</b>	<p>improvements were required to ensure that access levels are accurate and complete. It also noted weaknesses in process and documentation for privileged and generic accounts reviews as part of a wider Active Directory user access, including the need to improve logging and monitoring of activity.</p> <ul style="list-style-type: none"> <li>• The review also recommended that the Board should ensure that there is a roadmap to remove legacy infrastructure and unsupported operating systems, where possible, from the network or ensure that multi layered controls are utilised to safeguard the Board. In addition, it is recommended a separate action plan should be put in place to continue to reduce the number of remaining vulnerabilities identified.</li> </ul> <p><i><u>Update from NHSGGC Auditor</u></i>  <i>All recommendations have now been completed.</i></p>
Property Transaction Monitoring	<b>Effective</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>



## Appendix 2

### Audit Coverage 2016/2017 to 2020/2021

Audit Universe / Year of Coverage	Strategic Management	Financial Management	Governance
2016/17	Yes (Strategic planning)	Yes (Financial Planning)	
2017/18	Yes (Compliance with the Integration Scheme)		
2018/19			Yes
2019/20			Yes
2020/21		Yes (Budgetary Control)	

In addition, compliance with the Local Code of Corporate Governance and follow up of audit recommendations is undertaken annually.



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**To:** Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Internal Auditor

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**Heading:** Summary of Internal Audit Reports

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## **1. Summary**

- 1.1 A risk based Internal Audit Plan for 2019/20 was approved by the IJB Audit Committee on 25 January 2019. In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. All planned reviews have been completed.
- 1.2 Appendix 1 provides details of audit engagements completed with the overall assurance rating and the number of recommendations in each risk category. The committee summary is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.

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## **2. Recommendations**

- 2.1 That the Integration Joint Board Audit, Risk and Scrutiny Committee are asked to note the content of the report.

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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** - none
  8. **Health & Safety** - none.
  9. **Procurement** - none.
  10. **Risk** - The subject matter of this report is the progress of the risk-based Audit Plan for the IJB.
  11. **Privacy Impact** - none.
- 

**List of Background Papers** – none.

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



## Appendix 1

### Integration Joint Board Audit, Risk and Scrutiny Committee

#### Internal Audit Service

#### Summary of Final Audit Reports Issued

Engagement	Assurance Rating (note 1)	Recommendation Ratings			
		Critical	Important	Good Practice	Service Improvement
Governance Arrangements	Substantial	0	0	0	1

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> <li>There is a sound system of internal control designed to achieve the objectives of the area being reviewed.</li> <li>The control processes tested are being consistently applied.</li> </ul>
Reasonable Assurance	<ul style="list-style-type: none"> <li>The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk.</li> <li>There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.</li> </ul>
Limited Assurance	<ul style="list-style-type: none"> <li>Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk.</li> <li>The level of non-compliance puts the objectives of the area being reviewed at risk.</li> </ul>
No Assurance	<ul style="list-style-type: none"> <li>Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed.</li> <li>Significant non-compliance with control processes leaves the processes/systems open to error or abuse.</li> </ul>

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.



# Internal Audit Report

## Integration Joint Board

### Governance Arrangements (A0114/2020/001)

Date: June 2020



#### **EXECUTIVE SUMMARY**

##### **Audit Objectives**

The objectives of the review were to ensure that:

- The terms of reference for the Board and the Audit Committee are appropriate for the maturity of the organisation, including agenda and frequency of meetings.
- There is an effective structure to support governance and oversight of specialist areas and allows for effective independent scrutiny.

##### **Audit Scope**

- Review the Renfrewshire IJB governance arrangements against those of other IJBs and suggest areas for consideration to improve and reflect the maturity of the organisation.
- Interview the appropriate staff, evaluate the governance arrangements and identify any possible improvements.

##### **Key Audit Assurances**

The integration scheme for the Board is the legal partnership agreement covering the matters prescribed by the Public Bodies (Joint Working) (Scotland) Act 2014, as such there are no separate terms of reference for the Board. The scheme was reviewed in February 2020 in line with the requirements of the Act and reflects the maturity of the organisation.

Officers extensively benchmarked the terms of reference for the Audit Committee with other IJBs and in conjunction with the Chief Internal Auditor reviewed and proposed revisions to those terms of reference which were approved by the IJB in January 2020 and are considered to be appropriate for the organisation.

There is an effective structure to support governance and oversight of specialist areas and allows for effective independent scrutiny.

##### **Key Risks**

There were no key risks identified during the audit.

##### **Overall Audit Opinion**

The governance arrangements in place within the IJB are operating satisfactorily. Some groups were not meeting with the frequency set out in their terms of reference in the financial year 18/19. This has improved in the financial year 19/20.

# Internal Audit Report

## Integration Joint Board

### Governance Arrangements (A0114/2020/001)

Date: June 2020



#### Detailed Report

Rec No.	Detailed Finding	Recommendation	
<b>Recommendation 1</b> <b>(Service Improvement)</b>	<b>Governance of specialist areas</b> The auditor reviewed a sample of meeting minutes for groups in the RHSCP Quality, Care and Professional Governance Structure and noted that the Medicines Management group met less than quarterly, as stated in the terms of reference, in 2019/20 with 3 out of 4 meetings taking place.	RHSCP management should ensure that supporting governance groups meet as frequently as set out in their terms of reference.	
	Management Action to be taken	Action Owner	Completion Date
	The June 2019 meeting was scheduled but needed to be cancelled as insufficient representatives were available to allow the meeting to be quorate. Management will continue to ensure that meetings are scheduled as set out in the terms of reference.	Head of Administration	Complete

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 Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Internal Auditor

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**Heading:** Summary of Internal Audit Activity in Partner Organisations

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## **1. Summary**

- 1.1 The Renfrewshire Health and Social Care Integration Joint Board directs both Renfrewshire Council and NHS Greater Glasgow and Clyde to deliver services that enable the Renfrewshire Integration Joint Board to deliver on its strategic plan.
  - 1.2 Both Renfrewshire Council and NHS Greater Glasgow and Clyde have Internal Audit functions that conduct audits across each organisation and report the findings of these to the respective audit committees.
  - 1.3 Members of the Integration Joint Board have an interest in the outcomes of audits at both Renfrewshire Council and NHS Greater Glasgow and Clyde that have an impact upon the Integration Joint Board's ability to deliver the strategic plan or support corporate functions.
  - 1.4 This report provides a summary to the Renfrewshire Integration Joint Board's Audit committee of the Internal Audit activity undertaken within these partner organisations.
- 

## **2. Recommendations**

- 2.1 That the Integration Joint Board Audit Committee are asked to note the content of the report.
- 

## **3. Renfrewshire Council Internal Audit Activity**

- 3.1 The following Internal Audit reports have been issued to the Renfrewshire Council, which are relevant to the Integration Joint Board from 1 January 2020 to 31 May 2020

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Information Security – Adult Services	Reasonable	0	2	2	0
General Ledger	Reasonable	0	2	2	1
Cloud Services	Limited	0	4	0	2

*Note 1 – For each audit engagement one of four assurance ratings is expressed:*

*Substantial Assurance – The control environment is satisfactory*

*Reasonable Assurance – Weaknesses have been identified, which are not critical to the overall operation of the area reviewed*

*Limited Assurance – Weaknesses have been identified, which impact on the overall operation of the area reviewed*

*No Assurance – Significant weaknesses have been identified, which critically impact on the operation of the area reviewed*

*Note 2 – Each audit recommendation is assigned a priority rating:*

*Critical Recommendation - Addresses a significant risk, impacting on the area under review*

*Important Recommendation – Implementation will raise the level of assurance provided by the control system to acceptable levels*

*Good Practice Recommendation – Implementation will contribute to the general effectiveness of control*

*Service Improvement – Implementation will improve the efficiency / housekeeping of the area under review*

### 3.1.1 Information Security – Adult Services

The objectives of the review were to ensure that client information is protected from unauthorised use and is securely stored when not in use; is archived in line with the council's Records Management Policy; arrangements are in place to ensure that Data Privacy Impact Assessments are undertaken when required; arrangements are in place to provide training on GDPR to relevant employees: procedures are in place to identify data breaches and report them to the council's Data Protection Officer; arrangements are in place to ensure that Data Privacy Impact Assessments are undertaken when required and staff demonstrated good awareness of procedures to be followed in relation to information security incidents.

The audit review provided reasonable assurance over arrangements in place for security of Adult Service's client information. It was recommended that Adult Service's management take steps to significantly increase the number of officers completing Data Protection and Information Governance ilearn modules and annual refresher training and review access to restricted folders.

### 3.1.2 General Ledger

The objective of the audit were to ensure that there were adequate controls in place to protect information and data from unauthorised access; coding structures were adhered to and strictly controlled with transactions being correctly coded and recorded; policies and procedures detail the accounting procedures to be followed and are available to all necessary staff and journals and internal transactions are appropriately authorised and recorded.

The Business World ledger staff guidance was found to be satisfactory. Recommendations have been made within the report to strengthen the controls surrounding general ledger password access, transaction coding and journal entry authorisation. Therefore, the Auditor has made a provision of reasonable assurance.

The new Password Policy has been implemented with the password controls from the 1 May 2020, in line with other Council Applications and ICT Guidance. Communication will be issued to ensure that correct coding is applied at the point of entry and to remind users of good practise with regards to the processing of journals.

### 3.1.3 Cloud Services

The objectives of the audit were to ensure that there is an appropriate strategy in place that governs the Council's vision and model for adoption and implementation of cloud data processing software services; there is a mechanism in place to identify all providers and brokers of cloud services with which the council currently does business and all cloud deployments that exist across the organisation; there is a clear methodology for assessing the contractual elements for proposed cloud data processing software services, which involves assessing business user, financial, legal, data and cyber security requirements; contracts/ Service Level agreements clearly define client and service provider roles, responsibilities and accountabilities and provide details on performance monitoring using measurable criteria and appropriate monitoring and escalation arrangements are in place to ensure that the cloud service provider complies with the determined contractual obligations on an ongoing basis.

The audit identified that there was scope to improve the current cloud security control environment, a number of issues were already known to management and which work is underway to address. Recommendations were identified in a number of areas including ensuring that all contracts are identified, recorded and have formal Cloud Security Assessments performed upon next renewal. It was also identified that processes would benefit from completion and implementation of a formal framework for supplier assurance and performance management to allow the Council to gain assurance that suppliers are meeting contractual requirements and maintain security operating environments.

Renfrewshire Council management have provided assurance to the Auditor that they have implemented the majority of the recommendations and the remainder will be progressed during the year and followed up as part of the annual audit follow up review.

## 4. NHS Greater Glasgow and Clyde Internal Audit Activity

- 4.1 The following Internal Audit reports have been issued to the NHS Greater Glasgow and Clyde Audit Committee from 1 January 2020 to 31 March 2020, which are relevant to the Integration Joint Board. A summary has been provided for those reports, with recommendations graded from improvements graded from effective to major improvement required. The internal audit service is provided by Scott Moncrieff.

Audit Review	Audit Rating (note 1)	Risk Exposure and Number of Recommendations (note 2)			
		Very High	High	Moderate	Limited
IJB Financial Information and Reporting	Effective	0	0	0	1
Medicines Reconciliation in Hospital	Substantial improvement required	0	4	4	1
Sickness Absence Follow Up	Substantial improvement required	0	1	2	0
Statutory and Mandatory Training	Minor improvement required	0	1	2	0

Note 1 – For each audit review one of four ratings is used to express the overall opinion on the control frameworks reviewed during each audit:

*Immediate major improvement required – Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Substantial improvement required - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.*

*Minor improvement required - A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Effective - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Note 2 – Each audit recommendation is assigned a risk exposure rating:*

*Very high risk exposure - major concerns requiring immediate senior management attention.*

*High risk exposure - absence / failure of key controls.*

*Moderate risk exposure - controls not working effectively and efficiently.*

*Limited risk exposure - controls are working effectively but could be strengthened.*

#### **4.1.1 IJB Financial Information and Reporting**

NHS Greater Glasgow and Clyde (NHSGGC) has generally robust and effective processes in place to ensure that financial performance information in respect of Integrated Joint Boards (IJBs) is received by the health board on a regular basis. There is regular communication between NHSGGC and the IJB Chief Finance Officers that ensures any issues of performance against budget are identified and can be resolved on a timely basis. We also confirmed that there is an appropriate governance structure in place to ensure that IJB financial information is subject to regular and ongoing scrutiny within NHSGGC on both an individual and collective basis. Management agreed to implement the recommendation made.

#### **4.1.2 Medicines Reconciliation in Hospital**

As part of the scoping process for this review, management identified that there were known issues of compliance with the Medicines Reconciliation in Hospital Policy. As such, the review was structured so as to investigate the reasons for non-compliance, rather than provide assurance over the consistent application of the policy.

It was found that a number of areas could be improved to support more uniform application of the Medicines Reconciliation in Hospital Policy. Within the hospital context, junior doctors are expected to drive the medicines reconciliation process. However, it was found that there is no management information in place to ensure that reconciliations are completed as expected, which means consultants are unable to monitor the performance of junior doctors in this area. It was also found that there is no formal review or feedback process in place to identify issues of compliance or training needs.

NHSGGC should therefore prioritise implementation of the identified improvement actions to address the current issues of non-compliance with the Medicines Reconciliation Policy in order to realise the maximum possible benefit from the Hospital Electronic Prescribing and Medicines Administration (HePMA) rollout; and ensure ongoing patient safety.

The findings included in the management action plan have been agreed with the audit contacts and sponsor. A timeline for the completion of actions has also been agreed, the majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and will be reported to the NHSGGC Audit Committee.

#### **4.1.3 Sickness Absence – Follow Up**

The 2018/19 review of Sickness Absence concluded that NHSGGC had a robust framework in place for managing sickness absence. It was also found however that line managers and supervisors were not consistently using this framework or adhering to documented processes. A number of improvement actions from that review designed to allow NHSGGC to support a reduction in sickness absence rates through consistent application of the framework.



During this follow-up review, it was found that individual and team compliance with the process is still inconsistent and this remains the main issue within our follow-up audit. We also noted that the delayed release of revised national guidance has hindered ongoing improvement activity on absence management but despite this progress has been made implementing the previous recommendations. NHSGGC has now established a framework for improvement initiatives, designed specifically to identify and address the root causes of sickness absence. It has been confirmed that this activity is beginning to yield results in some areas of the organisation.

NHSGGC should now build on these successes by adopting a more systematic approach to the planning and implementation of improvement initiatives across all areas. This would provide NHSGGC with a more refined means of improving overall sickness absence rates by driving continuous improvement in compliance with absence management processes across the organisation.

The majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and progress will be reported to the NHSGGC Audit Committee.

#### **4.1.4 Statutory and Mandatory Training**

Since June 2018, NHS Greater Glasgow and Clyde (NHSGGC) has made a number of changes to improve completion rates for statutory and mandatory training. As a result, the board has increased overall completion rates for the nine statutory and mandatory training modules from 56% at June 2018 to 86% at September 2019. Whilst this represents a significant improvement, it was noted that completion rates have not yet met the 90% target set by the Staff Governance Committee for financial year 2019/20. The review identified three improvement actions that will strengthen the control framework and support attainment of the 90% target. Most notably, NHSGGC should clarify the escalation process to be undertaken when instances of non-completion of statutory and mandatory training by staff are identified.

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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** - none
- 8. Health & Safety** - none.
- 9. Procurement** - none.

- 10. Risk** - The subject matter of this report is the matters arising from the risk based Audit Plan's for Renfrewshire Council and NHSGGC in which the IJB would have an interest.
- 11. Privacy Impact** - none.
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**List of Background Papers** – none.

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



**To:** Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Internal Auditor

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**Heading:** Compliance with the Local Code of Corporate Governance

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**1. Summary**

- 1.1 The IJB have developed local governance arrangements that are designed to ensure compliance with, 'Delivering Good Governance in Local Government: Framework,' published by CIPFA in association with Solace in 2016, which set the standard for local authority governance in the UK.
- 1.2 The Chief Internal Auditor has responsibility to review independently and report to the IJB Audit, Risk and Scrutiny Committee annually, to provide assurance on the adequacy and effectiveness of the Local Code of Corporate Governance and the extent of compliance with it. The Local Code subject to this review was presented to the former IJB Audit Committee on 25 January 2019.
- 1.3 This annual review supports the Chief Internal Auditor's annual opinion included in the Internal Audit Annual Report and the Governance Statement included in the Annual Accounts.
- 1.4 Within the IJB's Local Code, there is a list of sources of assurance to demonstrate how the IJB complies with the principles of good governance. We selected a number of the sub principles from the Local Code and verified that the sources of assurance listed were available, up to date and adequately demonstrated that the IJB complied with each

of the sub principles reviewed. Based on our sample check of the evidence, we would confirm that the IJB complies with the requirements of the Local Code of Corporate Governance.

- 1.5 It is evident that the Local Code has been subject to review and updating in line with developments in best practice. Our review did not identify any changes that were required to the Code to maintain it and ensure its effectiveness in practice.

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2. **Recommendations**

- 2.1 Members are invited to note the contents of this report.
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## Implications of the Report

1. **Financial** – None.
2. **HR & Organisational Development** – None.
3. **Community/Council 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** – None.
11. **Privacy Impact** – None.

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**Author:** Andrea McMahon, Chief Internal Auditor - 07983852046



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**To:** IJB Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Head of Administration

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**Heading:** Local Code and Sources of Assurance for Governance Arrangements

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## **1. Summary**

- 1.1. The purpose of this report is to seek approval from the IJB Audit Risk and Scrutiny Committee on the updated Local Code and Sources of Assurance for Governance Arrangements.
  - 1.2. Renfrewshire IJB operates through a governance framework based on legislative requirement, governance principles and management processes. The IJB has worked to ensure that its governance arrangements are robust and based on good practice.
  - 1.3. The IJB agreed on 22 March 2019 that the review of the Local Code of Governance arrangements is carried out by the IJB Audit Committee (now known as Audit Risk & Scrutiny Committee) in advance of being presented to the IJB for approval.
  - 1.4. It should be noted that some evidence of assurances contained in Appendix 1 are the responsibility of NHS Greater Glasgow & Clyde and/or Renfrewshire Council e.g. the Capital Programme. This will be noted with ongoing monitoring arrangements.
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## **2. Recommendations**

It is recommended that the IJB Audit Risk & Scrutiny Committee:

- Review the updated Local Code and Sources of Assurance attached in Appendix 1 for submission to the IJB for approval.
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## **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.

#### **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 2018/19 onwards.

#### **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.

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### **Implications of the Report**

- 1. **Financial** – None
- 2. **HR & Organisational Development** – None
- 3. **Community Planning** – None
- 4. **Legal** – The Local Code and Sources of Assurance ensures 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** – None
- 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** – None
- 9. **Procurement** – None
- 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 General Data Protection Regulations 2018 and Data Protection Act 2018.

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#### **List of Background Papers – None**

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**Author:** Jean Still, Head of Administration

Any enquiries regarding this paper should be directed to Jean Still, Head of Administration ( <a href="mailto:Jean.Still@ggc.scot.nhs.uk">Jean.Still@ggc.scot.nhs.uk</a> / 0141 618 7659)
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**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law****Good Governance Code**

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

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
A1.1	Behaving with Integrity	<p>Ensuring IJB members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> <li>• Standards and Codes of conduct / updates by Standards Officer</li> <li>• Individual sign off with regard to compliance with code</li> <li>• Induction for IJB members and staff on standard of behaviour expected</li> <li>• Performance appraisals for staff</li> <li>• Decision making systems</li> <li>• Declarations of interests made and recorded at all Board and Committee meetings</li> <li>• Conduct at meetings</li> <li>• Development sessions to support decision making on specific issues</li> <li>• Anti-fraud policies are working effectively</li> <li>• Up-to-date register of interests</li> <li>• Up-to-date register of gifts and hospitality</li> <li>• Complaints policy and examples of responding to complaints about behaviour</li> <li>• Changes/improvements as a result of complaints received and acted upon</li> </ul>
A2.1	Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	<ul style="list-style-type: none"> <li>• Scrutiny of decision making</li> <li>• Championing ethical compliance at governing body level</li> </ul>

		<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p> <p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p>	<ul style="list-style-type: none"> <li>• Provision of ethical awareness training</li> <li>• Appraisal processes take account of values and ethical behaviour</li> <li>• Staff appointments policy</li> <li>• Procurement policy</li> </ul>
A3.1	Respecting the rule of law	<p>Ensuring IJB members and officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers and IJB members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. Striving to optimise the use of the full powers available for the benefit of communities and other stakeholders. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> <li>• Statutory provisions and guidance is followed</li> <li>• Job description/specifications</li> <li>• Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)</li> <li>• Terms of reference</li> <li>• Committee support</li> <li>• Legal advice provided by officers</li> <li>• Monitoring provisions</li> <li>• Record of legal advice provided by officers</li> <li>• Statutory provisions</li> </ul>

## B. Ensuring openness and comprehensive stakeholder engagement

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

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

		<ul style="list-style-type: none"> <li>• a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</li> </ul>	
B3.1	Engaging stakeholders effectively	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, service users and organisations of different backgrounds and implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p>	<ul style="list-style-type: none"> <li>• Record of public consultations</li> <li>• Partnership framework</li> <li>• Communications strategy</li> <li>• Joint strategic needs assessment</li> <li>• Processes for dealing with competing demands within the community, for example a consultation.</li> </ul>

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

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

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

		<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>Ensuring fair access to services</p>	<p>Reliance on Partners Climate Change Planning</p> <ul style="list-style-type: none"> <li>• Discussion between members and officers on the information needs of members to support decision making</li> <li>• Record of decision making</li> <li>• Protocols for consultation</li> <li>• Protocols ensure fair access and statutory guidance is followed</li> </ul>
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#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

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

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

D2.3	Planning interventions	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	<ul style="list-style-type: none"> <li>• Risk Management protocol</li> </ul>
D2.4	Planning interventions	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> <li>• KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly</li> </ul>
D2.5	Planning interventions	Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> <li>• Reports include detailed performance results and highlight areas where corrective action is necessary</li> </ul>
D3.1	Optimising achievement of intended outcomes	Ensuring the Medium Term Financial plan integrates and balances service priorities, affordability and other resource constraints and sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> <li>• Feedback surveys and exit/ decommissioning strategies</li> <li>• Changes as a result</li> <li>• Medium Term Financial plan</li> </ul>

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

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

<b>Ref</b>	<b>Sub Principles</b>	<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>
E1.1	Developing the entity's capacity	Reviewing services, performance and use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none"><li>• Regular reviews of activities, outputs and planned outcomes</li></ul>
E1.2	Developing the entity's capacity	Recognising the benefits of partnership and collaborative working where added value can be achieved.	<ul style="list-style-type: none"><li>• Effective operation of partnerships which deliver agreed outcomes e.g. development of Strategic Planning Group, Joint Staff Partnership Forum, Unscheduled Care Local Group, Carers Group, Care and Quality Governance Groups (Executive and Locality), Acute/HSCP Interface Meeting</li></ul>
E1.3	Developing the entity's capacity	Developing and maintain an effective workforce plan.	<ul style="list-style-type: none"><li>• Development of new three year local workforce plan will require to be produced, particularly given the new workforce challenges and considerations that have emerged as we respond to Covid-19. The local HSCP workforce plan will be set up from the Strategic Plan and supporting service plans. These plans will be revisited as part of the Covid-19 Recovery and Renewal Plan, which is underway.</li></ul>

E2.1	Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that IJB members and officers interact with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained and ensuring the IJB Chair and the Chief Officer have clearly defined and distinctive leadership roles within a structure, whereby the Chief Officer leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	<ul style="list-style-type: none"> <li>• Job descriptions</li> <li>• Regular review of communication arrangements</li> <li>• Clear statement of respective roles and responsibilities of the Chief Officer and IJB Chair and how they will be put into practice</li> <li>• Access to courses/ information briefings on new legislation</li> <li>• Induction programme</li> <li>• Personal development plans</li> </ul>
E2.2	Developing the capability of the entity's leadership and other individuals	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> <li>• Stakeholder forums</li> <li>• Strategic partnership frameworks</li> </ul>
E2.3	Developing the capability of the entity's leadership and other individuals	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback and peer review and inspections.	<ul style="list-style-type: none"> <li>• Reviewing individual member performance on a regular basis taking account of their attendance and considering any training for development needs</li> </ul>

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

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

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

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

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

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

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

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

<b>Ref</b>	<b>Sub Principles</b>	<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance</b>
G1.1	Implementing good practices in transparency	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</p>	<ul style="list-style-type: none"><li>• Standard IJB report format</li><li>• Published IJB agendas, reports and minutes in clear standard formats</li><li>• Website</li><li>• Annual report (online and paper copies)</li></ul>



G2.1	Implementing good practices in reporting	Reporting at least annually on Performance.  Ensuring members and officers own the results.	<ul style="list-style-type: none"> <li>• Performance reported at each IJB meeting</li> <li>• Formal annual report</li> <li>• Annual financial statements</li> <li>• Appropriate approvals</li> <li>• Annual governance statement</li> </ul>
G2.2	Implementing good practices in reporting	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	<ul style="list-style-type: none"> <li>• Format follows best practice</li> </ul>
G3.1	Assurance and effective accountability	<p>Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon and that recommendations for corrective action made by audit are acted upon.</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p>	<ul style="list-style-type: none"> <li>• Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010)</li> <li>• Compliance with Public Sector Internal Audit Standards</li> <li>• Audit recommendations have informed positive improvement</li> </ul>
G3.2	Assurance and effective accountability	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> <li>• Annual Governance statement</li> </ul>
G3.3	Assurance and effective accountability	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> <li>• Integration Scheme</li> </ul>



**To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee**

**On: 19 June 2020**

**Report by: Chief Finance Officer**

**Heading: Review of Integration Joint Board Financial Governance Arrangements**

## **1. Purpose of Report**

- 1.1. The purpose of this report is to present the Integration Joint Board (IJB) Audit, Risk and Scrutiny Committee, with an updated set of Financial Governance Arrangements, for consideration and approval.

## **2. Recommendation**

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the updated Financial Regulations (Appendix 1); and
- Approve the updated IJB Reserves Policy (Appendix 2).

## **3. Background**

- 3.1. In line with the provisions set out in the Public Bodies (Joint Working)(Scotland) Act 2014, the IJB is required to have its own set of Financial Governance Arrangements.
- 3.2. The IJB's Financial Governance Arrangements were first approved by the Shadow IJB on 18 September 2015 for implementation from 1 April 2016. A revised Reserves Policy was approved on 24 November 2017.
- 3.3. The Financial Governance arrangements are part of the governance arrangements established to support the IJB. These arrangements set out the financial governance regulations under which the IJB operates and identifies the roles and responsibilities of the IJB, Chief Officer and Chief Finance Officer.

- 3.4. Included within the IJB Financial Governance Arrangements are:

### **3.4.1. Financial Regulations**

As a separate legal entity, Renfrewshire IJB requires its own set of Financial Regulations which incorporate an appropriate set of controls. The IJB's Financial Regulations reference but do not cover aspects which relate to operational service delivery as these continue to be reflected in the Financial Regulations of Renfrewshire Council and the Standing Financial Instructions of NHS Greater Glasgow and Clyde (NHSGGC).

### **3.4.2. Reserves Policy**

Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the

Partnership Board. The IJB Reserves Policy provides the detail to support the governance of IJB reserves.

#### **4. Proposed Changes**

- 4.1. The attached Financial Regulations and Reserves Policy have been reviewed, and a number of changes made which reflect both the maturity of the IJB and updated management and reporting arrangements which have evolved since the IJB was first established.
- 4.2. In addition, in order to provide for greater clarity, the Chief Finance Officer has taken the opportunity to amalgamate the previous set of Financial Regulations and Financial Governance Manual to form the attached revised set of Financial Regulations.
- 4.3. As part of the review of the Financial Governance arrangements of the IJB, the Chief Finance Officer carried out an in-depth review of the Financial Governance arrangements of a number of other IJB's, in order to benchmark against other IJB's and to ensure best practice. The results of this review have been used to inform the revised Financial Regulations and Reserves Policy attached.
- 4.4. Additionally, some of the terms used have been updated, for example the previous Audit Committee is now referred to as the Audit, Risk and Scrutiny Committee as approved by the IJB at its meeting of 20 January 2020, along with revised Terms of Reference.
- 4.5. The proposed revised Financial Regulations and Reserves Policy are attached as appendices to this report.

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#### **Implications of the Report**

1. **Financial** – This report and attached appendices support the financial governance framework within which the IJB operates.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – The Financial Regulations support the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** – none
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – Effective financial governance and assurance is a key component of good risk management.
11. **Privacy Impact** – none.

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**List of Background Papers** – Financial Governance Arrangements (Shadow IJB, 19 June 2015)

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# **Renfrewshire IJB Financial Regulations June 2020**



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**Renfrewshire Integration Joint Board positively promotes the principles of sound corporate governance within all areas of its business. These Financial Regulations are an essential component of the corporate governance of Renfrewshire Integration Joint Board.**





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## Section A: Introduction and General Issues

### 1. What the Regulations Cover

- 1.1. The Public Bodies (Joint Working)(Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. Renfrewshire Health and Social Care Partnership (HSCP) is governed by Renfrewshire Integration Joint Board (IJB), which was established by Parliamentary Order on 27 June 2015 following approval of the Renfrewshire Integration Scheme by the Scottish Ministers.
- 1.2. Renfrewshire Council and NHS Greater Glasgow & Clyde (NHSGGC) have delegated functions and resources to the IJB. The IJB will direct Renfrewshire Council and NHSGGC on how resources will be spent in line with the approved Strategic plan, and, allocate resources back to Renfrewshire Council and NHSGGC in accordance with this direction. The IJB will retain responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3. Both Renfrewshire Council and NHSGGC operate under Financial Regulations/Standing Orders for the operational delivery of services. As this service delivery will continue to be carried out within Renfrewshire Council and NHSGGC, these Financial Regulations relate specifically to the affairs of the IJB, and, therefore are more limited and focused in scope. All operational and transactional finance matters for the delivery of Renfrewshire HSCP will comply with Renfrewshire Council's Financial Regulations and NHSGGC's Standing Financial Instructions (SFIs) both of which are subject to regular review and update. These Financial Regulations should be read in conjunction with Renfrewshire Council's Financial Regulations and NHSGGC's SFIs.
- 1.4. As detailed in paragraph 1.1., above, the IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme. It is accountable for the stewardship of public funds and is expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. Stewardship is a major function of management and, therefore, a responsibility placed upon the appointed members and officers of the IJB.
- 1.5. The main objective of these Financial Regulations is to detail the financial responsibilities and policies and procedures that govern the IJB. Representatives and Committees of the IJB must comply with these Financial Regulations in dealing with the financial affairs of Renfrewshire IJB.
- 1.6. The IJB has appointed a Chief Officer who will be the accountable officer of the IJB in all matters except finance where there will be joint accountability with the Chief Finance Officer. The Chief Officer is accountable to the Chief Executives of Renfrewshire Council and NHSGGC.

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- 1.7. The IJB has appointed a Chief Finance Officer who is the proper officer for the purposes of Section 95 of the Local Government (Scotland) Act 1973. The Chief Finance Officer has a statutory duty to ensure that proper financial administration of the financial affairs of the IJB is maintained. The IJB has regard to the current CIPFA [guidance](#)<sup>1</sup> on the role of the Chief Finance Officer in Local Government.
  - 1.8. Under the Scottish Government Regulations, for all IJB's in Scotland, the Chief Officer, supported by the Chief Finance Officer must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.
  - 1.9. These Financial Regulations detail the responsibilities of the IJB for its own financial affairs.
  - 1.10. These Financial Regulations also set out the respective responsibilities of the Chief Officer and the Chief Finance Officer of the IJB, who will follow these Regulations at all times in relation to the conduct of the IJB's own financial affairs.
  - 1.11. The IJB will give Directions to Renfrewshire Council and NHSGGC which are designed to ensure resources are spent in accordance with the Strategic Plan and Integration Scheme.
  - 1.12. If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer to determine what action should be taken. Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Officer or the Chief Finance Officer of the IJB. They must then consult with the Renfrewshire Council and NHSGGC Chief Executive or another nominated or authorised person as appropriate, to decide what action should be taken.
  - 1.13. For the avoidance of doubt the breach of or non-compliance with these Regulations may result in disciplinary action being taken against the relevant individuals in line with the policies of the employing organisation.
  - 1.14. The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
  - 1.15. The IJB or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations on an ad hoc basis as required for specific issues. The Financial Regulations will be the subject of regular review and/ or updated with any relevant legislative changes.

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<sup>1</sup> <http://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>

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## 2. Corporate Governance

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

- **Openness** Anyone with an interest in the affairs of the IJB should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.
- **Integrity** There should be honesty, selflessness, and objectivity and high standards of conduct in how the IJB's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of Board members and officers involved in the running of its affairs.
- **Accountability** There needs to be a clear understanding by everyone involved in the IJB's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved, including how the IJB's funds and performance are managed.

2.2. These financial regulations are an essential part of the corporate governance of the IJB.

2.3. Members of the IJB are required to follow any formally agreed national codes of conduct.

## 3. Responsibilities under these Financial Regulations

### IJB Responsibilities

3.1. The IJB are responsible for ensuring that proper accounting records are kept, which disclose at any time, the true and fair financial position and enable the preparation of financial statements that comply with the applicable Code of Practice. The IJB are also responsible for ensuring that procedures are in place to ensure compliance with all statutory obligations.

3.2. The IJB will continuously work to secure best value for money, economy, efficiency and effectiveness in how the organisation directs its resources.

### Chief Officer Responsibilities

3.3. The Chief Officer is the accountable officer of the IJB. The Chief Officer will discharge their duties in respect of the delegated resources to the IJB by:

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- Ensuring that the Strategic Plan meets the requirement for economy, efficiency and effectiveness; and
  - Giving Directions to Renfrewshire Council and NHSGGC that are designed to ensure resources are spent in accordance with the Strategic Plan.
- 3.4. The Chief Officer has a direct line of accountability to the Chief Executives of Renfrewshire Council and NHSGGC for the delivery of integrated services. The Chief Officer is responsible for ensuring that progress is being made in achieving the national outcomes and for any locally delegated responsibilities for health and wellbeing and for measuring, monitoring and reporting on the underpinning measures and indicators (including financial) that will demonstrate progress.
- 3.5. The Chief Officer is responsible for ensuring that the decisions of the IJB are carried out.
- 3.6. The Chief Officer shall ensure that the Financial Regulations and all associated documents are made known to appropriate staff members and shall ensure full compliance with them.
- 3.7. The Chief Officer shall prepare budgets following consultation with the Chief Finance Officer. The Chief Officer is also responsible for the preparation of Service Plans and relevant business cases relating to the Services. The Chief Officer shall ensure that the Chief Finance Officer is informed of financial matters that will have a significant impact on the Services, seeking financial advice where necessary.

#### **Chief Finance Officer Responsibilities**

- 3.8. The Chief Finance Officer is responsible for governance of the IJB's financial resources, ensuring the Partners utilise these in accordance with the Strategic Plan and that the Strategic Plan delivers best value. Further details regarding the role of the Chief Finance Officer are included in Appendix 1.
- 3.9. The Chief Finance Officer shall ensure that suitable accounting records are maintained and is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.
- 3.10. The Chief Finance Officer shall ensure that these Financial Regulations are reviewed and kept up-to-date.
- 3.11. The Chief Finance Officer shall provide the Chief Officer and the IJB with an Annual Governance Statement.
- 3.12. The Chief Finance Officer shall be entitled to report upon the financial implications of any matter coming before the IJB. To allow the Chief Finance Officer to fulfil this obligation, the Chief Officer will consult with the Chief Finance Officer on all matters involving a potential financial implication that is likely to result in a report to the IJB.

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- 3.13. The Chief Finance Officer shall ensure that arrangements are in place to properly establish the correct liability, process and accounting for VAT. For major works, service transformation and other changes in service delivery, the Chief Finance Officer must be consulted on the financial impacts, including VAT implications.
  - 3.14. The Chief Finance Officer (in consultation with the Chief Officer) will advise the IJB on the financial implications of the IJB's activities. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

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

- 4.1. The Financial Regulations set out the responsibilities of IJB Members, the Chief Officer and the Chief Finance Officer within the context of the IJB's financial management framework.
- 4.2. The Chief Finance Officer will monitor how the Financial Regulations operate within the IJB, and, will provide the IJB with a written framework which governs its financial affairs.

## **5. Reviewing the Financial Regulations**

- 5.1. The IJB, or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations. The IJB may also withdraw any elements of these Financial Regulations. If so, this will come into force from the first working day after the end of the IJB meeting at which the change or withdrawal was approved.

## **6. Legal Advice**

- 6.1. Renfrewshire Council and NHSGGC will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the IJB.

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## Section B: Specific Areas

### 7. Strategic Plan and Integrated Budget / Financial Plan

- 7.1 Legislation requires that the IJB produces a Strategic Plan which sets out the services for Renfrewshire over the medium term (3 years). This Strategic Plan should incorporate a medium-term financial plan for the resources within the scope of the Strategic Plan, which will comprise both the Integrated Budget and the Set Aside budget for large hospital services used by the IJB population.
- 7.2 The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.
- 7.3 The IJB will approve the Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by Renfrewshire Council and NHS GGC. The Strategic Plan will cover a three-year period linked to the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative. The IJB will publish its Strategic Plan as soon as practicable after it has been approved by the IJB.
- 7.4 The Chief Officer and the Chief Finance Officer will prepare the integrated budget based on the Strategic Plan and present it to Renfrewshire Council and NHS GGC for consideration, and, agreement as part of the annual budget setting process.

#### Determination of Budgets

- 7.5 Delegated baseline budgets were the subject of due diligence in the shadow year of the IJB. These were based on a review of recent past performance, and, existing and future financial forecasts for the Health Board, and the Council, for the functions which were delegated.
- 7.6 In the case of any additional functions to be delegated to the IJB, after the original date of integration, these services will also be the subject of due diligence, based on a review of recent past performance and existing and future financial forecasts for Renfrewshire Council and NHS GGC for the functions which are to be delegated. This is required to gain assurance that the associated delegated budgets will be sufficient for the IJB to fund these additional delegated functions.
- 7.7 The Chief Finance Officer will develop a draft proposal for the Integrated Budget based on the Strategic Plan and forecast pressures, and, present it to Renfrewshire Council and NHS GGC for consideration as part of their respective annual budget setting process. The draft proposal will incorporate assumptions on the following:
- Activity changes
  - Cost inflation
  - Efficiencies
  - Performance against outcomes
  - Legal requirements
  - Transfer to or from the amounts set aside by the Health Board

- 7.8 This will allow Renfrewshire Council and NHSGGC to determine the final approved budget for the IJB. This should be formally advised in writing by the respective Directors of Finance to the IJB by 11th March each year.
- 7.9 Any material in-year budget changes proposed by either Party must be agreed by the IJB.
- 7.10 The IJB will approve a budget allocation and provide direction to the Parties in line with Scottish Government Guidance.
- 7.11 The IJB has strategic planning responsibility along with the Health Board for Set Aside. The method for determining the amount set aside for hospital services will follow guidance issued by the Integrated Resources Advisory Group and be based initially on the notional direct costs for the relevant populations use of in scope hospital services as provided by the Information Services Division (ISD) Scotland. The NHSGGC Board Director of Finance and IJB Chief Finance Officer will keep under review developments in national datasets or local systems that might allow timelier, or, more locally responsive information, and if enhancements can be made, propose this to the IJB. A joint strategic commissioning plan will be developed and will be used to determine the flow of funds as activity changes:
- Planned changes in activity and case mix due to interventions in the Joint Strategic Commissioning Plan;
  - Projected activity and case mix changes due to changes in population need;
  - Analysis of the impact on the affected hospital budget, taking into account cost-behaviour i.e. the lag between reduction in capacity and the release of resources.
- 7.12 The process for making adjustments to the set aside resource to reflect variances in performance against plan will be agreed by the IJB and NHSGGC. That process shall include prior consultation with Renfrewshire Council. In the event that the process identifies adjustments that will affect the cost of adult social care and Renfrewshire Council's financial contribution to the budget of the IJB, those adjustments cannot be made without Renfrewshire Council's prior written approval"

### **Unplanned Costs**

- 7.13 Neither Party may reduce the payment in-year to the IJB to meet exceptional unplanned costs within either the Council or the Health Board without the express consent of the IJB and the other Party

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## 8. Management of Integrated Budgets - Guiding Principle

### Background

- 8.1 Renfrewshire IJB is responsible for managing Renfrewshire Council and NHSGGC service budgets and will be accountable to each agency for their management. The majority of these service budgets are from general funding allocations and are therefore governed by the SFIs/Financial Regulations of each partner agency, however, some require to be managed separately.
- 8.2 This section establishes a set of principles which should be applied within the context of the established budget and service planning process currently operated by Renfrewshire Council and NHSGGC, which will take into account the IJB Strategic Plan.
- 8.3 A number of considerations are key in establishing these guiding principles:
- Budget responsibility should where possible, follow the ability to commit resources/control expenditure. The CFO will have a key responsibility in ensuring that budget holders are fully aware of their responsibilities;
  - The requirement for policies and procedures in respect of control, routine monitoring and reporting of performance in line with IJB and partner expectations. Financial performance will be a standing item on the IJB agenda;
  - The need to provide for budget flexibility in the event of changes in demand;
  - Where ring-fencing restrictions are in place, there may be limited scope for virement of these resources;
  - The need to have clear and proportionate arrangements which support effective service delivery within the budget available;
  - The need to manage the business of the IJB and the implementation of its Strategic Plan ensuring best value in the use of its resources and safeguarding its assets;
  - The SFIs and/or Financial Regulations of each partner organisation and those of the IJB will cover virement within and across agency boundaries.

### Budget Categories

- 8.4 A range of budget categories are allocated to the IJB, these are as follows:

#### Directly Managed

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, and, where there are no specific conditions attached due to the nature of the funding source.

#### *Directly Managed Ring fenced*

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where there are specific conditions



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attached. The nature of the funding source and the conditions attached dictate that the use of funding is ring fenced for specific purposes.

#### *Hosted Services*

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where one Joint Board is responsible for managing the service on behalf of one or more other Joint Boards. Where this arrangement applies, the responsible IJB will be expected to manage overall service expenditure within available funds. An example of a budget which is managed within Renfrewshire HSCP under a hosted arrangement is podiatry.

#### *Centrally Managed*

Budgets which continue to be managed centrally by either NHSGGC and/or Renfrewshire Council due to type and/or scale.

#### *Set Aside*

The budget for in-scope hospital services used by the partnership population for NHSGGC.

## **9. Non-Recurring Funding**

9.1 HSCP's may receive non-recurring funding in any one year from either parent body which will relate to a specific activity and must account for such funding as required. It must not be utilised for purposes other than the basis of the funding, nor should HSCP's plan for any recurrence of such funding. Typical examples include:

- Project funding, including any invest to save initiatives; and
- One-off allocations to assist with specific cost pressures such as the impact of winter pressures, specific utility or fuel cost spikes.

## **10. Accounting Arrangements / Financial Reporting**

### **Accounting Arrangements and Annual Accounts**

10.1 All accounting procedures and records of the IJB will be as specified in applicable legislation and regulations. Financial Statements will be prepared following the Code of Practice on Local Authority Accounting in the UK. Statements will be signed as specified in regulations made under Section 106 of the Local Government (Scotland) Act 1973.

10.2 The financial statements must be completed to meet the audit and publication timetable specified in regulations made under section 106 of the Local Government (Scotland) Act 1973. It is the primary responsibility of the Chief Finance Officer to meet these targets and of the Chief Officer to provide any relevant information to

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ensure that NHSGGC and Renfrewshire Council meet their respective statutory audit and publication requirements for their individual and group financial statements.

- 10.3 The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the IJB's financial performance for the year to 31 March to the IJB. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30th June of the same year, or such date as decided by the Controller of Audit.
- 10.4 The accounts of the IJB will be hosted by Renfrewshire Council.
- 10.5 The Chief Finance Officer must provide any information necessary for the closure of the Accounts and within prescribed timescales. The format of the Accounts and the relevant notes to the Accounts of Renfrewshire Council and NHSGGC will be in line with national CIPFA and/or LASSAAC guidance.
- 10.6 Recording of all financial information in respect of the IJB will be in the financial ledger of the Council.
- 10.7 Any transaction specific to the IJB e.g. expenses, will be processed via the Council ledger, with specific funding being allocated by the IJB to the Council for this.
- 10.8 The transactions relating to operational delivery will continue to be reflected in the financial ledgers of the Council and Health Board with the information from both sources being consolidated for the purposes of reporting financial performance to the IJB.
- 10.9 The Chief Officer and Chief Finance Officer will be responsible for the preparation of the annual accounts and financial statement in line with proper accounting practice, and financial elements of the Strategic Plan and such other reports that the IJB might require.
- 10.10 The IJB Chief Finance Officer will provide reports to the Chief Officer on the financial resources used for operational delivery and strategic planning. In order to agree the in-year transactions and year-end balances between Renfrewshire Council, NHSGGC and the IJB, the Chief Finance Officer will engage with the Directors of Finance of Renfrewshire Council and NHSGGC to agree an appropriate process.

## **11. Managing Financial Performance**

### **Introduction**

- 11.1 The purpose of this section is to outline provisions for managing the in-year financial performance of the Integrated Budget. This includes the requirement that

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the Chief Officer receives financial performance information for their operational role in Renfrewshire Council and NHSGGC as well as their strategic role in the IJB.

### **Budget Management**

- 11.2 The IJB will direct the resources it receives from Renfrewshire Council and NHSGGC in line with its Strategic Plan, ensuring that planned activity can reasonably be met from the available resources viewed as a whole and achieve a year end breakeven position. This is essential for the financial stability of the IJB itself and for Renfrewshire Council and NHSGGC.
- 11.3 Budget holders will be accountable for all budgets within their control as directed by the IJB in line with the Strategic Plan. The IJB will ensure appropriate arrangements are in place to support good financial management and planning.
- 11.4 The Chief Finance Officer with relevant HSCP finance staff will use the financial ledger and other IT systems within Renfrewshire Council and NHSGGC to produce financial reports and forecasts in order to monitor the overall financial performance of the IJB's functions, in relation to the approved Revenue Budgets.

### **Budget Monitoring**

- 11.5 The Directors of Finance of Renfrewshire Council and NHSGGC, and, the IJB Chief Officer and Chief Finance Officer will establish a process of regular in-year reporting and forecasting to provide the Chief Officer with management accounts for both arms of the operational budget and for the IJB as a whole.
- 11.6 Monthly financial monitoring reports will be issued by the Chief Finance Officer to the Chief Officer. Financial Reports will include subjective and objective analysis of budgets and actual/projected outturn, and such other financial monitoring reports as might be required.
- 11.7 Whilst Renfrewshire Council and NHSGGC will each continue with their own schedule of in-year financial reporting and forecasting requirements, reporting to the IJB will be in line with the schedule of IJB meetings.
- 11.8 The Chief Finance Officer will provide each meeting of the IJB with budget monitoring reports along with explanations for any significant variations from budget and the actions planned to deal with them. Budget monitoring reports will also be provided to Renfrewshire Council and NHSGGC from an operational perspective, as required.
- 11.9 The IJB will receive a financial report at each IJB meeting. These reports will be timely, relevant and reliable and will include information, analysis and explanation in relation to:
- Reviewing budget savings proposals;
  - Actual income and expenditure;

- Projected outturns and annual budget;
- Explanations of significant variances;
- Reviewing action required in response to significant variances;
- Identifying and analysing financial risks;
- Use of reserves; and
- Any adjustments to the annual budget (e.g. new funding allocations).

### **Reports to IJB**

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

### **Managing Overspends**

- 11.11 The Chief Officer will deliver the outcomes within the total delegated resources and where there is a forecast overspend against an element of the operational budget, the Chief Officer should take immediate and appropriate remedial action to endeavour to prevent the overspend and to instruct an action plan. If this does not resolve the overspend position, then the Chief Officer, the Chief Finance Officer of the IJB and the Directors of Finance of Renfrewshire Council and NHSGGC must agree a recovery plan to balance the overspending budget, which should be approved by the IJB. This plan should include clear options and target savings with named persons responsible for delivering them, which are closely monitored and controlled.
- 11.12 In the event that the recovery plan is unsuccessful and an overspend materialises at the year-end, uncommitted reserves held by the IJB, in line with the reserves policy, would firstly be used to address any overspend. If after application of reserves an overspend remains, Renfrewshire Council and NHSGGC may consider making additional funds available, on a basis to be agreed taking into account the nature and circumstances of the overspend, with repayment in future years on the basis of the revised recovery plan.
- 11.13 If the revised plan cannot be agreed or is not approved by the IJB, mediation will require to take place in line with the dispute resolution arrangements set out in the Integration Scheme.

### **Managing Underspends**

- 11.14 Where an underspend materialises against the agreed budget, with the exception of ring fenced budgets, this will be retained by the IJB and will be used to either fund additional capacity in-year, in line with its Strategic Plan or be carried forward to fund capacity in subsequent years of the Strategic Plan subject to the terms of the IJB's Reserves Strategy.

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## **12. Role of Budget Holders**

- 12.1 The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and are provided with accurate, timeous and appropriate information to enable them to effect control over expenditure and income.
- 12.2 Budget holders are ultimately responsible for the budgets assigned to them and will be held accountable for all such budgets within their control.
- 12.3 The IJB will ensure arrangements are put in place to hold budget holders to account, particularly where financial problems or potential overspends have been identified. This should consist of formal meetings held on a regular basis chaired by the Chief Officer and/or Chief Finance Officer, where the Budget Holder will be expected to report on areas of concern and propose corrective actions.
- 12.4 Budget holders have a responsibility to formally report any major financial problems identified within the service to the Chief Finance Officer who can instruct appropriate action and report to the IJB if required.
- 12.5 Budget holders should alert and consult the Chief Finance Officer where no budget is available but where expenditure is essential to the discharge of the functions of the IJB.
- 12.6 Budget holders should at all times comply with Renfrewshire Council and NHSGGC's Financial Regulations/SFIs, standing orders, schemes of delegation etc.

## **13. Virement**

### **Background**

- 13.1 Virement is defined by CIPFA as “the transfer of an underspend on one budget head to finance additional spending on another budget head in accordance with the Financial Regulations”. In effect, virement is the transfer of budget from one main budget heading (employee costs, supplies and services etc) to another, or a transfer of budget from one service to another.
- 13.2 The retention of existing organisational frameworks in Scotland means that Renfrewshire Council and NHSGGC will continue to exist as separate legal entities with statutory responsibility for the management of the resources allocated to them under the agreed governance arrangements of the IJB.
- 13.3 To support the establishment of joint working arrangements, there is a need to provide a scheme of virement for the IJB to allow flexible use of resources across agency boundaries where this is required, in line with the joint strategic plan. The current mechanism used for resource transfer will be followed for this purpose.

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- 13.4 The purpose of this framework is to promote the flexible use of resources in support of the achievement of service aims and objectives while maintaining overall financial stability for the IJB, Renfrewshire Council and NHSGGC.

### **Proposed Scheme of Virement**

#### *Range of services and budgets*

- 13.5 The services which come within the scope of this scheme of virement are: resources covered by the Strategic Plan of the IJB; this includes the amount in respect of delegated adult social care services, the amount covered by delegated primary and community health care services; and, for those delegated hospital services and the amount set aside by NHSGGC for services provided in large hospitals for the population of the IJB.
- 13.6 The IJB budget will comprise both new and existing funds. In the short term there will be limited room for manoeuvre where costs are fixed in nature (e.g. permanent staffing budgets), however, there is a need to provide for the option to use resources flexibly where the opportunity arises.
- 13.7 Where budgets have specific conditions attached to their use by the Scottish Government, the operation of virement arrangements will require to ensure that funding continues to be deployed in a way which satisfies these conditions.

#### *Exercise of Virement*

- 13.8 Decisions regarding the deployment of new monies and the redeployment, if applicable, of existing monies including any sustained underspend(s), will typically be made in the context of the annual budget setting process with respect to the Strategic planning process. These may reflect policy decisions agreed by the IJB to change the balance of care from the joint strategic plan or to reengineer services in a more limited way.
- 13.9 The outcome may be that the IJB seek to vire resources across partners, to enable implementation of strategic plans. The payment mechanism will be the current resource transfer arrangements.

### **Guiding Principles**

- 13.10 The guiding principles of this scheme are set out below:
- Budget responsibility should as far as possible, follow ability to commit resources/control expenditure;
  - The need to achieve real delegation of responsibility to appropriate level, but also to recognise the statutory responsibilities of Renfrewshire Council and NHSGGC to manage the overall envelope(s) of resources available to them;

- The need to provide for sufficient short-term financial stability for services experiencing sudden changes in demand, to allow these to respond flexibly to such changes; and
- The need to limit ring-fencing restrictions where possible to allow scope for genuine virement of resources where appropriate.

### **Procedural Arrangements**

- 13.11 Where the decision to vire may have an impact on service provision by another HSCP, virement proposals will require the support and commitment of the head of that service along with the relevant Chief Finance Officer as a necessary precondition of submission. It is important that all parties are agreed to what is being proposed. Commitment of all parties, evidenced by authorised signatures, will be necessary before virement proposals are submitted for processing.
- 13.12 Any proposal impacting on the balance of funding between the partner organisations will require approval of the IJB, and the Directors of Finance of Renfrewshire Council and NHSGGC.

### **Overspends/Underspends**

- 13.13 Where resources have been vired from one partner to another, and an overspend arises in relation to the resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this overspend will be managed or contained.
- 13.14 Where resources have been vired from one partner to another and an underspend arises in relation to resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this underspend will be managed taking into account the reserves policy in place for the IJB.
- 13.15 All virement proposals should take cognisance of existing contractual arrangements and any other conditions attached to funding.

## **14. Capital: Assets, Planning and Expenditure**

- 14.1 The IJB does not receive a capital funding allocation. Capital projects are funded by either Renfrewshire Council or NHSGGC, therefore, any Capital expenditure will be controlled in accordance with their financial regulations. In addition, no property assets will transfer to the IJB and will remain in the ownership of the parent body i.e. Capital and assets and their associated running costs will continue to sit with the Parties.

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- 14.2 As the IJB will not directly own any property or assets, nor receive any capital allocations, grants or have the power to borrow or invest in capital expenditure, the Chief Officer of the IJB is recommended to consult with Renfrewshire Council and NHSGGC to make best use of existing resources and develop capital programmes.
- 14.3 The Strategic Plan considers all of the resources available to deliver the objectives approved within the Integration Scheme, including assets owned by the Health Board on behalf of Scottish Ministers, and local authority.
- 14.4 The Chief Officer (when relevant) should attend and/or be a member of both partners' Capital Planning Groups.
- 14.5 Where new capital investment is required to deliver the Strategic Plan both partners should consider the relevant Business Plan.

### **Business Case Preparation and Guidance**

- 14.6 Where the Chief Officer identifies the need for new investment within the Strategic Plan, a business case should be developed for the proposal for both partners to consider. Options may include one or both of the partners approving the project from its capital budget or where appropriate using the hub initiative as the procurement route to deliver the capital investment. This is a matter for local agreement.
- 14.7 Existing documented procedures for developing business cases to source capital funding should be utilised. Where a project is funded via NHSGGC, their documentation and process will be followed. Where a project is funded via Renfrewshire Council their documentation and process will be followed. Where joint bids are being made, the approval of both partners through their respective processes will be required. Approval levels with the partner organisations will be determined by the appropriate Schemes of Delegation.
- 14.8 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Renfrewshire Council's Capital Planning Group or NHSGGC's Capital Planning Group for approval.

### **Control of Capital Expenditure**

- 14.9 As the IJB does not receive a capital funding allocation, Capital projects are funded by either Renfrewshire Council or NHSGGC and expenditure will be controlled in accordance with their financial regulations.
- 14.10 The IJB will receive financial monitoring reports from both partners which will include information on capital expenditure against approved schemes relevant to the services delegated to the IJB.



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## **15. Legality of Expenditure**

- 15.1 The Chief Officer and the Chief Finance Officer will ensure that the IJB only commits to expenditure that it is legally able to commit to and is within scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult the Accountable Officer of NHSGGC and and/or the Director of Finance and Resources of Renfrewshire Council.
- 15.2 The Chief Officer should ensure that no expenditure is incurred or included within the Strategic Financial Plan unless it is within the power of the IJB. In cases of doubt, the Chief Officer should consult the respective legal advisers of Renfrewshire Council or NHSGGC before incurring expenditure. The legality of expenditure on new service developments, initial contributions to other organisations and responses to emergency situations which require expenditure must be clarified prior to being incurred.
- 15.3 No expenditure will be incurred by the IJB unless it has been included within the approved Integration budget and Strategic Plan except:
- Where additional funding has been approved by the NHSGGC and/or Renfrewshire Council and the integrated budget/strategic plan has been updated appropriately;
  - Where a supplementary budget has been approved by the IJB; and
  - In emergency situations in terms of any scheme of delegation.

## **16. Financial Assurance**

### **Audit Committee**

- 16.1 The IJB is required to make appropriate and proportionate arrangements for overseeing the system of corporate governance and internal controls. For this purpose, the IJB has established an audit committee (the Audit, Risk and Scrutiny Committee). This Committee should operate in accordance with Financial Reporting Council professional guidance for Audit Committees, and, should ensure that an effective assurance process is in place that assesses the objectives, risks and performance of the Partnership. This will include consideration of any reports from auditors.
- 16.2 It will be the responsibility of the IJB to agree the membership having regard to the agreed remit, skills and good practice for an audit committee. It is anticipated that members of the IJB will serve in this capacity.

### **Internal Audit**

- 16.3 It is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.

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- 16.4 Renfrewshire Council and NHSGCC shall decide upon the internal audit service to review internal control systems operated within the IJB and decide upon which Chief Internal Auditor and internal audit team from either Renfrewshire Council or NHSGCC shall be the incumbent. Internal audit shall independently and objectively examine, evaluate and report on the adequacy of internal control, governance and risk management arrangements within the IJB. The guidance developed on Internal Audit for the partnerships across the Board area should be followed.
- 16.5 The operational delivery of internal audit services within Renfrewshire Council and NHSGCC will be covered by their respective internal audit arrangements.
- 16.6 A Chief Internal Auditor will be appointed to act as the IJB Chief Internal Auditor, in addition to their role as Chief Internal Auditor of their respective authority.
- 16.7 The Internal Audit Service will undertake their work in compliance with the Public Sector Internal Audit Standards.
- 16.8 On, or before the start of each financial year, the IJB Chief Internal Auditor will prepare and submit a strategic risk-based Audit Plan, to the IJB for approval. The internal audit plan will consider:
- The Strategic Plan and planning process;
  - The financial plan underpinning the Strategic Plan; and
  - Relevant issues raised from the NHSGCC and Renfrewshire Council.
- 16.9 The IJB Chief Internal Auditor will report to the IJB on the annual audit plan, delivery of the plan and recommendations and will provide an annual internal audit report including the audit opinion.
- 16.10 Internal audit reports carried out as part of the IJB internal audit plan will be submitted to the Chief Officer and the IJB Audit, Risk and Scrutiny Committee for review.
- 16.11 Relevant internal audit activity carried out by partners will also be submitted to the IJB Audit, Risk and Scrutiny Committee for information and noting. This activity will be agreed with partner auditors.

### **External Audit**

- 16.12 The Accounts Commission will appoint the External Auditors to the IJB. This is specified under Section 13 of the legislation.
- 16.13 The Chief Finance Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the IJB and/ or the IJB's Audit, Risk and Scrutiny Committee, to ensure that they are compliant with relevant statutory provisions and Accounting Codes of Practice.

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- 16.14 The Chief Finance Officer will make appropriate arrangements for the public inspection of the IJB's Accounts.
- 16.15 The External Auditor appointed to the IJB, will be required to submit an annual report to the IJB's Audit, Risk and Scrutiny Committee.
- 16.16 In order to carry out their functions in full the External Auditor will be given access to:
- All records, assets, personnel and premises, including those of partner organisations where it relates to their business with the IJB;
  - All records, documents and correspondence relating to any financial and other transactions of the IJB and those of partner organisations where it relates to their business with the IJB; and
  - Require and receive such explanations as are necessary concerning any matter under examination.

## **17. Risk Management and Insurance**

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

- 17.1 The IJB, while being a legal entity in its own right, has neither replaced nor assumed the rights or responsibilities of either Renfrewshire Council or NHSGGC as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. Renfrewshire Council and NHSGGC will continue to indemnify, insure and accept responsibility for the staff that they each employ; their particular capital assets that integrated services are delivered from or with; and the respective functions themselves that each has delegated to the IJB.
- 17.2 The IJB will make appropriate insurance arrangements for all activities of the IJB in accordance with the risk management strategy.
- 17.3 The Chief Officer will arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all normal insurable risks arising from the activities of the IJB for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of members of the IJB acting in a decision-making capacity.
- 17.4 The Chief Officer is responsible for ensuring that there are adequate systems in place for the prompt notification in writing to the Chief Finance Officer of any loss, liability, damage or injury which may give rise to a claim, by or against the IJB.
- 17.5 The NHSGGC Director of Finance and Director of Finance and Resources of Renfrewshire Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

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## **Indemnity Insurance / Clinical and Medical Negligence**

- 17.6 The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding IJB Board member and officer responsibilities through the Scottish Government CNORIS scheme. Renfrewshire Council and NHSGGC have responsibility for claims in respect of the services for which they are statutorily responsible and that they provide.
- 17.7 Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB's participation in the Scheme is, therefore, analogous to normal insurance arrangements.

## **Risk Strategy and Risk Register**

- 17.8 The Chief Officer will be responsible for establishing the IJB risk strategy and profile and developing the risk reporting arrangements; this will include arrangements for a risk register. The Risk Management strategy will be approved by the IJB Audit, Risk and Scrutiny Committee.
- 17.9 Renfrewshire Council and NHSGGC will continue to identify and manage within their own risk management arrangements any risks they have retained under the integration arrangements. The partners will continue to report risk management to the existing committees including the impact of the integration arrangements.

## **Notification of Insurance Claims**

- 17.10 The Chief Officer and the Chief Finance Officer will put in place appropriate procedures for the notification and handling of any insurance claims made against the IJB.

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

- 18.1 The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the IJB. This will apply in respect of:
- the resources delegated to the IJB by Renfrewshire Council and NHSGGC; and
  - the resources paid to Renfrewshire Council and NHSGGC by the IJB for use as directed and set out in the Strategic Plan.
- 18.2 The IJB has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services. There will be a process of strategic planning which will have full board member involvement, in order to establish the systematic identification of priorities and realisation of Best Value in the delivery of services.

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- 18.3 It will be the responsibility of the Chief Officer to deliver the arrangements put in place to secure Best Value and to co-ordinate policy in regard to ensuring that the IJB provides Best Value.
- 18.4 The Chief Officer will be responsible for ensuring implementation of the strategic planning process. Best Value should cover the areas of human resource and physical resource management, commissioning of services, financial management and policy, performance and service delivery process reviews.

## **19. Grant Funding Applications**

- 19.1 Where opportunities arise to attract external funding, relevant officers shall consider the conditions surrounding the funding to ensure they are consistent with the aims and objectives of the IJB and the Strategic Plan.
- 19.2 All grant funding to be secured by the IJB from external bodies is required to receive approval from the Chief Finance Officer prior to an application being made, to ensure financial implications and match funding requirements are considered.
- 19.3 The Chief Finance Officer shall ensure that arrangements are in place to:
- receive and properly record such income in the accounts;
  - ensure the audit and accounting arrangements are met; and
  - ensure the funding requirements are considered prior to entering into any agreements.

## **20. Board Members' Expenses**

- 20.1 Payment of voting Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and, will be made in accordance with their own Schemes.
- 20.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the IJB's agreed expenses claim form (Appendix 2) and as far as practicable to provide receipts in support of any expenses claimed.
- 20.3 Non-voting members of the IJB will be entitled to payment of travel and other expenses, such as the cost of replacement care where they have caring responsibilities. Non-voting members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the IJB will be shared equally by Renfrewshire Council and NHSGGL.
- 20.4 The Chief Finance Officer will ensure that a record is maintained of all expenses paid under the Scheme, detailing name, amount and nature of payment.

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## **21. Reserves Policy**

- 21.1 Section 106 of the Local Government (Scotland) Act 1973 as amended, and, The Public Bodies (Joint Working) (Scotland) Act 2014 empower the IJB to hold reserves which must be accounted for in the financial accounts and records of the IJB.
- 21.2 A policy on reserves has been prepared by the Chief Finance Officer and was approved by the IJB. The policy is reviewed regularly as part of the medium-term financial strategy process. The approved reserves policy and strategy includes the level of reserves required and their purpose. The level of reserves held by the IJB is subject to ongoing review dependent on the financial position of the IJB.

## **22. VAT**

- 22.1 HMRC have confirmed that there is no VAT registration requirement for IJBs under the VAT act 1994 as it will not be delivering any services that fall within the scope of VAT.
- 22.2 Should the activities of the IJB change in time and it becomes empowered to provide services, then it is essential the VAT treatment of any future activities or services delivered are considered in detail by the Chief Finance Officer to establish if there is a legal requirement for the IJBs to register for VAT.
- 22.3 The Chief Officer and Chief Finance Officer must remain cognisant of possible VAT implications arising from the delivery of the Strategic Plan. The Partner organisations should be consulted in early course on proposals which may have VAT related implications for them.

## **The Role of the CFO**

### **The Chief Finance Officer in a public service organisation:**

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

### **To deliver these responsibilities the Chief Financial Officer:**

- must have access to appropriate financial information and analysis.

### **Core CFO responsibilities:**

#### **Developing and implementing organisational strategy :**

- Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.
- Contributing to the effective corporate management of the authority, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.
- Supporting the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework; and
- Leading development of a medium-term financial strategy and the annual budgeting process for the IJB to ensure financial balance and a monitoring process to ensure its delivery.

#### **Responsibility for financial strategy:**

- Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.
- Maintaining a long-term financial strategy to underpin the authority's financial viability within the agreed performance framework.
- Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.
- Co-ordinating the planning and budgeting processes.

#### **Influencing decision making:**

- Ensuring that opportunities and risks are fully considered, decisions are aligned with the overall financial strategy and appropriate briefings are provided to the IJB.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions. (This will require a strong working relationship with Directors of Finance and related Chief Financial Officers).
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/IJB in setting the funding plan/budget.
- Ensuring that advice is provided to the scrutiny function in considering the funding plan/budget.

#### **Financial information for decision makers:**

- Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.
- Responsibility for the consolidation of appropriate management accounts information received from Health Board and Local Authority.
- Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.

#### **Value for money:**

- Challenging and supporting decision makers, especially on affordability and Best Value, by ensuring policy and operational proposals with financial implications are signed off by the finance function.
- Reporting to the IJB on the efficiency programmes being delivered within the Operational Units
- Co-ordinating appropriate Benchmarking Exercises.

#### **Safeguarding public money:**

- Implementing effective systems of internal control that include standing financial instructions.
- Ensuring that the authority has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- Ensuring that delegated financial authorities are respected.
- Promoting arrangements to identify and manage key business risks, risk mitigation and insurance.
- Implementing appropriate measures to prevent and detect fraud and corruption.
- Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.

#### **Assurance and scrutiny:**

- Reporting performance of both the authority and its partnerships to the board and other parties as required.
- Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance is accurate, clear, relevant, robust and objective.
- Supporting and advising the Audit Committee and relevant scrutiny groups. This now needs to include a review of the Statement of Internal Controls.
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/ IJB and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.
- Ensuring that the financial statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.
- Certifying the annual statement of accounts.
- Ensuring that arrangements are in place so that other accounts and grant claims (including those where the authority is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes
- Liaising with the external auditor.

#### **Leading and Directing the Finance Function:** - arrangements will depend on local agreement

- To receive assurance from Directors of Finance that efficient and effective professional services from the finance staff in both Health and Local Authorities is being delivered.



- 
- Identifying and equipping managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.





**NHS GREATER GLASGOW & CLYDE**  
**CLAIM FOR EXPENSES INCURRED IN ATTENDING**  
**RENFREWSHIRE INTEGRATION JOINT BOARD (IJB)**  
**(NON-EMPLOYEES)**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Details and location of meetings attended

Date Attended	Details of Journey (including names of any passengers)	Travelling Expenses			
		Mileage	Passenger Mileage	Public Transport Expenses	Parking Fees Tolls etc
TOTAL					

CERTIFICATION	AMOUNT CLAIMED	
I declare that the allowances claimed were incurred solely on journeys in the service of the NHS.	Public Transport Expenses	<input type="text"/>
Signature _____	Other Transport Expenses	<input type="text"/>
Date _____	Mileage	Miles @ 24p <small>(public transport/commuting rate)</small>
I certify that the above journeys and associated expense were necessarily incurred in the interest of the NHS.	Passenger Mileage	Miles @ 2p
Certified _____		
Designation _____	Total	<input type="text"/>
Financial Code <u>G69839</u>		

Please return completed form to:

James Higgins  
 Renfrewshire HSCP  
 Renfrewshire House  
 Cotton Street  
 Paisley  
 PA1 1AL





# **Renfrewshire IJB Reserves Policy June 2020**



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## 1. Background

- 1.1 To assist Local Authorities (and similar bodies) in developing a framework for reserves, CIPFA have issued guidance in the form of the Local Authority Accounting Panel (LAAP) Bulletin 99 – Local Authority Reserves and Balances. This guidance outlines the framework for reserves, the purpose of reserves and some key issues to be considered when determining an appropriate level of reserves. As the Integration Joint Board (IJB) has the same legal status as a Local Authority, i.e. a section 106 body under the Local Government (Scotland) 1973 Act, and, is classified as a local government body for accounts purposes by the Office of National Statistics (ONS), it is able to hold reserves which should be accounted for in the financial accounts and records of the IJB.
- 1.2 Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the IJB.
- 1.3 In line with national guidance and good financial governance, this Reserves Policy establishes a framework within which decisions will be made regarding the level of reserves held by the IJB, and the purposes for which they will be maintained and used. Reserves will be subject to ongoing review dependent on the financial position of the partnership.

## 2. Purpose

- 2.1 The purpose of this Reserves Policy is to:
- Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves;
  - Explain the purpose of holding a reserve;
  - Identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves;
  - The role of the Chief Finance Officer with regards to reserves; and
  - Set out arrangements relating to the creation, amendment and use of the reserves and balances.

## 3. Statutory / Regulatory Framework for Reserves

- 3.1 The IJB may only hold reserves for which there is a regulatory power to do so. In Scotland, the legislative framework which allows the IJB to hold reserves is as follows:

### Usable Reserve

General Reserves  
Repair and Renewals Reserves

### Powers

Local Government Scotland Act 1973  
Local Government Scotland Act 1975

- 3.2 The IJB is entitled to hold reserves in order to meet the needs of the partnership. These are classified as either usable or unusable.
- 3.3 A usable reserve represents resources which the IJB can use for the delivery of services, and, cannot be used to provide services or for day to day running costs. Each usable reserve may have different restrictions upon its potential use, dependent upon both legislation and decisions by the IJB. In common with local authorities, the IJB can have reserves within a usable category.
- 3.4 As the IJB does not have any capital assets of its own, it can only currently hold two types of reserve – a General Fund and a Renewal and Repair Fund. This position will change if the IJB holds capital assets in the future:

- **General Fund** – this type of reserve has no specific purpose other than, as a contingency fund, to cushion the organisation’s finances against any unexpected short-term problems in cash flow. It can also be used as a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
  - **Earmarked Reserves** - are intended to fund specific commitments at a relevant point in the future. They remain an important mechanism which will allow the IJB to manage available resources on a flexible basis between financial years and over the medium and longer term, ensuring that the IJB appropriately plans for its financial commitments over the long term and that the application of financial resources are driven by decisions underpinned by best value and which best support the IJB to achieve its strategic objectives. In Scotland, under Local Government rules, the IJB cannot have a separate Earmarked Reserve within the Balance Sheet but can highlight elements of the General Reserve balance required for specific purposes. For each earmarked reserve the following should be applied and reported:
    - the reason/purpose of the reserve;
    - how and when the reserve can be used; and
    - a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- **Renewal & Repair Fund** – this type of reserve is earmarked to renew and/or repair capital items.

#### 4. Use of Reserves and Role of Chief Finance Officer

- 4.1 The Chief Finance Officer is responsible for ensuring that Reserve Funds are maintained and used only as described in this policy. Upon approval of the use of the funds the Chief Finance Officer will maintain records of the use of funds and plan for replenishment. The Chief Finance Officer will ensure, where possible, the fund is maintained at a level considered prudent to mitigate financial risk and provide regular reports to the IJB on balances held in the fund.
- 4.2 Authority for the draw-down of IJB Reserve Funds has been delegated to the Chief Finance Officer by the IJB, up to a maximum of £500,000 in consultation with the Chief Officer, Chair and or Vice Chair of the IJB. The draw-down of any reserve balances will be reported to the IJB at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and where possible plans for replenishment to restore the level of reserves.
- 4.3 The Chief Finance Officer will annually discuss what additional risk factors might be considered for the IJB and the impact of budgeting on general reserve levels.
- 4.4 This policy will be reviewed by the Chief Finance Officer where requested by the IJB or more frequently if warranted by internal or external events or changes. Changes to the policy will be recommended by the Chief Finance Officer to the IJB.
- 4.5 The Chief Finance Officer is responsible for advising on the targeted optimum levels of reserves the IJB would aim to hold. The IJB, based on this advice, should then approve the appropriate level of reserves as part of the annual budget setting process, depending on the resources available.

#### 5. Adequacy of Reserves

- 5.1 There is no guidance on the minimum level of reserves that should be held. In determining the level of reserves to be held, the Chief Finance Officer must take account of the strategic, operational and financial risks facing the IJB over the medium term and the IJB’s overall approach to risk management.

- 5.2 In light of the size and scale of the IJB's responsibilities, over the medium term, it is considered that it would be an aspiration to achieve a level of general reserves which represents approximately 2% of the net budget of the IJB. This will be in addition to any identified ear marked reserves which are excluded from this calculation. The % to be held will be dependent on the year end position and ability at that time to transfer monies into a reserve for future use.
- 5.3 This value of reserves will be reviewed annually as part of the IJB Budget and Strategic Plan; and depending on the financial environment at that time. The level of other earmarked funds will be established as part of the annual financial accounting process.
- 5.4 The proposed 2% is an optimum level of reserves to be built up over time, recognising prudent financial planning and budgetary constraints.

## **6. Reporting Framework**

- 6.1 The Chief Finance Officer has a fiduciary duty to ensure proper stewardship of public funds.
- 6.2 The level and utilisation of reserves will be formally approved by the IJB based on the advice of the Chief Finance Officer. To enable the IJB to reach a decision, the Chief Finance Officer should clearly state the factors that influenced this advice.
- 6.3 As part of the budget report the Chief Finance Officer should state:
- the current value of the Reserve Funds, the movement proposed during the year and the estimated year-end balance and the extent that balances are being used to fund recurrent expenditure;
  - the adequacy of general reserves in light of the IJB's medium-term financial strategy and the overall financial environment;
  - an assessment of earmarked reserves and advice on appropriate levels and movements during the year and over the medium term; and
  - inf the reserves held are under the prudential target, the IJB should consider actions to meet the target through the annual budget setting process.

## **7. Accounting and Disclosure**

- 7.1 As part of the Annual Accounts for the IJB, a Movement in Reserves Statement and a description of the purpose of the statement, either in the explanatory fore note or on the face of the statement (or both) will be included.
- 7.2 Expenditure should not be charged directly to any reserve. Any movement within Revenue Reserves is accounted for as an appropriation and is transparent. Entries within a reserve are specifically restricted to 'contributions to and from the revenue account' with expenditure charged to the service revenue account.

## **8. Risk Sharing**

- 8.1 It is the responsibility of the IJB to identify and address its operational and financial risks and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the IJB's overall approach to risk management.
- 8.2 Part of the management process involves taking appropriate action to mitigate or remove risks, where this is possible. This in turn may lead to a lower level of reserves being required, and it would be appropriate to reduce the levels of balances held where appropriate action to mitigate or remove risks has been successfully undertaken. (LAAP Bulletin 99)

- 8.3 The assessment of risks will include external risks, such as a legislative change, as well as internal risks, for example, the ability to deliver planned efficiency savings.
- 8.4 In line with national guidance, financial risk will be managed through the financial management process and the use of reserves.
- 8.5 In order to assess the adequacy of reserves when setting the budget, the Chief Finance Officer will take account of the strategic, operational and financial risks facing the IJB.

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**To:** Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19<sup>th</sup> June 2020

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**Report by:** Chief Officer

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**Subject:** Inspection of Care at Home Services by the Care Inspectorate

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## **1. Summary**

- 1.1 Social care services are subject to a range of audit and scrutiny activities to ensure that they are undertaking all statutory duties and are providing appropriate care and support to vulnerable individuals and groups.
- 1.2 This report summarises the latest findings from Inspection conducted 31 October 2019.
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## **2. Recommendations**

- 2.1 The Integration Joint Board is asked to note:
- The performance of Renfrewshire Health and Social Care Partnership's Care at Home services, with services graded as Adequate for Quality of Management and Leadership and Good for Quality of Care and Support and Quality of Staffing.
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## **3. Background and Context**

- 3.1 The Care Inspectorate are the official body responsible for inspecting standards of care in Scotland. They regulate and inspect care services to make sure they meet the right standards.
- 3.2 The Care Inspectorate visit every regulated care service, with higher risk services being inspected more often. They talk to people using the services, staff and managers. They observe what happens within services to help assess the quality of care people receive. They make sure services safeguard people ensuring services are managed and led

well, and make a positive impact on people's lives, based on their needs, rights and choices.

- 3.3 Once an inspection has been carried out, the Care Inspectorate will award grades for certain 'quality themes' which they have assessed. These 'quality themes' cover the main areas of a service's work and demonstrate how well the service performs in these areas and indicates how good the service is.
- 3.4 Quality themes which the Care Inspectorate can choose to inspect are:
- **Quality of care and support:** how well the service meets the needs of each person who uses it
  - **Quality of environment:** where the service is delivered: for example, how clean, well maintained and accessible it is, the atmosphere of the service, how welcoming it is
  - **Quality of staffing:** the quality of the staff, including their qualifications and training
  - **Quality of management and leadership:** how the service is managed and how it develops to meet the needs of the people who use it.
- 3.5 When inspecting services, the Care Inspectorate choose one or more themes to assess, depending on the type of service and its performance history. They award a grade for each of the quality themes chosen to assess using a six-point grading scale, which works in this way:
- Grade 6 – Excellent  
Grade 5 – Very good  
Grade 4 – Good  
Grade 3 – Adequate  
Grade 2 – Weak  
Grade 1 – Unsatisfactory
- 3.6 Following an inspection of services, the Care Inspectorate write an inspection report. The report describes their findings; the service's strengths and what needs to improve. The inspection report will also include the Care Inspectorate gradings.
- 3.7 Care Inspectorate will detail any Recommendations, Requirements or Enforcements within their reports which highlight:
- Recommendations** - If the Care Inspectorate find there is an aspect of a service that could be done better, they may make a recommendation.

This recommendation will set out actions the service should take to improve or develop the quality of the service.

**Requirements** - If the Care Inspectorate find a service is not complying with the Public Service Reform (Scotland) Act 2010, or the conditions of its registration, they must make a requirement. A requirement sets out what a service must do to comply. Requirements are legally enforceable.

**Enforcement** - So the Care Inspectorate can protect people who use care services, the Public Service Reform (Scotland) Act 2010 gives them legal powers to take enforcement action. This means they can change or impose new conditions of registration, which control how a service can operate. They can also serve an improvement notice on a service to make it improve within a set timescale. If the service doesn't make these improvements, they can issue a cancellation notice and cancel their registration. A service cannot operate if it is no longer registered.

3.8 Renfrewshire's Care at Home Services were inspected 31 October 2019. The service was inspected against the themes of quality of care and support, quality of staffing and quality of management and leadership.

3.9 The inspectors graded the service as good in two areas; the quality of care and support and the quality of staffing. The area of management and leadership was graded as adequate.

### **Quality of care and support**

3.10 The Care Inspectorate made 1 recommendation in relation to the care and support offered to people using Care at Home services. They recommended that:

- "The service should ensure that care plans are accurate and up to date. Reviews of care and support should take place no less than six monthly. Care plans and reviews should be made available to people if they wish.

This ensures care and support is consistent with the Health and Social Care Standards which state, 'I am fully involved in developing and reviewing my personal plan, which is always available to me.' Health and Social Care Standards 2.17."

3.11 Immediately following the Inspection, Care at Home services ensured that all care plans were accurate and up to date whilst also ensuring

that all people using Care at Home services had an appropriate review allocated.

- 3.12 Care at Home services provided updated guidance for staff on the completion of care plans. Training and support have been offered to staff in this area and further training is being developed.

### **Quality of staffing**

- 3.13 The Care Inspectorate found a number of strengths in relation to staffing and made no Requirements or Recommendations under this theme.

### **Quality of management and leadership**

- 3.14 The Care Inspectorate placed 1 Requirement in respect to management and leadership. The requirement was that:

- “The provider must ensure when people are supported with medication this is done in ways that keep them safe and well.

To do this the provider must review current policies, procedures and guidance to staff as a matter of priority. This should include making clear the distinctions between people self-managing their medication, staff prompting and staff administering or assisting people.

The revised guidance should make clear the distinction between people self-managing their medication, staff prompting and staff administering or assisting.

Staff should be appropriately briefed on their roles and receive training if appropriate.

The level of support people receive should be clearly detailed in their care plans and should be regularly reviewed and updated.

This in order to comply with:

The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011. 4-(1) A provider must- (a) make proper provision for the health, welfare and safety of service users.”



- 3.15 Care at Home services were undergoing a review of the medication policy at the time of inspection and this was discussed with the Care Inspectorate. As part of the Care Inspectorate activity, they offered to assist in the development of this policy. Care at Home services are now working with Care Inspectorate and Council to develop this policy.
- 3.16 While fully recognising the requirements and recommendations highlighted in the report, it is noted that strengths were also identified. Feedback from service users was largely positive and highlighted that they appreciate the services they receive and the way the service helps them to achieve their personal outcomes. It was also highlighted that staff enjoyed their work and appropriate training and support is always available. These strengths have continued to be built on.
- 3.17 Care at Home services continues to be committed to the strategic vision where “Renfrewshire is a caring place where people are treated as individuals and supported to live well”. Care at Home services acknowledged the points raised in the Care Inspectorate report and have taken action to address these.
- 3.18 The older people’s review presented to the Integration Joint Board in early 2020 highlighted the need to take forward work to modernise the care at home services. The outcome of this inspection will feed into that work as it resumes following a break due to the crisis response to COVID-19.
- 3.19 Care at Home services are currently undertaking a series of development sessions to identify and implement improvements to support the service in managing challenges around increasing demand, recruitment and retention whilst also addressing requirements and recommendations from the Care Inspectorate report. The measures put in place from this work are being closely monitored and kept under review via a detailed action plan.
- 3.20 Going forward, the outcome of any inspections across Adults Services will be considered and will inform the developing service delivery models, supporting structure and governance arrangements.

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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** - None
8. **Health & Safety** - None
9. **Procurement** – None
10. **Risk** - Failure by services to meet and exceed the National Care Standards could lead to poor inspection results and enforcement action from the Care Inspectorate, as well as negative outcomes for service users and carers.
11. **Privacy Impact** - None

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## List of Background Papers

- (a) None

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**Author:** Shiona Strachan, Acting Head of Health and Social Care

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**To:** Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 19 June 2020

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**Report by:** Chief Officer

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**Subject:** Inspection of Care Home Services by the Care Inspectorate

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## 1. Summary

1.1 Social care services are subject to a range of audit and scrutiny activities to ensure that they are undertaking all statutory duties and are providing appropriate care and support to vulnerable individuals and groups.

1.2 This report summarises the latest findings from inspections conducted at:

- Renfrew Care Home – 27<sup>th</sup> January 2020
  - Hunterhill Care Home – 6<sup>th</sup> February 2020
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## 2. Recommendations

It is recommended that the Integration Joint Board Audit, Risk and Scrutiny Committee are asked to note:

- The performance of Renfrewshire Health and Social Care Partnership's Care Home services, with both services graded as Good for Quality of Care and Support and Supporting People's Wellbeing.
- 

## 3. Background and Context

3.1 The Care Inspectorate are the official body responsible for inspecting standards of care in Scotland. They regulate and inspect care services to make sure they meet the right standards.

3.2 The Care Inspectorate visit every regulated care service, with higher risk services being inspected more often. They talk to people using the

services, staff and managers. They observe what happens within services to help assess the quality of care people receive. They make sure services safeguard people ensuring services are managed and led well, and make a positive impact on people's lives, based on their needs, rights and choices.

- 3.3 Once an inspection has been carried out, the Care Inspectorate will award grades for certain 'quality themes' which they have assessed. These 'quality themes' cover the main areas of a service's work and demonstrate how well the service performs in these areas and indicates how good the service is.
- 3.4 Quality themes which the Care Inspectorate can choose to inspect are:
- **Quality of care and support:** how well the service meets the needs of each person who uses it
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  - **Quality of staffing:** the quality of the staff, including their qualifications and training
  - **Quality of management and leadership:** how the service is managed and how it develops to meet the needs of the people who use it.
- 3.5 When inspecting services, the Care Inspectorate choose one or more themes to assess, depending on the type of service and its performance history. They award a grade for each of the quality themes chosen to assess using a six-point grading scale, which works in this way:
- Grade 6 – Excellent  
Grade 5 – Very good  
Grade 4 – Good  
Grade 3 – Adequate  
Grade 2 – Weak  
Grade 1 – Unsatisfactory
- 3.6 Following an inspection of services, the Care Inspectorate write an inspection report. The report describes their findings; the service's strengths and what needs to improve. The inspection report will also include the Care Inspectorate gradings.
- 3.7 Care Inspectorate will detail any Recommendations, Requirements or Enforcements within their reports which highlight:

**Recommendations (Areas for Improvement)** - If the Care Inspectorate find there is an aspect of a service that could be done better, they may make a recommendation. This recommendation will set out actions the service should take to improve or develop the quality of the service.

**Requirements** - If the Care Inspectorate find a service is not complying with the Public Service Reform (Scotland) Act 2010, or the conditions of its registration, they must make a requirement. A requirement sets out what a service must do to comply. Requirements are legally enforceable.

**Enforcement** - So the Care Inspectorate can protect people who use care services, the Public Service Reform (Scotland) Act 2010 gives them legal powers to take enforcement action. This means they can change or impose new conditions of registration, which control how a service can operate. They can also serve an improvement notice on a service to make it improve within a set timescale. If the service doesn't make these improvements, they can issue a cancellation notice and cancel their registration. A service cannot operate if it is no longer registered.

3.8 Renfrewshire's Care Home Services were inspected at Renfrew Care Home on 27th January 2020 and Hunterhill Care Home on 6th February 2020. The services were inspected against the themes of quality of care and support and supporting people's wellbeing.

3.9 The inspectors graded both services as good in the areas of quality of care and support and supporting people's wellbeing.

#### **Renfrew Care Home - Quality of care and support**

3.10 The Care Inspectorate made no recommendations in relation to the care and support offered to people at Renfrew Care Home.

3.11 Within the Care Inspectorate report, they highlighted 1 area for improvement in regard to quality of care and support. They recommended that:

- "Each resident should have a robust, accurate care plan which reflects their assessed needs. This should include a care plan for such areas as dementia and stress and distress.

Health and Social Care Standards (HSCS) 1.15; 'My personal plan (sometimes referred to as a care plan) is right for me because it sets out how my needs will be met, as well as my wishes and choices'."

## **Renfrew Care Home – Supporting People’s Wellbeing**

3.12 The Care Inspectorate made no recommendations in relation to supporting people’s wellbeing at Renfrew Care Home.

3.13 Within the Care Inspectorate report, they highlighted 3 areas for improvement in regard to supporting people’s wellbeing. They recommended that:

- “Meaningful activity should be available for each resident and respond to their needs, wishes and choices. The home needs to review the activities provided for those residents cared for in their rooms or living with a cognitive impairment.

HSCS - 1.25; 'I can choose to have an active life and participate in a range of recreational, social. Creative, physical and learning activities every day, both indoors and outdoors'."

- “The management team need to review the current practice of locking the doors to the units.

HSCS 1.6; 'I get the most out of life because the people and organisation who support me and care for me have an enabling attitude and believe in my potential'."

- “Staff need to ensure that record keeping in personal care charts and medication protocols is accurate and meaningful to inform the ongoing care needs of each resident. Staff must follow their professional codes of practice in these areas.

HSCS 1.23; 'My needs, as agreed in my personal plan, are fully met, and my wishes and choices respected' and HSCS 3.14; 'I have confidence in people because they are trained, competent and skilled, are able to reflect on their practice and follow their professional and organisational codes'."

## **Hunterhill Care Home - Quality of care and support**

3.14 The Care Inspectorate made no requirements in relation to the care and support offered to people at Hunterhill Care Home.

3.15 Within the Care Inspectorate report, they highlighted 1 area for improvement in regard to care and support. They recommended that:

- “Each resident should have a robust, accurate person-centred care plan which reflects their assessed needs. This should include a plan for such areas as stress and distress and living with dementia if appropriate.

This ensures care and support is consistent with the Health and Social Care Standards which state:

'My personal plan (sometimes referred to as a care plan) is right for me because it sets out how my needs will be met, as well as my wishes and choices.' (HSCS 1.15)"

### **Hunterhill Care Home – Supporting People’s Wellbeing**

3.16 The Care Inspectorate made no requirements in relation to supporting people’s wellbeing at Hunterhill Care Home.

3.17 Within the Care Inspectorate report, they highlighted 3 areas for improvement in regard to supporting people’s wellbeing. They recommended that:

- “The management team should draw up aims and objectives for the respite unit to ensure staff and resources are in place. This will ensure that staff are prepared for admissions and each placement is a success.

This ensures care and support is consistent with the Health and Social Care Standards which state:

'My care and support is provided in a planned and safe way, including if there is an emergency or unexpected event.' (HSCS 4.14) and 'I experience high quality care and support because people have the necessary information and resources.' (HSCS 4.27)"

- “Meaningful activity should be available for each resident and respond to their needs, wishes and choices. Staff, at times, need to be less task orientated and spend more meaningful time engaging with residents.

This ensures care and support is consistent with the Health and Social Care Standards which state:

'I can choose to have an active life and participate in a range of recreational, social, Creative, physical and learning activities every day, both indoors and outdoors.' (HSCS 1.25)"

- “Staff need to ensure that record keeping in care records and medication protocols is accurate and meaningful to inform the ongoing care needs of each resident. The care plans for those living with dementia and stress and distress should be robust and the rationale for administering medication, for example to assist with distress, should be clear.

This ensures care and support is consistent with the Health and Social Care Standards which state:

'My needs, as agreed in my personal plan, are fully met, and my wishes and choices respected.' (HSCS 1.23)"

- 3.18 While fully recognising the areas for improvement highlighted in the report, it is noted that strengths were also identified. Feedback from service users and their families was largely positive and highlighted that they appreciate the services they receive and the way the care homes support them to achieve their personal outcomes. These strengths continue to be built on.
- 3.19 Care Home services continue to be committed to the strategic vision where "Renfrewshire is a caring place where people are treated as individuals and supported to live well". Care Home services acknowledged the areas for improvement raised in the Care Inspectorate report and are taking action to address these where possible. The measures put in place will be closely monitored and kept under review via a detailed action plan to address, where possible, any areas for improvement.
- 3.20 The older people's review presented to the Integration Joint Board in early 2020 highlighted the need to take forward work to modernise care home services. The outcome of these inspections will feed into that work as it resumes following a break due to the crisis response to COVID-19.
- 3.21 Going forward, updates on inspections across Adults Services will be considered and reports aligned to reflect the developing structural and governance arrangements.
- 

### 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** - Failure by services to meet and exceed the National Care Standards could lead to poor inspection results and enforcement action from the Care Inspectorate, as well as negative outcomes for service users and carers.
11. **Privacy Impact** - None
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#### **List of Background Papers - None**

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