

## Section 4: Annual Governance Statement

This statement sets out the framework within which the IJB has put in place proper arrangements (known as the governance framework) for the governance of the IJB's affairs. The governance framework facilitates the effective exercise of the IJB's functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal financial control are in place.

### Scope of Responsibility

Dumfries and Galloway IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The IJB also has a duty under the Local Government Act 2003 to make arrangements to secure 'Best Value', through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

In discharging this overall responsibility, the IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The IJB complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The IJB's Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The IJB internal audit service complies with the requirements of the United Kingdom Public Sector Internal Audit Standards 2013:

*"Internal auditing is 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".*

The IJB uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records. The operational delivery of services within the NHS Dumfries and Galloway and Dumfries and Galloway Council, on behalf of the IJB, is covered by their respective internal audit arrangements.

The Audit and Risk Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. The IJB has appointed a Chief Internal Auditor who has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the Public Sector Internal Audit Standards (PSIAS).

Voting Members and officers of the IJB are committed to the concept and delivery of sound governance and the effective delivery of IJB services.

This statement explains how the IJB has complied with the Framework and also meets the requirements of The Local Authority Accounts (Scotland) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

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

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. 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 policies, objectives and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been developed within Dumfries and Galloway IJB for the period ended 31 March 2019 and up to the date of approval of this statement of accounts.

### **The Governance Framework**

In relation to the development of its governance arrangements during 2015/16, the IJB has established a Strategic Planning Group as required by regulation to shape and influence the development of strategic plans, to provide views on any 'significant decision' being considered by the IJB and to provide support and comment within the Partnership on the development of policies across the full range of delegated functions. This has been reviewed and continues to be an effective mechanism around the review and scrutiny of the Strategic Plan. During 2017/18 a review of Strategic Plan was undertaken and the Board decided to retain the existing plan with the next update of the plan during to commence during 2019/20.

The Audit and Risk Committee was established, comprising both voting and non-voting members to consider, scrutinise and review Audit and Risk matters, including these financial statements.

A Clinical and Care Governance Committee and a Performance and Finance Committee have also been established and have been operational since the establishment of the IJB.

A Performance and Finance Committee was also established during 2017/18 and monitors in detail financial and performance data including IJB financial savings plans. This committee met 4 times during 2018/19 and had developed as a committee during this time.

The Clinical and Care Governance Committee provides assurance to the IJB of the quality and safety of the services commissioned via the IJB. The CCGC ensures that quality monitoring and governance arrangements are in place for the range of delegated functions.

The IJB has developed a range of governance related documents including: Standing Orders, Scheme of Delegation, Complaints Policy, Freedom of Information, and Risk Management Strategy. A Register of Members Interests has been established for IJB Members and IJB Members have been invited to sign the Code of Conduct for Members of Devolved Public Bodies. The IJB now has its own governance support separate from the NHS and Council following the successful training of an individual to undertake this role on behalf of the IJB.

The 4 Area Committees have a scrutiny role with regard to the implementation of the locality plans, the now developed performance reporting framework reflects this approach, with regular reports presented to the committees every six months. These reports have been refined during 2018/19 to meet the requirement of the committee.

The Chief Officer has undertaken a review of governance arrangements for the partnership and is working with the Chief Executive and Chair of the NHS, Chief Executive and Leader of the Local Authority and Chair and Vice Chair of the IJB to agree arrangements locally.

Audit Scotland issues a report on progress with Health and Social integration during 2018/19 with a further review issued through the Ministerial Steering Group on key actions which partnerships were required to progress. Scottish Government issued a self assessment template to be completed by partnerships and this was progressed locally following a workshop with Audit Scotland. The Partnership is currently finalising the associated action plan in relation to our Self Assessment.

During 2018/19 the IJB agreed three key strategic risks which were developed through the Health and Social Care Senior Management Team.

The 3 risks identified are as follows:

1. Failure to develop an adequate and effective Strategic Plan
2. Sufficiency or stability of resource to meet the needs set out in the Strategic Plan
3. Failure to make progress against the nine National Health & Wellbeing Outcomes

The risk register and risk strategy are key areas for review for 2019/20.

Over the course of 2018/19, the following weaknesses in our internal controls are worthy of highlight:

- A large Care Home, commissioned by the Health and Social Care Partnership, was subject to an unannounced inspection and a Large Scale Investigation in March 2019 which led to a moratorium on future referrals pending the outcome of a follow up inspection to determine that the service was compliant with key Health and Social Care Standards. A multi-disciplinary Service Improvement Team was established to support the service and develop an integrated Improvement Plan to address the findings of the inspection.

The care home was subject to regular contract monitoring visits and supported to identify and use best practice from other services to enable a phased withdrawal of the moratorium and provide the Partnership with assurance regarding compliance with the key Health and Social Care Standards.

- The Health and Social Care Partnership has received the findings of a Significant Case Review which highlighted a range of actions across the Partnership to address weaknesses in the delivery of social care and escalation processes within the Partnership. The Significant Case Review has been presented at the Chief Officers Group for Public Protection and an action plan developed to address weaknesses highlighted.
- The challenge of Delayed Discharges across the Partnership has led to significant weaknesses in delivery of our ambition to support individuals in the right place, at the right time, every time. The lack of a balance of demand and capacity in the care at home market alongside the challenges of recruitment have led to a renewed focus on our approach to managing flow across the Partnership.

### Internal Financial Control

The IJB's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. The Board uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records.

Development and maintenance of the systems is undertaken by the NHS Dumfries and Galloway and Dumfries and Galloway Council as part of the operational delivery of the Health and Social Care Partnership. In particular the system includes:

- Comprehensive budgeting systems.
- Setting targets to measure financial and other performance.
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets.
- Formal project management disciplines, as appropriate.

The Deputy Director of Finance, NHS Dumfries and Galloway and the Head of Finance and Procurement, Dumfries and Galloway Council have provided assurances that the charges for the services commissioned reflect the income and expenditure recorded in their financial systems and that they are complete and accurate reflecting appropriate charges.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Partners of the Integration Board are continually seeking to improve the effectiveness of its systems of internal control.

The main objectives of the IJBs internal control systems are:

- To ensure adherence to policies and directives in order to achieve the organisation's objectives.
- To safeguard assets.
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records.
- To ensure compliance with statutory requirements.

The system of financial control is reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual report and other reports.

### **Review of Effectiveness**

The review of effectiveness of the governance framework including the system of internal controls is informed by the work of the H&SCSMT within the IJB who have responsibility for the development and maintenance of the governance environment, the annual report by the Chief Internal Auditor, and also by reports/comments made by external audit and other review agencies and inspectorates.

The Chief Internal Auditor reports directly to the IJB Audit and Risk Committee on all audit matters with the right of access to the Chief Officer, Chief Finance Officer and the Chair of the Audit and Risk Committee.

In addition to regular reports to the IJB Audit and Risk Committee, the Chief Internal Auditor prepares an annual report for the Audit and Risk Committee. Internal Audit aims to give reasonable assurance on the IJB's systems of internal control using a risk based programme of work.

### **Assurance**

Subject to the above, and on the basis of the assurance provided, we consider that the governance and internal control environment operating during 2017/18 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

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Julie White  
Chief Officer  
Dumfries and Galloway Integration Joint Board

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Andy Ferguson  
Chair  
Dumfries and Galloway Integration Joint Board

25<sup>th</sup> September 2019