



Dumfries and Galloway
Integration Joint Board
Audit and Risk Committee

9th September 2021

This Report relates to
Item 6 on the Agenda

Final IJB Governance Statement 2020/21

Paper presented by Katy Kerr

For Scrutiny and Review

Author:	Katy Kerr, Chief Finance Officer, IJB Katy.kerr@nhs.scot
List of Background Papers:	Not required
Appendices:	Appendix 1 – Final Governance Statement

1. Introduction

- 1.1 This paper presents to the IJB Audit and Risk Committee the Governance Statement and Assurance Processes for 2020/21.

2. Recommendations

2.1 The Integration Joint Board is asked to:

- **Scrutinise and review the Final IJB Governance Statement and Assurance Processes for 2020/21.**

3. Background and Main Report

3.1 Background

- 3.2 The Chief Officer is required as part of the Annual Accounts to prepare a Governance Statement for the IJB. The final statement forms part of the annual accounts and is required to be signed off by the Chief Officer and Chair.

3.3 Main Report

- 3.4 The Final Governance Statement for 2020/21 is included as **Appendix 1**. It has been prepared in accordance with guidance on good governance and assurances taken from both the local authority and NHS code of governance arrangements which have been applied to the IJB. It also reflects specific comments in relation to the Covid-19 crisis and the impact on the IJB and the Partnership over the latter months of 2020/21.
- 3.5 An overall assurance pack has been developed and forms part of the Chief Officer's consideration of the final draft of the Governance Statement for inclusion in the Annual Report and Accounts.
- 3.6 The assurance pack has been completed and was shared with the External and Internal Auditors and includes assurances as per the summary below:

Assurances to the Chief Officer for preparation of the Governance Statement
--

Letter from IJB Finance Officer on financial matters
--

Letter from both NHS Chief Executive

Letter from both Council Chief Executive
--

Standing Committee Statements – only A&R committee completed for 20/21
--

Internal Audit Report – available at September meeting
--

External Audit Report – available at September meeting
--

Assurances to the Finance Officer for signing the statement of responsibilities for the statements of account
--

Letter of assurance from Dumfries and Galloway Council Head of Finance and Procurement
--

Letter of assurance from NHS Director of Finance
--

4.	Conclusions		
4.1	The Final Governance Statement is included in the annual accounts and forms part of the annual accounts and overall assurance process.		
5.	Resource Implications		
5.1.	The accounts set out the financial position for the IJB for 2020/21. There are no specific resource implications associated with the Governance Statement.		
6.	Impact on Integration Joint Board Outcomes, Priorities and Policy		
6.1.	The Governance Statement and financial assurances are an integral part of the best value and governance arrangements for the IJB.		
7.	Legal and Risk Implications		
7.1.	None identified.		
8.	Consultation		
8.1.	Consultation with Chief Officer, Deputy Director of Finance, External and Internal Auditors and other senior finance team members across NHS and Council.		
9.	Equality and Human Rights Impact Assessment		
9.1.	As this report does not propose a change in policy/strategy/plans, no impact assessment has been carried out.		
10.	Glossary		
10.1	All acronyms must be set out in full the first time they appear in a paper with the acronym following in brackets.		
	<table border="1"> <tr> <td>IJB</td> <td>Integration Joint Board</td> </tr> </table>	IJB	Integration Joint Board
IJB	Integration Joint Board		

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 function 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 the 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 and Risk Committee annually, to provide assurance on the adequacy and effectiveness of risk management, internal control and governance processes within the IJB.

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 2014 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 2021 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 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. This group is being further reviewed as we assess the development of the IJB for 2021/22.

Following discussions between the Chief Officer, Chair and Vice-Chair of the IJB and the Corporate Governance Officer, and supported by the Chief Executives of NHS Dumfries and Galloway and Dumfries and Galloway Council, it was agreed at the IJB

on 22nd April 2020 to implement the following temporary governance arrangements, once it was clear that the impact of the Covid-19 crisis could be significant. This included:

- Alternative decision making arrangements to be enacted in that the IJB will delegate authority to the Chief Officer in consultation with the Chair and Vice-Chair of the IJB
- IJB Meetings will only take place on approval by the Chief Officer, Chair and Vice-Chair.
- All other meetings including Committees, Strategic Planning Group and Workshops are to be suspended until the Covid-19 situation improves or we receive guidance from Scottish Government.
- Regular updates will be provided to Board members
- Arrangements will be reviewed in line with any advice or guidance from Scottish Government.

The IJB has three Committees supporting the operation of the Board. These were temporarily paused during 2020/21 as set out in the temporary governance arrangements which were implemented in-year. The Audit and Risk Committee comprises both Voting and Advisory members, and considers, scrutinises and reviews Audit and Risk matters, including these financial statements. The Audit and Risk Committee met twice during 2020/21. At the request of the Chief Finance Officer, the Committee was brought back into operation for its meeting in September 2020 to review the Annual Accounts.

The Clinical and Care Governance Committee (CCGC) 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. Due to the temporary governance arrangements, this Committee met only once in 2020/21.

The Performance and Finance Committee monitors in detail financial and performance data including IJB financial savings plans. This Committee also didn't meet during 2020/21 with any relevant business being considered by IJB itself. This meeting has been re-established and is due to meet in June 2021.

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. Through the work of the Audit and Risk Committee, it has been agreed that the Risk Strategy and risk arrangements for the Partnership should be reviewed as these have evolved since the initial risk strategy was developed at the inception of the IJB. This review is still underway.

A Register of Members Interests has been established for IJB Members. IJB Members have also 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 four Area Committees have a scrutiny role with regard to the implementation of the locality plans. The performance reporting framework reflects this approach, with regular reports presented to the committees every six months. Whilst these reports were prepared during 2020/21, they were unable to be presented to the Area Committees during due to the Covid-19 pandemic impact on committees.

During 2020/21, work progressed on updating the 3 risks which made up the IJB Corporate Risk Register and an additional risk was added. The current risks are:

1. Sufficiency or stability of resource - to meet needs set out in the Strategic Commissioning Plan.
2. Failure to make progress against the nine National Health and Wellbeing Outcomes.
3. Failure to develop an adequate and effective Strategic Commissioning Plan.
4. Inability to share data between practitioners which may compromise patient/service user care.

The IJB Governance Officer now meets with the risk owners on a quarterly basis to update the risks and these will be added to the DATIX risk management system in due course.

The Chief Officer has considered whether there are any weaknesses in our internal controls which require highlighting for 2020/21 and notes significant improvement in the numbers of delayed discharges was realised in the early part of 2020/21 due to the impact of the Covid-19 pandemic. However, there has been a steady rise in numbers in the latter part of the year. This is as a result of the imbalance of demand and capacity in the care at home market. During 2020/21, the Health and Social Care Partnership developed a Care and Support at Home Plan which sets out a range of actions to be taken forward in 2021/22 to address the challenges in care at home.

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 Health and Social Care Governance and Performance Group (H&SCG&P) 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.