

## 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. On an annual basis the IJB undertakes a best value assessment which is presented back through the Audit, Risk Governance Committee.

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, Risk and Governance 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.

## Appendix 1

The IJB has appointed a Chief Internal Auditor who has responsibility to review independently and report to the Audit, Risk and Governance 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 2025 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 was further reviewed as we assess the development of the updated IJB governance arrangements for 2024/25, where we appointed to a new Chair of the Strategic Planning Group.

The IJB has four Committees supporting the operation of the Board:

**1. Transformation, Innovation and Futures Committee** - This committee will maintain oversight of those areas of business as specified by the IJB:

- Sustainability and Modernisation
- Population Health
- Partnership and Collaboration
- Health Inequalities Outcome and Inclusion
- Engagement and Participation

**2. Strategic Planning Delivery and Commissioning Committee** - This committee will maintain oversight of those areas of business as specified by the IJB:

- Strategic Needs Assessment
- Strategic Planning Group
- Planning Priorities
- Commissioning Plan
- Directions
- Workforce Planning

**3. Finance, Performance and Quality Committee** - The committee will maintain oversight of those areas of business as specified by the IJB:

- Finance/Delegated Budget
- Performance and Business Intelligence
- Quality Assurance

**4. Audit, Risk and Governance Committee** - This committee will maintain oversight of those areas of business as specified by the IJB:

- Corporate Risk
- Clinical and Care Governance
- External Audit
- Annual Report and Accounts
- Freedom of Information
- Internal Audit
- Records Management
- Regulatory bodies recommendations and requirements

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, Risk and Governance Committee, it has been agreed that the Risk Strategy and risk arrangements for the Partnership should be reviewed on a quarterly basis as these have evolved since the development of the Risk Management Strategy in 2024.

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 has its own governance support separate from the NHS and Council through the Chief Officer's Business Support Team.

A review of annual performance of the IJB is prepared and published each year by the Partnership. A performance overview is included in this report.

During 2024/25, work progressed on updating and reviewing the IJB's Corporate Risk Register. The current risks are:

- Sufficiency or stability of resource - to meet needs set out in Strategic Commissioning Plan
- Failure to make progress against nine National Health and Wellbeing Outcomes
- Failure to deliver the strategic direction and intentions set out within the Strategic Commissioning Plan

The Chief Officer has considered whether there are any weaknesses in our internal controls which require highlighting for 2024/25. The challenges associated with the imbalance of demand and capacity in the care at home market have continued to impact of our management of delayed discharges. The scale of the financial challenge remains a significant concern with additional resource required from the NHS Board / Local Authority during 2024/25.

### **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 IJB 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 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 IJB are continually seeking to improve the effectiveness of its systems of internal control.

Reliance is placed on the existing counter fraud and anti-corruption arrangements in place within each partner which have been developed and are maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

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 Audit 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 Audit, Risk and Governance Committee of 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, Risk and Governance Committee on all audit matters with the right of access to the Chief Officer, Chief Finance Officer and the Chair of the Audit, Risk and Governance Committee.

In addition to regular reports to the IJB Audit, Risk and Governance Committee, the Chief Internal Auditor prepares an Annual Report for the Audit, Risk and Governance 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 2023/24 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.