

## 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).

Elected 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 2018 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.

A committee of the IJB, comprising both voting and non-voting members has been established to consider 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.

During 2017/18, a number of workshops have been provided for IJB members on various aspects of their role as set out in legislation and regulation and to assist them to further understanding the services delivered and their role in supporting this delivery.

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.

A Performance and Finance Committee has been established and has had three meetings during 2017/18 in April, October and February. This committee receives quarterly performance monitoring reports containing information against a range of Health and Social Care related indicators that inform progress or otherwise against the implementation of strategic plans and

objectives, provide an assessment of performance in relation to the 9 National Health and Wellbeing Outcomes and details action plans/recommendations arising from inspection bodies. The Performance Framework is anticipated to remain under ongoing development and refinement for the length of the strategic commissioning cycle (ie. 3 years). It will be fully reviewed and revised at the end of this period, at which time we will have a new strategic plan for the region. The role of this committee has also been strengthened to now include the oversight of the Business Transformation Programme.

The Care Inspectorate and Healthcare Improvement Scotland carried out a joint inspection of Health and Social Care services for older people in Dumfries and Galloway in early 2016, the report of the inspection was published in October 2016. The action plan in response to this inspection is progressing and we have presented updates to the Health and Social Care Senior Management Team (H&SCSMT). We have a H&SCSMT workshop in early July to give further assurance and support around the plan to ensure progress continues.

Following the appointment of the locality managers, significant progress was made in 2015/16 on the development and approval of locality plans for each of the 4 locality areas in Dumfries and Galloway, with work ongoing during 2016/17 to implement the plans. 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.

### **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.