

Public Document Pack



Aberdeen City Health & Social Care Partnership
A caring partnership

To: Professor Mike Greaves, Chairperson; and Councillors Ironside CBE and Young; and Rhona Atkinson.

Town House,
ABERDEEN, 3 April 2017

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

The Members of the **AUDIT AND PERFORMANCE SYSTEMS COMMITTEE** are requested to meet in Committee Room 2 - Town House on **TUESDAY, 11 APRIL 2017 at 10.00 am.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

FOR REFERENCE

TERMS OF REFERENCE

BOARD ASSURANCE FRAMEWORK

ITEMS OF BUSINESS

DECLARATION OF INTERESTS

- 1 Members are requested to intimate any declarations of interest

DETERMINATION OF EXEMPT BUSINESS

- 2 Members are requested to determine that any exempt business be considered with the press and public excluded

- 3 Minute of Previous Meeting - 28 February 2017 (Pages 37 - 42)
- 4 Proposed Revision to Meeting Schedule (Pages 43 - 46)
- 5 Review of Financial Governance (Pages 47 - 106)
- 6 Local Code of Governance (Pages 107 - 122)
- 7 Annual Governance Statement (Pages 123 - 134)
- 8 Internal Audit Plan 2017-18 (Pages 135 - 140)

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Should you require any further information about this agenda, please contact Iain Robertson, tel 01224 522869 or email iairobertson@aberdeencity.gov.uk

**ABERDEEN CITY INTEGRATION JOINT BOARD
AUDIT & PERFORMANCE SYSTEMS COMMITTEE
TERMS OF REFERENCE**

1	Introduction
1.1	The Audit & Performance Systems Committee is identified as a Committee of the Integration Joint Board (IJB). The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the Standing Orders.
1.2	The Committee will be known as the Audit & Performance Systems Committee (APS) of the IJB and will be a Standing Committee of the Board,
2	Constitution
2.1	The IJB shall appoint the Committee. The Committee will consist of not less than 4 members of the IJB, excluding Professional Advisors. The Committee will include at least two voting members, one from Health and one from the Council.
3	Chair
3.1	The Committee will be chaired by a non-office bearing voting member of the IJB and will rotate between NHS and ACC.
4	Quorum
4.1	Three Members of the Committee will constitute a quorum.
5	Attendance at meetings
5.1	The Board Chair, Chief Officer, Chief Finance Officer Chief Internal Auditor and other Professional Advisors and senior officers as required as a matter of course, external audit or other persons shall attend meetings at the invitation of the Committee.
5.2	The Chief Internal Auditor should normally attend meetings and the external auditor will attend at least one meeting per annum.
5.3	The Committee may co-opt additional advisors as required.
6	Meeting Frequency
6.1	The Committee will meet at least 4 times each financial year. There should be at least one meeting a year, or part therefore, where the Committee meets the external and Chief Internal Auditor without other seniors officers present. A further 2 developmental sessions will be planned over the course of the year to support the development of members.
7	Authority
7.1	The Committee is authorised to instruct further investigation on any matters which fall

	within its Terms of Reference.
8	Duties
8.1	The Committee will review the overall Internal Control arrangements of the Board and make recommendations to the Board regarding signing of the Governance Statement, having received assurance from all relevant Committees.
	Specifically it will be responsible for the following duties:
1.	The preparation and implementation of the strategy for Performance Review and monitoring the performance of the Partnership towards achieving its policy objectives and priorities in relation to all functions of the IJB;
2.	<p>Ensuring that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performance against the national health and wellbeing outcomes, the associated core suite of indicators and other local objectives and outcomes and for reporting this appropriately to the Committee and Board..</p> <p>The performance systems scrutiny role of the Committee is underpinned by an Assurance Framework which itself is based on the Board's understanding of the nature of risk to its desired priorities and outcomes and its appetite for risk-taking.</p> <p>This role will be reviewed and revised within the context of the Board and Committee reviewing these Terms of Reference and the Assurance Framework to ensure effective oversight and governance of the partnership's activities..</p>
3.	Acting as a focus for value for money and service quality initiatives;
4.	To review and approve the annual audit plan on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and reporting to the Board;
5.	Monitoring the annual work programme of Internal Audit, including ensuring IJB oversight of the clinical and care audit function and programme to ensure this is carried out strategically;
6.	To consider matters arising from Internal and External Audit reports;
7.	Review on a regular basis actions planned by management to remedy weaknesses or other criticisms made by Internal or External Audit
8.	To support the IJB in ensuring that the strategic integrated assurance and performance framework is working effectively, and that escalation of notice and action is consistent with the risk tolerance set by the Board.
9.	To support the IJB in delivering and expecting cooperation in seeking assurance that hosted services run by partners are working effectively in order

	to allow Aberdeen City IJB to sign off on its accountabilities for its resident population.
10.	Review risk management arrangements, receive annual Risk Management updates and reports and annually review with the full Board the IJB's risk appetite document .
11.	Ensure existence of and compliance with an appropriate Risk Management Strategy.
12.	Reporting to the IJB on the resources required to carry out Performance Reviews and related processes;
13.	To consider and approve annual financial accounts and related matters;
14.	Ensuring that the Senior Management Team, including Heads of Service, Professional Leads and Principal Managers maintain effective controls within their services which comply with financial procedures and regulations;
15.	Reviewing the implementation of the Strategic Plan;
16.	To be responsible for setting its own work programme which will include the right to undertake reviews following input from the IJB and any other IJB Committees;
17.	The Committee may at its discretion set up short term working groups for review work. Membership of the working group will be open to anyone whom the Committee considers will assist in the task assigned. The working groups will not be decision making bodies or formal committees but will make recommendations to the Audit Committee;
18.	Promoting the highest standards of conduct by Board Members; and
19.	Monitoring and keeping under review the Codes of Conduct maintained by the IJB.
20.	Will have oversight of Information Governance arrangements and staffing arrangements as part of the Performance and Audit process.
21.	Ensuring effective IJB oversight of the scrutiny of Serious Incidents in health and social care, including monitoring and reporting systems, timely action, training and improvement activities.
22.	To be aware of, and act on, Audit Scotland, national and UK audit findings and inspections/regulatory advice, and to confirm that all compliance has been responded to in timely fashion.
9	Review
9.1	The Terms of Reference will be reviewed every six months to ensure their ongoing appropriateness in dealing with the business of the IJB.
9.2	As a matter of good practice, the Committee should expose itself to periodic review utilising best practice guidelines and external facilitation as required.

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Aberdeen City Health and Social Care Partnership

Board Assurance and Escalation Framework

Part 1: Introduction

1.1 Background

The partner organisations of Aberdeen City Health and Social Care Partnership (ACHSP), Aberdeen City Council and NHS Grampian (the “Parties”), are committed to successfully integrating health and social care services, to achieve the partnership’s vision of:

“a caring partnership, working together with our communities to enable people to achieve healthier, fulfilling lives and wellbeing.”

ACHSP has established an Integrated Joint Board (IJB) through the Public Bodies (Joint Working) (Scotland) Act 2014. The remit of the IJB is to prepare and implement a Strategic Plan in relation to the provision of health and social care services to adults in its area in accordance with sections 29-39 of the Public Bodies Act. The arrangements for governance of the IJB itself, including rules of membership, are set out in the Integration Scheme and Standing Orders.

While the Parties are responsible for implementing governance arrangements of services the IJB instructs them to deliver, and for the assurance of quality and safety of services commissioned from the third and independent sectors, the Parties and the IJB are accountable for ensuring appropriate clinical and professional governance arrangements for their duties under the Act. The IJB therefore needs to have clear structures and systems in place to assure itself that services are planned and delivered in line with the principles of good governance and in alignment with its strategic priorities.

The IJB must have in place a robust framework to support appropriate and transparent management and decision-making processes. This framework will enable the board to be assured of the quality of its services, the probity of its operations and of the effectiveness with which the board is alerted to risks to the achievement of its overall purpose and priorities.

1.2 Regulatory framework

The Aberdeen City Health and Social Care Integration Scheme describes the regulatory framework governing the IJB, its members and duties. In particular, the IJB is organised in line with the guidance set out in the Roles, Responsibilities and Membership of the Integration Joint Board - Guidance and advice to supplement the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Order 2014. The principles of and codes of conduct for corporate governance in Scotland are set out in “On Board: A Guide for Members of Public Bodies in Scotland”, published by the Scottish Government in July 2006.

Detailed arrangements for the board's operation are set out in "Roles, Responsibilities and Membership of the Integration Joint Board" Guidance and advice to supplement the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Order 2014. There are also Standing Orders of the IJB.

The IJB will make recommendations, or give directions where appropriate (i.e. where funding for employment is required) to the decision-making arms of the two Parties as required.

1.3 Purpose of the framework

This governance framework describes the means by which the board secures assurance on its activities. It sets out the governance structure, systems and performance and outcome indicators through which the IJB receives assurance. It also describes the process for the escalation of concerns or risks which could threaten delivery of the IJB's priorities, including risks to the quality and safety of services to service users.

It is underpinned by the principles of good governance^{1 2 3} and by awareness that ACHSP is committed to being a leading edge organisation in the business of transforming health and social care.

This commitment requires governance systems which will encourage and enable innovation, community engagement and participation, and joint working. Systems for assurance and escalation of concerns are based on an understanding of the nature of risk to an organisation's goals, and to the appetite for risk-taking. The development of a mature understanding of risk is thus fundamental to the development of governance systems. The innovative nature of Health and Social Care Integration Schemes also requires governance systems which support complex arrangements, such as hosting of services on behalf of other IJBs, planning only of services delivered by other entities, accountability for assurance without delivery responsibility, and other models of care delivery and planning. This framework has been constructed in the light of these complexities and the likelihood that it may be important to amend and revise the systems as our understanding of the integration environment develops.

The structures and systems described are those in place at the IJB's formal go live in April 2016 and for the first year of its operations. In order to ensure that the framework can best support the IJB in its ambitions going forward, it will be reviewed at the end of this initial period.

¹ Good Governance Institute (GGI) and Healthcare Quality Improvement Partnership (HQIP), *Good Governance Handbook*, January 2015, <http://www.good-governance.org.uk/good-governance-handbook-publication/>

² The Scottish Government, Risk Management – public sector guidance, 2009. <http://www.gov.scot/Topics/Government/Finance/spfm/risk>

³ Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants® (IFAC®). *International Framework: Good Governance in the Public Sector*, (2014) - <http://www.cipfa.org/policy-and-guidance/standards/international-framework-good-governance-in-the-public-sector>

1.4 An integrated approach to governance for health and social care

In working towards the vision stated above, the IJB is committed to ensuring that delegated services are:

- Caring
- Person centred
- Enabling

The integration principles identified by The Scottish Government ⁴ also underpin decision-making within the IJB.

In 2013, the principles of good governance for both healthcare quality and for quality social care in Scotland were described.⁵ These stressed the importance of:


- Embedding continuous improvement
- Providing robust assurance of high quality, effective and safe clinical and care services
- The identification and management of risks to and failure in services and systems
- Involvement of service users/carers and the wider public in the development of services
- Ensuring appropriate staff support and training
- Ensuring clear accountability

The rest of this document and its appendices sets out the structures and systems currently in place to support both assurance of compliance and of transformation of services within the scope of ACHSP business. This framework can be represented graphically as follows in Table 1:

⁴ Integration Planning and Delivery Principles, The Scottish Government. <http://www.gov.scot/Topics/Health/Policy/Adult-Health-SocialCare-Integration/Principles>

⁵ Governance for Quality Healthcare, The Scottish Government, 2013. <http://www.gov.scot/Topics/Health/Policy/Quality-Strategy/GovernanceQualityHealthcareAgreement>

Table 1

	ASSURANCE of COMPLIANCE	ASSURANCE of IMPROVEMENT, INNOVATION and TRANSFORMATION
FOCUS	Compliance with standards and regulation, communication and escalation of concerns and risks	Improving services, measuring and sustaining improvement Challenging work patterns, innovation, redesign and transformation
KEY COMPONENTS	People and Groups: partners; roles; committee structures Plans and Activities: engagement plan; risk management policy and system; audit system Feedback and Reporting processes: concerns and escalation process	
	Board Level	
	Corporate Level	
	Service level	
	Individual Level	
OUTCOMES	IJB measures of success for stakeholders and assurances from internal and external sources	IJB measures of success for stakeholders and assurances from internal and external sources

Part 2: The Framework

2.1 Strategic priorities

From the nine strategic outcomes identified nationally as desired outcomes from integration, the ACHSP has, in its Strategic Plan⁶, articulated seven strategic priorities, which form the basis of its governance framework.

- Develop a consistent person centred approach that promotes and protects the human rights of every individual and which enable our citizens to have opportunities to maintain their wellbeing and take a full and active role in their local community.
- Support and improve the health, wellbeing and quality of life of our local population.
- Promote and support self-management and independence for individuals for as long as reasonably possible.
- Value and support those who are unpaid carers to become equal partners in the planning and delivery of services, to look after their own health and to have a quality of life outside the caring role if so desired.
- Contribute to a reduction in health inequalities and the inequalities in the wider social conditions that affect our health and wellbeing.
- Strengthen existing community assets and resources that can help local people with their needs as they perceive them and make it easier for people to contribute to helping others in their communities.
- Support our staff to deliver high quality services that have a positive impact on personal experiences and outcomes.

These priorities underpin:

- Decision-making criteria for service development, planning and delivery; resource allocation etc
- The Board Assurance Framework of key strategic risks
- Corporate operational risk register
- Risk registers across all departments and areas of operation
- Individual performance and appraisals
- Evaluation of achievement against objectives

⁶ Aberdeen City Health and Social Care Partnership Strategic Plan 2016-19.

2.2 Risk Management

Risk appetite

The ACHSP recognises that achievement of its priorities may involve balancing different types of risk and that there may be a complex relationship between different risks and opportunities. The IJB has therefore agreed a statement of its risk appetite.⁷

This statement is intended to be helpful to the board in decision-making and to enable members to consider the risks to organisational goals of not taking decisions as well as of taking them. As a newly established organisation, the ACHSP's appetite for risk will change over time, reflecting a longer-term aspiration to develop innovation in local service provision. As a result, the IJB is working towards a mature risk appetite over time⁸.

Risk Management policy and system

The Risk Appetite statement, risk management policy, strategic and corporate risk registers form the risk management framework.

The IJB Risk Management policy is under development in line with pan-Grampian arrangements, with the aim of establishing a consistent approach across the three IJBs. It currently sets out the arrangements for the management and reporting of risks to IJB strategic priorities, across services, corporate departments and IJB partners. In line with the principles set out in the Australia/New Zealand Risk Management Standard 4360⁹, it describes how risk is contextualised, identified, analysed for likelihood and impact, prioritised, and managed. This process is framed by the requirement for consultation and communication, and for monitoring and review.

Identified risks are measured according to the IJB risk assessment methodology and recorded onto risk registers. The methodology for assessment of risk appears at Appendix 5. They are escalated according to the flowchart shown at Appendix 6.

The outputs from risk assessment are as follows:

⁷ Aberdeen City Health and Social Care Partnership Risk Appetite Statement – contained within ACHSP Strategic Plan 2016-19.

⁸ Good Governance Institute (GGI) and Aberdeen City Health and Social Care Partnership, *GGI Risk Appetite Board Assurance Prompt, including a maturity matrix to support better use of risk in partnership decision taking* (2016)

⁹ Standards New Zealand, AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines is a joint Australia/New Zealand adoption of ISO 31000:2009

IJB board level: The Board Strategic Risk Register (SRR)

This document sets out the strategic risks which may threaten achievement of the IJB's strategic priorities, in order for the board to monitor its progress, demonstrate its attention to key accountability issues, ensure that it debates the right issue, and that it takes remedial actions to reduce risk to integration. Importantly, it identifies the assurances and assurance routes against each risk and the associated mitigating actions.

The issues identified are measured according to the IJB risk appetite and risk assessment methodology. They are summarised in a format which reflects the IJB's standardised risk register format. As the IJB develops its assurance process, each risk on this register will be analysed in detail using a format acknowledged as best practice in terms of Board Assurance Frameworks ¹⁰ (as illustrated in Appendix 1 – Strategic risk register format).

The risks are identified by:

- Discussions at Executive Group
- Review of Performance data and dashboards
- Reports from Project Management Board on review of PMO dashboards
- Review of the IJB Corporate Risk Register (see below)
- Review of Chief Officer reports and reports from IJB sub committees

The Executive Group agrees issues for inclusion on (and removal from) the SRR, and submits to the IJB for formal review.

The Audit and Performance Systems Committee reviews the SRR for the effectiveness of the process.

¹⁰ Good Governance Institute (GGI) and 360 Assurance, *Building a Framework for Board/Governing Body Assurance*, February 2014. <http://www.good-governance.org.uk/wp-content/uploads/2014/07/360-GGI-Assurance-Framework-guidance.pdf>

Corporate Level: Corporate Risk Register

The Corporate Risk Register comprises high scoring risks or those which cannot be managed locally from a range of sources. This document is routinely reviewed by both IJB sub committees to ensure:

- the right risks are being reported and escalated
- actions are being taken to mitigate risk
- these actions have been effective in reducing the risk level
- the IJB is aware of high level risks affecting services and of those where actions are not being taken in a timely manner or have not been successful in reducing the risk

The issues identified are measured according to the risk assessment methodology. They are recorded using the following format:

Table 2

Page 14 ID

ID	Strategic Priority	Description of Risk	Impact	Date Last Assessed	Controls	Gaps in controls	Likelihood	Consequences	Risk Assessment	Assurances	Risk Owner/Handler	Comments
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The risks are identified, using the risk assessment matrix for high scoring risks, from:

- Review of PMO dashboards
- Corporate department risk registers
- Service risk registers and review of reports from service governance groups
- Review of reports from IJB sub committees
- IJB Occupational Health and Safety committee reports

The Head of Operations owns the Corporate Risk Register, and the Audit and Performance Systems Committee moderates risks escalated to ensure consistency and appropriateness of issues identified for inclusion and removal.

The Executive Group reviews the Corporate Risk Register and it will be reported to the Board bi-monthly demonstrating the changes in the risk profile of the IJB.

The risk register is shared with the governance arms of NHS Grampian and Aberdeen City Council.

Service level: Risk registers and reports from governance groups

Arrangements will develop in the first year of operations across services, taking into account existing provider systems. Operational risks managed at the service and department level are monitored by the Chief Officer. The Clinical and Care Governance Group (see Appendix 3) will have a key role in identifying risk across services which may affect the safety and quality of services to users. The aims in developing risk communication between services and the IJB will be to achieve consistency in reporting the nature and scale of risks and to clarify how these are reported, escalated and actions monitored. The risk escalation flowchart at Appendix 6 shows the basis for this process.

2.3 Roles and Responsibilities for governance

Committee structure

This section describes the key committees and groups in relation to the IJB governance framework.

The board has established two sub-committees, as follows: **Audit and Performance Systems**, and **Clinical and Care Governance**. These sub committees have powers conferred upon them by the IJB.

In relation to governance and assurance, the **Audit and Performance Systems Committee** performs the key role of reviewing and reporting on the effectiveness of the governance structures in place and on the quality of the assurances the Board receives. It has a moderation role in relation to the consistency of risk assessment. It also has oversight of information governance issues.

The **Clinical and Care Governance Committee (CCGC)** provides assurance to the IJB in relation to the quality and safety of services planned and/or delivered by the IJB. Its key role is to ensure that there are effective structures, processes and systems of control for the achievement of the IJB's priorities, where these relate to regulator compliance, service user experience, safety and the quality of service outcomes. To support this role, the CCGC is informed by the clinical and care governance arrangements in place across NHS Grampian and Aberdeen City Council (see Appendix 4 - Clinical and care governance diagram).

It also assures the IJB that services respond to requirements arising from regulation, accreditation and other inspections' recommendations. The Committee will consider and approve high value clinical and care risks, consider the adequacy of mitigation, the assurance provided for that mitigation and refer residual

high risks to the Board. It has a key role in assuring the board that learning from governance systems across services, including learning arising from incidents, complaints and identified risks, is shared and embedded as widely as possible.

The IJB's **Executive Group** is an executive committee with oversight of the implementation of IJB decisions. It oversees the innovation and transformation programmes and assures the Audit and Performance Systems Committee of transformation progress. The group also assures the board on progress towards the achievement of its strategic priorities through the Performance Management Framework.

The **Transformation Programme Board** reports to the Executive Group through the Project Management Office dashboard on all project activity, and its RAG assessment of progress, risk, quality, and resource implications for each project.

There are existing **governance arrangements within the providers of services delegated to the IJB**. Arrangements to standardise reporting systems through the IJB's governance structures will be developed during the first year of operations.

A diagram illustrating the structure appears at Appendix 2. A summary of the purpose, membership and reporting arrangements for these groups appears at Appendix 3.

Individual responsibilities

Board and corporate level:

The Chief Officer provides a single point of accountability for integrated health and social care services.

The Board and all its members must as a corporate body ensure good governance through the structures and systems described in this document. To ensure that the IJB is well-led and that all members are supported in this responsibility, a board development programme will be constructed to transfer knowledge and skills. To provide assurance that the Board has the capability and competence required, an annual self-assessment and periodic (minimum 3 yearly) independent assessment will be undertaken. In addition, an effective appraisal process for Board members is also in place.

Professional level:

There are existing clinical and professional leadership structures in place to support clinical and care governance. These are:

- Lead Nurse
- Chief Social Work Officer
- Lead Allied Health Professional (AHP)
- Primary Care Clinical Leads (GPs)
- Public Health Lead



- Clinical Lead

As the structure develops these roles may be subject to change.

Locality level:

The IJB is consulting on the key requirements for a management structure to lead on the delivery of services. This will require that there is a direct line of sight to the appropriate clinical and professional lead roles, and must take into account the location of services: some are locality based and others not. The development plan is that each of the six delivery points will have a single leader responsible for the good clinical and care governance of services within their remit.

2.4 Reporting of information to provide assurance and escalate concerns

The framework shown in Table 1 in section 1.4 can be populated as shown in Table 3 below. This will be developed over the first year of operations. Locality managers will work with their partners in local services to develop systems for reporting from their various governance forums through to the IJB, as indicated in Table 3 below:

Table 3

FOCUS	Assurance of compliance, performance, improvement and transformation
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	Individuals	Plans / activities	Groups / Partners	Reporting and feedback processes			
				Compliance with standards	Risk escalation and review	Performance monitoring	Improvement and Transformation reporting
Board level	Chair Chief Officer Board members Chairs / CEOs of the Parties	Strategic plan RM strategy Strategic Risk Assurance Register Corporate Risk register Performance framework Audit plan Standing Orders Integration Scheme	Board Executive group Audit and Performance Systems Committee Clinical and Care Governance Committee Other IJBs Scrutiny / governance arms of Parties	Review of BAF Review of risk scoring (TBC*) and above Review of Performance dashboard PMO report Audit reports to Board Exception and action plan review			
Corporate level	Directors Senior Managers PMO	Corporate risk register Performance dashboard Business planning Budget monitoring Joint Complaints Procedure	Executive Group Senior Integrated Management Team Cluster Management Group Strategic Planning Group Clinical and Care Governance Group	Financial monitoring Corporate risk register review Risk moderation and review			
Service level	Clinical leads and Social work leads Professional leads Locality managers Service managers Service users	Communication and Engagement plan Clinical and care governance policies Risk registers and assessments	Community partners Service governance forums 'Deep Dive' activity	Risk register system Governance reports Real time feedback Response to complaints Service level dashboards			
Individual level	Staff members Service users Carers	Communication and Engagement plan Raising concerns policy Safeguarding alerts Risk assessment Incident reporting	Staff forums IJB engagement activity	Objective setting and review Supervision and line management Staff surveys Feedback mechanisms (see assurance source section)			

* TBC based on risk assessment process currently under development.

2.5 Sources of assurance



Quality of services

Current providers have a range of clinical and care governance arrangements in place. Through these, the IJB has access to assurances which support the delivery of high quality care and ensure good governance. These assurances include:

- Quality Strategies
- Policies on raising concerns
- HR Policies
- Safeguarding Policy (Vulnerable Adults)
- Incident reporting and investigation policies and procedures
- Information Governance policies and processes
- Board member visits to service areas ('Deep Dive' activity)
- Staff Surveys
- Staff Partnership Forum
- Staff Induction Programmes
- Leadership Programmes
- Performance and Appraisal Development Process
- Compliance reports – health and social care
- Learning lessons systems

The IJB will develop its own assurances over time.

Engagement

The IJB regards the engagement of its partners and stakeholders in the planning and delivery of services as essential to achieving the goals of integration. The nature and level of engagement varies from group to group and the range of stakeholder with whom the IJB engages is broad, including:

- Service users
- Carers and families
- Staff
- Commissioners
- Other providers in the acute and primary care health and social care sectors
- The independent and voluntary sector



- Housing, education providers, North East Partnership (IJBs)

Engagement will include consultation; communication of information; involvement in decision-making around planning and transforming services; feedback on services and other issues of concern or interest.

The ACHSP Communication and Engagement plan is in place in order to support engagement across these groups, and to provide a source of assurance that appropriate activities have been identified and implemented. It includes consideration of how to engage with hard to reach communities. The plan will include measures to assess its effectiveness over time. These will be reported through the IJB's Executive Group.

Newsletters

Aberdeen City Council Social Care & Wellbeing weekly Bulletin
Aberdeen CHP newsletter
Health Village newsletter
NHSG Team Brief
Scottish Care newsletter/ e-bulletin
SHMU community newsletters
Aberdeen Partnership Newsletter
ACVO e-bulletin
VSA Carers News

Groups

Care at Home Providers Group Forum
Individual Independent providers
Care and Support Providers Aberdeen
Individual Third sector providers
Housing providers / associations
NHS Grampian Public Forum
City Voice
Civic Forum
Sheltered Housing Network
Joint Strategy groups
GP Cluster Management Groups
Cluster Operational Groups (COGs)
Implementation Group (CIGs)
Public Health Co-ordinators Network
Local Community councils
Mental Health and Learning Disability forums
Staff Partnership Forum
Learning Partnerships

Other internal and external sources of assurance

In addition to the assurances emanating from the IJB's clinical and care governance framework, and its engagement with partners and stakeholders, there are numerous internal and external sources which relate to the delegated services. These include:

- Internal Audit
- External Audit
- External inspection agencies (Care Inspectorate and Healthcare Improvement Scotland)
- Health and Safety Executive
- Mental Welfare Commission
- Externally commissioned independent investigations e.g. Ombudsman and homicide investigations
- Clinical Audit
- Audit Scotland
- Scottish Council for Voluntary Organisations (SCVO)
- Royal College reviews
- Accreditation
- Information Services Division (ISD) Scotland
- Benchmarking with other health and social care providers
- Involvement in and learning from case reviews
- Voluntary Health Scotland
- Coroner's Inquests

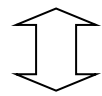
The IJB will also commission external reviews of specific services where the need for additional independent assessments and assurance are identified.



Appendices

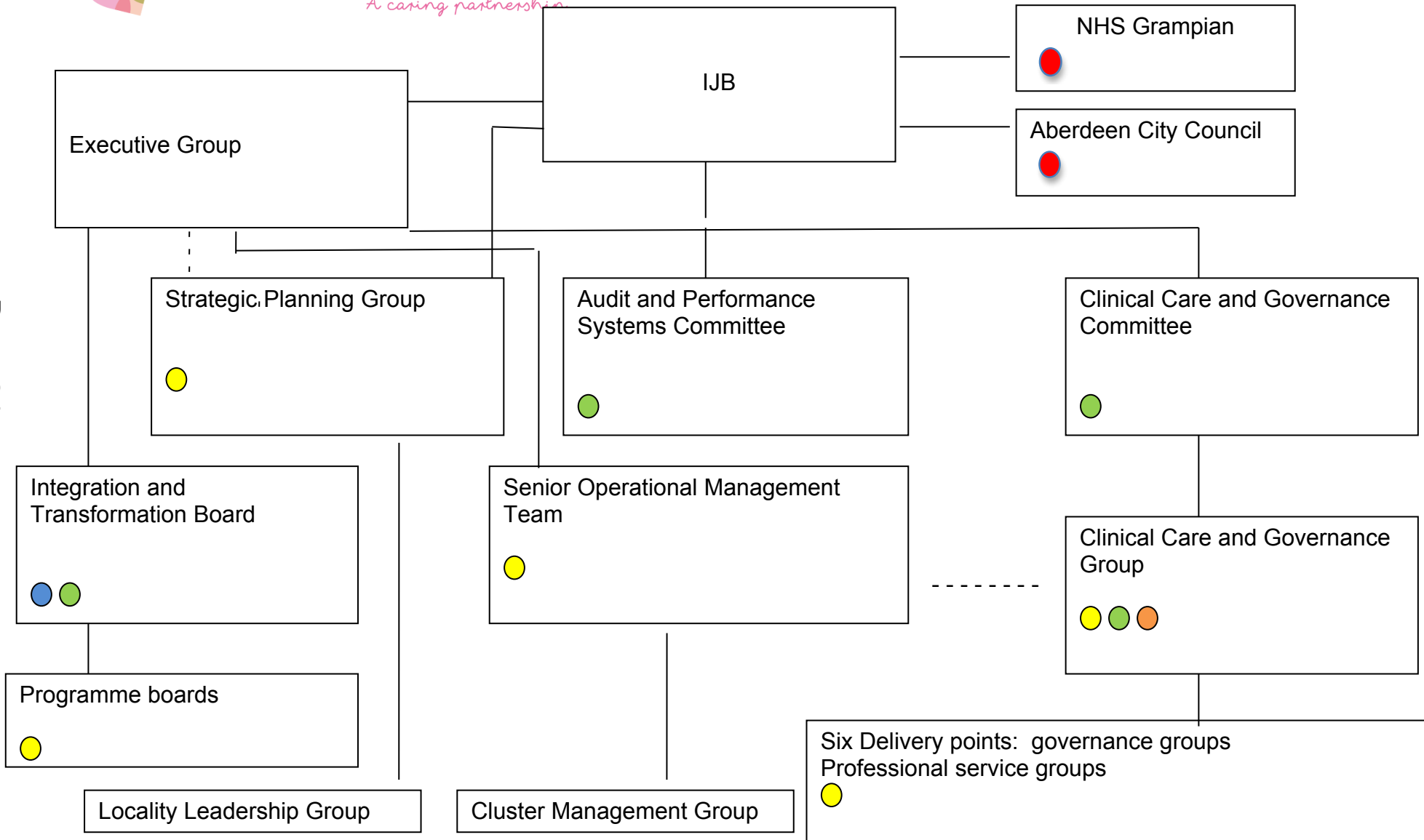
- 1 Strategic Risk Register format
- 2 Committee diagram
- 3 Roles of committees
- 4 Clinical and care governance diagram
- 5 Risk assessment tables
- 6 Risk escalation process
- 7 Cycle of business (to be developed)

Appendix 1 – Strategic risk register format

Strategic Priority		Risk Lead
Description of Risk		
Risk Rating	Movement 	Rationale for Risk Rating Rationale for Risk Appetite
Controls		Mitigating Actions
Assurances		Gaps in assurance
Current performance		Comments

Appendix 2 - Board committee diagram

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Appendix 3 - Roles of committees

Name of committee or group	Principal function/s	Membership	Reports to	Reports received / reviewed
Executive Group	<p>Robust and effective management processes are required to ensure management oversight of:</p> <ul style="list-style-type: none"> • Care and Clinical Governance • Risk Management and oversight of Service and Corporate Risk Registers • Financial governance and performance oversight • Service performance • Staff governance • Health and Safety • Executive oversight of change programmes • Ensuring IJB's strategic plans are operationalised • Good decision making and development of business cases 	<p>The core membership of the Executive Group will flex over its initial months of operation and this will reflect the longer-term work to develop the integrated management structure for the service. This latter work is underway having been agreed at the sIJB meeting of the 5th of January 2016.</p> <p>The initial core membership is as follows:</p> <ul style="list-style-type: none"> • Chief Officer – chair • Executive Assistant – co-ordinates papers, provides analysis and follows up actions, minutes meeting • Finance Manager(s) – financial reporting and performance • Clinical Lead – Clinical Governance reporting • Head of Operations – Operational performance 	IJB	<p>The following will report as required to the Executive Group:</p> <ul style="list-style-type: none"> • Lead Service Managers - Social Work • Lead Service Managers – Nursing, AHPs, Public Health, Primary Care Development and Intermediate Care and Rehab • Integration Programme Manager • Chief Officers – Moray and Aberdeenshire in relation to performance of 'hosted services' • General Manager Mental Health and Learning Disabilities (NHS) • Designated service health and safety leads • Partnership representatives / trade union representatives • Service Improvement and Quality

				<ul style="list-style-type: none"> • Chief Social Work Officer • Health Intelligence • Business Managers
Strategic Planning Group	<p>The role of the Strategic Planning Group is in developing and finalising the strategic commissioning plan and in continuing to review progress, measured against the statutory outcomes for health and wellbeing, and associated indicators.</p> <p>The strategic commissioning plan should be revised as necessary (and at least every three years), with the involvement of the Strategic Planning Group.</p>	<p>Prescribed groups of persons to be represented in strategic planning group:</p> <ul style="list-style-type: none"> • health professionals; • users of health care; • carers of users of health care; • commercial providers of health care; • non-commercial providers of health care; • social care professionals; • users of social care; • carers of users of social care; • commercial providers of social care; • non-commercial providers of social care; • non-commercial providers of social housing; and third sector bodies carrying out activities related to health care or social care. 	Executive Group	Locality Leadership Group
Audit and Performance Systems Committee	<p>To review and report on the relevance and rigour of the governance structures in place and the assurances the Board receives.</p> <p>These will include a risk management system and a performance management system underpinned by an Assurance Framework.</p>	<p>The Committee will be chaired by a non-office bearing voting member of the IJB and will rotate between NHS and ACC. The Committee will consist of not less than 4 members of the IJB, excluding Professional Advisors. The Committee will include at least two voting members, one from Health and one from the Council.</p> <p>The Board Chair, Chief Officer, Chief Finance Officer Chief Internal Auditor and other Professional Advisors and senior officers as required as a matter of course, external audit or other persons shall attend meetings at the invitation of the Committee. The Chief Internal Auditor should normally attend meetings and the</p>	IJB	Annual audit plan

		external auditor will attend at least one meeting per annum.		
Clinical and Care Governance Committee	To provide assurance to the IJB on the systems for delivery of safe, effective, person-centred care in line with the IJB's statutory duty for the quality of health and care services.	<p>The Committee shall be established by the IJB and will be chaired by a voting member of the IJB. The Committee shall comprise of:</p> <ul style="list-style-type: none"> • 4 voting members of the IJB • Chief Officer • Chief Social Work Officer • Chair of the Clinical and Care Governance Group • Chair of the Health and Safety Committee (this group is in development) • Chair of the Joint Staff Forum • Professional Lead – GP • Professional Lead – Nurse/AHP • Director of Public Health or representative • Public Representative • Third sector and Independent Sector representatives 	IJB	CCG Group report Staff Governance Group report
Clinical and Care Governance Group	To oversee and provide a coordinated approach to clinical and care governance issues within the Aberdeen City Health and Social Care Partnership.	<ul style="list-style-type: none"> • Clinical Lead (Chair) • Clinical and Care Governance Lead • Head of Operations • Lead Social Work Manager • Lead Nurse • Public Health Lead • Clinical Governance Coordinator/Facilitator • Patient/Public Representative • Lead Allied Health Professional • GP Representative • Dental Clinical Lead or Dental Service Representative 	Clinical and Care Governance Committee	Reports from services: AHP Dentistry Optometry Pharmacy Nursing Medical Public Health Social Work/Care Woodend Hospital



		<ul style="list-style-type: none"> • Lead Optometrist • Representative from Sexual Health Service • General Practice Patient Safety Lead • Woodend Hospital Representative • Representative from Commissioned Service • Partnership Representative • Representative from Community Mental Health and Learning Disability Services • Representative from Acute Sector 		
<p>Locality Leadership Group</p>	<p>To deliver the locality planning requirements of the Public Bodies (Joint Working) (Scotland) Act 2014, in respect of the Aberdeen City Health and Social Care Partnership.</p> <p>The Locality Leadership Group will play a key role in ensuring the delivery of the Aberdeen City Health and Social Care Strategic Plan, including contributing to the delivery of its associated strategic outcomes.</p> <p>The role of the Locality Leadership Group will include developing and ensuring appropriate connections and partnerships across the Locality to improve the health and wellbeing of the locality population and reduce the health inequalities that we know impact poorly on people's lives.</p> <p>The locality leadership group will influence, and be influenced by, the</p>	<p>Chair and Vice Chair to be agreed by Group and appointed for a fixed 2-year period.</p> <ul style="list-style-type: none"> ▪ Health and Social Care Partnership Locality Manager ▪ GP Locality Lead ▪ Other GPs (TBC) ▪ Representative of Acute Sector (Unit Operational Manager) ▪ AHP Representative ▪ Nursing Representative ▪ Community Mental Health/ LD/ Rehab representation ▪ Unscheduled care representative (Out of hours/ A&E) ▪ Geriatric Medicine representative ▪ Social Care Representative (Bon Accord Care & Adult Social Care) ▪ Housing sector representative ▪ Third sector representative ▪ Independent Sector Representative ▪ Carer representative ▪ Patient representative ▪ Community representatives 	<p>Strategic Planning Group</p>	



	<p>city's Strategic Planning Group and ultimately the Integration Joint Board.</p> <p>The locality leadership group will also influence and be influenced by Community Planning Partnership processes.</p>	<ul style="list-style-type: none"> ▪ People managing services in the locality area <p>Other locality stakeholders as determined by the group</p> <p>Further to the above membership, the group may arrange reports/ attendance at meetings from non members as required, such as;</p> <ul style="list-style-type: none"> ▪ Primary Care Dentistry Locality Representative ▪ Primary Care Optometry Locality Representative ▪ Primary Care Pharmacy Locality Representative 		
<p>Integration and Transformation Programme Board</p>	<p>To guide and oversee the delivery of the Integration and Transformation Programme of work.</p> <p>The Integration work streams will ensure the effective delivery of the integration of health and social care services in Aberdeen, as required by the Public Bodies (Joint Working) (Scotland) Act 2014, and as set out in the agreed Integration Scheme.</p> <p>The Transformation work streams will ensure the delivery of the Aberdeen City Health and Social Care Partnership Strategic Plan 2016-19, and the nine national health and wellbeing outcomes. The Transformation agenda will be supported through the appropriate use of the Integrated Care Fund.</p> <p>The role of the programme board</p>	<p>Chair: Integration Lead, Health and Social Care Partnership Vice Chair: Integrated Localities Programme Manager</p> <ul style="list-style-type: none"> • City Clinical Lead • Representative of Public Health • Representative of Acute Sector • Representative of Primary Care • Representative of Allied Health Services • Representative of Adult Social Care • Representative of Independent Care Sector • Representative of Nursing Services • Representative of Mental Health Services • Representative of Elderly and Rehabilitation Services • Representative of Housing • Representative of Third Sector • Representatives of Local Community (one or two per locality) • Human Resources Representative • Finance Representative 	<p>Executive Group</p>	<p>Locality Leadership Groups Working Groups (to be defined by task) Other Groups (Elderly & rehab, Mental Health)</p>

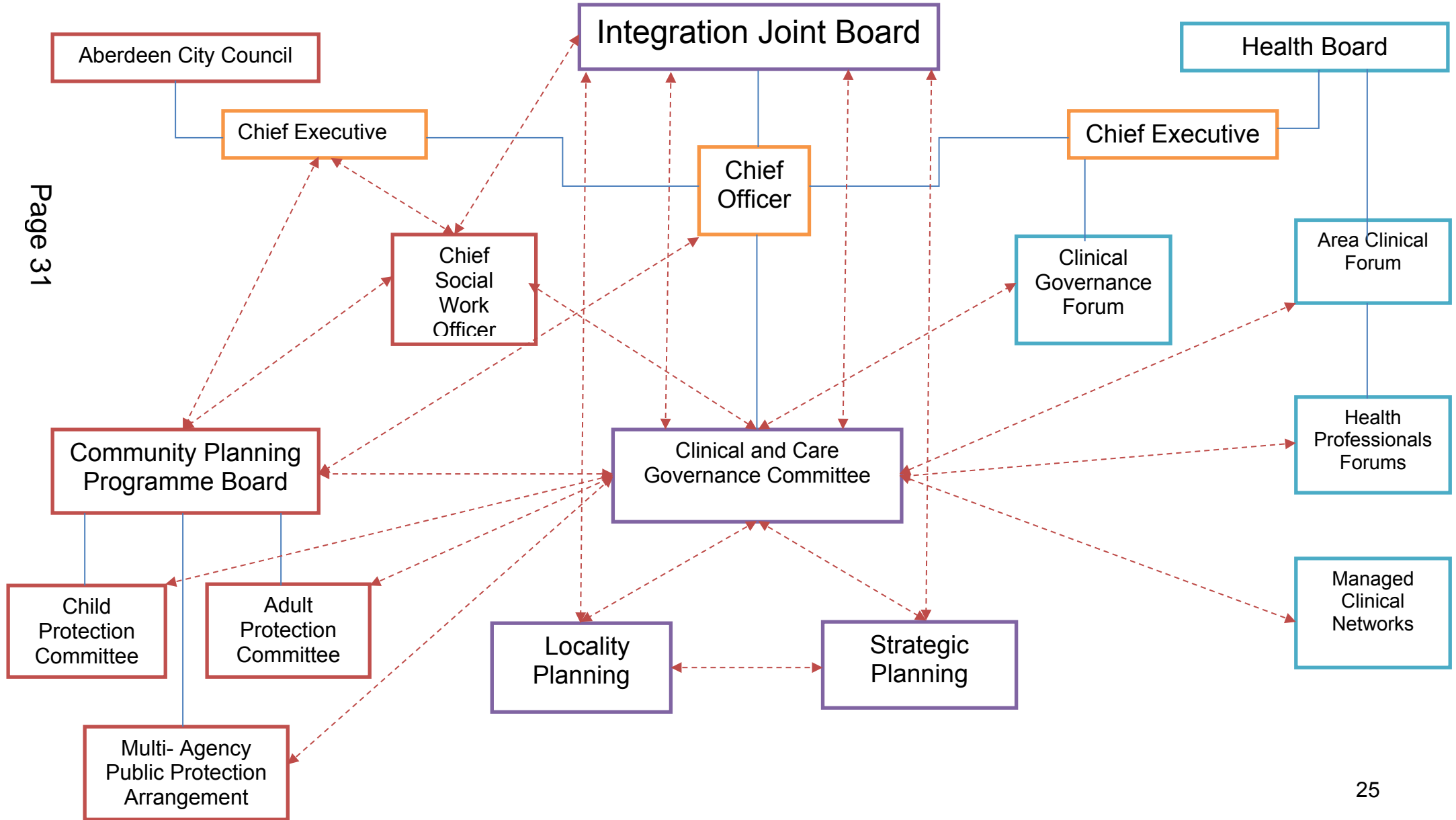


will include developing and ensuring appropriate connections and partnerships across the City to improve the health and wellbeing of the population of Aberdeen and reduce the health inequalities that we know impact poorly on people's lives.

The programme board will consider priorities as identified through localities and provide added value and influence strategic decision making in relation to improving health and wellbeing.

Appendix 4 – Clinical and care governance diagram

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NHS Scotland Core Risk Assessment Matrices

Table 1 - Impact/Consequence Definitions

Descriptor	Negligible	Minor	Moderate	Major	Extreme
Patient Experience	Reduced quality of patient experience/ clinical outcome not directly related to delivery of clinical care.	Unsatisfactory patient experience/clinical outcome directly related to care provision – readily resolvable.	Unsatisfactory patient experience/clinical outcome, short term effects – expect recovery <1wk.	Unsatisfactory patient experience/ clinical outcome, long term effects –expect recovery >1wk.	Unsatisfactory patient experience/clinical outcome, continued ongoing long term effects.
Objectives/ Project	Barely noticeable reduction in scope, quality or schedule.	Minor reduction in scope, quality or schedule.	Reduction in scope or quality of project; project objectives or schedule.	Significant project over-run.	Inability to meet project objectives; reputation of the organisation seriously damaged.
Injury (physical and psychological) to patient/ visitor/staff.	Adverse event leading to minor injury not requiring first aid	Minor injury or illness, first aid treatment required.	Agency reportable, e.g. Police (violent and aggressive acts). Significant injury requiring medical treatment and/or counselling.	Major injuries/long term incapacity or disability (loss of limb) requiring medical treatment and/or counselling.	Incident leading to death or major permanent incapacity.
Complaints/ Claims	Locally resolved verbal complaint	Justified written complaint peripheral to clinical care.	Below excess claim. Justified complaint involving lack of appropriate care.	Claim above excess level. Multiple justified complaints.	Multiple claims or single major claim. Complex justified complaint.
Service/ Business Interruption	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service.	Short term disruption to service with minor impact on patient care.	Some disruption in service with unacceptable impact on patient care. Temporary loss of ability to provide service.	Sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked.	Permanent loss of core service or facility. Disruption to facility leading to significant "knock on" effect.
Staffin and Competence	Short term low staffin level temporarily reduces service quality (< 1 day). Short term low staffin level (>1 day), where there is no disruption to patient care.	Ongoing low staffin level reduces service quality. Minor error due to ineffective training/implementation of training.	Late delivery of key objective/ service due to lack of staff. Moderate error due to ineffective training/ implementation of training. Ongoing problems with staffin levels.	Uncertain delivery of key objective /service due to lack of staff. Major error due to ineffective training/implementation of training.	Non-delivery of key objective/ service due to lack of staff. Loss of key staff. Critical error due to ineffective training / implementation of training.
Financial (including damage/loss/ fraud)	Negligible organisational/ personal financial loss (£-1k).	Minor organisational/ personal financial loss (£1-10k).	Significant organisational / personal financial loss (£10-100k).	Major organisational/personal financial loss (£100k- 1m).	Severe organisational/ personal financial loss (£>1m).
Inspection/Audit	Small number of recommendations which focus on minor quality improvement issues.	Recommendations made which can be addressed by low level of management action.	Challenging recommendations that can be addressed with appropriate action plan.	Enforcement action. Low rating. Critical report.	Prosecution. Zero rating. Severely critical report.
Adverse Publicity/ Reputation	Rumours, no media coverage. Little effect on staff morale.	Local media coverage – short term. Some public embarrassment. Minor effect on staff morale/ public attitudes.	Local media – long-term adverse publicity. Significant effect on staff morale and public perception of the organisation.	National media/adverse publicity, less than 3 days. Public confidence in the organisation undermined. Use of services affected.	National/International media/ adverse publicity, more than 3 days. MSP/MP concern (Questions in Parliament). Court Enforcement. Public Enquiry/FAI.

Table 2 - Likelihood Definitions

Descriptor	Rare	Unlikely	Possible	Likely	Almost Certain
Probability	<ul style="list-style-type: none"> Can't believe this event would happen Will only happen in exceptional circumstances. 	<ul style="list-style-type: none"> Not expected to happen, but definite potential exists Unlikely to occur. 	<ul style="list-style-type: none"> May occur occasionally Has happened before on occasions Reasonable chance of occurring. 	<ul style="list-style-type: none"> Strong possibility that this could occur Likely to occur. 	<ul style="list-style-type: none"> This is expected to occur frequently/in most circumstances more likely to occur than not.

Table 3 - Risk Matrix

Likelihood	Consequences/Impact				
	Negligible	Minor	Moderate	Major	Extreme
Almost Certain	Medium	High	High	V High	V High
Likely	Medium	Medium	High	High	V High
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Medium	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

References: AS/NZS 4360:2004 'Making It Work' (2004)

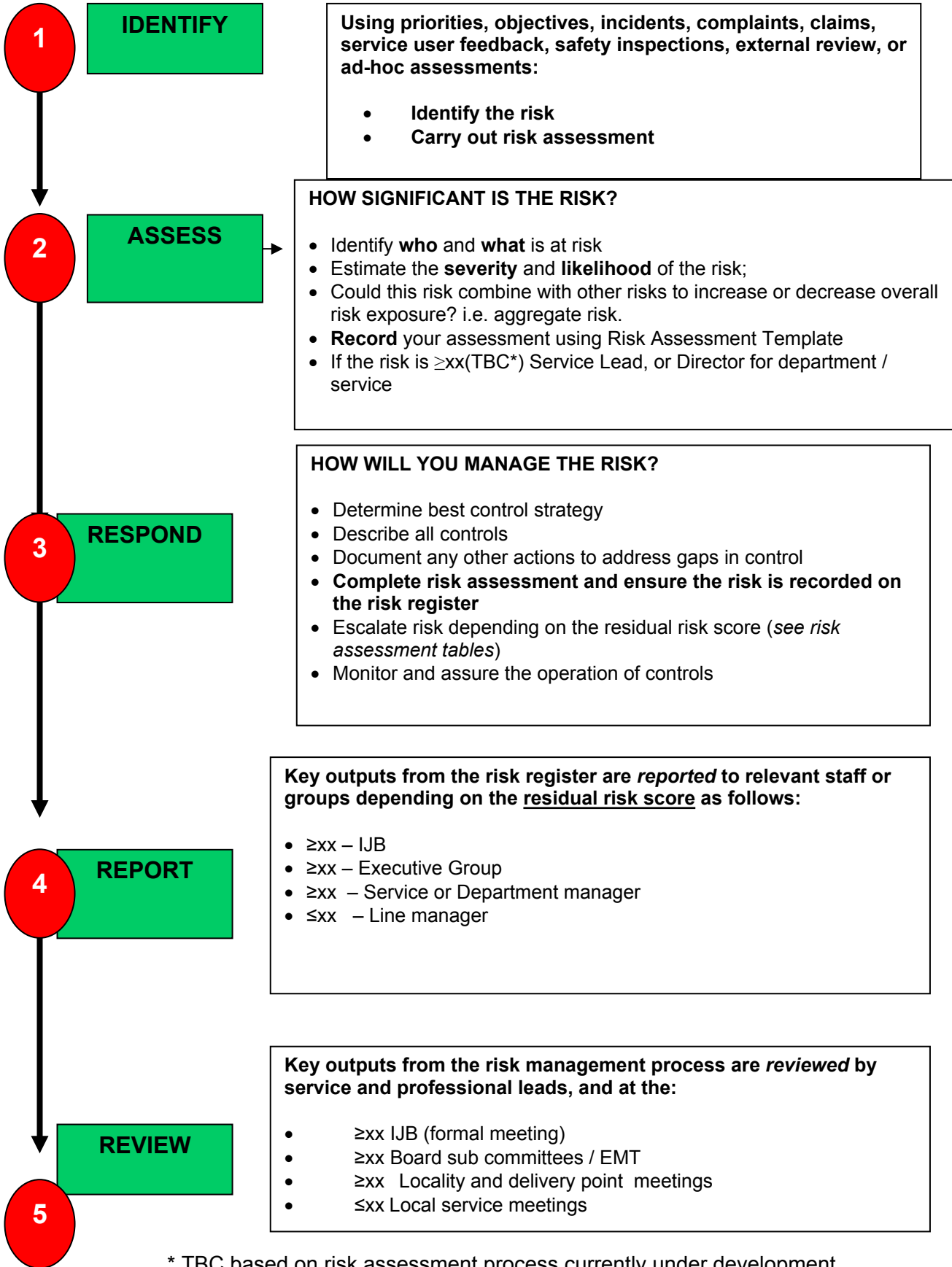
Table 4 - NHSG Response to Risk

Describes what NHSG considers each level of risk to represent and spells out the extent of response expected for each.

Level of Risk	Response to Risk
Low	Acceptable level of risk. No additional controls are required but any existing risk controls or contingency plans should be documented. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective.
Medium	Acceptable level of risk exposure subject to regular active monitoring measures by Managers/Risk Owners. Where appropriate further action shall be taken to reduce the risk but the cost of control will probably be modest. Managers/Risk Owners shall document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Managers/Directors/Assurance Committees will periodically seek assurance that these continue to be effective.
High	Further action should be taken to mitigate/reduce/control the risk, possibly urgently and possibly requiring significant resources. Managers/Risk Owners must document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Managers/Directors/Executive and Assurance Committees will periodically seek assurance that these continue to be effective and confirm that it is not reasonably practicable to do more. The Board may wish to seek assurance that risks of this level are being effectively managed. However NHSG may wish to accept high risks that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public.
Very High	Unacceptable level of risk exposure that requires urgent and potentially immediate corrective action to be taken. Relevant Managers/Directors/Executive and Assurance Committees should be informed explicitly by the relevant Managers/Risk Owners. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. The Board will seek assurance that risks of this level are being effectively managed. However NHSG may wish to accept opportunities that have an inherent very high risk that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public.



Appendix 6 – Risk escalation process



* TBC based on risk assessment process currently under development.

Appendix 7 – ACH&SCP Forward Plan and Cycles of Business 2016.

The following table indicates the forward plan for the 3 committees of the ACH&SCP. This will be developed continually as the committees mature and will be flexible to the demands of the board and business requirements.

C&CG: Clinical and Care Governance Committee

A&PS: Audit and Performance Systems Committee

IJB: Integration Joint Board

May	24	C&CG	Minutes & Report from C&CG Group
			Clinical & Care Governance Framework
			Datix & Feedback Report (NHS)
			Workshop: ToR
May	31	A&PS	GGI Final Report
			Corporate Risk Register
			Terms of Reference
			Board Assurance Framework
			Recent ACC Internal Audit report on SW Tendering
June	2	IJB	Minutes of A&PS and C&CG
			GGI Final Report
			IJB Scheme of Delegations
			Delayed Discharge Update
			Winter and Contingency Planning
			Corporate Risk Register
July			
August	2	A&PS	P3 Finance Report
			Corporate Risk Register
			Principles for ring-fencing transformational funds to localities
			Self-Directed Support Updated
			Detailed Structure Report
August	9	C&CG	Report from C&CG Group
			Datix & Feedback Reports
August	30	IJB	Minutes of A&PS and C&CG
			Corporate Risk Register
			P3 Finance Report
			Human Resources Work Plan
			IJB Future Directions for Hosted Services
			Qualities Approach
			Mental Health
			Hosting - Woodend
Workshop – Localities			
September	27	A&PS	Corporate Risk Register



October	25	A&PS	P5 Finance Report
			Corporate Risk Register
			Performance Report
			Business Continuity and Resilience Plan
			Transformation Progress Report
November	1	C&CG	Report from C&CG Group
November	15	IJB	Datix & Feedback Report
			Minutes of A&PS and C&CG
			Corporate Risk Register
			P5 Finance Report
			Locality Plans
			Update of development of joint complaints procedure
			Update on governance and improvement framework
			Update on Strategic plan's Indicative Timetable
Document Management			
December			



Aberdeen City Health & Social Care Partnership
A caring partnership

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

Minute of Meeting

28 February 2017
Health Village, Aberdeen

Present: Professor Mike Greaves (NHS Grampian (NHSG)) Chairperson; and Councillor Young (for items 1-9) and Rhona Atkinson (NHSG).

Also in attendance: Judith Proctor (Chief Officer, Aberdeen City Health and Social Care Partnership (ACHSCP)), Alex Stephen (Chief Finance Officer, ACHSCP), Kevin Toshney (Acting Head of Strategy and Transformation, ACHSCP), Gail Woodcock (Integrated Localities Programme Manager, ACHSCP) (all officers previously listed in attendance for items 1-9 only); and David Hughes (Internal Audit, for items 1-5 and 7-10), Andy Shaw (KPMG, External Audit) and Iain Robertson (Clerk, Aberdeen City Council (ACC)).

Apologies: Councillor Ironside CBE.

OPENING REMARKS

1. The Chair opened the meeting and advised that this was the first Committee meeting to be held in public session as per standing order 10(4). He also referred to the terms of reference and welcomed progress made by the Committee in a short period of time against items contained therein.

The Committee resolved:-

To note the information provided.

DECLARATIONS OF INTEREST

2. The Committee were requested to intimate any declarations of interest.

The Committee resolved:-

To note that no declarations of interest were intimated at this time for items on today's agenda.

DETERMINATION OF EXEMPT BUSINESS

3. The Chair proposed that item 8 (Committee Members Annual Meeting with IJB Auditors) on today's agenda be considered with the press and public excluded.

The Board resolved:-

In terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the aforementioned items of business so as to avoid disclosure of exempt information of the classes described in paragraph 1 of Schedule 7(A) of the Act.

MINUTE OF PREVIOUS MEETING – 10 January 2017

4. The Committee had before it the minute of the previous meeting of 10 January 2017.

The Committee resolved:-

To approve the minute as a correct record.

CORPORATE RISK REGISTER

5. The Committee had before it the Corporate Risk Register for information.

Judith Proctor (Chief Officer, ACHSCP) provided an update on the status of the Strategic Risk Register

With regards to item 1 (Market Failure), risk ratings were unchanged since the previous meeting but additional commentary had been added on how the Partnership would address risk;

With regards to item 2 (Financial Failure), the Committee was advised that the level of financial pressure from the prescribing budget was not as high as originally estimated and further detail would be provided at the IJB meeting on 7 March 2017. Committee members requested that officers review the reference to NHSG and ACC underwriting the IJB budget in year one within the Mitigating Actions section;

With regards to item 3 (IJB Failure to Function), the Chief Officer explained that the Scheme of Delegation was under review and would be aligned with the ACC scheme which was also being reviewed. She also noted that business cases for senior management posts were due to be submitted to the Council's Finance, Policy and Resources Committee;

With regards to item 4 (Hosted Services), the Chief Officer advised that meetings had been held with counterparts in Aberdeenshire and Moray health and social care partnerships to set out an agreed process on the provision and performance of hosted services, as well clarifying accountability for services delivered on behalf of another partnership. Committee members highlighted that further detail on the

robustness of the governance framework for hosted services should be added to this section in order for the Committee to be fully assured of hosted arrangements;

With regards to item 5 (Governance Arrangements), the Chief Officer noted that she met with Chief Executives from ACC and NHSG on a regular basis in her capacity as the Joint Accountable Officer and it was the intention of the Executive Team to present a budget protocol to the IJB meeting on 7 March 2017 for approval. The Chief Officer added that the performance management framework was taking shape and a reporting template had been agreed to ensure consistency of reporting. She informed the Committee that a biannual IJB progress report was presented to Full Council and would next be submitted to Council on 15 March 2017;

With regards to item 6 (Corporate Services), the Chief Officer explained that no revisions had been made since the previous meeting but noted that this section would be updated on a more regular basis as the Partnership matured as a corporate body;

With regards to item 7 (Failure to Meet Performance Standards), the Chief Officer advised that the Good Governance Institute had been supporting the Clinical and Care Governance Committee in this regard and an action plan had been developed. She added that performance reporting would adhere to Intelligent Board Principles and this was welcomed by Committee members as an efficient way to do business and report performance;

With regards to item 8 (Reputational Damage), the Chief Officer highlighted that a communications strategy and action plan were in place and further steps were being taken to strengthen engagement with middle management;

With regards to item 9 (Failure to Deliver Transformation), the Chief Officer explained that recruitment was ongoing to fill senior and key project and programme management posts. She noted that the IJB workshop scheduled for 7 March 2017 would provide further detail on the transformation programme; and

With regards to item 10 (Locality Working), the Chief Officer informed the Committee that recruitment was ongoing to fill Locality Lead posts and highlighted progress with regards to GP cluster management and the establishment of multi-agency teams.

The Chair advised that the Operational Risk Register was attached for members' information and the Committee agreed to note the register.

The Committee resolved:-

- (i) to request that officers review the Mitigating Actions section of item 2 (Financial Failure);
- (ii) to request further detail be added to the Assurances section of item 4 (Hosted Services) on how governance arrangements would underpin the delivery of hosted services;
- (iii) to note the ongoing delegation of risk ownership to members of the Executive Team;
- (iv) to request that officers highlight changes made since the previous meeting without using tracked changes and for version control to be introduced; and
- (v) otherwise note the Corporate Register.

DECLARATION OF INTEREST

David Hughes declared an interest by virtue of his employment with the Shared Internal Audit Service for Aberdeen City and Aberdeenshire Councils and left the meeting before consideration of the following item.

REVIEW OF INTERNAL AUDITORS

6. The Committee had before it a report by Alex Stephen (Chief Finance Officer, ACHSCP) which considered the appointment of internal auditors for 2017-18.

The report recommended:-

That the Committee recommend to the IJB that the shared internal audit service used by both Aberdeen City and Aberdeenshire Council provide internal audit services to the IJB.

Alex Stephen advised that as per standing order 8(4) the Committee was required to review internal auditing arrangements. He explained that the report had recommended that the Committee appoint the shared internal auditing service for Aberdeen City and Aberdeenshire Councils as the majority of documents reported to the IJB originated through Aberdeen City Council's auditors rather than NHS Grampian auditors. He noted that if the recommendation was agreed, NHS Grampian's internal auditors would still have a role within the auditing framework but where necessary the IJB and its committees should seek advice from and assign work to the shared Aberdeen City and Aberdeenshire auditing service.

The Committee resolved:-

To recommend to the IJB that the shared internal audit service used by both Aberdeen City and Aberdeenshire Council provide internal audit services to the IJB.

EXTERNAL AUDIT STRATEGY REPORT

8. The Committee had before it a report by Alex Stephen that presented the draft external audit strategy to the Audit and Performance Systems Committee for its consideration.

The report recommended:-

That the Committee approve the approach to external audit as outlined in Appendix A.

Andy Shaw (KPMG, External Audit) spoke to the report and advised that the audit strategy followed a standard format but was specific to the IJB and the Partnership. He explained that materiality had been set at 1% of budgeted gross expenditure to reflect the risks associated with Partnership's new body status. He advised that there was a significant risk that management would override controls and noted this risk was in line with International Standards on Auditing (ISA). Mr Shaw provided further information on other areas of audit focus and the wider scope of work; he highlighted

key issues for external audit would be how the IJB and the Partnership addressed financial sustainability, financial management and governance and transparency. He concluded by noting that as Director he would be responsible for signing off the Board's annual accounts, and informed the Committee that Natalie Dyce (Manager) and Sam Johnstone (Fieldwork Lead) would provide further support to the IJB.

Thereafter there were questions on the challenges of providing an external auditing service for Scottish IJBs which were supported by two independent bodies; the added complexity for auditing the Aberdeen City IJB due to Bon Accord Care's status as an Aberdeen City Council Arm's Length External Organisation (ALEO) and their position within group accounts; the risks KPMG had identified by virtue of their position as external auditors to both Aberdeen City Council and the IJB; how KPMG would provide a holistic approach to auditing financial sustainability and what steps external auditors across Scotland had taken to ensure a standardised approach to assigning risk; and how external audit would communicate with the Committee if they had identified significant issues which would impact on the IJB's capacity to function.

The Committee resolved:-

To approve the approach to external audit as outlined in Appendix A.

TRANSFORMATION UPDATE

9. The Committee had before it a report by Gail Woodcock (Integrated Localities Programme Manager, ACHSCP) that provided an update on the progress of the Transformation Programme.

The report recommended:-

That the Committee note the ongoing process and progress in developing and delivering the transformational programme and to seek further updates at regular intervals.

Gail Woodcock spoke to the report and advised that the report had been presented in a new format which reported by exception. She explained that an enabling infrastructure had been set up to support the Partnership's transformation activities and highlighted keys risks and opportunities that had been identified. Ms Woodcock confirmed that the Transformation Programme Board's governance arrangements were under review after being operational for a year. She added that Social Care Campus proposals were being reviewed and the Programme Board was exploring how projects could be delivered using buurtzorg principles.

Thereafter there were questions on the delivery of acute care at home and the importance of managing expectations to ensure that an affordable and sustainable system could be implemented; the assignment of risk ratings for projects within the Change Programme; and indicative timeframes for concluding the Programme Board's recruitment process.

The Committee resolved:-

To note the ongoing process and progress in developing and delivering the transformational programme and to seek further updates at regular intervals.

In accordance with the decision recorded under article 3 of this minute, the following items were considered with the press and public excluded.

DECLARATIONS OF INTEREST

Judith Proctor, Alex Stephen, Kevin Toshney and Gail Woodcock declared an interest by virtue of their employment with Aberdeen City Health and Social Care Partnership and left the meeting before consideration of the following item.

COMMITTEE MEMBERS ANNUAL MEETING WITH IJB AUDITORS

10. The Committee met with IJB auditors in closed session without senior Partnership officers being present as per item 5.2 of the Committee's terms of reference.

The Committee resolved:-

- (i) to note the issues raised at the confidential meeting; and
- (ii) to note that the next annual meeting would be scheduled following production of the IJB's 2016-17 annual accounts.

PROFESSOR MIKE GREAVES, Chairperson.



Audit and Performance Systems Committee

Report Title	Proposed Revision to Meeting Schedule
Lead Officer	Judith Proctor
Report Author	Iain Robertson
Report Number	HSCP/17/035
Date of Report	24 March 2017
Date of Meeting	11 April 2017

1: Purpose of the Report

The report seeks approval to revise the 2017-18 Audit and Performance Systems (APS) Committee meeting schedule to take account of the Integration Joint Board's (IJB) decision to arrange an annual IJB budget meeting on 6 February 2018 which conflicts with an APS Committee meeting date.

2: Summary of Key Information

- 2.1 At its meeting on 28 March 2017, the IJB agreed to schedule an annual budget meeting on 6 February 2018. This date was set to allow the IJB to agree a budget in principle before submission to partner organisations' budget meetings later in the month. This schedule would also align with the requirements of the IJB Budget Protocol
- 2.2 The issue for this Committee is that 6 February 2018 is also an APS Committee meeting date and there is now a scheduling conflict for members and officers who serve both the IJB and the Committee
- 2.3 Therefore it is proposed that the APS Committee meeting date be moved back a week to 13 February to allow members to prepare and focus exclusively on each meeting

3: Equalities, Financial, Workforce and Other Implications

Rearranging meeting dates may pose scheduling difficulties for a number of members and officers. By requesting this change ten months before the APS Committee is due to meet on 6 February 2018, this risk would be mitigated.



Audit and Performance Systems Committee

4: Management of Risk

Identified Risk(s):

The IJB budget meeting is due to be held on the same date as an APS Committee meeting. This will mean that Committee members will have to read two sets of papers and prepare for two different meetings and there is a risk that this may have an impact on contribution levels at both meetings.

Link to risk number on strategic or operational risk register: 3 (Strategic)

There is a risk that the IJB fails to function properly within its Integration Scheme, Strategic Plan and Scheme of Delegation particularly in reference to being able to make appropriate decisions in a timely manner and meet its required functions.

How might the content of this report impact or mitigate the known risks:

By moving the meeting date of the APS Committee back a week, Committee members will be able to fully focus on the IJB budget on 6 February and APS Committee matters on 13 February 2018.

5: Recommendations

The Audit and Performance Systems Committee is asked to:

1. Agree the revised schedule attached as Appendix A.



Audit and Performance Systems Committee

Appendix A

PROPOSED AUDIT AND PERFORMANCE SYSTEMS COMMITTEE MEETING SCHEDULE 2017-18

11 April 2017 – 10:00am, Town House

20 June 2017 – 10:00am, Town House

12 September 2017 – 10:00am, Town House

21 November 2017 – 10:00am, Health Village

13 February 2018 – 10:00am, Health Village

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Audit and Performance Systems Committee

Report Title	Review of Financial Governance Arrangements
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author (Job Title, Organisation)	Alex Stephen, Chief Finance Officer
Report Number	HSCP/17/032
Date of Report	20.03.2017
Date of Meeting	11.04.2017

1: Purpose of the Report

- i) To provide the Audit & Performance Systems (APS) Committee with the results of the review undertaken by the Executive Team against financial governance requirements contained in the Chartered Institute of Public Finance and Accountancy (CIPFA)'s statement on the *'Role of the Chief Financial Officer in Local Government (2016)'*.

2: Summary of Key Information

During the audit of the Integration Joint Board's (IJB) 2015/16 annual accounts, Audit Scotland, the IJB's external auditors at that time, requested that during the first full year of operation a review be undertaken to ensure compliance with the financial governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). This request formed part of the 2015/16 annual governance statement which is contained in the annual accounts document.

The Executive Team have reviewed performance against the financial governance requirements and the results are contained in appendix 1 for discussion by the APS Committee. A copy of the document 'the role of the CIPFA Statement on the chief financial officer in local government' is contained in appendix 2 of this report. Given the document is largely for local government, some of the terminology and principles are not directly relevant in an IJB context.



Audit and Performance Systems Committee

The financial control environment of the IJB is complex, with several of the controls remaining with the partner organisations (NHS Grampian and Aberdeen City Council). However, a review has been undertaken and assurance has been provided against each of the principles. In relation to some of the principles, further development work is required and this work is largely already in process.

3: Equalities, Financial, Workforce and Other Implications

There are no equalities, financial or workforce recommendations arising directly from this report.

4: Management of Risk

Identified risk(s):

Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.

Link to risk number on strategic or operational risk register: Risk numbers 1-10 of the strategic risk register.

How might the content of this report impact or mitigate the known risks:

This report provides assurance and evidence on the financial governance requirements as contained the CIPFA statement.

5: Recommendations

It is recommended that the Audit & Performance Systems committee:

1. Note the content of the report and comment on the accompanying results of the Executive team review.



Audit and Performance Systems Committee

Principle 1

The Chief Financial Officer in a local authority 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.

Requirement	Statement	Evidenced by
Set out a clear statement of the respective roles and responsibilities of the Leadership Team and its members individually.	<p>The IJB Executive Team:</p> <ul style="list-style-type: none"> has a clear statement of its respective roles and responsibilities. 	<ul style="list-style-type: none"> Job Descriptions of the IJB Executive Team Members. IJB Executive Team Structure. IJB Executive Team Minutes.
Ensure the CFO reports directly to Chief Executive and is a member of the leadership team with at least equal status to other members.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> is a member of the IJB Executive Team and an advisor to the Integration Joint Board the two leadership forums. reports directly to the Chief Officer with a status at least equivalent to the other Executive Team members. 	<ul style="list-style-type: none"> IJB Executive Team Structure. IJB Executive Team Minutes. IJB minutes and reports.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by
<p>Determine a scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decisions by the Board and these should be reviewed.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> • Is governed by its standing orders and the integration scheme. • Terms of Reference have been agreed and reviewed for both sub committees. <p>NHS Grampian (NHSG) and Aberdeen City Council (ACC):</p> <ul style="list-style-type: none"> • Both have lists of powers reserved for officers and authorisation limits. 	<ul style="list-style-type: none"> • IJB Standing Orders/Integration Scheme. • Sub Committee Terms of Reference. • ACC and NHSG schemes of delegation. • IJB minutes and agendas. <p>Future Work:</p> <ul style="list-style-type: none"> • Review of officers' delegations and powers following first full year of operation. • Review being undertaken of standing orders and dispute procedures in integration scheme. • Further work being undertaken on format and procedures for issuing directions.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by
<p>Ensure that the IJB’s Governance arrangements allow the CFO to bring influence to bear on all material business decisions and has direct access to Chief Executive, other leadership team members, the audit committee and external audit</p>	<p>The IJB CFO:</p> <ul style="list-style-type: none"> • is a member of the Executive Team and reports to the Chief Officer. • is responsible for the coordination of reports for the Audit and Performance Systems Committee. • is a non-voting member of the IJB. • is the IJB contact for external audit matters. 	<ul style="list-style-type: none"> • IJB Executive Team Structure. • IJB Executive Team Minutes. • AP&S Minutes. • IJB minutes and reports.
<p>Review the scope of the CFO’s other management responsibilities to ensure financial matters are not compromised.</p>	<p>The IJB CFO:</p> <ul style="list-style-type: none"> • has management responsibility for business management, infrastructure and assets, communications, organisational development and is the IJB client manager for central support services. • these management responsibilities are led and managed by suitably qualified staff and the CFO does therefore not feel that these responsibilities compromise financial matters. 	<ul style="list-style-type: none"> • Senior Business Management Team Structure. • Senior Business Management Team Minutes and Agendas.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by
Assess the financial skills required by the leadership team and commit to developing these skills to enable their roles to be carried out effectively.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> is confident that the Executive Team members have the financial capabilities to perform their jobs effectively. 	<ul style="list-style-type: none"> IJB Executive Team Minutes <p>Development Work:</p> <ul style="list-style-type: none"> The CFO will develop and deliver financial training for IJB managers once the structure below the Executive Team has been recruited to.
Review partnership arrangements to ensure the authority always has access to financial advice in relation to its role in partnership.	<p>The IJB:</p> <ul style="list-style-type: none"> has partnership relationships formally identified through the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. has its own Chief Finance Officer to provide independent financial advice. has agreed a budget protocol which establishes how future budgets should be agreed. has developed and continues to develop relationships with care providers. has a membership heavily influenced by its 	<ul style="list-style-type: none"> Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. IJB Executive Team Structure. Care provider forums. IJB membership lists. IJB Budget Protocol. ACC corporate management team structure. NHS Grampian Senior Leadership Team structure.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by
	<p>partners.</p> <p>The IJB Chief Officer</p> <ul style="list-style-type: none">• is a member of the NHS and ACC senior leadership teams. <p>The IJB CFO</p> <ul style="list-style-type: none">• is in the process of establishing collaborative contract management arrangements for Bon Accord Care.	



Audit and Performance Systems Committee

Principle 2

The CFO in a local authority 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 overall financial strategy.

Requirement	Statement	Evidenced by:
<p>Establish a medium term business and financial planning process to deliver the authority's strategic objectives.</p>	<p>The IJB CFO:</p> <ul style="list-style-type: none"> worked collaboratively with the senior officers to produce a balanced budget which allowed the services in the strategic plan to be delivered. this budget included a projection of funding requirements for the next five financial years. the budget process was developed to allow all senior managers in the partnership to input. 	<ul style="list-style-type: none"> Financial Strategy reports to the IJB on 31/01 and 7/03. IJB Budget Protocol. Slides from IJB/Senior management finance workshops. IJB budget timetable. <p>Development Work:</p> <p>Budget process development to include more strategic focus, a stronger link to transformation plans and greater review of medium term financial position.</p>



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
	<p>The IJB:</p> <ul style="list-style-type: none"> • a budget protocol was agreed at the IJB. • 3 budget workshops were undertaken with all IJB members. 	
Ensure that these are subject to continuing review of the assumptions	<p>The IJB CFO:</p> <ul style="list-style-type: none"> • reviews the budget assumptions through the budget monitoring process. 	<ul style="list-style-type: none"> • Regular budget monitoring reports to the IJB
Ensure that professional advice on matters that have financial implications is available and recovered well in advance of decision making	<p>The IJB CFO:</p> <ul style="list-style-type: none"> • reviews all IJB reports and signs these off from a financial perspective before publication. 	<ul style="list-style-type: none"> • IJB reports and minutes



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
Ensure that budget calculations are robust and reserves adequate.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> Developed a reserves strategy which was approved by the IJB. reviewed the reserve levels during the financial strategy work and requested the IJB ring fence funding as a 'risk reserve'. 	<ul style="list-style-type: none"> IJB reserve strategy. IJB minute approving reserve strategy. IJB financial strategy reports (31 January and 7 March).
Ensure those making decisions are provided with financial information which is relevant, timely and clear.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> reviews all IJB reports and signs these off from a financial perspective before publication. attends the IJB as a non-voting member and provides advice where and when appropriate. 	<ul style="list-style-type: none"> IJB reports and minutes. IJB Executive Team Reports and Minutes.
Ensure that the authority meets its policy and service objectives and provided effective stewardship of public money and value for money in its use.	<p>The IJB:</p> <ul style="list-style-type: none"> has agreed a performance management framework which is regularly reviewed by the IJB and at the APS Committee. approves spend and issues directions for procurement spend over £50,000. 	<ul style="list-style-type: none"> IJB reports and minutes. IJB integration scheme. IJB financial regulations ACC Procurement regulations. ACC financial regulations . ACC delegated powers. NHSG schedule of reserved



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
	<p>NHSG and ACC:</p> <ul style="list-style-type: none"> • have procurement and financial standing orders which demonstrate best value. 	<p>decisions.</p> <ul style="list-style-type: none"> • NHSG standing financial instructions. <p>Development Work:</p> <ul style="list-style-type: none"> • Process for issuing directions needs to be refined.
<p>Ensure that authority maintains a prudential financial framework, keeps its commitment in balances with available resources, monitors income and expenditure levels and takes corrective action when necessary.</p>	<p>The IJB CFO:</p> <ul style="list-style-type: none"> • reviews the budget assumptions through the budget monitoring process. <p>The Executive Team:</p> <ul style="list-style-type: none"> • review budget monitoring and where possible develop plans to rectify adverse movements in the financial position. 	<ul style="list-style-type: none"> • Regular budget monitoring reports to the IJB. • Executive Team – Agendas, Reports and Minutes.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
Ensure the authority understands the budgetary commitment of a contracted service including longer term financial implications.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> prepared an indicative 5 year budget which was approved by the IJB. <p>The IJB:</p> <ul style="list-style-type: none"> is provided with the financial implications of decision in future years in its reports. 	<ul style="list-style-type: none"> IJB Budget report 7 March. Transformation Update reports. IJB reports – financial implications sections.
Ensure advice is provided on reserve levels in line with good practice.	<p>The IJB CFO:</p> <ul style="list-style-type: none"> Developed a reserves strategy which was approved by the IJB. review the reserve levels during the financial strategy work and requested the IJB ring fence funding as a ‘risk reserve’. 	<ul style="list-style-type: none"> IJB reserve strategy. IJB minute approving reserve strategy. IJB financial strategy reports (31 January and 7 March).
Ensure compliance with CIPFA’s prudential code for capital finance in local authorities and CIPFA’s Treasury Management in the Public Services Code of Practice.	<p>The IJB has no responsibility for treasury management.</p>	N/A.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
Ensure that appropriate management accounting systems, functions and controls are in place so finances are kept under review.	<p>NHSG and ACC:</p> <ul style="list-style-type: none"> provide the management accounting systems, functions and controls for the IJB. these systems are reviewed regularly by internal audit. 	<ul style="list-style-type: none"> Internal Audit Reports of ACC, NHSG and IJB. Internal Auditor's opinion on internal controls of ACC, NHSG and IJB.
Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget holders.	<p>NHSG and ACC:</p> <ul style="list-style-type: none"> Finance managers provide financial information and advice to budget holders on a regular basis. 	<ul style="list-style-type: none"> Budget monitoring reports and timetables for budget holders.
Ensure that medium-term business and financial planning systems along with ongoing performance monitoring cover the services provided through partnerships and alternative delivery models.	<p>The IJB:</p> <ul style="list-style-type: none"> Received full details and approved the budget for Bon Accord Care (BAC). Has received two reports on BAC's financial performance. Will consider a report on BAC's Strategic Plan at its meeting on 28 March. 	<ul style="list-style-type: none"> IJB reports and minutes. <p>Development Work: Collaborative contracts review of BAC is being developed, with representatives from BAC contracts, adult social care and finance.</p>



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
Ensure that the prudential financial framework accurately reflects the commitments and potential future impact of contracted future services.	The IJB has no responsibility for treasury management.	N/A



Audit and Performance Systems Committee

Principle 3

The CFO in a local authority must lead the promotion and delivery by the whole authority for good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Requirement	Statement	Evidenced By
<p>Make the CFO responsible for ensuring appropriate advice is given on all financial matters, for keeping financial records and accounts, and maintaining an effective system of financial control.</p>	<p>The IJB CFO:</p> <ul style="list-style-type: none"> has responsibility for these matter as indicated in the CFO job description. <p>The IJB:</p> <ul style="list-style-type: none"> needs to place assurance on ACC and NHS Grampian for some elements of the financial control system, which in turn are regularly reviewed by their internal audit functions. 	<ul style="list-style-type: none"> CFO Job description. ACC and NHS Grampian - annual accounts. Internal Audit's –Annual report and Statement on the internal control system – ACC, NHS Grampian and IJB.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced By
<p>Ensure that system and processes for financial administration, financial control and protection of the authority’s resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> needs to place assurance on ACC and NHS Grampian for some elements of the financial control system, which in turn are regularly reviewed by their internal audit functions. 	<ul style="list-style-type: none"> ACC and NHS Grampian - annual accounts. Internal Audit’s –Annual report and Statement on the internal control system – ACC, NHS Grampian and IJB.
<p>Ensure that the authority puts in place effective internal financial controls. Ensuring that these controls are an integral part of the authority’s underlying framework of corporate governance and that they are reflected in its local code.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> needs to place assurance on ACC and NHS Grampian for some elements of the financial control system, which in turn are regularly reviewed by their internal audit functions. Through the AP&S committee, have developed a local code of corporate governance, in line with guidance from CIPFA/SOLACE (subject to approval). 	<ul style="list-style-type: none"> ACC and NHS Grampian - annual accounts. Internal Audit’s –Annual report and Statement on the internal control system – ACC, NHS Grampian and IJB. IJB local code of corporate governance (subject to approval).



Audit and Performance Systems Committee

Requirement	Statement	Evidenced By
Address the authority's arrangements for financial and internal control and for managing risk in annual governance reports.	The IJB: <ul style="list-style-type: none"> has addressed these arrangements in the annual governance report and will continue to do so. 	<ul style="list-style-type: none"> The IJB accounts (annual governance statement).
Publish annual accounts on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	The IJB: <ul style="list-style-type: none"> published its financial accounts on its website. provided members of the public the opportunity to inspect the accounts of the organisation in line with statutory process. 	<ul style="list-style-type: none"> Aberdeen City Health & Social Care Partnership website. Annual Accounts documents. Development Work: <ul style="list-style-type: none"> The management commentary of the accounts will provide details on performance.
Ensure an effective internal audit function is resourced and maintained.	The IJB: <ul style="list-style-type: none"> has appointed an internal auditor. The APS Committee <ul style="list-style-type: none"> has received the internal audit annual plan at the APS Committee. has reviewed internal audit reports. 	<ul style="list-style-type: none"> Audit & Performance System agendas and minutes. IJB agenda and minutes.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced By
Develop and maintain an effective audit committee.	<p>The IJB:</p> <ul style="list-style-type: none"> has established an audit committee. 	<ul style="list-style-type: none"> Audit & Performance System agendas and minutes. Audit & Performance Systems terms of reference. <p>Development Work:</p> <ul style="list-style-type: none"> Need to establish a framework to review effectiveness.
Ensure that the authority makes best use of resources and that taxpayers and/or service users receive value for money.	<p>The NHS Grampian and ACC:</p> <ul style="list-style-type: none"> financial standing orders and procurement regulations which the IJB uses, which allows best value to be demonstrated. 	<ul style="list-style-type: none"> ACC Procurement regulations. ACC financial regulations. ACC delegated powers. NHSG schedule of reserved decisions. NHSG standing financial instructions.
Embed financial consequences in person specifications and appraisals.	<p>The NHS Grampian, ACC and IJB:</p> <ul style="list-style-type: none"> included financial responsibilities in job specifications where appropriate. 	<ul style="list-style-type: none"> Job Descriptions <p>Development Work: Review ACC/NHSGs' appraisal frameworks to determine whether finance is covered a separate topic.</p>



Audit and Performance Systems Committee

Requirement	Statement	Evidenced By
<p>Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> Is currently relying on the financial skills, regulations and budget management training provided by ACC and NHS Grampian. 	<ul style="list-style-type: none"> ACC and NHS Grampian training records. <p>Development Work:</p> <ul style="list-style-type: none"> Once the localities are established and the structure becomes clearer a comprehensive financial training programme will be developed and delivered for those managers with budget responsibility.
<p>Ensure that councillors' roles and responsibilities for monitoring performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> had three financial workshops to discuss the budget. has a development plan. has an induction date for new councillors. 	<ul style="list-style-type: none"> Slides and invitations for budget workshops. IJB development plan.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced By
Ensure ongoing monitoring of assurance arrangements in respect of partnerships and alternative delivery models and that appropriate access to information is maintained.	<p>ACC:</p> <ul style="list-style-type: none">has implemented a governance hub which seeks to review the arrangements of alternative delivery models such as Bon Accord Care. <p>The IJB:</p> <ul style="list-style-type: none">has received the minutes of these meetings for information previously.	<ul style="list-style-type: none">Governance Hub agendas and minutes.IJB agendas and minutes.



Audit and Performance Systems Committee

Principle 4

The CFO in a local authority must lead and direct a finance function that is resources to be fit for purpose.

Requirement	Statement	Evidenced By
Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.	<p>The IJB:</p> <ul style="list-style-type: none"> has established the role of CFO <p>ACC and NHS Grampian:</p> <ul style="list-style-type: none"> provide the finance functions for the IJB. 	<ul style="list-style-type: none"> IJB Executive Management Structure. NHS Grampian and ACC Finance Structures. <p>Development Work:</p> <p>A review will be undertaken to establish if these arrangements are effective.</p>
Ensure there is a line of professional accountability to the CFO for finance staff throughout the authority.	<p>The IJB:</p> <ul style="list-style-type: none"> has established the role of CFO <p>AC and NHS Grampian:</p> <ul style="list-style-type: none"> provide the finance functions for the IJB 	<ul style="list-style-type: none"> IJB Executive Management Structure. NHS Grampian and ACC Finance Structures. <p>Development Work: when the review of effectiveness is undertaken consideration will also be given to professional accountability.</p>



Audit and Performance Systems Committee

Principle 5

The CFO in a local authority must be professionally qualified and suitably experienced.

Requirement	Statement	Evidenced by:
<p>Appoint a professionally qualified CFO whose core responsibilities include those set out under the other principles in the statement and ensure that these are properly understood throughout the authority.</p>	<p>The IJB</p> <ul style="list-style-type: none"> • has employed a professional accountant as CFO. • the CFO's job description sets out the core responsibilities which are similar to those outlines in the statement. 	<ul style="list-style-type: none"> • CFO's professional certificates. • CFO's job description.
<p>Ensure that the CFO has the skills, knowledge, experience and resource to perform effectively in both the financial and non-financial areas of their role.</p>	<p>The IJB:</p> <ul style="list-style-type: none"> • undertook a comprehensive recruitment process to employ the CFO to make sure that the CFO has the necessary skills and experience. 	<ul style="list-style-type: none"> • CFO recruitment process. • CFO annual appraisal.



Audit and Performance Systems Committee

Requirement	Statement	Evidenced by:
	<p>The IJB Chief Officer</p> <ul style="list-style-type: none">performs the annual appraisal of the CFO which includes a section on future training requirements. <p>The IJB CFO</p> <ul style="list-style-type: none">considers that sufficient resource is available to perform role effectively.	

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the role of the chief financial officer

in Local Government

CIPFA Statement on the role of the Chief Financial Officer in Local Government

The chief financial officer (CFO) 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
- 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 lead and direct a finance function that is resourced to be fit for purpose
- must be professionally qualified and suitably experienced.

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\ foreword

This Statement on the Role of the CFO in Local Government describes the role and responsibilities of CFOs in local government. It builds heavily on CIPFA's Statement on the Role of The CFO in Public Services¹ and applies the principles and roles set out in that document to Local Government.

The CFO occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. While the global financial crisis and economic downturn have made these tasks even more challenging, they have also underlined the fundamental importance of the role. Achieving value for money and securing stewardship are key components of the CFO's role

in public service organisations, a duty enshrined in legislation for the CFO in local government.

In order to support CFOs in the fulfilment of their duties and to ensure that local authorities have access to effective financial advice at the highest level, CIPFA is introducing a 'comply or explain' requirement in the annual statement of accounts.

Rob Whiteman

Chief Executive
CIPFA

¹ www.cipfa.org/policy-and-guidance/reports

definitions used throughout the document

The public services have a variety of organisational structures and governance arrangements. Some include elected representatives, while others are wholly appointed. The following terms are used throughout the Statement in a generic sense. The Statement and the supporting guideline and requirements need to be read in the context of these. Terms in use in different parts of the public services can be substituted for the generic terms used here.

Chief Financial Officer (CFO)

The organisation's most senior executive role charged with leading and directing financial strategy and operations.

Deputy Finance Officer

Is the designated deputy finance officer for the chief finance officer.

Leadership Team

Comprises the Board and management team.

Board

The group of people charged with setting the strategic direction for the organisation and responsible for its achievement.

Management Team

The group of executive staff comprising the senior management charged with the execution of strategy.

Chief Executive

The most senior executive role in the organisation.

Deputy CFO

The deputy supports the CEO and has delegated authority.

Managers

The staff responsible for the achievement of the organisation's purpose through services/businesses and delivery to its clients/customers.

Finance Function

The staff with a prime responsibility for financial matters, located either in a central department or within business/service areas. Some functions may be outsourced.

Governance²

The arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an economical, effective, efficient and ethical manner.

Financial Management³

The system by which the financial aspects of a public service organisation's business are directed, controlled and influenced, to support the delivery of the organisation's goals.

Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

² *The Good Governance Standard for Public Services 2004*, OPM and CIPFA, 2004 www.cipfa.org/policy-and-guidance/reports

³ *CIPFA FM Model*, www.cipfa.org/fmmodel

Internal Audit

An assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives.

Head of Profession

The leading professionally qualified accountant charged with promoting professional standards within the organisation.

Annual Governance Report

The mechanism by which an organisation publicly reports on its governance arrangements each year.

Public Service Organisation

One or more legal bodies managed as a coherent operational entity with the primary objective of providing goods or services that deliver social benefits for civic society, are not privately owned, and receive public and/or charitable funding.

introducing the CIPFA statement

This Statement on the role of the Chief Financial Officer (CFO) in Local Government aims to give detailed advice on how to apply the overarching public services Statement within local government.

The CFO in local government is not only bound by professional standards but also by specific legislative responsibilities. This statement should also be applied to those individuals who carry out the role of deputy CFO or section 151 officer. They must have regard to the fact that delegated responsibility brings with it all the professional standards and legal responsibilities of the CFO. The role and responsibilities of the 'treasurer' were developed by case law in England and Wales. In *Attorney General v De Winton* 1906, it was established that the treasurer is not merely a servant of the authority, but holds a fiduciary responsibility to the local taxpayers. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a CFO to have responsibility for those arrangements.⁴

Section 95 of the Local Government (Scotland) Act 1973 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a CFO to have responsibility for those arrangements. In Northern Ireland, section 54 of the Local Government Act (Northern Ireland) 1972 requires local authorities to make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and for those arrangements to be carried out under the supervision the chief financial officer.

This Statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role. The Statement is not intended to be exhaustive and does not negate the personal responsibility of finance professionals to ensure that they comply with all professional standards and legislative requirements. It is intended to codify the key responsibilities of the CFO in local government and assist those carrying out that role in ensuring that they meet the key personal duties of the role. The Statement refers to CIPFA's Statement of Professional Practice with which all CIPFA members are required to comply. For members of other accountancy bodies this represents best practice within the public sector. All professional accountants should also have regard to their own body's Code of Ethics as well as that produced by International Ethics Standards Board for Accountants (IESBA) on behalf of the International Federation of Accountants (IFAC).

Contained with the appendices for completeness is a description of the legislative framework.

⁴ For the Greater London Authority and its four functional bodies (Transport for London, the London Development Agency, the Metropolitan Police Authority and London Fire and Emergency Planning Authority,) the chief finance officer is not a s151 officer but a s127 officer (GLA Act 1999). For the City of London the chief finance officer the 1989 Local Government and Housing Act that places the Chamberlain in the same relationship to the Court of Common Council as applies to local authority chief financial officers to their councils.

using the CIPFA statement

Statement approach and structure

The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:

- the organisation
- the role
- the individual.

For each principle the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. Many of the day-to-day responsibilities may in practice be delegated or even outsourced, but the CFO should maintain oversight and control.

Summaries of personal skills and professional standards then detail the leadership skills and technical expertise organisations can expect from their CFO. These include the key requirements of CIPFA and the other professional accountancy bodies' codes of ethics and professional standards to which the CFO as a qualified professional is bound. The personal skills described have been aligned with the most appropriate principle, but in many cases can support other principles as well.

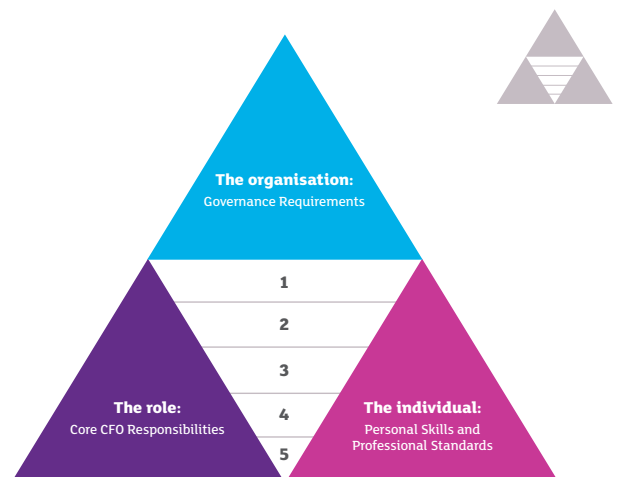
CIPFA Statement on the role of the chief financial officer (CFO) in public service organisations

The CFO in a public service organisation:

- 1 is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
- 2 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 organisation's financial strategy
- 3 must lead the promotion and delivery by the whole organisation 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 CFO:

- 4 must lead and direct a finance function that is resourced to be fit for purpose
- 5 must be professionally qualified and suitably experienced.



\ principle 1



The chief financial officer in a local authority 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.

Key member of the leadership team

The leadership team in public services organisations takes many forms, with different mixes of executive and non-executive members and elected representatives. Collectively the leadership team are responsible for setting the strategic direction for the organisation, its implementation and the delivery of public services. In recognition of the centrality of financial issues to organisational success it is UK government policy that all government departments should have a professional CFO reporting directly to the permanent secretary with a seat on the departmental board, with a status equivalent to other Board members. HM Treasury recommends 'It is good practice for all other public sector organisations to do the same, and to operate the same standards'.⁵ CIPFA fully supports the Treasury's recommendation.

Local authorities operate a number of different democratic models. In local authorities, therefore, the concept of the leadership team will include executive committees, elected mayors, portfolio holders with delegated powers and other key committees of the authority. The CFO should play a key role within these leadership teams whilst balancing their responsibility to advise all members.

Local authorities are required to have a suitably qualified CFO with certain defined responsibilities and powers.⁶ The governance requirements in the Statement are that the CFO should be professionally qualified, report directly to the chief executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report⁷, together with how these deliver the same impact.

Developing and implementing organisational strategy

All local authorities face competition for limited public funds and have to balance expenditure needs against the burden of local taxation. Many will have allocated cash limits, while others have tax raising powers. All will be concerned to examine opportunities, with suitable assessment of legal powers and risk, for building income streams, whether through attracting external grants, charging for services, or commercial activity. Strategic planning needs to be based on an understanding of the external political landscape, the authority's demand and cost drivers, and the need to manage and fund longer term commitments on a sustainable basis. Increasingly local authorities are working with statutory and in partnership, requiring strategy and development across a number of different partners. Local authorities strategic planning frameworks need to allow for this.

Finance translates ambitions and goals across the authority into a common language, so the CFO must share in the strategy development and implementation responsibilities of the leadership team. These include supporting elected representatives under the proper governance arrangements and the CFO must be in a position to provide unfettered advice to elected representatives to inform their decision making.

The CFO must also ensure the members of the leadership team have the financial capabilities necessary to perform their own roles effectively. There is a duty on the leadership team to ensure the decisions framework is sufficient to allow this, e.g. LEP and partnership decisions. The CFO must encourage continuous improvement and development to enable the authority to deliver at the highest levels. As well as having the fundamental concern for probity and control,

⁵ HM Treasury 'Managing Public Money' Annex 4.1. 2007

⁶ The officer appointed as the CFO must, by virtue of section 113 of the Local Government Finance Act 1988 in England and Wales, be a member of a specified accountancy body. There is no equivalent statutory requirement in Northern Ireland and Scotland although in both cases, this is widely acknowledged to be good practice.

⁷ The Annual Governance Statement is currently voluntary in Scotland.

the CFO must be proactive in managing change and risk, be focussed on outcomes, and help to resource the authority's plans for change and development in the public services it provides. As a key member of the leadership team, the CFO must also behave in ways that are consistent with the authority's agreed values, objectives and appetite for risk.

Helping resource and deliver organisational objectives

There is a growing trend for CFOs to hold a range of different responsibilities beyond finance, including managing other services or leading change programmes. Whilst these can develop the individual as a corporate manager, authorities must not let the CFO's core financial responsibilities be compromised through creating too wide a portfolio. Dilution and/or overload in the role of the CFO can result in poor financial outcomes for the authority. Setting out the core CFO responsibilities in this Statement is intended to allow local authorities and their CFOs to assess their job descriptions to ensure that their core finance responsibilities can be properly performed.

Local authorities also need to engage with partners through a range of collaborative or commissioned relationships in order to realise their goals. Partnership working and the focus on community outcomes mean that the CFO needs to understand the financial risks and potential liabilities that may impact on the authority and have appropriate involvement in partnerships' business decisions. The CFO must therefore work to develop strong and constructive working relationships with key decision makers in partner organisations. Where the CFO is providing advice to partner bodies and organisations it remains the CFO's responsibility to ensure that where actual or potential conflicts of interest may occur, the local authority has access to appropriate financial advice independent of that partnership.

Delivering the authority's strategic objectives sustainably and in the public interest

Local authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short-, medium- and longer-term. Maximising public value involves an appreciation of user needs, expectations and preferences, and the planning process must allow for their involvement and influence. The internal process to determine priorities often then needs to grapple with service rationing and difficult trade-offs between different groups of service users, as well as between present and future benefits. The overarching long-term need to match financial resources to the authority's purposes and policies, within constraints of affordability, taken

with the responsibility to citizens and taxpayers for financial stewardship, mean that the CFO must contribute actively to cross organisational issues and to corporate decision making to match resources to the authority's objectives.

Public finance is complex and highly regulated, and the CFO must contribute expert technical advice and interpretation. CFOs must act in the public interest, even if necessary against a perceived organisational interest. In some types of public service organisation, including local authorities, this professional obligation is given statutory backing, and a fiduciary duty is established in case law. In *Attorney General v De Winton* 1906, it was established that the treasurer is not merely a servant of the authority, but holds a fiduciary responsibility to the local taxpayers. This remains applicable to the CFO.

Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "... make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 95 of the Local Government (Scotland) Act 1973 substantially repeats these words for Scottish authorities. In Northern Ireland, section 54 of the Local Government Act (Northern Ireland) 1972 requires that "a council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and those arrangements shall be carried out under the supervision of such officer of the council as the council designates as its CFO".

The CFO's duties in England and Wales were significantly extended by section 114 of the 1988 Act which requires a report to all the local authority's members to be made by that officer, in consultation with the monitoring officer (MO) and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget. Section 114 does not apply to Scotland – instead the requirement to set a balanced budget is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. In Northern Ireland, the equivalent duty – whilst not specified in statute – would rest with the authority's CFO in keeping with the statutory responsibility under section 54 of the Local Government Act (Northern Ireland) 1972.

As holders of the 'red card', the CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health. To ensure that the necessary corrective action is implemented, the CFO must have direct access to the chief executive, other leadership team members, the audit committee and also to external audit.



Governance requirements

Principle 1

- Set out a clear statement of the respective roles and responsibilities of the leadership team and its members individually.
- Ensure that the CFO reports directly to the chief executive and is a member of the leadership team with a status at least equivalent to other members.
- If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.
- Determine a scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decisions by the Board, and ensure that it is monitored and updated.
- Ensure that authority's governance arrangements allow the CFO:
 - to bring influence to bear on all material business decisions
 - direct access to the chief executive, other leadership team members, the audit committee and external audit.
- Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised.
- Assess the financial skills required by members of the leadership team and commit to develop those skills to enable their roles to be carried out effectively.
- Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.



Core CFO responsibilities

Principle 1

- 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 framework⁸
 - corporate decision making arrangements.
- Contributing to the development of public service partnership to deliver objectives.
- Leading or promoting change programmes within the authority.
- Leading development of a medium-term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.

⁸ CIPFA LAAP 99 Bulletin on Local Authority Reserves



Personal skills and professional standards

Principle 1

- Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.
- Adopt a flexible leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.
- Build robust relationships both internally and externally.
- Work effectively with other leadership team members with political awareness and sensitivity.
- Support collective ownership of strategy, risks and delivery.
- Address and deal effectively with difficult situations.
- Demonstrate best practice in change management and leadership.
- Balance conflicting pressures and needs, including short- and longer- term trade-offs.
- Facilitate the growth of effective partnerships whilst balancing the need to protect the individual financial position.
- Demonstrate strong commitment to innovation and performance improvement.
- Manage a broad portfolio of services to meet the needs of diverse communities.
- Facilitate the growth of effective partnership enabling improved service delivery.
- Maintain an appropriate balance between the technical financial aspects of the CFO role and broader focus on the environment and stakeholder expectations and needs.
- Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by virtue of their professional status as a member of CIPFA or another accountancy institute. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.

\ principle 2



The CFO in a local authority 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 overall financial strategy.

Responsibility for financial strategy

No organisation can achieve its goals effectively without proper structures for allocating and optimising the use of resources. The centrality of finance means the CFO must play the lead role in advising and supporting the leadership team in turning policy aspirations into reality by aligning financial planning with the vision and strategic objectives for the authority.

Within the overall corporate governance and management structure, the CFO has direct responsibility for leading development and implementation of the financial strategy necessary to deliver the authority's strategic objectives sustainably. The CFO must therefore work closely with decision makers to establish a medium- to long-term strategy that ensures the financial sustainability of the authority. This may require the CFO to provide comprehensive advice on alternative delivery models to inform debate.

The CFO must also develop and manage resource allocation models to optimise service outputs and community benefits within funding constraints and any tax raising limits. In implementing these models, the CFO must ensure that the financial and risk implications of policy initiatives are analysed and appropriately addressed. Models must encompass partnership working, alternative delivery models, capital investment programmes and annual operations, as well as financial targets and benchmarks. They must also take into account future commitments, resources available and the desirable levels of reserves, to ensure that the authority's finances remain sustainable.

The statutory guidance issued by the Secretary of State under the 2000 Local Government Act (England and Wales) advises that local authorities will need to ensure that the CFO and the monitoring officer have

access as necessary to meetings and papers and that members must consult with him/her regularly.¹⁰ The advice continues that the finance director will have an important role in the management of the local authority in particular by:

- contributing to corporate management in particular to the provision of professional financial advice
- maintaining financial administration and stewardship
- supporting and advising all members and officers in their respective roles
- examining alternative delivery models and supporting members in their understanding of each approach
- providing financial information to the media, members of the public and the community.

There is no equivalent legislative requirement in Scotland or Northern Ireland, but the guidance is equally relevant.

Influencing decision making

Local authorities must be rigorous in their decision making, be explicit about the reasons for their decisions and record the supporting information and expected impact. This requires the CFO to be actively involved in, and able to bring influence to bear on all material business decisions whenever and wherever they are taken.

The CFO must be able to advise the leadership team directly, including elected representatives, in order to discharge responsibilities in relation to the authority's financial health and long-term viability. The CFO must therefore be a persuasive and confident communicator with the status and credibility to challenge others,

¹⁰ In Wales the statutory guidance does not include this reference but implies that this should be the case.

and influence material business decisions. The CFO's advice and reports to the leadership team must be clear, concise, relevant and timely, highlighting issues that the team needs to be aware of, and options for action.

The CFO must also work to develop strong and constructive working relationships with both the executive and non executive members of the authority's leadership, creating mutual respect and effective communication. Providing information and advice to elected officials as a public servant will call on an understanding of ethics, the wider public interest, and diplomacy.

The Local Government Act 2003 and Local Government Scotland Act 2003 emphasise the importance of sound and effective financial management. In relation to capital financing there is a statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment. Advice on fulfilling this responsibility is set out in CIPFA's Prudential Code.¹¹

In England and Wales there is also a statutory duty on the CFO to report to the authority, at the time the budget is considered and the council tax set, on the robustness of the budget estimates and the adequacy of financial reserves. This is a public report. In addition, the Secretary of State in England or the National Assembly for Wales have reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the CFO. There is no equivalent specific legislation in Scotland or Northern Ireland.

The CFO also has a key role to play in fulfilling the requirements of the statutory duty to keep the authority's finances under review during the year and take action if there is evidence that financial pressures will result in a budget overspend or if there is a shortfall in income.¹²

Financial information for decision makers

At all levels in the authority those taking decisions must be presented with relevant, objective and reliable financial analysis and advice, clearly setting out the financial implications and risks.

The CFO has an important role in ensuring necessary financial information and advice is provided to the leadership team and decision makers at all levels across the authority. Meaningful financial analysis and

robust and impartial interpretation is a key component in performance management, asset management, investment appraisal, risk management and control.

Although not a specific responsibility of CFOs alone, they – along with the monitoring officer and chief legal officer (CLO) – should be alert to the 'Wednesbury' rules¹⁴ which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered. The judgement in the case stated that an authority's action in exercise of a statutory discretion would only be regarded unreasonable, in excess of the powers given by Parliament and therefore invalid if:

- in making its decision it took into account matters which it ought not to take into account, or
- it did not take into account matters which it should have taken into account, or
- even if the two previous conditions were satisfied the conclusion was so unreasonable that no reasonable authority could ever come to it.

These principles apply regardless of whether decisions on policy are taken by individual members or collectively. In order to demonstrate that these principles have been observed it is important that policy decisions and the associated advice are – as a matter of routine – well and clearly documented. The 'Wednesbury' rules do not apply specifically in Scotland or Northern Ireland, but adherence to these will demonstrate good governance and proper decision making.

¹¹ The Prudential Code for Capital Finance in Local Authorities, CIPFA www.cipfa.org/publications

¹² Associated Provincial Picture Houses v Wednesbury Corporation (1948).



Governance requirements

Principle 2

- Establish a medium-term business and financial planning process to deliver the authority's strategic objectives, including:
 - a medium-term financial strategy to ensure sustainable finances
 - a robust annual budget process that ensures financial balance
 - a monitoring process that enables this to be delivered.
- Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.
- Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.
- Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance.
- Ensure that those making decisions are provided with information that is fit for purpose – relevant, timely and giving clear explanations of financial issues and their implications.
- Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.
- Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.
- Ensure the authority understands the budgetary commitment of a contracted service including the longer term financial implications.
- Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance¹³
- Ensure compliance with CIPFA's *Prudential Code for Capital Finance in Local Authorities* and CIPFA's *Treasury Management in the Public Services Code of Practice*.
- Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.
- Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.
- Ensure that medium-term business and financial planning systems along with ongoing performance monitoring cover the services provided through partnerships and alternative delivery models
- Ensure that the prudential financial framework accurately reflects the commitments and potential future impact of contracted future services

¹³ LAAP 99 – Local Authority Reserves and Balances, www.cipfa.org.uk/pt/download/laap77.pdf

**Responsibility for financial strategy**

- Agreeing the financial framework 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.
- Evaluating the financial implications of alternative delivery models.
- Appraising and advising on commercial opportunities and financial targets.
- Developing and maintaining an effective resource allocation model to deliver business priorities.
- Developing an approach for the delivery of collaborative services within a structured framework.
- Leading on asset and balance sheet management to allow the authority to maximise its effective use of resources.
- Co-ordinating the planning and budgeting processes.
- Involvement in strategic assets management.

Influencing decision making

- Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.
- Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support councillors' strategy development.
- Ensuring that clear, timely, accurate advice is provided to the executive in setting the funding plan/budget.
- Ensuring that advice is provided to the scrutiny function in considering the funding plan/budget.
- Ensuring that the authority's capital projects are chosen after appropriate value for money analysis and evaluation using relevant professional guidance.
- Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.

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.
- Preparing timely management accounts.
- Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.
- Monitoring the service impact of 3rd party contacts on the delivery of organisational objectives.
- Monitoring the longer-term financial impact of 3rd party contracts.



Personal skills and professional standards

Principle 2

- Take all reasonable steps to ensure that:
 - budgets are planned as an integral part of the strategic and operational management of the authority and are aligned with its structure of managerial responsibilities
 - budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner
 - responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs
 - the accounting and financial information systems make available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the authority.
- Implement other appropriate management, business and strategic planning techniques.
- Link financial strategy and overall strategy.
- Demonstrate a willingness to take and stick to difficult decisions – even under pressure.
- Take ownership of relevant financial and business risks.
- Network effectively within the authority to ensure awareness of all material business decisions to which CFO input may be necessary.
- Role model persuasive and concise communication with a wide range of audiences internally and externally.
- Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.
- Apply relevant statutory, regulatory and professional standards both personal and organisational.
- Demonstrate a strong desire to innovate and add value.
- Challenge effectively, and give and receive constructive feedback.
- Operate with sensitivity in a political environment.

\ principle 3



The CFO in a local authority 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.

Promotion and delivery of good financial management

Good financial management is fundamental to establishing confidence in the public services and good relationships with the taxpayer and other funders. The leadership team collectively needs to set the tone that financial management is core to achieving strategic aims, and to demonstrate that public money is used well. Nevertheless it is the CFO who must take the lead in establishing a strong framework for implementing and maintaining good financial management across the authority. The CFO will be instrumental in assessing the existing organisational style of financial management and the improvements needed to ensure it aligns with the authority's strategic direction.

Financial management is the business of the whole authority. When the leadership team, managers and the finance function all fulfil their financial management responsibilities successfully, they collectively create the financially literate and adept authority. The CFO must actively promote financial literacy throughout the authority and in partnership bodies so that the leadership team and managers can discharge their financial management responsibilities, alongside their wider responsibilities in relation to risk and performance management.

Best value and value for money

The CFO has a key role to play in balancing control and compliance with value creation and performance. Better value for money releases resources that can be recycled into higher priorities, without increasing taxation. Helping to secure positive social outcomes within affordable funding therefore lies at the heart of the CFO's role in the local authority.

With the foundations in place, good financial management will focus on stretching limited resources to maximise value for the public service. Value for money (economy, efficiency and effectiveness) should be the concern of all managers, but the CFO will need to take the lead in coordinating and facilitating a culture of efficiency and value for money. This will involve approaches and techniques such as:

- enabling the authority to measure value for money, and making sure that it has the information to review value for money and performance effectively
- advising on appropriate strategies for managing assets and stretching utilisation, and the productive use of other resources
- providing leadership in using and developing efficiency tools and techniques, including benchmarking, IT, shared services, process analysis and cost management, collaborating with others where this is more efficient, effective or economical
- ensuring the rigorous financial appraisal and oversight of change programmes, partnership working, income generation proposals and investment projects.

Safeguarding public money

The CFO must lead the implementation and maintenance of a framework of financial controls and procedures for managing financial risks, and must determine accounting processes and oversee financial management procedures that enable the authority to budget and manage within its overall resources. At the most fundamental level this means ensuring robust systems of risk management and internal control, that financial control is exercised consistently, and that the authority implements appropriate measures to protect

its assets from fraud and loss and to identify and meet the assurance needed.

Where services are provided by partnership and 3rd party arrangements the CFO must ensure the mechanics and assurance mechanics are in place and compliance is monitored.

The CFO also has a specific role with regard to stewardship. This includes ensuring that the governance structures codify financial control, internal control, risk management and assurance, as well as defining a framework of financial accountabilities and reporting. In addition to the finance director's responsibilities to the authority, a wider role also exists in relation to the general public. The local authority is regarded as the trustee of local citizens' money, and the finance director has the prime obligation and duty to them to manage the authority's resources prudently on their behalf as established in the 1906 de Winton case.

In effect this means that the finance director has a personal responsibility for the stewardship and safeguarding of public money and for demonstrating that high standards of probity exist. Strong financial management, accurate financial reporting and effective financial controls are therefore central to the finance director's role in local government. This role was strengthened by the Local Government Finance Act 1988 (in England and Wales), which requires the finance director to report inappropriate financial management as well as wrongdoing.

Section 114 of the 1988 Act requires a report to all the local authority's members to be made by that officer, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget. Section 114 does not apply to Scotland – instead the requirement to set a balanced budget is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. In Northern Ireland, the equivalent duty – whilst not specified in statute – would rest with the authority's CFO in keeping with the statutory responsibility under section 54 of the Local Government Act (Northern Ireland) 1972. Further guidance recommending courses of action to be followed when a report under s114 may be required is attached at appendix B to this Statement. Although

section 114 does not apply to Scotland or Northern Ireland the principles that underlie it and the actions proposed in appendix B are recommended to finance directors as a means of discharging their overall responsibility for sound financial management.

Consistency of standards and transparency in financial activities are essential. In this context, CIPFA's view is that the statutory role of the CFO does not stop at the boundaries of the local authority but extends into its partnerships, devolved arrangements, joint ventures and companies in which the authority has an interest. As a minimum the CFO would exercise this through ongoing monitoring and obtaining rights of access to information in order to ensure financial probity. CFO's must be satisfied that what ever is being monitored is needed and the information available

The CFO should oversee the appropriate arrangements with respect to service contracts and alternative delivery models.

Assurance and scrutiny

Accountability for public expenditure is a core requirement for local authorities. They are held accountable by intermediary stakeholders, such as scrutiny groups, service inspectorates and external auditors, and by primary stakeholders: the citizens, service users, funders and taxpayers.

Managing information flows is a key component of the CFO's role as an ambassador for the authority on financial matters and in building relationships with stakeholders. The CFO must also provide information and advice to those who officially scrutinise and review the authority; funders, regulators, and external audit, and any group which exercises scrutiny internally. The community, taxpayers and the press also expect information.

Internal audit is an important independent internal scrutiny activity. Internal audits remit does not necessarily end within the organisation boundary but can extend to a partnership and alternative delivery model. The CFO must support the authority's internal audit arrangements and ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.

Public service providers face a variety of regulatory requirements and standards for external financial reporting, while measures of value are expressed both as financial and as non-financial performance targets. The role of the CFO in external reporting is to meet the reporting requirements relevant to the authority and to apply professional good practice, conscious of the needs of users. External financial reporting must be of good quality, supported by analysis and documentation and should receive an unqualified audit opinion. This will be facilitated if the CFO maintains a constructive professional relationship with external auditors and inspectors.

The Accounts and Audit Regulations 2003 (England and Wales), in Scotland, the Local Authority Accounts (Scotland) Regulations 1985 and in Northern Ireland the Local Government (Account and Audit) regulations (Northern Ireland) 2006 impose responsibilities on the finance director relating to accounting records and supporting information, control systems and the statement of accounts.

A key feature of the Regulations in England and Wales is the requirement for internal audit. Regulation 6 requires that a 'relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control'. Similar references exist for Northern Ireland in regulation 3a of the Local Government (Account and Audit) regulations (Northern Ireland) 2006. Although there is no specific reference to internal audit for Scotland the successful discharge of the finance director's responsibilities depends in part on effective internal audit.



Governance requirements

Principle 3

- Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.
- Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.
- Ensure that the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the authority's underlying framework of corporate governance and that they are reflected in its local code.
- Address the authority's arrangements for financial and internal control and for managing risk in Annual Governance Reports.
- Publish annual accounts on a timely basis to communicate the authority's activities and achievements, its financial position and performance.
- Ensure an effective internal audit function is resourced and maintained.
- Develop and maintain an effective audit committee.
- Ensure that the authority makes best use of resources and that taxpayers and/or service users receive value for money.
- Embed financial competencies in person specifications and appraisals.
- Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.
- Ensure that councillors' roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.
- Ensure ongoing monitoring of assurance arrangements in respect of partnerships and alternative service delivery models and that appropriate access to information is maintained.

**Promotion of financial management**

- Assessing the authority's financial management style and the improvements needed to ensure it aligns with the authority's strategic direction.
- Actively promoting financial literacy throughout the authority.
- Actively promote good financial management throughout all partnerships and alternative delivery models.
- Assisting the development of a protocol which clearly sets out the roles and responsibilities of both democratically elected councillors, whether acting in executive or scrutiny roles, and of officers for financial management, including delegated authority/powers.
- Ensure effective monitoring of partnerships through monitoring and access to information.

Value for money

- Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by the finance function or being clear on the reasons for alternative selection.
- Advising on the financial thresholds for 'key' decisions where there is a requirement to do so.
- Developing and maintaining appropriate asset management and procurement strategies.
- Managing long-term commercial contract value.

Safeguarding public money

- Applying strong internal controls in all areas of financial management, risk management and asset control.
- Establishing budgets, financial targets and performance indicators to help assess delivery.
- Implementing effective systems of internal control that include standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.
- 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 on Local Authority Accounting in the United Kingdom.¹⁴
- Ensuring that delegated financial authorities are respected.
- Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.
- Overseeing of capital projects and post completion reviews.
- Applying discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.
- Ensuring the effective management of cash flows, borrowings and investments of the authority's own funds or the pension and trust funds it manages on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks.
- Implementing appropriate measures to prevent and detect fraud and corruption.

¹⁴ CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom* developed by the CIPFA/LASAAC Joint Committee www.cipfa.org/publications



Core CFO responsibilities

Principle 3

- Establishing proportionate business continuity arrangements for financial processes and information.
- Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.
- Be alert to potential conflicts of interest and ensure the authority has access to appropriate independent advice.

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.
- Ensuring that clear, timely, accurate advice is provided to the executive and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.
- Preparing published budgets, annual accounts and consolidation data for government-level consolidated accounts.
- 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 CIPFA's Code of Practice.
- 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.



Personal skills and professional standards

Principle 3

- CFOs should take all reasonable steps to ensure that:
 - effective systems and procedures operate to monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place
 - payments, including benefits and taxation, are made on time, accurately and in accordance with legal requirements
 - cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions
 - the accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of the authority's financial transactions
 - all financial reports are relevant, reliable and consistent, are compatible with the authority's accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the authority
 - within the specific legislative framework for each authority, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for and to prevent any tax losses
 - treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place.
- Generate 'buy-in' to, and support delivery of, good financial management across the authority.
- Develop and sustain partnerships, and engage effectively in collaboration.
- Deploy effective facilitation and meeting skills.
- Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.
- Place stewardship and probity as the bedrock for management of the authority's finances.

\ principle 4



The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.

Meeting the finance needs of the business

The organisation of finance functions is changing rapidly. Traditionally they have been centralised services, but increasingly they include devolved finance teams in business areas. Arrangements may also now include outsourced functions, or services shared between organisations.

Whatever the structure, a strong customer focus both externally and internally must be a key feature of the way the finance function does business. It must support the authority's broader development agenda, by appraising investment options and change programmes and contributing creative financial solutions within an effective risk management framework.

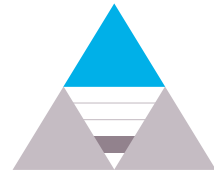
The finance function must also have a firm grasp of the authority's financial position and performance. The CFO must ensure that there is sufficient depth of financial expertise, supported by effective systems, to discharge this responsibility and challenge those responsible for the authority's activities to account for their financial performance. The resources available must be proportionate to the complexity of the financial environment.

Section 114(7) of the Local Government Finance Act 1988 requires authorities in England and Wales to provide their CFO with 'such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section (i.e. s114) to be performed'. There is no equivalent requirement in Scotland or Northern Ireland.

Appropriately developed finance skills

The CFO must promote financial literacy throughout the authority, including championing training and development of relevant skills at all levels. However the CFO has a particular responsibility for learning and development amongst finance staff in order to ensure that both current and likely future finance skill needs are addressed. This will include identifying the competencies needed by the finance function, including specialist skills, and ensuring it can access the skills and experience to exercise stewardship of public finances, develop financial performance and contribute effectively to new organisational directions and innovation.

The CFO must ensure that the head of profession role for accountants and finance specialists authority-wide is properly discharged in order to ensure compliance with regulatory and professional standards. Exercising leadership on financial matters in a devolved environment will require a documented line of professional accountability to the CFO, where this is not a direct line management relationship.



Governance requirements

Principle 4

- Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.
- Ensure there is a line of professional accountability to the CFO for finance staff throughout the authority.



Core CFO responsibilities

Principle 4

- Leading and directing the finance function so that it makes a full contribution to and meets the needs of the business.
- Determining the resources, expertise and systems for the finance function that are sufficient to meet business needs and negotiating these within the overall financial framework.
- Managing partnership delivery.
- Implementing robust processes for recruitment of finance staff and/or outsourcing of functions.
- Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.
- Seeking continuous improvement in the finance function.
- Ensuring that finance staff, managers and the leadership team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future whether directly or indirectly employed.
- Ensuring that the head of profession role for all finance staff in the authority is properly discharged.
- Acting as the final arbiter on application of professional standards.



Personal skills and professional standards

Principle 4

- Create, communicate and implement a vision for the finance function.
- Role model a customer focussed culture within the finance function.
- Establish an open culture, built on effective coaching and a “no blame” approach.
- Promote effective communication within the finance department, across the broader authority and with external stakeholders.
- Apply strong project planning and process management skills.
- Set and monitor meaningful performance objectives for the finance team.
- Role model effective staff performance management.
- Coach and support staff in both technical and personal development.
- Promote high standards of ethical behaviour, probity, integrity and honesty.
- Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.
- Promote discussion on current financial and professional issues and their implications.

\ principle 5



The CFO in a local authority must be professionally qualified and suitably experienced.

Demonstrating professional and interpersonal skills

The CFO must be able to demonstrate their own professional standing to exercise financial leadership throughout the authority. As a member of a professional body, the CFO's skills, knowledge and expertise will have been tested by examination and must be continuously developed in a structured and monitored context. The CFO must adhere to the professional values of accuracy, honesty, integrity, objectivity, impartiality, transparency and reliability and promote these throughout the finance function.¹⁵

The CFO must communicate complex financial information in a clear and credible way. They should be able to operate effectively in different modes including directing, influencing, evaluating and informing. The CFO must also have the confidence to give impartial and objective advice even if it may be unwelcome, and be sufficiently forceful to intervene with authority if financial or ethical principles need to be asserted or defended.

The officer appointed as the CFO must, by virtue of section 113 of the Local Government Finance Act 1988 in England and Wales, be a member of a specified accountancy body.¹⁶ There is no equivalent statutory requirement in Northern Ireland and Scotland although in both cases, this is widely acknowledged to be good practice.

The statutory role must be performed by an 'officer' of the authority. Although 'officer' is not defined the legal view is that the terms 'staff' and 'officer' in the Local Government Act 1972 and elsewhere are intended to embrace all employees of local authorities. It is permissible for an authority to procure non-statutory financial management services from an individual on the basis of a service contract.

Applying business and professional experience

The CFO must have an understanding and commitment to the wider business, looking beyond narrow financial objectives, to inspire respect, confidence and trust amongst colleagues, inspectors and stakeholders. In practice this means being creative and constructive in strategic roles and effective in management responsibilities, with a sound grasp of approaches such as performance management and project leadership.

The CFO must understand how and when to apply the tools and techniques of financial analysis in support of business decisions in order to evaluate proposals and to offer well founded and expert advice. Such techniques include strategic analysis, review of sector best practice, benchmarking, option appraisal, performance measurement, and risk assessment. However data is not always clear cut and the CFO must also be able to apply judgement to imperfect information.

The CFO must have a good understanding of public sector finance and its regulatory environment and comply with standards formulated through rigorous due process in support of the public interest to support the leadership team effectively. The CFO must also have a good understanding of the principles of financial management, and personally set a tone for the authority that finance matters and is a key part of everyone's job throughout the authority.

¹⁵ Further information on behaviours can be found in the *IFAC Code of Ethics*, www.ifac.org

¹⁶ Defined to mean a qualified member of one of the six bodies comprising the Consultative Committee of Accountancy Bodies (CCAB) in the UK and Ireland, that is

- Chartered Institute of Public Finance and Accountancy
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- The Institute of Chartered Accountants in Ireland
- Chartered Institute of Management Accountants
- The Association of Chartered Certified Accountants.



Governance requirements

Principle 5

- Appoint a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the authority.
- Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.



Personal skills and professional standards

Principle 5

- Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.
- Adhere to international standards set by IFAC on:
 - ethics
 - Continuing Professional Development.
- Demonstrate IT literacy.
- Have relevant prior experience of financial management in the public services or equivalent.
- Understand public service finance and its regulatory environment.
- Apply the principles of public financial management.
- Apply relevant commercial skills and understanding of relevant alternative delivery models
- Understand personal and professional strengths.
- Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.

legislative requirements

Section 151 of the Local Government Act 1972 – England and Wales

This section requires that every local authority in England and Wales should “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

The words “proper administration” are not statutorily defined nor have they received judicial consideration. Section 58 of the Local Government Act 1958 had somewhat narrower wording requiring authorities to make “safe and efficient” arrangements for the receipt and payment of money.

“Proper administration” requires a somewhat wider consideration of all aspects of local authority financial management and should include:

- compliance with the statutory requirements for accounting and internal audit
- ensuring the authority’s (and ultimately its members’) responsibility for securing proper administration of its financial affairs (Lloyd v McMahon (1982) AC 625)
- proper exercise of a wide range of delegated powers both formal and informal (Provident Mutual Life Assurance Association v Derby City Council (1981) 1 WCR 173)
- responsibility for managing the financial affairs of the local authority in all its dealings
- recognition of the fiduciary responsibility owed to local taxpayers (Attorney General v De Winton (1906) 2 CH 106).

This view is strengthened by Section 113 of the Local Government Finance Act 1988 which requires the responsible officer under Section 151 of the 1972 Act to be a member of a specified accountancy body.

Section 95 of the Local Government (Scotland) Act 1973 – Scotland

Section 95 states that: “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs”.

The same considerations as to the meaning of ‘proper administration’ as set out above apply in Scotland. There is no equivalent statutory requirement to Section 113, Local Government Finance Act 1988, requiring the CFO to be a member of a specified accountancy body, in Scotland although in both cases, this is widely acknowledged to be good practice.

Section 54 of the Local Government Act (Northern Ireland) 1972 – Northern Ireland

Section 54 requires that “council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it and those arrangements shall be carried out under the supervision of such officer of the council as the council designates as its CFO”.

The Northern Ireland Act uses the more narrow wording previously used under the 1958 Local Government Act. There is no equivalent statutory requirement to Section 113, Local Government Finance Act 1988, requiring the CFO to be a member of a specified accountancy body, in Northern Ireland although in both cases, this is widely acknowledged to be good practice.

Section 114 of the Local Government Finance Act 1988 – England and Wales

The responsible officer under Section 151 of the 1972 Act had his or her duties significantly extended by Section 114 of the 1988 Act which requires a report to all the authority's members to be made by that officer, in consultation with the council's monitoring officer, if there is, or is likely to be unlawful expenditure or an unbalanced budget.

Introduction

Section 114 (1) of the Local Government Finance Act 1988 places a duty on the CFO to report certain matters to the authority. Serious consequences could follow making such a report and this note recommends sound procedures and consultation, particularly with the authority's CLO if that person is not the MO, prior to making the report.¹⁷

The duty of the CFO to report is triggered if they believe that a decision involves (or would involve) unlawful expenditure a course of action is unlawful and is likely to cause a loss or deficiency an entry of account is unlawful.

In those circumstances the CFO is required to make a report to the authority and send a copy to every member and the external auditor. The course of conduct which led to the report must not be pursued until the full council has considered the report. The council must consider the report within 21 days and decide whether it agrees or disagrees with the views in the report and what action it proposes to take.

Likewise the CFO must inform the authority where they believe that the authority's expenditure is likely to exceed available resources. The authority is prevented from entering into any agreements incurring expenditure until the council has considered the report.

Regulations under the Local Government Act 2000 have amended section 114 for those authorities in England operating executive arrangements. In those cases such reports are submitted to full council in respect of non-executive functions and to the executive for executive functions.

If the unlawful expenditure relates to actions undertaken by the executive then under sections 114A and 115B, the CFO's report must be submitted to the executive. Copies

must be sent also to all members of the authority and the external auditor (and the council manager if there is one).

No action should be carried out until the executive has considered the report. The executive must then provide a report to the authority, the CFO and the external auditor, explaining what action, if any, is to be taken and the reasons.

This guidance note is intended to assist in the provision of sound legal (and financial) advice to members of the authority the duty to make a part VIII report rests with the CFO and nothing in this note derogates from that responsibility.

The legislation raises issues that could place the CFO in conflict with his or her employers. The consequences of submitting a part VIII report are unlikely to be in the long-term interests of the authority, its officers (or even local government generally) if many have to be made. The need to issue a number of s114 reports would also indicate that there are underlying problems with the overall performance of the authority. Every action should be taken to avoid conflict by providing timely advice to elected members and where possible offering alternative lawful solutions on financial matters. However, at the end of the day section 114 imposes a statutory duty on the CFO.

Preliminary matters

Information resulting in the need for a part VIII report could come from the CFO's staff, an officer, a member of the authority, the public or the auditor. All elected members and officers should be made aware that it is the CFO's duty to raise possible issues requiring investigation which may lead to a formal report. This could in part be achieved by including details of the CFO's statutory duty in the member/officers' protocol in the local authority's written constitution which must be prepared and maintained under section 37 of the 2000 Act. The topic should also be included in members' training programmes.

Making a report under sections 114 (2) and 114A(2) requires the CFO to make a decision that an act or omission is or could be unlawful; this decision should only be taken after full consultation with the head of paid service, the authority's MO (and chief legal officer where the CLO is not the MO) whereas a report

¹⁷ The statutory duty is to consult the head of paid service and MO.

under section 114 (3) requires a financial judgement on (essentially) the budget which the CFO could take alone. Even in a section 114(3) report the CFO is required by statute to consult the head of paid service (chief executive) and the MO because other corporate and legal issues may well flow from the report and because there may be overlaps with the MO's duty to report to the authority about unlawfulness under the Local Government and Housing Act 1989 section 5.

MOs have a reciprocal duty to issue reports under section 5 of the 1989 Act and to consult the head of paid service (chief executive) and CFO on their reports.

Circumstances of a developing situation (for example, shortage of budget resources or a prospective unlawful act) should be distinguished from the imminent or actual situation. Timing of a part VIII report will need careful thought and decision.

There may well be occasions when the chief executive, the MO, the CLO or the CFO will be asked for a view on matters which the authority has under consideration but which if developed might lead to a part VIII report. A mere preliminary enquiry or request should not lead to a formal report under the Act. If the situation develops the need to report must be reviewed.

It is not considered that the provisions of sections 114 (2) and 114A (2) relate to cases of discovered fraud (which could be the subject of criminal prosecution) – these should normally be dealt with under the authority's financial regulations.

A decision will be needed whether to report or not on items which could be regarded as outside sections 114 (2) and 114 A (2) such as trivial expenditure or loss of income although there may be circumstances in which such a report may be justified.

In the case of action under section 114 (3) the need for a report arises only where an authority's total resources fall short of likely expenditure. It does not apply where, say, a committee's budget is overspent – this might be the subject of a report outside the provisions of part VIII although this could in some circumstances amount to a loss or deficiency under section 114 (2) (b) or 114 A (2) (b).

This note assumes that within the authority the chief executive, MO/CLO and CFO are three separate posts. They may not always be so, although there is now a

statutory bar on the chief executive or CFO being the authority's MO. The authority's MO may also be the CLO. Where the roles are separate both should be consulted.

Recommended procedures

Having regard to the circumstances and the preliminary matters mentioned above the procedure for a report under section 114 (2) or 114 A (2) – an unlawful act or omission – is suggested as follows:

- Consult with the MO/CLO on the issue of unlawfulness.
- Consult the chief executive on the matter (s114(3A) and s114 A (3)).
- If there is disagreement or doubt the CFO should ask the MO/CLO to obtain Opinion of Counsel.
- If there is still disagreement after Counsel's Opinion, the CFO and MO/CLO refer the matter to the chief executive for assistance on procedures but chief executives should not substitute their own advice, even where legally or financially qualified.

Under section 114 (3) where the matter is an unbalanced budget – real or potential – the CFO is in a better position to come to a decision unaided. However it is recommended:

- an informal indication is given by the CFO at a very early stage and an attempt made to get immediate remedial action
- the likelihood of a report under section 114 (3) should be made known to the chief executive at an early opportunity
- the CFO should consider informal consultation with the internal and external auditor

At this point the CFO has to decide the course of action. If it is decided to proceed, the CFO goes to next stage.

Where the CFO decides there is a case for a part VIII report:

- If the action or expenditure is potential the CFO should draft a report stating the facts and reasons and discuss with the MO, the chief executive and relevant chief officers how to obviate the need for the report by remedial action. If successful the matter will rest.
- Where remedial action is not possible, or where the act or expenditure has already happened, the CFO should draft a report as in consultation with chief

executive and MO. The report should clearly state that it is made under the relevant sub-section of section 114 or section 114 (A) of the Local Government Finance Act 1988 and the consequences. The CFO then 'makes' the report by signing it personally.

The statutory duty to make a part VIII report and send a copy to each member of the authority and the external auditor rests on the CFO. The Act does not say when a report is to be sent but implies it should be sent as soon as reasonably practicable.

Where an authority in England or Wales is operating executive arrangements under the Local Government Act 2000 the report must be to the full council and sent to each member of the council and to the auditor, if it relates to non-executive functions or the likelihood of an unbalanced budget.

Where the local authority is operating executive arrangements, and the executive (or a person on their behalf) is about to make or has made a decision involving unlawful expenditure, a loss or deficiency or an unlawful item of account, the CFO must make the report to the executive, and send copies to every member, the auditor and (in the case of a mayor and council manager) the council manager.

The duty to make and send the report rests with the CFO and that starts the 21 day 'prohibition period' and in normal circumstances the timing of sending it needs to be carefully considered in consultation with the 'Proper Officer' for calling meetings (and the chief executive if not that officer).

Part VIII reports are likely to be made in highly contentious circumstances and as such could be the target for legal challenge. They must therefore be subject to most careful drafting, rehearsing all relevant matters and arguments besides clearly advising as to the options or decisions sought.

Whatever the decision, the CFO must have taken all steps necessary to arrive at and justify that decision. The CFO should ensure that there is a proper record of the considerations leading to the decision.

The executive must then meet within 21 days to consider the CFO's report and no action must be taken until this has happened. After considering the report, the executive must then prepare a report which specifies what action (if any) the executive has taken or proposes to take, the timing and the reasons for the action. A copy of that report must be sent to the external auditor, every member of the council and the CFO.

Liaison with proper officer responsible for calling meetings: (Schedule 12 Local Government Act 1972)

It is for the "proper officer" to advise on procedure for considering the report but by agreement such information could be included in the CFO's report or accompany it.

The report could be sent to each member of the authority as a separate document. However, in the case of reports to the full council it would be advisable to send copies with the council summons to the meeting which will consider it. In the case of reports to the executive, copies could be sent with the agenda for the meeting which will consider it, as well as the remaining members of the council and the council manager (if any). In both cases copies must be sent to the auditor.

The statutory duty to send the report is the CFO's but it is recommended that normally the authority's usual procedure for sending reports to all members be followed. However, proof the report was sent to individual addresses may subsequently be needed, so special arrangements for delivery may be required.

Other matters

Once the CFO has sent the report to each member of the authority (or to each member of the council, the executive and council manager (if any) where executive arrangements are operating) and to the external auditor, their reporting duty under part VIII has been completed.¹⁸ In the case of authorities with executive arrangements, the executive must then issue its report in response. The CFO, under their section 151 responsibilities may then have to advise full council on the outcome. If the authority (or the executive) acts positively on the s114 (114A) report, well and good; if

¹⁸ If inadequate action is agreed in response to a s114(3) report the CFO may need to consider whether or not a further report is required to address the situation. This should be decided in conjunction with the chief executive, MO and (if necessary) legal advice should be sought.

not, any further formal action is to be taken by the external auditor with the issuing of an 'advisory notice' under section 29 (schedule 8) of the Local Audit and Accountability Act (2014) or by applying to the court for a declaration under section 31 of the same Act.

The authority's standing orders and financial regulations should be compatible with the part VIII procedures.

In the light of these provisions it is clearly essential that all reports to committees or to the executive, an executive committee or an individual executive member containing financial matters should be cleared with the CFO. The CFO should also have access to all decision records, minutes and forward plans of executive key decisions.

The Local Government Finance Act, 1988, requires the authority to provide the CFO with sufficient resources to carry out their duties under part VIII. These would include the cost of obtaining advice and resources outside the authority if required.

The CFO's duties under part VIII must be carried out personally and it is recommended that they nominate a person to act in their absence or when ill under section 114(6).

The activities of companies set up by authorities appear to be outside the present legislation for section 114/114A reports.

Where a report has been made under section 114(3), arrangements need to be made to inform all persons, including school staff, who have delegated authority to enter commitments, that such powers are suspended during the prohibition period.

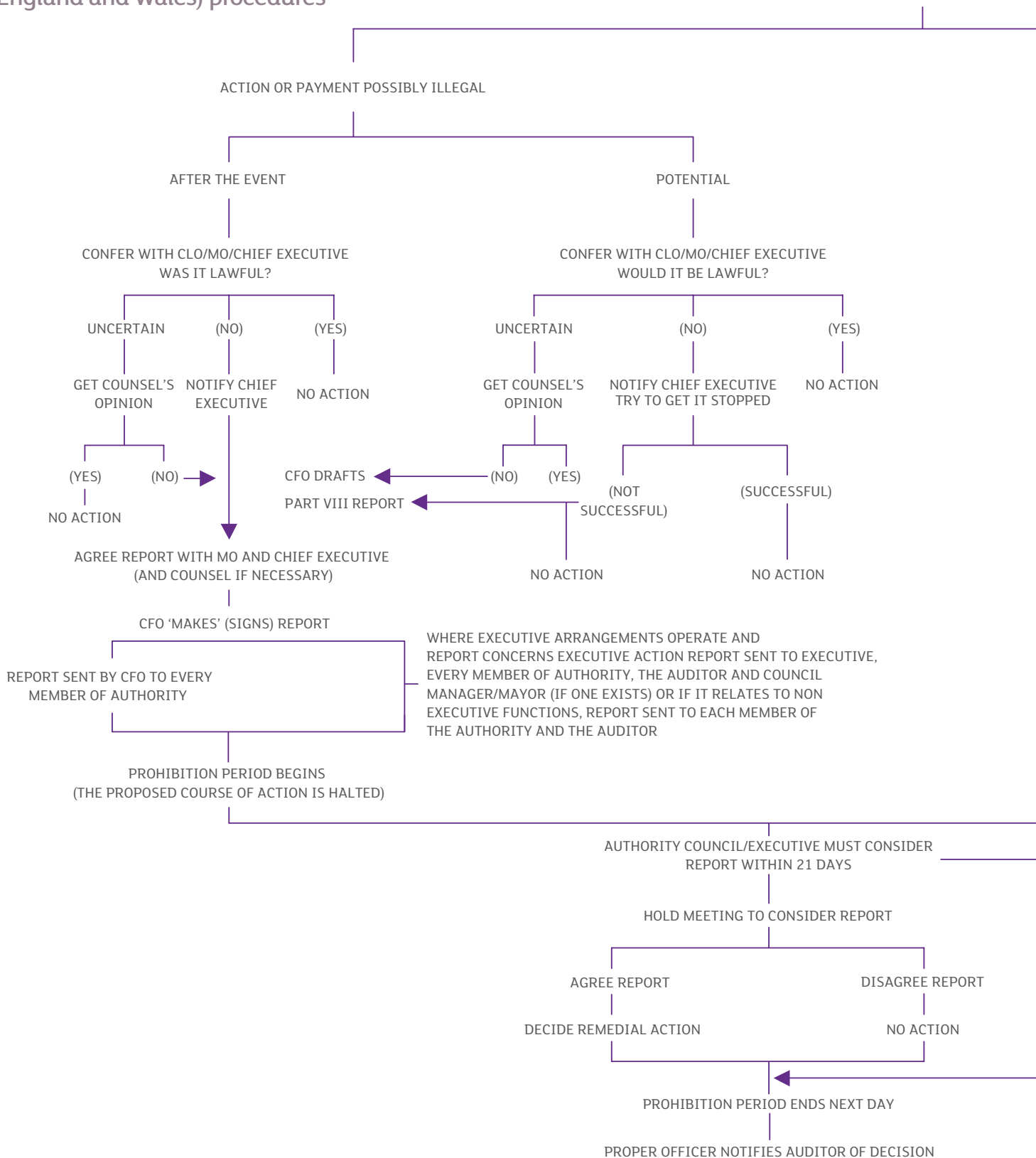
Section 114 equivalent in Scotland and Northern Ireland

Section 114 does not apply to Scotland – instead the requirement to set a balanced budget is established in s108(2) of the Local Government (Scotland) Act 1973 and s93(3) of the Local Government Finance Act 1992. In Northern Ireland, the equivalent duty – whilst not specified in statute – would rest with the authority's CFO in keeping with the statutory responsibility under section 54 of the Local Government Act (Northern Ireland) 1972.

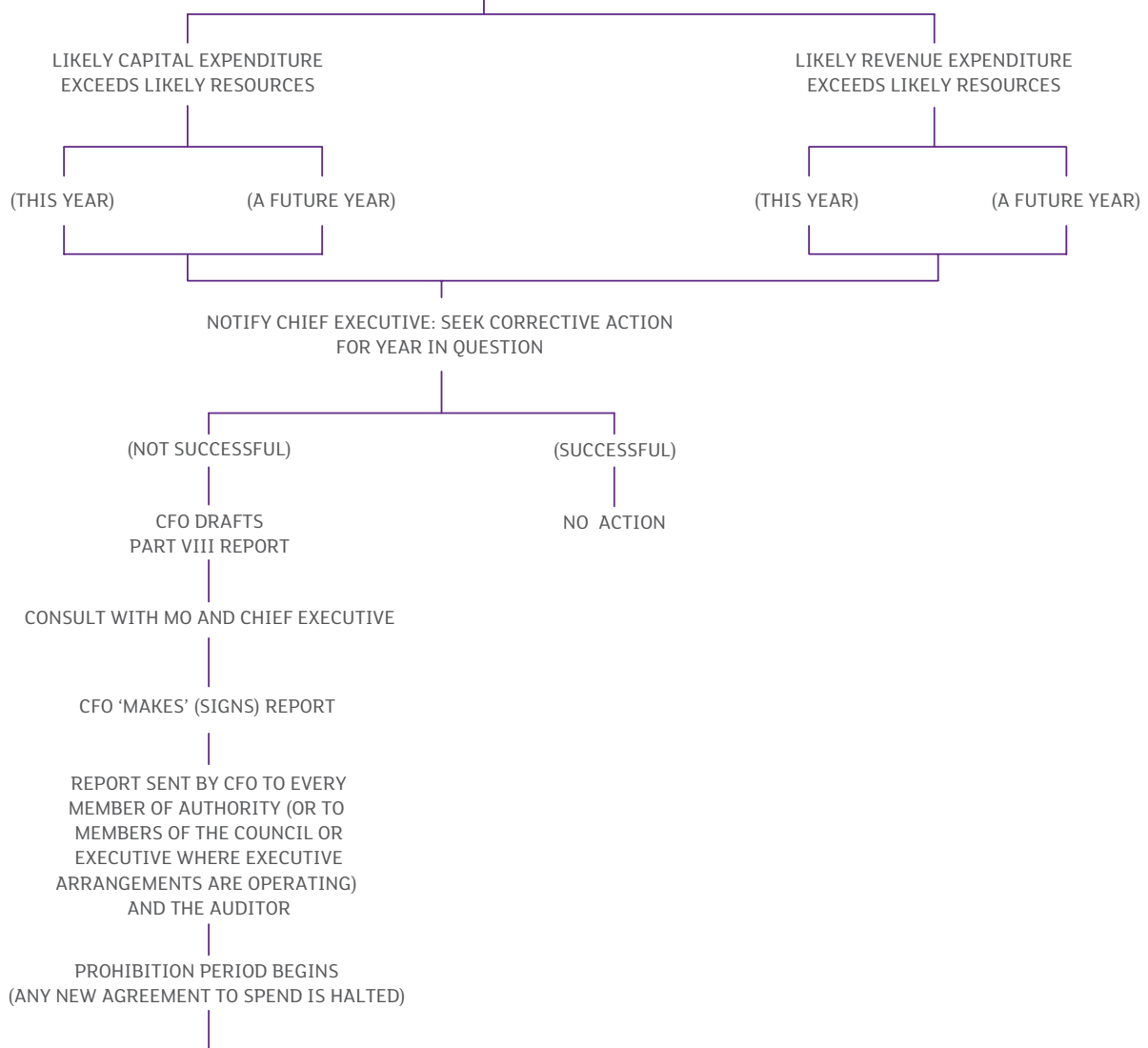
\ flowchart

for section 114 local government finance act 1988
(England and Wales) procedures

MATTER COMES TO THE ATTENTION OF



THE CFO



PROPER OFFICER NOTIFIES AUDITOR OF DATE TIME AND PLACE OF MEETING

WHERE EXECUTIVE ARRANGEMENTS OPERATE, EXECUTIVE MUST REPORT ON ACTIONS (IF ANY) TAKEN IN RESPONSE, TIMING AND REASONS TO THE AUTHORITY, CFO AND AUDITOR



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Audit and Performance Systems Committee

Report Title	Local Code of Corporate Governance.
Lead Officer	Alex Stephen, Chief Finance Officer,
Report Author (Job Title, Organisation)	Alex Stephen, Chief Finance Officer
Report Number	HSCP/17/034
Date of Report	20.03.17
Date of Meeting	11.04.17

1: Purpose of the Report

To allow the Audit & Performance Systems (APS) committee to comment on the sources of assurances used to measure the effectiveness of the governance principles contained in the CIPFA\SOLACE¹ *'Delivering Good Governance in Local Government: Framework'* document.

To establish a local code of corporate governance for the Integration Joint Board (IJB).

2: Summary of Key Information

The IJB is responsible for ensuring that its business is conducted in accordance with the law appropriate to standings, safeguarding public funds and asset and making arrangements to ensure best value. In order to demonstrate this, an annual governance statement is produced each year and included within the annual accounts document. The IJB is required to review the effectiveness of the control environment annually and this also features in the annual governance statement.

In April 2016 CIPFA\SOLACE published a report titled *'Delivering Good Governance in Local Government: Framework'*. The objective of the Framework is to help local government in taking responsibility for developing and shaping an informed approach to governance, aiming at achieving the highest standards in a

¹ CIPFA – Chartered Institute of Public Finance and Accounting
SOLACE – Society of Local Authority Chief Executives



Audit and Performance Systems Committee

measured and proportionate way.

Whilst the document is written in a local authority context, most of the principles are applicable to the IJB, particularly as the legislation recognises the partnership (IJB) body 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. Also, Aberdeen City Council has recently adopted a new local code of corporate governance based on this framework and many of the assurances will be contained in the same documents.

It is proposed that the Aberdeen City IJB establishes a local code of corporate governance based on Framework. This would require adoption of the following principles against which to evaluate future performance:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of law,
- B. Ensuring openness and comprehensive stakeholder engagement,
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits,
- D. Determining the interventions necessary to optimise the achievement of intended outcomes,
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it,
- F. Managing risk and performance through robust internal control and strong public financial management,
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

A review has been undertaken and is included in appendix 1 of this report. Many of the assurances come from documents which belong to NHS Grampian and Aberdeen City Council. This is appropriate given the partnership model for IJBs where the decisions made by the IJB are required to be actioned using processes of the partner organisations.

Also, it should be highlighted that some of the corporate documents which are likely to provide assurance are still in the process of being developed, given the IJB has only been live for one year.

An annual review will be required to be undertaken to assess IJB performance against these principles. This will identify any weaknesses and improvement actions required.



Audit and Performance Systems Committee

3: Equalities, Financial, Workforce and Other Implications

There are no equalities, financial or workforce recommendations arising directly from this report

4: Management of Risk

Identified risk(s):

Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.

Link to risk number on strategic or operational risk register: Risk numbers 1-10 of the strategic risk register.

How might the content of this report impact or mitigate the known risks: This report outlines the assurances for the effectiveness of the governance principles, as set out in the CIPFA/SOLACE document.

5: Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Approve the use of the sources of assurance, listed in appendix 1, the local code of governance, and the governance principles, against which the IJB will measure itself in Annual Governance Statements from 2016/17 onwards.



Audit and Performance Systems Committee

GOVERNANCE PRINCIPLES		
<p>Principle A</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of law.</p>	<p>Sub-Principles</p> <ul style="list-style-type: none"> • Behaving with integrity. • Demonstrating strong commitment to ethical values • Respecting the rule of law. 	
Sources of Assurance		
IJB	ACC	NHSG
<ul style="list-style-type: none"> • Code of conduct • Financial regulations • Integration scheme • Standing orders • IJB staff induction • Board Assurance Framework 	<ul style="list-style-type: none"> • Employee Code of Conduct • Performance review and development – core management behaviours and 360 assessments • Employee Opinion survey action plan 	<ul style="list-style-type: none"> • NHSG schedule of reserved decisions • NHSG standing financial instructions • Imatters survey • NHS Scotland Staff Experience Review



Audit and Performance Systems Committee

	<ul style="list-style-type: none">• Scheme of Governance – Officer and Committee Delegations• Standing Orders• Financial Regulations• Statutory Officers and Statutory Appointments• Complaints Handling Procedure• Staff and Manager Induction• Engagement through third tier managers and below	<ul style="list-style-type: none">• NHSG employee conduct policy• NHSG Board Members Code of Conduct• EKSF processes/objective setting• Standing orders• NHSG Feedback Service• NHSG induction process• HR policies (including health promotion)
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Audit and Performance Systems Committee

Principle B Ensuring openness and comprehensive stakeholder engagement.		Sub-principles <ul style="list-style-type: none"> • Openness. • Engaging comprehensively with institutional stakeholders. 	
Sources of Assurance			
IJB	ACC		NHSG
<ul style="list-style-type: none"> • IJB Strategic Plan • Ongoing development of carers strategy; commissioning strategy; market facilitation plan; and learning disability strategy (for example) • Broad range of stakeholders on the IJB itself. • Representatives from 3rd and independent sectors in key working groups. • Joint communications and engagement group. • OurIDEAS innovation platform 	<ul style="list-style-type: none"> • Local Outcome Improvement Plan and locality plans • Publishing council decisions • Employee opinion survey action plan • Complaints handling procedure • Community Planning Partnership • Freedom of information compliance 		<ul style="list-style-type: none"> • NHSG Feedback Service • Freedom of information compliance • NHSG Local Delivery Plan



Audit and Performance Systems Committee

Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits		Sub-principles <ul style="list-style-type: none"> Defining outcomes Sustainable economic, social and environmental benefits. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> Strategic plan Performance framework Local outcome improvement plans Locality plans 	<ul style="list-style-type: none"> Strategic business plan, directorate plans, service plans and staff plans, demonstrating evidence of the golden thread Performance management framework Consistent improvement methodology Local outcome improvement plan and locality plans Best value/value for money 	<ul style="list-style-type: none"> NHSG Local Delivery Plan Performance management framework 	



Audit and Performance Systems Committee

Principle D Determining the interventions necessary to optimise the achievement of intended outcomes.		Sub-principles <ul style="list-style-type: none"> • Determining interventions. • Planning interventions. • Optimising achievement of intended outcomes. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Effective and embedded risk management system • Effective and embedded budget monitoring and financial planning • Annual reviews of Committees' effectiveness • Third party governance and assurance • Performance management framework • Health & safety arrangements • Information governance 	<ul style="list-style-type: none"> • Effective and embedded risk management system • Effective and embedded budget monitoring and financial planning • Annual reviews of Committees' effectiveness • Third party governance and assurance • Performance management framework • Local resilience partnership • Health & safety assurance 	<ul style="list-style-type: none"> • Effective and embedded risk management systems • Effective and embedded budget monitoring and financial planning • Performance management • NHSG Health & Safety Committee • NHSG caldicott guardian • NHSG annual accountability review 	



Audit and Performance Systems Committee

<p>assurance framework</p> <ul style="list-style-type: none">• Business continuity plans• Civil contingencies group and plan	<p>framework</p> <ul style="list-style-type: none">• Information governance assurance framework• Business continuity plans	
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Audit and Performance Systems Committee

Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it.		Sub-Principles <ul style="list-style-type: none"> • Developing the entity's capacity. • Developing the capability of the entity's leadership and other individuals. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Staff induction • Organisational Development Plan • Workforce plan 	<ul style="list-style-type: none"> • Elected member induction and professional development framework • Staff and manager induction • Scheme of governance – Officer and Committee delegations • Governance training programme • Staff and manager 	<ul style="list-style-type: none"> • Staff induction • North East leadership schemes • NHS HR policies • Staff partnership representation 	



Audit and Performance Systems Committee

	<p>development programme</p> <ul style="list-style-type: none">• Corporate policies framework• Third Tier Network• Member/Officer relations protocol• Workforce plan• Investors in People• Living Wage Employer	
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Audit and Performance Systems Committee

<p>Principle F</p> <p>Managing risk and performance through robust internal control and strong public financial management.</p>		<p>Sub-principles</p> <ul style="list-style-type: none"> • Managing risk. • Managing performance. • Managing data. • Strong public financial management.
<p>Sources of Assurance</p>		
<p>IJB</p>	<p>ACC</p>	<p>NHSG</p>
<ul style="list-style-type: none"> • Financial regulations • Performance management framework • Effective and embedded budget monitoring and financial management • Risk appetite statement • Internal and external audit plans • Third party governance and assurance 	<ul style="list-style-type: none"> • Financial regulations • Following the public pound guidance • Performance management framework • Effective and embedded budget monitoring and financial management • Assurance mapping • Risk appetite statement • Risk management action plan 	<ul style="list-style-type: none"> • NHSG schedule of reserved decisions • NHSG standing financial instructions • Performance management framework • Effective and embedded budget monitoring and financial management • Risk registers • Internal and external audit plan



Audit and Performance Systems Committee

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|---|--|--|
| <ul style="list-style-type: none">• Integration scheme• Annual review of Audit and Performance Systems committee effectiveness• Data protection compliance• Business continuity plans for critical functions | <ul style="list-style-type: none">• Bond governance plan• Internal and external audit plans• Fraud, Bribery and corruption strategy• Third party governance and assurance• Scheme of governance – Officer and Committee delegations• Procurement regulations, training and development• Annual review of Audit, Risk & Scrutiny committee effectiveness• Information governance assurance framework• Data protection compliance• CIPFA/ALARM risk benchmarking• Statutory Performance reporting• Project management protocols• Business continuity plans for critical functions• Resilience self-assessment framework | <ul style="list-style-type: none">• Information governance• NHSG Policy for Fraud Prevention• NHSG Risk Management Policy & Strategy |
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Audit and Performance Systems Committee

Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability.		Sub-principles <ul style="list-style-type: none"> • Implementing good practice in transparency. • Implementing good practices in reporting. • Assurance and effective accountability. 	
Sources of Assurance			
IJB	ACC	NHSG	
<ul style="list-style-type: none"> • Committee reporting framework • Financial reporting – annual financial statements and accounts, annual budget • Financial plans reporting to committees • Internal and external audit plans • Third party governance 	<ul style="list-style-type: none"> • Committee reporting framework • Financial reporting – annual financial statements and accounts, annual budget • Medium and long term financial plans and quarterly reporting to committees • Internal and external audit plans • Third party governance • Local government 	<ul style="list-style-type: none"> • Financial reporting – annual financial statements and accounts, annual budget • Internal and external audit plans 	



Audit and Performance Systems Committee

	<p>benchmarking framework</p> <ul style="list-style-type: none">• Complaints handling procedure• Best value/value for money• Project management protocols	
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Audit and Performance Systems Committee

Report Title	Annual Governance Statement 2016/17
Lead Officer	Alex Stephen, Chief Finance Officer,
Report Author (Job Title, Organisation)	Alex Stephen, Chief Finance Officer
Report Number	HSCP/17/035
Date of Report	20.03.17
Date of Meeting	11.04.17

1: Purpose of the Report

To provide the Audit & Performance Systems (APS) committee with the opportunity to provide comment on and approve in principle the annual governance statement.

To agree that assurances on the government framework can be provided to Aberdeen City Council and NHS Grampian.

2: Summary of Key Information

The annual governance statement forms a key part of the annual accounts and provides readers of the accounts with assurance that the governance framework is fit for purpose.

The framework in an IJB context is complex, as although the IJB has its own governance framework, assurance is required that the partners' governance frameworks are also fit for purpose, given that the operational responsibility is maintained by the partner organisations.

The IJB will be consolidated into the group accounts of Aberdeen City Council and NHS Grampian as a joint venture and they therefore require assurance that IJB's governance framework is fit for purpose.

Therefore, a failure or weakness in either of the IJB, ACC or NHSGs' governance frameworks may require disclosure in the accounts of any of three partners depending on the severity.



Audit and Performance Systems Committee

A draft annual governance statement is attached in appendix 1 of this report. The governance statement has been designed to provide assurance around compliance against the local code of corporate governance and the governance principles contained therein.

The IJB is asked to agree appendix 1 in principle and delegate authority to the chief finance officer to complete the governance statement once assurances have been received from Aberdeen City Council, NHS Grampian and the internal auditors for inclusion in the statement. This delegation is sought on the basis that no significant weaknesses are raised in the three assurances still to be received. If a significant weakness is identified then a meeting of the Audit & Performance Systems Committee will be called.

Delegation is also sought to allow the Chief Finance Officer to provide assurances to Aberdeen City Council and NHS Grampian that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance. This delegation is sought given that the next meeting of the Audit & Performance Systems Committee is not scheduled until the 20th of June 2017.

Given the IJB has only been operational for one year, there are developments required to the governance framework. These are identified in the governance statement and will be collated into an action plan to be monitored by the Audit & Performance Systems Committee. A structured process will be developed to review effectiveness of the framework in future years.

3: Equalities, Financial, Workforce and Other Implications

There are no equalities, financial or workforce recommendations arising directly from this report



Audit and Performance Systems Committee

4: Management of Risk

Identified risk(s):

Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.

Link to risk number on strategic or operational risk register: Risk numbers 1-10 of the strategic risk register.

How might the content of this report impact or mitigate the known risks: The Annual Governance Statement provides information on the effectiveness of the IJB Governance Framework.

5: Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Comment on the draft annual governance statement, as set out in appendix 1,

Additionally, on the proviso that no significant weaknesses impacting on the IJB's governance framework are identified in the assurances received by Aberdeen City Council, NHS Grampian and the IJB's Internal auditors:

2. Delegate authority to the Chief Finance Officer to complete the governance statement and provide responses to Aberdeen City Council and NHS Grampian that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance.



Aberdeen City Health & Social Care Partnership
A caring partnership



Audit and Performance Systems Committee

Draft: Annual Governance Statement

Scope of Responsibility

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

The IJB has a reliance on the Aberdeen City Council and NHS Grampian'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.

The result of this is a situation where assurances are required on the effectiveness of the governance arrangements from the three partners. This means that a significant failure in the internal control environment of one of the three partners may require to be disclosed in the accounts of all three partners and not just the IJB and the partner where the issue occurred.

The Governance Framework

In this complex environment of circular assurances it is important that the IJB has its own local code of corporate governance and regularly reviews performance against the governance principles included within this code. The IJB has developed an Assurance Framework in conjunction with the Good Governance Institute which provides readers with an understanding of the governance framework and the assurances that can be obtained from it.

The IJB agreed at the Audit & Performance Systems Committee to adopt a local code of corporate governance which was built around the principles identified in the 'CIPFA\SOLACE¹ Delivering good governance in Local Government Framework (2016 Edition)'. This code provides a list of documents from an IJB, NHS Grampian and Aberdeen City Council perspective which also provides assurance on the governance framework.

To provide further assurance about the governance environment and as requested by Audit Scotland, the IJB's external auditors for the financial year 2015/16, a review has also been undertaken against the governance principles detailed in the CIPFA document titled the 'the role of the chief financial officer in local government'. This review was discussed and noted at a meeting of the Audit & Performance Systems Committee in April.

Whilst both these documents were specifically written for Local Government the governance principles can be used by other public sector organisations. Also, the IJB is defined as a local government organisation per the Local Government (Scotland) Act 1973 and Aberdeen City Council have also adopted the governance

¹ CIPFA - The Chartered Institute of Public Finance and Accountancy
SOLACE – The Society of Local Authority Chief Executives

principles from the delivering good governance document in their own local code of corporate governance.

Against each of the seven governance principles adopted by the IJB there are key documents, policies and arrangements which help address these. For the IJB some of these documents belong to NHS Grampian and Aberdeen City Council given their operational delivery role and the fact that the staff have remained employed by the partner bodies.

The seven governance principles identified in the local code of corporate governance and recommended in the CIPFA\SOLACE Framework are identified below, along with narratives evidencing compliance with the principles.

Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and representing the rule of law,

Integrity: The following values of the IJB are indicated in the strategic plan:

- Caring
- Person Centred
- Enabling

These values form part of the decision making process of the IJB and are evident in the actions and decisions made by the Board. The IJB has appointed a Standards Officer who is responsible, amongst other things, for the maintaining of Registers of Interests, Registers of Gifts and Hospitality and training on the Model Code of Conduct for Members of Devolved Public Bodies.

Ethical Values: Over the course of this financial year the IJB has agreed in principle to adopt the Unison Ethical Care Charter and has provided funding to care providers to allow the Scottish Living Wage to be paid.

Rule of Law: A comprehensive consultation process has been developed with officers from Aberdeen City Council and NHS Grampian to ensure that decisions and reports comply with legislation. A member of the Council's Governance Team attends the IJB to ensure that decisions taken are in line with any legislative requirements. The IJB have appointed a Chief Finance Officer to ensure that the accounts and finances are in line with the statutory accounting environment. The IJB has standing orders and an integration scheme which provide information on where decisions can be made. Two sub committees have been created and each have their own terms of reference.

Future Developments: The IJB report format needs to be modified to demonstrate more clearly the links to the IJB values and the strategic priorities. A review of the standing orders and integration scheme is progressing with support from colleagues in the Council's Governance Team.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement,

Openness: The IJB has moved from a transitional leadership group held in private to a public board where members of the public can attend and agendas, reports and minutes are available to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. The Audit & Performance Systems Committee recently reviewed its terms of reference and is now also a public meeting.

Stakeholder Engagement: The non-voting membership of the IJB is set out in the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. This comprises six professional members and a minimum of 4 stakeholder representatives for each of the following groups - staff, third sector bodies, service users and carers. The IJB agreed a budget protocol on the 7 March which sought to formalise stakeholder engagement with the partner organisations around the budget process. A number of workshops have been held during the year, particularly around primary care and development of a carers' strategy. Care providers are very much thought of as a key part of the partnership and invited to the majority of the events the IJB hosts. The IJB has established the Aberdeen City Joint Staff Forum, which includes representation from the trade unions and the staff partnership, as a forum for workforce issues affecting social care and health staff.

Future Developments: develop a communications protocol which explains when, where and how the IJB will communicate with stakeholders.

Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits,

Economic: The IJB has an agreed budget for both 2016-17 and 2017-18. Indicative figures of the level of financial need over the next five financial years were also discussed and agreed at the IJB. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years.

Social: The IJB has published a strategic plan which identifies outcomes and the direction of travel over the next few years. The majority outcomes are closely linked to how social care and health services will be delivered and improved over the life of the strategic plan.

4 - Determining the interventions necessary to optimise the achievement of intended outcomes,

Interventions: A transformation programme has been developed focussing on six big ticket items which will help support the delivery of the strategic plan. These six big ticket items are monitored on a regular basis and information on progress is received by the Integration Joint Board and the Audit & Performance Systems Committee for scrutiny and challenge. Decisions to procure services costing over £50,000 are taken by the Integration Joint Board in so far as it relates to a Direction made to the NHs or Aberdeen City Council in respect of a delegated function and each report contains a section on risk. The Transformation Board monitors any new projects

ensuring that an optional appraisal and project plan is developed in line with best practice. The benefits both financial and non-financial are highlighted and contained in the project plans.

5 – Developing the entity’s capacity, including the capability of its leadership and the individuals within it,

Entity’s Capacity: A workforce plan has been developed for the IJB covering health and social care services. Capacity is further developed and scrutinised by having stakeholders out with those employed by the IJB, ACC or NHS Grampian around the IJB and many of its working groups. The Executive Team have started the Aston Team Journey programme with the intention of rolling this out across the partnership.

Leadership: The IJB has set itself goals and has recently evaluated their performance after one year of operation against these goals. A structure review has recently been completed and individuals are currently being recruited to these key posts. An organisational development plan has been developed and agreed which has a focus on leadership. A conference was held by the partnership during the year focussing on social care and health which was attended by senior officers.

Individuals: An induction programme has been established for the IJB which complements the induction programmes of NHS Grampian and Aberdeen City Council. Monthly newsletters are sent to all staff and an awards ceremony was held to celebrate achievements during the year. Staff surveys have been undertaken for Council staff and the ‘imatter’ survey is being completed by all partnership staff. The outputs from these surveys are discussed by the IJB Executive Team and any necessary improvement actions implemented.

Future Developments: The IJB Executive Team have committed to shadowing staff at all levels in the organisation and holding a quarterly leadership event for third and fourth tier managers during 2017/18.

6 - Managing risk and performance through robust internal control and strong public financial management,

Risk: Two risk registers have been developed. The first is an IJB strategic risk register and this documents the risk that the IJB may face in delivery of the strategic plan. The second register covers operational risks and is a summary of the departmental operational risk registers. Both the operational and strategic risk register are updated frequently and reported to the Audit & Performance Systems Committee at least quarterly.

Performance: A performance management framework has been developed for the IJB and is reported frequently to the Audit & Performance Systems Committee and the IJB. Performance is also monitored by bi-monthly city sector performance review meeting, where the Chief Executives and senior finance officers from NHS Grampian and Aberdeen City Council discuss performance and finance in a structured meeting with the Chief Officer and Chief Finance Officer. Performance management information is provided at a national NHS level and also contained within the statutory performance indicators reported by the Council. An annual

performance report is required as defined in the legislation (Public Bodies (Joint Working) (Scotland) Act 2014) underpinning the creation of the IJB.

Internal Controls: The internal control environment is largely delivered by the partner organisations given their operational remit. However, internal controls are evidenced in the IJB integration scheme and financial regulations. A review of the IJB internal controls is undertaken annually by the Chief Internal Auditors and his opinion on the adequacy of the internal control environment is highlighted below.

Financial Management: The IJB has received quarterly reports on the financial position as indicated in the integration scheme. The IJB financial position has remained largely static during the financial year, which the only material adverse movement being on the prescribing budget. The IJB agreed a balanced budget for 2017/18 on 7 March, which contained information on budget pressures, budget reductions and an indicative budget position for the next five financial years. All IJB reports contain a financial implications section advising the IJB on the budget implications of agreeing the recommendations of the report.

7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Transparency: The IJB meetings are held in public and the agendas, reports and minutes are available for the public to inspect. Public attendance is welcome at the IJB meetings. The Audit & Performance Systems committee has recently reviewed its terms of reference and agreed that meetings should now be held in public. The IJB has developed a publication scheme as required under the Freedom of Information (Scotland) Act 2002.

Reporting: The annual accounts management commentary section will have a focus on both financial and service performance over the last financial year.

Audit: The 2015/16 accounts received an unmodified audit certificate. The Audit & Performance Systems Committee has received an internal audit plan from the Chief Internal Auditor and five internal audit reports over the last financial year. A joint inspection of adult services and health care services for Aberdeen City was published by the Care Inspectorate during the year and reported to both the IJB and Clinical & Care Governance Committee. Of the nine quality indicators used in the report, Aberdeen City was graded as follows: one very good, two good, five adequate and one weak. An action plan was developed to address the recommendations of the report.

Future Developments: Improvement plans are in the process of being developed and these will be influenced by the performance management framework.

Review of Effectiveness

The IJB has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements, including the system of internal control. The review is informed by the work of the IJB Executive 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 Chief Internal Auditor has reviewed the IJB's internal control framework and is.....**(to be added when available)**.

The external auditor's annual report had one formal recommendation for the Executive Team about establishing a performance management framework. This recommendation is now closed as the framework is operating and established.

The governance framework was reviewed by the Executive Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The results of this review were also discussed by the Audit & Performance Systems Committee.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee and progress against the seven principles is detailed above. It is recognised that the IJB's governance framework is evolving as it matures and that future development work is required to provide further assurance against the governance principles. Therefore, these future developments will be developed into an action plan which will be monitored by the Audit & Performance Systems Committee, along with a more structured process for reviewing effectiveness in future years,

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within Aberdeen City Council and NHS Grampian places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Accordingly the following notes support the reliance that is placed upon those systems:

- i) Aberdeen City Council's governance framework..... (to be added when available)**

- ii) NHS Grampian governance framework (to be added when available)**

Certification

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of 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 internal control environment and action plans are in place to identify areas for improvement. It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance.

.....
Judith Proctor
Chief Officer

.....
Jonathan Passmore
Chair



Audit and Performance Systems Committee

Report Title	Internal Audit Plan 2017/18
Lead Officer	David Hughes, Chief Internal Auditor
Report Author	David Hughes, Chief Internal Auditor
Report Number	HSCP/17/036
Date of Report	31 March 2017
Date of Meeting	11 April 2017

1: Purpose of the Report

The purpose of this report is to seek approval of the Internal Audit Plan for the Aberdeen City Integration Joint Board for 2017/18.

2: Summary of Key Information

It is one of the duties of the Integration Joint Board Audit and Performance Systems Committee to review and approve the annual Internal Audit plan on behalf of the Integration Joint Board and, thereafter, receive reports on that planned work.

The Committee is also required to support the IJB in ensuring that the strategic integrated assurance and performance framework is working effectively.

Aberdeen City Council's Audit, Risk and Scrutiny Committee approved the 2017/18 Internal Audit Plan relating to Adult Social Care Services in the Council on 23 February (attached as Appendix B to this report) and the basis on which the overall plan was developed. Outputs from these reviews will be shared with the Aberdeen City IJB Audit Committee for information once they have been considered by Aberdeen City Council's Audit, Risk and Scrutiny Committee.

Audits undertaken by NHS Grampian's Internal Auditors, PWC, will be reported to the NHS Grampian Audit Committee in the first instance. Where there is a direct relationship between the work undertaken and the IJB, the reports will be



Audit and Performance Systems Committee

presented to the Aberdeen City IJB Audit Committee for information. The Internal Audit plan for NHS Grampian for 2017/18 will be circulated when it has been agreed.

The Internal Audit plan, as it relates to the Integration Joint Board, is attached at appendix A. Although this contains a limited amount of Internal Audit work in 2017/18, this is consistent with the approach taken in a number of other IJBs across Scotland. Assurance will, however, also be taken from the wider work of Internal Audit within Aberdeen City Council, specific work relating to Adult Social Care Services in the Council, and from NHS Grampian Internal Audit reports, amongst other sources.

Outputs from the IJB Internal Audit plan will be shared with Aberdeen City Council's Audit, Risk and Scrutiny Committee once they have been considered by the IJB Audit and Performance Systems Committee.

3: Equalities, Financial, Workforce and Other Implications

An equality impact assessment is not required because the reason for this report is for Committee to discuss, review and comment on the Internal Audit Plan for 2017/18 and there will be no differential impact, as a result of this report, on people with protected characteristics.

There are no staffing or financial implications arising directly from this report.

4: Management of Risk

Identified risk(s): Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.

Link to risk number on strategic or operational risk register: Risks numbers 1-10 of the strategic risk register

How might the content of this report impact or mitigate the known risks:



Audit and Performance Systems Committee

Risk is inherent in all business operations. Management implement controls to mitigate identified risks and it is the role of Internal Audit to periodically review the systems of internal control to provide assurance to those charged with governance regarding their adequacy. The Internal Audit plan is developed on a risk basis, the detail of which was agreed by Aberdeen City Council's Audit, Risk and Scrutiny Committee.

5: Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Approve the Internal Audit plan for 2017/18.



Audit and Performance Systems Committee

APPENDIX A

ABERDEEN CITY INTEGRATION JOINT BOARD

INTERNAL AUDIT PLAN 2017-18

SUBJECT	SCOPE	OBJECTIVE	Indicative Quarter
Integration and Change Funding	Integration and Change Funding	Ensure appropriate governance is in place to manage delivery of funded projects and use of the funds.	Q3



Audit and Performance Systems Committee

APPENDIX B

ABERDEEN CITY COUNCIL INTERNAL AUDIT PLAN 2017/18 (Extract)

SUBJECT	SCOPE	OBJECTIVE	Target AR&S Committee
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ADULT SOCIAL CARE SERVICES

Social Work Payroll	Social Work Payroll	Consider whether all aspects of payroll administration (new starts, leavers, timesheet completion and authorisation, overtime approval, etc) are adequately controlled.	November 2017
Financial Assessments	Social Work Financial Assessments	Consider whether adequate arrangements are in place across the Service to undertake financial assessments in an accurate and efficient manner.	November 2017
Care Management	Care Management	To obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled.	February 2018
Social Work Transport	Social Work Transport	Consider whether appropriate arrangements are in place to secure transportation in a cost effective and well managed way.	June 2017

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