



## Risk, Audit and Performance Committee

<b>Date of Meeting</b>	27 April 2021
<b>Report Title</b>	Annual Governance Statement
<b>Report Number</b>	HSCP.21.041
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer alestephen@aberdeencity.gov.uk
<b>Consultation Checklist</b>	Yes
<b>Directions Required</b>	No
<b>Appendices</b>	Appendix A – Annual Governance Statement Appendix B – Statement from the Chief Internal Auditor

### 1. Purpose of the Report

- 1.1. To provide the Risk, Audit and Performance Committee (RAPC) with the opportunity to provide comment on and approve in principle the annual governance statement.
- 1.2. To agree that assurances on the government framework can be provided to Aberdeen City Council and NHS Grampian.

### 2. Recommendations

It is recommended that Risk, Audit & Performance Committee:

- a) Comment and approve the governance statement at Appendix A, and
- b) Notes the statement form the Chief Internal Auditor at Appendix B.

### 3. Summary of Key Information

- 3.1. 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.



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- 3.2. The framework in an Integration Joint Board (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 the 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 the partners depending on the severity.
- 3.3. This year, as in every year, the IJB continues to review, modify and improve its governance framework. At the start of the financial year some of the Committee and Board meetings were cancelled to allow officers to concentrate on responding to the coronavirus pandemic. Later in the financial year the IJB brought back the committee and board meetings and the documents subject to an annual or periodic review were updated:
- *The standing orders of the IJB have been reviewed and updated and were approved on 23 March 2021. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting.*
  - *A new standards officer was agreed on 11 August 2020.*
  - *The IJB Records Management Plan was updated and approved on 8 September 2020.*
  - *A Carers Expenses Policy was approved on 1 August 2020.*
  - *The Model Complaints Policy was revised on 23 February 2021.*
  - *The Risk Appetite Statement was approved 1 December 2020.*
  - *The Board Assurance and Escalation Framework was revised and approved 26 August 2020.*
  - *A new care at home contract was implemented in November 2020 which focuses on improving outcomes for service users.*
  - *The IJB undertook a series of workshops which were facilitated to aid future decision making.*

In previous years, the following activities were implemented and are still applicable:

- *The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign*



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*of staffing teams aligned to localities and are part of our conditions for change programme.*

- *A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.*
- *The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme.*
- *The career ready programme and modern apprenticeships have been established within services.*
- *The Chief Officer is undertaking quarterly staff forums.*
- *Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives.*
- *Quarterly performance meetings have been undertaken with the leadership team.*
- *A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.*
- *A performance dashboard has been implemented using an NHS software system called Tableau. The dashboard is the basis of all performance reporting from operational to strategic level.*
- *Work has been undertaken to review the clinical care governance arrangements in the Partnership and the role of the Clinical Care Governance Committee in this process.*
- *An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.*
- *A review has been undertaken of the role of the North East Partnership which has strengthen governance arrangements for hosted and large hospital services.*
- *A new commissioning approach and strategy has been agreed by the IJB.*

- 3.4.** In relation to the coronavirus pandemic the Partnership reduced its service delivery and prioritised services to allow it to deal with the implications of the coronavirus and support a reduction in the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of the pandemic governance arrangements, the Partnership has reported through



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the business continuity arrangements of both the Council and the NHS. Governance arrangements have also been established in the Partnership where the status of service delivery is reported to a daily meeting of the Leadership Team, Staff Side\Unions and Bon Accord Care. At this meeting it is agreed what needs to be escalated and what can be agreed using the delegated authority of either the Chief Officer or Chief Finance Officer. These meetings are documented and supported by our control centre which was established to aid the flow of information.

- 3.5.** A draft annual governance statement is attached in Appendix A 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. Information has been provided by Aberdeen City Council and NHS Grampian for inclusion in the statement. The paragraph on the internal financial control arrangements has been agreed with the Chief Internal Auditor and further information is contained in Appendix B of this report. The Internal Audit Annual report for 2020/21 is reported at this RAPC, report HSCP.21.044.
- 3.6.** The Leadership Team has identified improvements to further strengthen the governance environment, and these are identified in the governance statement and will be monitored throughout the financial year. Good progress was made in closing off the improvements made last financial year.

### **4. Implications for RAP**

- 4.1. Equalities** – There are no equalities implications arising from this report.
- 4.2. Fairer Scotland Duty** – There are no Fairer Scotland Duties arising from this report.
- 4.3. Financial** – There are no financial implications arising from this report.
- 4.4. Workforce** – There are no workforce implications arising from this report.
- 4.5. Legal** – There are no legal implications arising from this report.
- 4.6. Other** – There are no other implications arising from this report.

### **5. Links to ACHSCP Strategic Plan**



- 5.1.** Good governance and internal controls are fundamental to ensuring the delivery of the strategic plan.



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### 6. Management of Risk

- 6.1. 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.
- 6.2. Link to risk number on strategic or operational risk register:** Risk numbers 1-10 of the strategic risk register
- 6.3. 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.

Approvals	
	Sandra Macleod (Chief Officer)
	Alex Stephen (Chief Finance Officer)



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### **Appendix A**

#### **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 include 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 systems of internal control, which support compliance with both organisations’ policies and promote 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 on 11 April 2017 at the Audit & Performance Systems Committee to adopt a local code of corporate governance which was built around the principles identified in the CIPFA\SOLACE<sup>1</sup> Delivering Good Governance in Local Government Framework (2016 Edition). The local code of governance is reviewed annually and reported to the same audit committee where the annual governance statement is approved. This code provides a list of documents\activities from an IJB, NHS Grampian and Aberdeen City Council perspective which provide assurance on the governance framework.

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



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A review is also undertaken by the Chief Finance Officer evaluating the IJB's governance environment against the governance principles detailed in the CIPFA document titled the ['The role of the chief financial officer in local government'](#).

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 has also adopted the governance principles from the delivering good governance document in its own local code of corporate governance.

### **Coronavirus Arrangements**

In relation to the coronavirus pandemic the Partnership reduced its service delivery and prioritised services to allow it to deal with the implications of the coronavirus and support a reduction in the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of the pandemic governance arrangements, the Partnership has reported through the business continuity arrangements of both the Council and the NHS. Governance arrangements have also been established in the Partnership where the status of service delivery is assessed and this is reported to a daily meeting of the leadership team, staff side/unions and Bon Accord Care. At this meeting it is agreed what needs to be escalated and what can be agreed using the delegated authority of either the Chief Officer or Chief Finance Officer. These meetings are documented and supported by our control centre which was established to aid the flow of information.

These arrangements have continued throughout the financial year, however, were particularly important during the first wave where decisions were required to be made quickly. The IJB has been operating throughout the pandemic, but with light agendas during the first wave and no sub committees. Since then, the IJB agendas have returned to normal levels and the two sub committees now meeting regularly.



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### **Seven Governance Principles of local governance framework.**

Against each of the seven governance principles adopted by the IJB there are key documents, activities, 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:* 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 has 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 has its own terms of reference.





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*Improvement activities undertaken during the year: The standing orders of the IJB have been reviewed and updated and were approved on 23 March 2021. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting. A new standards officer was agreed by the IJB on 11 August 2020.*

### **Principle 2 – Ensuring openness and comprehensive stakeholder engagement,**

*Openness:* Pre-COVID the IJB was a public board where members of the public and press can attend and agendas, reports and minutes are available publicly to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. As a result of the COVID restrictions IJB meetings are currently held electronically and are recorded. The recordings are made available to the public shortly after the meeting. The Risk, Audit & Performance Committee is also a public meeting. The IJB has its own complaints handling procedure which complies with Scottish Public Services Ombudsman's guidance.

*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 four 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 2017 which sought to formalise stakeholder engagement with the partner organisations around the budget process. 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. An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.

*Improvement activities undertaken during the year: A significant engagement process was undertaken on the day care recommissioning exercise and the final specification was agreed on the 28 October 2020. The IJB agreed a carers expenses policy on 11 August 2020 and two new carers were brought onto the IJB during the financial year. The model complaints policy was revised and approved at the IJB meeting on 23 February 2021 to comply with updated guidance.*



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

*Economic:* The IJB has agreed a Medium-Term Financial Framework which is updated annually. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years. Work has been undertaken to establish the financial and operational benefits of the major transformation projects. The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme. A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.

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

*Environmental:* A public bodies climate change duties report is collated and submitted annually on behalf of the IJB.

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

*Interventions:* A transformation programme has been developed which will help support the delivery of the Strategic Plan. This programme is monitored on a regular basis and information on progress is received by the IJB and the Risk, Audit and Performance Committee for scrutiny and challenge. Decisions to procure services costing over £50,000 are taken by the IJB in so far as they relate 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 Enabling Programme Board monitors any new projects ensuring that an option appraisal and project plans are developed in line with best practice. The benefits, both financial and non-financial, are highlighted and contained in the project plans.

*Improvement activities undertaken during the year:* The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early



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*intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme, many of the leadership team objectives which linked to the transformation plan were delivered at pace in response to the pandemic. A new care at home contract which moves from a focus on time and task to delivering better outcomes for service users commenced on 1 November 2020.*

*Future Developments: Develop a programme to support the delivery of the leadership team objectives which will help deliver the savings identified in the Medium-Term Financial Framework.*

### **Principle 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 career ready programme and modern apprenticeships have been established within services. The Chief Officer is undertaking quarterly staff forums. Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives. A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.

*Leadership:* The IJB has set itself goals and has evaluated their performance against these goals. 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 well attended.

*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 undertaken annually. The outputs from these surveys are discussed by the IJB Leadership Team and any necessary improvement actions implemented.

*Improvement activities undertaken during the year: During the year many of the development activities were cancelled or postponed although the team continued to learn and adapt in some very challenging situations. The IJB itself undertook a series on workshops with external support to help aid future decision making.*



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*Future Developments: Establish a leadership programme which helps install the principles of cross system leadership throughout the Partnership.*

### **Principle 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. The Strategic Risk Register is updated frequently and reported to the Risk, Audit & Performance Committee and the IJB.

*Performance:* A performance management framework has been developed for the IJB and is reported frequently to the Risk, Audit & Performance Committee and the IJB. Performance is also monitored by bi-monthly city sector performance review meetings, 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 Auditor 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. All IJB reports contain a financial implications section advising the IJB on the budget implications of agreeing the recommendations of the report.

*Improvement activities undertaken during the year: The strategic risk register and risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved on 1 December 2020.*

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

*Transparency:* Recordings of the IJB meetings were made available to the public after the meeting was held due to COVID restrictions and the agendas, reports and minutes are available for the public to inspect. The Risk, Audit & Performance



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committee is also a public meeting. 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. A review has been undertaken of the role of the North East Partnership which has strengthened governance arrangements for hosted and large hospital services.

*Audit:* The 2019/20 accounts received an unqualified audit opinion. The Risk, Audit & Performance Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

*Improvement activities undertaken during the year:* Work has been undertaken to review the clinical care governance arrangements in the partnership and the role of the Clinical Care Governance Committee in this process.

*Future Developments:* Continue to review and refine the clinical care governance framework and arrangements.

### **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 Leadership Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditor and the Chief Internal Auditor's annual report; and reports from the external auditor and other review agencies and inspectorates.

The Chief Internal Auditor has reviewed the IJB's internal control framework and in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2021.

Whilst recommendations for improvement were identified in audits that have been completed, as reported to the Risk, Audit and Performance Committee, areas of good practice, improvement, and procedural compliance were also identified.

The governance framework was reviewed by the IJB Leadership Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The Risk, Audit and Performance Committee was updated on progress with the implementation of improvement actions identified on the 23 April 2020.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee on 11 April 2017 and progress against the seven principles is detailed above. At Risk, Audit and Performance Committee on 23 April 2020 an update was provided on the sources of assurance contained in the local code of governance.



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The work undertaken against the improvement actions highlighted in the 2020/21 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above. Although it should be noted that given the focus this year has been on responding to the pandemic some of these activities still require further work and are therefore being kept as areas for improvement in 2021/22.

A summarised list of the 2021/22 improvement actions is shown directly below:

	<b>Area for Improvement and Outcome to Be Achieved</b>	<b>Improvement Action Agreed</b>	<b>Responsible Party</b>	<b>Completion Date</b>
1.	Transformation Programme	Create Programme Management Structure	Transformation Lead	31 March 2022
2.	Clinical Care Governance	Review arrangements	Clinical Lead	31 March 2022
3.	Leadership Development	Implement new programme to support cross system leadership.	SOARS Lead	31 March 2022

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**

Aberdeen City Council's governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its outcomes given the crucial role of governance, performance management and risk management in improving stewardship and how we do business. Reviewing our governance activity enables us to consider whether those objectives have led to the delivery of appropriate, cost effective services to the citizens of Aberdeen.



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The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, or comply with controls, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: -

- identify and prioritise the risks to the achievement of the Council's outcomes;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage those risks efficiently, effectively and economically.

The Audit, Risk & Scrutiny Committee has a key role in this, and an annual report of its activities and effectiveness will be considered by the committee and referred to Council for its consideration. This demonstrates improved transparency, understanding and challenge of the activity and outcomes from the Audit, Risk & Scrutiny Committee. The Council has an approved Local Code of Corporate Governance which sets out their commitment to the seven principles recommended in the CIPFA / SOLACE Framework 2016, by citing the primary sources of assurance which demonstrate the effectiveness of the systems of internal control.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B: Ensuring openness and comprehensive stakeholder engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Principle F: Managing risk and performance through robust internal control and strong public financial management

Principle G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability



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The Code, approved by Council on 15 March 2017, can be viewed on Aberdeen City Council's website.

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance as of 31 March 2021. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance. As the interim transitional structure continues to embed and as working practices are improved through digital design and delivery, levels of assurance are expected to increase.

### **ii) NHS Grampian governance framework (pending approval)**

NHS Grampian is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health and Social Care Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

As Accountable Officer, the Chief Executive is responsible for maintaining an adequate and effective system of internal control that identifies, prioritises and manages the principal risks facing the organisation, promotes achievement of the organisation's aims and objectives and supports compliance with the organisation's policies and safeguarding public funds.

The Board continually monitors and reviews the effectiveness of the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of national and local targets and demonstrating best value and the efficient use of resources. Key elements of the system of internal control include:

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they





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are relevant and fully reflective of both best practice and mandatory requirements;

- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas;
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters. In addition, senior leadership arrangements were strengthened during the year to provide additional capacity and support to the Chief Executive;
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure review development of organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;



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- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- Separate governance arrangements for the NHS Grampian Endowment Funds including a separate and distinct Chair of the Trustees, elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day-to-day operational matters of the charity.

Based on the evidence considered during the review of the effectiveness of the internal control environment NHS Grampian has confirmed that there are no known outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance that applies to NHS Boards on governance, risk management and control.

**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.**

.....  
Sandra Macleod  
Chief Officer  
April 2021

.....  
Luan Grugeon  
Chair  
April 2021



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### **Appendix B - Internal Audit Annual Report for the year ended 31 March 2021**

As Chief Internal Auditor of Aberdeen City Integration Joint Board, I am pleased to present my annual statement on the adequacy and effectiveness of the Board's framework of governance, risk management and control for the year ended 31 March 2021. The purpose of this statement is to assist the Chief Financial Officer in forming his opinion in relation to the Annual Governance Statement to be included in the Annual Accounts.

### **Opinion**

It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2021.

Whilst issues were identified in audits that have been completed, as reported to the Risk, Audit and Performance Committee, areas of good practice, improvement, and procedural compliance were also identified.

### **Basis of Opinion**

My evaluation of the control environment is informed by a number of sources:

- The audit work completed by Internal Audit during the year to 31 March 2021 in relation to the Integration Joint Board and relevant areas within Aberdeen City Council;
- Progress made with implementing agreed Internal Audit recommendations;
- The assessment of risk completed during the updating of the audit plan;
- Reports issued by the Board's external auditors;
- Internal Audit's knowledge of the Board's and Aberdeen City Council's framework of governance, risk management and performance monitoring arrangements.
- Consideration will be given to the contents of NHS Grampian's Internal Audit annual report when available.