

## **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\SOLACE<sup>1</sup> 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

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<sup>1</sup> 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, 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.

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Judith Proctor  
Chief Officer

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Jonathan Passmore  
Chair



