

A **meeting** of the **Integration Joint Board Audit & Risk Committee** will be held on 26 June 2024 10.30 am - 12.30 pm at Forth Valley College, Stirling Campus, and hybrid via MS Teams

Please notify apologies for absence to:
fv.clackmannanshirestirling.hscp@nhs.scot

AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Minute of previous meeting held on 21 February 2024** **For Approval**
4. **Action Log** **For Approval**
5. **Matters arising/urgent business brought forward by Chair**
Internal Audit Report Sharing
6. **Internal Audit Progress Report** **For Noting**
Paper presented by Isabel Wright, Chief Internal Auditor
7. **Internal Audit Annual Assurance Report 2023/24** **For Noting**
Paper presented by Isabel Wright, Chief Internal Auditor
8. **Internal Audit Plan 2024/25** **For Approval**
Paper presented by Isabel Wright, Chief Internal Auditor
9. **Draft Annual Governance Statement** **For Approval**
Paper by Ewan C Murray, Chief Finance Officer
10. **2023-2024 Draft Integration Joint Board Annual Accounts** **For Consideration and Agreement for issue**
Paper by Ewan C Murray, Chief Finance Officer
11. **Strategic Risk Register and Draft Risk Management Strategy** **For Approval**
Paper presented by Ewan Murray, Chief Finance Officer
12. **Best Value Checklist** **For Assurance**
Paper by Ewan C Murray, Chief Finance Officer
13. **Progress Update on Annual Audit Report Recommendations** **For Noting and Assurance**
Paper by Ewan C Murray, Chief Finance Officer
14. **CIPFA Audit Committee Self Assessment of Good Practice** **For Approval**
Paper presented by Ewan Murray, Chief Finance Officer
15. **Any Other Competent Business**
16. **Date of Next Meeting**

18 September 2024

**Draft Minute of the Clackmannanshire & Stirling IJB
Audit and Risk Committee**

held on **Wednesday 21 February 2024 10.30 am – 12.30 pm** The Boardroom,
Carseview House, Stirling, and hybrid via Microsoft Teams

Present:

Voting Members

Councillor Martin Earl, Stirling Council (Chair)
Martin Fairbairn, Non-Executive Board Member (V Chair)

Non Voting Member

Narek Bido, Recovery Scotland

In Attendance:

David Williams, Interim Chief Officer
Ewan Murray, Chief Finance Officer
Fadhil Muhammad, Audit Manager, Deloitte LLP
Sarah McPhee, Senior Internal Auditor, Falkirk Council
Sandra Comrie, Business Support Officer (Minutes)

1. WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and confirmed the meeting was quorate.

Apologies for absence were noted on behalf of:

Councillor Janine Rennie, Stirling Council
Isabel Wright, Internal Audit Manager, Falkirk Council. Sarah McPhee deputised for Isabel Wright.

2. DECLARATION(S) OF INTEREST

No declarations of interest were noted.

3. DRAFT MINUTE OF PREVIOUS MEETING HELD 13 September 2023

The draft minute of the previous meeting held on 13 September 2023 was approved.

4. MATTERS ARISING/URGENT BUSINESS BROUGHT FORWARD BY CHAIR

Mr Fairbairn asked whether The Audit and Risk Self-Assessment (item 8 from the minute), had been completed. Mr Murray explained the work was underway and committed to having this completed by the end of March.

5. REVIEW OF TERMS OF REFERENCE & PROPOSED WORKPLAN

Mr Ewan Murray, Chief Finance Officer presented the Review of Terms of Reference & Proposed Workplan to the Committee.

As part of good governance arrangements, the Audit and Risk and Finance and Performance Committees are required to review their Terms of Reference on an annual basis. Mr Murray will present a reviewed and revised Terms of Reference to the Integration Joint Board (IJB) on 27 March for approval. Mr Murray & Mr Williams highlighted to members that the development session in advance of the March IJB meeting would be a presentation from Mr Williams on how the working and governance of the IJB may be improved and streamlined in future. The IJB therefore may wish to further consider the roles and functions of both Committees. Therefore, a light touch review of the Terms of Reference, including a work plan for the coming year with key agenda items, was considered appropriate at this point.

The Committee agreed that it would be helpful to meet with the Audit Committee members from the constituent authorities and to improve oversight and understanding of the internal and external audits as they were carried out. They discussed and agreed on changes to the work plan and suggested the internal audit plan be carried out in June rather than September. Ms McPhee confirmed that the internal audit was planned to be completed in June.

Councillor Earl suggested the updated work plan be attached to the agenda going forward.

The Audit and Risk Committee:

- 1) Reviewed and agreed on the Terms of Reference for approval by the IJB.
- 2) Considered and approved the proposed work plan for 2024/25.

6. REVIEW OF DIRECTIONS POLICY

Mr Ewan Murray, Chief Finance Officer presented the Review of Directions Policy to the Committee.

The Review of Directions Policy was approved in September 2021 and requires 2 yearly reviews. As this had not yet been completed it was brought to this committee for consideration before presentation to the IJB for approval.

The draft Directions Policy was based on national guidance, published by Scottish Government, and only minor changes had been made. Mr Murray had attached a visual process to the policy to provide a better understanding. Mr Earl asked that future track changes to the process be kept in for visibility to the Committee. In addition, he questioned whether paragraph 3.8 of the Directions Policy was relevant as the Health and Social Care Partnership (HSCP) was the delivery body, not the IJB. Mr Williams clarified that although the IJB was not the delivery body they had the delegated responsibility to strategically plan and commission the Forth Valley Health Board and Stirling and Clackmannanshire Councils to deliver services and to monitor performance. He explained the policy needed to reflect the work being carried out at the current time ensuring that both Falkirk and Clackmannanshire & Stirling IJBs were making the same Directions. Mr Williams suggested paragraph 3.8 be removed before the March IJB highlighting the revision on the cover paper.

Mr Fairbairn discussed some text revisions, the Committee agreed these should be recorded separately on an action plan.

The Audit and Risk Committee:

- 1) Noted the background to the Directions policy.
- 2) Considered and recommended approval of the updated Directions policy to the IJB.

7. REVIEW OF RESERVES STRATEGY & POLICY

Mr Ewan Murray, Chief Finance Officer presented the Review of Reserves Strategy & Policy to the Committee.

Mr Murray explained that IJBs were essentially established based on existing local government legislation and could hold reserves to have a reserves policy and strategy as part of a robust financial management regime. The reserves policy should be reviewed on an annual basis. There were no significant changes as the reserves policy, as it stood, was around best practice.

Mr Fairbairn raised concerns about the IJB not being able to cover expenditure over income and how the reserves would be used to manage that situation. Mr Bido suggested the Committee look more in detail at the level of

services provided and the risks associated with overspends and underspends. For clarity, Mr Murray and Mr Williams explained the integration scheme process about unplanned overspends.

Mr Murray confirmed the integration scheme was being reviewed this year and there may be a requirement to further review the reserves policy in light of this. Mr Williams explained the integration scheme was a legal partnership agreement between Clackmannanshire Council, Stirling Council, and NHS Forth Valley, and Mr Murray confirmed that all IJBs have a reserves policy aligned to national guidance. The Committee discussed and agreed that the overspending arrangements would need to be reviewed alongside a deep dive into future reserves policy.

The Audit and Risk Committee:

- 1) Considered the reserves strategy and policy.
- 2) Recommended approval of the reserves strategy and policy to the IJB to be presented as part of the 2023/24 Revenue Budget.

Item 9 was taken before item 8 as Fadhil Muhammad had joined the call.

8. PROGRESS UPDATE ON ANNUAL AUDIT REPORT RECOMMENDATIONS

Mr Ewan Murray, Chief Finance Officer presented the Progress Update on Annual Audit Report Recommendations to the Committee.

The update was a follow-up to the recommendations raised in last year's annual external audit plan.

Mr Murray explained the first recommendation was because of a lack of preparation for the IJB audit, the Committee agreed the work for year one had a lot of duplication. All 2022/23 external audit reports had not yet been presented to the constituent authorities at this point. The 2023/24 IJB Annual Audit Report was completed within the timescale but there were some delays with requests that needed to be improved with external auditors.

The second recommendation was concerning financial reporting which had now been fully addressed in the Financial Report going to the Finance and Performance Committee on 28 February. The same report will go to the IJB on 27 March.

The transformation recommendation and content of the financial reports were fully addressed, as was the delegation of services.

The performance reporting target still required further work. Agreeing targets and performance needed to be addressed and management commentary was still under constant review as part of a process of continuous improvement. Specific recommendations around financial sustainability and another on the updating of governance arrangements were being reviewed on an ongoing basis.

Mr Murray confirmed that further work was ongoing on reporting and monitoring of audit actions.

The Audit and Risk Committee:

- 1) Noted and drew assurance from the progress update on the recommendations contained within the 2022/23 Annual Audit Report.

9. ANNUAL AUDIT PLAN 2023/2024

Mr Fadhil Muhammad, Audit Manager, presented the Annual Audit Plan 2023/24 to the Committee.

Mr Muhammad explained the significant risks identified in the report were similar to those in the previous report. One of the recommendations was to ensure there was better coordination of the audit to ensure it was carried out successfully. It was important to have the necessary support from all constituent authorities so the audit could be carried out appropriately. Mr Muhammad confirmed he would meet with Mr Murray to ensure there was an appropriate plan in place. Regarding the wider scope areas, he was still looking into points raised previously in terms of insights and findings around financial management and financial sustainability, which would be looked at again during the final audit to ensure they were being followed up. As the review of the integration scheme was still ongoing, he wanted to make sure this was being complied with.

Mr Fairbairn asked how work was being carried out, with the external auditors of the constituent authorities, to eliminate unnecessary duplication in the audit process for 2024/25. Mr Muhammad confirmed he was arranging a meeting with the external auditors to ensure the coordination of the audit was being carried out appropriately. A lot of coordination was still required as the constituent authorities were all at different stages of the audit process. Mr Muhammad was due to meet with Mr Murray separately to ensure they are coordinating effectively.

Mr Murray explained to members that he had recently completed the annual audit experience survey and had raised concerns and improvements required

in audit co-ordination to reduce duplication, particularly duplication of transaction testing.

Mr Fairbairn made a point that there were ways duplication could be avoided and wanted it noted that if the final report contained any duplication this should be reported as a failure of the external auditors due to the coordination of the work carried out. Councillor Earl asked Mr Muhammad to provide details of work where duplication had occurred so it could be identified clearly. Mr Muhammad was confident they could coordinate work with the external auditors to avoid duplication.

The Committee discussed the climate-related risks, Mr Muhammad confirmed the risks were recorded for NHS Forth Valley and Stirling and Clackmannanshire Councils and were not directly focused on the IJB.

The Audit and Risk Committee:

- 1) Considered, discussed, and approved the Annual Audit Plan

10. INTERNAL AUDIT PROGRESS REPORT

Ms Sarah McPhee, Senior Internal Auditor, presented the Internal Audit Report to the Committee.

Ms McPhee provided an update on the completion of the 2023/24 internal audit plan, which was agreed by the Committee in 2023. The report highlighted the workload, and the progress made, and included the finalised audit report relating to the Directions policy.

Mr Fairbairn asked whether the internal audit had been completed within the 20-day timescale and questioned why the Directions policy stated the Directions log had not been created or reviewed by the Finance and Performance Committee.

Ms McPhee explained she would ask Isabel Wright to respond to the timescale. The agreed management actions recorded were those received from the IJB. No one requested that these actions be applied to the Finance and Performance Committee. Mr Murray agreed to take this report to the Finance and Performance Committee on 28 February, to provide sight and awareness of this.

Mr Fairbairn was concerned about how the roles of the IJB would be reflected in the Directions policy going to the IJB. Mr Williams explained he has been working on the structure of the IJB agenda, and the new agenda would contain separate sections for papers with decision and with direction, and

papers with decision without direction, to provide a straightforward flow of information contained in the papers.

The Committee agreed that the wording of recommendation 2, in the Internal Audit Report, should be changed to say the work would begin in March.

Mr Murray explained that the IJB would be in a different place with Directions after the report went to the IJB in March, however, the way directions were issued and monitored would continue to evolve.

The Audit and Risk Committee:

- 1) Noted the progress being made with completing the 2023/24 Internal Audit Plan, taking into account that the Internal Audit Plan remained flexible and amendments may be required should risks, priorities, resources, and operational capacity change significantly; and
- 2) Noted the Directions Policy Final Report in Appendix 1.

11. STRATEGIC RISK REGISTER

Mr Ewan Murray, Chief Finance Officer, presented the Strategic Risk Register to the Committee.

The Strategic Risk Register was previously included in the performance reports. Mr Murray explained it would now be presented to the IJB as a standalone paper with a revised format. The purpose of the register was to ensure that practice was aligned accordingly to reduce the level of risk.

The Committee discussed the new format of the register and how the IJB would have the capacity to action and reduce risks. Mr Earl requested more clarity on how the IJB proposed to reduce risks.

Mr Fairbairn highlighted that some of the actions on the register were not clear on whether they were for the HSCP or IJB. In addition, the Committee agreed there needed to be further clarity on the progress of the actions and more explanation as to why certain risks had increased and the impact/implications.

Mr Williams confirmed that more work would be carried out on the risk register in the coming months and the committee would receive a report on progress at its next meeting.

The Audit and Risk Committee:

- 1) Reviewed and approved the Strategic Risk Register

12. AUDIT & RISK COMMITTEE ANNUAL ASSURANCE STATEMENT FOR 2023-24

Mr Ewan Murray, Chief Finance Officer, presented the Audit & Risk Committee Annual Assurance Statement for 2023-24 to the Committee.

Mr Murray explained that following the agreement at the IJB meeting in March 2023, assurance reports had now been completed for each of the Committees to provide assurance on their role and function. Isabel Wright would add her opinion as Chief Internal Auditor. Mr Murray confirmed that the final columns on the appendices were still to be completed and brought up to date.

Mr Earl requested dates be added when people join and leave the Committee.

The committee discussed some changes to the terminology of assurance in the report to align with the definitions of assurance used by the current IJB internal auditors. They were satisfied with the Annual Assurance Statement.

The Audit and Risk Committee:

- 1) Noted the reports presented during the year and the outputs from internal and external audits
- 2) Approved the 2023-24 Assurance Statement for presentation to the IJB

13. RELEVANT NATIONAL REPORTS

Mr Ewan Murray, Chief Finance Officer, presented the Relevant National Reports to the Committee.

- Local Government in Scotland: Financial Bulletin 2022/23
- A Renewed Focus on the Sustainability of Social Care

Mr Murray discussed some key points from the reports, explaining they were directly relevant to the funding environment of the IJB and the challenges facing social care.

The Audit and Risk Committee:

- 1) Note the reports and their relevance to the operating context of the IJB as a public body and Health and Social Care Partnership as the operational construct services are delivered within.

14. ANY OTHER COMPETENT BUSINESS

None

15. DATE OF NEXT MEETING

26 June 2024

Paper Number	Report Title	Action	Person Responsible	Timescale	Progress/Outcome	Status
4	Matters Arising	Complete the Audit and Risk Self-Assessment	EM	March 2024	EM working on this	Complete
5	Review of Terms of Reference & Committee Workplan	Add best value to the workplan.	EM	March 2024		Complete
		Change consider to “will work with” in paragraph 8.	SC			Complete
		Amend the text on the quorate section.	EM			In Progress
		Add the work plan to the agenda going forward.	SC			Ongoing

6	Review of Directions Policy	Remove paragraph 3.8, highlighting the revision on the cover paper.	EM			Complete
		2.2 and 2.3 sentences need aligned	SC			Complete
		3.1 should state the Board of the IJB is responsible.	SC			Complete
		4.3 remove both	SC			Complete
		4.4 Change either to any	SC			Complete
		5.2 confirm whether it is in the remit	EM		Confirmed at the Finance and Performance Committee on 28.02.2024	Complete
		Create an action log	SC			Complete
7	Review of Reserves Strategy and Policy	Deep Dive session on Reserves Policy	All			Ongoing
8	Progress update on Annual Audit Report Recommendations	Cover Paper should be 2023/24	SC			Completed

		Items 9 and 10 can be noted as completed	EM			Completed
		Integration scheme, change what can be completed/noted	EM			Completed
10	Internal Audit Progress Report	Report to go to the Finance and Performance Committee so they have sight of the action recorded	EM			Completed
		Appendix 1, recommendation 2 – change to state “work will begin in March 2024”	Isabel Wright			In Progress

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 6

Internal Audit Progress Report

For Noting

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Isabel Wright, Internal Audit Manager
Author	Isabel Wright, Internal Audit Manager
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	This report provides an update on progress with completing the 2023/24 IJB Internal Audit Plan.
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Recommendations:	<p>The Audit and Risk Committee is asked to note:</p> <ol style="list-style-type: none"> 1) progress made completing the 2023/24 Internal Audit Plan; and 2) audit work will be sufficient to allow the Internal Audit Manager to provide an opinion on the adequacy and effectiveness of internal controls at year-end.
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1. Background

- 1.1 Responsibility for leading on the provision of Internal Audit services to the Integration Joint Board (IJB) rotates on a three-yearly cycle between the Chief Internal Auditor of NHS Forth Valley, and both Clackmannanshire Council and Stirling Council Internal Audit Managers.
- 1.2 Prior to 01 April 2022, this provision was led by the Chief Internal Auditor of NHS Forth Valley. From 01 April 2022 Clackmannanshire Council's Internal Audit Manager took over.
- 1.3 Resources to deliver the plan are provided by the NHS Forth Valley and the Clackmannanshire Council and Stirling Council Internal Audit services. It is senior managers' responsibility, however, to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.

2. Considerations

- 2.1 The Internal Audit Plan for 2023/24 was agreed by the Audit and Risk Committee on 28 June 2023. The agreed plan is overleaf:

Planned Area	Scope	Days
Audit Planning and Management	Liaison with management and attendance at Audit and Scrutiny Committee. Preparation of the Annual Internal Audit Plan, Progress Reports, and Annual Assurance Report.	4
Audit Follow Up and Assignments	Directions Policy	20
	Follow up of previous Internal Audit recommendations actions.	10
	IJB's Suite of Governance Documents	20
Annual Assurance Work	Review of governance self-assessment and any other annual assurance work required. Includes provision of advice to the Chief Officer and / or the Chief Finance Officer.	6

2.4 The current position is summarised in the table below:

Assignments in 2023/24 Internal Audit Plan:	
Directions Policy	This review has been undertaken, with a final report issued. The finalised assignment was presented to the 21 February 2024 meeting of the Audit and Risk Committee.
Follow Up of Previous Internal Audit Recommendations	This review has been undertaken, with a final report issued. The finalised assignment is set out at Appendix 1 . Internal Audit use a set of Assurance Categories. A summary of these is set out at Annex 1 within the report at Appendix 1 .
IJB's Suite of Governance Documents	<p>There has been significant work undertaken by the Chief Finance Officer on a review and refresh of the IJB's governance documents, including the Financial Regulations, Reserves Policy, Directions Policy, etc. There are, however, others such as the Scheme of Delegation which will require more fundamental review post agreement of the revised Integration Scheme.</p> <p>In the meantime, a Local Code of Corporate Governance for the IJB is in development by the Chief Finance Officer. Internal Audit will provide assurance through the scrutiny and related advice given on the draft Local Code of Corporate Governance. The draft Local Code of Corporate Governance will be presented to a future meeting of this Committee. Since the ongoing review of the Integration Scheme will have an impact on the content within the suite of governance</p>

Assignments in 2023/24 Internal Audit Plan:	
	documents, it has been agreed with the Chief Officer and the Chief Finance Officer to programme this work in the 2024/25 Internal Audit Plan.
Review of Governance Assessment	Self- The review of the Annual Governance Statement Assurance Questionnaire has been undertaken, with a final report issued. The finalised assignment is set out at Appendix 2 . Internal Audit use a set of Assurance Categories. A summary of these is set out at Annex 1 within the report at Appendix 1 .

3. Conclusions

- 3.1 Completion of the planned programme of internal audit work for 2023/24 has not progressed as anticipated due to the ongoing review of the Integration Scheme. Audit work will be sufficient, however, to allow the Chief Internal Auditor to provide an opinion on the adequacy and effectiveness of internal controls at year-end.

4. Appendices

- Appendix 1:** Internal Audit Follow Up of Previous Internal Audit Recommendations
Appendix 2: Internal Audit Annual Governance Statement Assurance Questionnaire

MEMO

To: David Williams, Interim Chief Officer
Ewan Murray, Chief Finance Officer

Copy: Isabel Wright, Internal Audit Manager

From: Sarah McPhee, Senior Internal Auditor

Date: 30 May 2024

Subject: Follow-Up Internal Audit Review of Recommendations

1. The purpose of this review is to evaluate and report on the adequacy of the implementation of recommendations highlighted in Internal Audit reports from 2022/23. This is a high level review which forms part of our 2023/24 Internal Audit Plan, agreed by the Audit and Risk Committee on [28 June 2023](#).
2. The 2022/23 Internal Audit reports reviewed as part of this audit are listed below:
 1. 2022/23 Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up.
 2. 2022/23 Internal Audit Review of Action Points Follow Up.
 3. 2022/23 Internal Audit Review of Annual Governance Statement Assurance Questionnaire.
3. In 2021/22 Internal Audit carried out a review of the development of the 2023 - 2033 Strategic Commissioning Plan (SCP). This review involved Internal Audit developing a questionnaire setting out the key elements of SCP development. The questionnaire was completed by the Health and Social Care Partnership Officers responsible for SCP progress. Internal Audit reviewed and verified the information provided and assessed its adequacy. The original 2021/22 report provided limited assurance (see **Annex 1** for assurance category definitions) and eight recommendations, with related actions agreed by management. The 2023 – 2033 SCP was agreed and approved for publication by the IJB on 29 March 2023.
4. In 2022/23 the Internal Audit Plan made provision for a follow up audit of the eight SCP recommendations. This found: six could be evidenced as implemented, however, two were partially implemented. This 2023/24 audit seeks a further follow up of the two partially implemented SCP recommendations noted above. It was found that both the recommendations are not fully implemented as at May 2024, further details are in **Annex 2**.
5. As part of the 2022/23 Internal Audit Plan there was provision for a follow up of the actions highlighted in the NHS Fife, Tayside, and Forth Valley (FTF) Internal Audit Annual Report from 2021/22. The original 2021/22 report detailed the various plans that were in place, including the Strategic Improvement Plan (SIP). The SIP was an amalgamation of various other action plans (Ministerial Steering Group, and Audit and Governance), to aid effective monitoring, streamline reporting, and minimise duplication. The high level review in 2022/23, therefore, concentrated on the SIP arrangements.

6. Management acknowledged that the SIP would continue to evolve, and that there were too many plans in place. After the approval of the Strategic Commissioning Plan in March 2023, the Audit and Risk Committee agreed that the recommendations in the NHS FTF 2021/22 Annual Audit Report should be reorganised into a Delivery Plan that delivers / underpins the strategic priorities. The 2022/23 Follow Up report has highlighted two recommendations that should be included in the delivery plan noted above. Due to the nature of the report an assurance level was not deemed appropriate.
7. This review has found one recommendation as at May 2024 was fully implemented and one was partially implemented. Further details on the recommendations are at **Annex 3**.
8. Each year the Chief Finance Officer has the responsibility for conducting a review of the effectiveness of the CSIJB's governance framework including the system of internal control. This includes an annual self-assessment of the governance arrangements which involves completing the Annual Governance Statement Assurance Questionnaire (the Questionnaire). The Questionnaire provides assurance that key governance arrangements and documents are in place, up to date, and subject to ongoing review. The Questionnaire is broadly consistent with the governance principles set out in CIPFA's Delivering Good Governance in Local Government Framework.
9. The original 2022/23 audit provided a substantial assurance, and seven recommendations with related actions were agreed by management. From the seven recommendations, it is noted that two are now implemented, relating to the workforce place and workforce report, and the remaining five are partially implemented. Further details can be found in **Annex 4**.
10. Based on the work undertaken, we can provide **LIMITED ASSURANCE** in relation to the implementation of the outstanding recommendations. As per the table below out of the eleven recommendations assessed, five are fully implemented and six are partially implemented.

Internal Audit Reports from 2022/23	Total Number of Recommendations to Implement in 2023/24	Number Fully Implemented as at May 2024	Number Partially Implemented as at May 2024
Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up	2	2	
Internal Audit Review of Action Points Follow up	2	1	1
Internal Audit Review of Annual Governance Statement Assurance Questionnaire	7	2	5
Total	11	5	6

11. I would be grateful if you could confirm, by 12 June 2024, when action to address these partially implemented recommendations will be complete.
12. Finally, I would like to thank you for the assistance and co-operation provided during Internal Audit's visit.

Sarah McPhee
Senior Internal Auditor
30 May 2024

DEFINITION OF AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Classification of Recommendations		
Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently, management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Management Action at April 2023 / Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
1.	<p>A more detailed project plan, including resource requirements, should be prepared.</p> <p>A project risk assessment should also be carried out.</p> <p>2021/22 Report Paragraph: 3.3</p> <p>Grade 1</p>	<p><u>Recommendation Accepted</u> Detailed project plan is in place and can be shared.</p> <p>Planning and Policy Development Manager / 31 December 2022</p>	<p>Update at April 2023: Risk assessment for SCP Project to be developed.</p> <p>Update at June 2023: No risk assessment was carried out, however, project plan continues to be monitored to ensure all tasked are completed and closed in project plan.</p> <p>Update at May 2024: Strategic Commissioning Plan was approved on 29 March 2023 with updates presented to the IJB in March 2024.</p> <p>As per the finding in April 2023 there is no evidence of project risk assessments being carried out. As the plan has been approved by IJB the project has been completed and the need for risk assessments has been superseded.</p>	Implemented		

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Management Action at April 2023 / Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
2.	<p>The Strategic Planning Group (SPG) should review the progress of the engagement plan, and specifically the rollout of the website and engagement tool.</p> <p>They should also consider the importance of the work with the Sensory Centre and ensure that an appropriate timescale is set for this work to be undertaken.</p> <p>2021/22 Report Paragraph: 3.25</p> <p>Grade 2</p>	<p><u>Recommendation Accepted</u></p> <p>Completed eight week survey with 252 participants and held 15 in person engagement sessions and three online engagement sessions with citizens living across the partnerships three locality areas (Clackmannanshire, Stirling (Urban) Stirling (Rural) to shape CSHSCP's new Strategic Plan 2023-2033. Communication and signposting featured strongly, this will be reflected in CSHSCP Strategic Plan and our Locality Plans which are expected to be published in March 2023, pending approval from Integration Joint Board (IJB). Follow the publication of our new Strategic Plan, CSHSCP will review and renew our Participation and Engagement Strategy 2020 – 2023 https://clacksandstirlinghscp.org/wp-content/uploads/sites/10/2018/11/Participation-and-Engagement-Strateg.pdf</p> <p>This work will be led by our new Service Improvement Manager who will create and lead a focus group which will aim to have stakeholders including:</p> <p>Older adults; Disabilities including sight impairment; New Scots / Refugee; Staff Partner(s). This focus group will support and inform our review of our current strategy and how we best approach our new participation and engagement strategy and help advise on areas of communication including website, social media, newsletter and other communications to co-produce a new participation and engagement plan for 2024-2027.</p> <p>Service Improvement Manager / 14 December 2022</p>	<p>Update April 2023: Work with the Sensory Centre to produce Easy Read and other accessible versions of the SCP to be completed.</p> <p>Update June 2023: In progress. Engagement plan further updated. Discussions with Sensory Centre have continued with aim to produce Easy Read and accessible versions asap.</p> <p>Update May 2024: A text only version of the SCP is now available on the partnership website at the link below: Clackmannanshire and Stirling HSCP – Strategic Plan (clacksandstirlinghscp.org)</p>	Implemented		

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
1.	<p>Governance arrangements for monitoring and reporting of the Delivery Plan should be reviewed to ensure adequate scrutiny of progress.</p> <p>2022/23 Report Paragraph: 11</p> <p>Grade 1</p>	<p><u>Recommendation Accepted</u> The suite of reports to the June Integration Joint Board meeting incorporate both draft Strategic and Operational delivery plans with a commitment to provide six monthly updates.</p> <p>Officers identified in draft Strategic and Operational Delivery Plans / 31 December 2023</p>	<p>An update of the Strategic Commissioning Plan - Strategic Delivery Plan was issued to IJB in March 2024. The IJB papers also state a commitment to ongoing monitoring and will be reported as part of the regular reporting of activity linked to the Strategic Commissioning Plan.</p>	Implemented		
2.	<p>Actions within the Delivery Plan should be meaningfully validated / SMART: specific, measurable, achievable, relevant, and time bound.</p> <p>2022/23 Report Paragraph: 11</p> <p>Grade 1</p>	<p><u>Recommendation Accepted</u> Further consideration of formatting and structure of draft plans post consideration by the Integration Joint Board taking account of matters raised in this report.</p> <p>This will ensure appropriate linkages to team and individual objectives of Senior Management and Leadership Team (SMLT) members.</p> <p>Senior Management and Leadership Team / 31 December 2023</p>	<p>The Delivery Plan as per March 2024 IJB details the action along with successes to date and activity underway.</p> <p>Each action is assigned to a Senior Responsible Officer although these are not measurable with dates.</p>	Partially Implemented	<p>Ensure each action in the Delivery Plan is measurable with specific implementation dates.</p>	<p>Future progress updates will incorporate dates to ensure they are measurable. The intention is to take a wider progress report to the IJB in March 2025.</p> <p>Head of Strategic Planning and Health Improvement 31 March 2025</p>

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
1.	<p>Action plan within the Workforce Plan to be completed and monitored.</p> <p>2022/23 Report Paragraph: 3.7</p>	<p><u>Recommendation Accepted</u> The Workforce Plan incorporated an action plan which incorporates timeframes.</p> <p>Chief Officer, Head of Service, Strategic Planning and Health Improvement, Senior OD Advisor / 30 November 2023</p>	<p>Workforce Plan completed with a year 1 review due to be submitted to IJB in June 2024.</p>	Implemented		
2.	<p>The following issues should be addressed:</p> <p>Lack of assurance that there is best use of resources, and that the organisation provides value for money to the public.</p> <p>Lack of sufficient skills, knowledge, and talent to deliver the business need.</p> <p>Lack of effective succession planning.</p> <p>2022/23 Report Paragraph: 3.9</p>	<p><u>Recommendation Accepted</u></p> <p>There is financial input to business cases and decisions. Acknowledge that best value is evolutionary and better evidence of impact on outcomes required over time. Further consideration of approach to Best Value to be incorporated with future Annual Performance Reports.</p> <p>Workforce Plan will highlight areas of need. Currently facing recruitment and retention challenges.</p> <p>Action plan within the Workforce Plan will identify actions to improve succession planning in partnership with the constituent authorities.</p> <p>Chief Finance Officer, Head of Service, Strategic Planning and Health Improvement, Senior OD Advisor / 31 July 2024 / 30 November 2023</p>	<p>Financial input to business cases should be further considered within the 2023/24 Annual Performance Reporting and should continue to be developed going forward.</p> <p>Year 1 review of the Workforce Plan has been completed and does highlight the areas where sufficient skills are required. There is an action plan within the Workforce Plan identifying improvements.</p>	Partially Implemented	<p>Further consideration of approach to Best Value.</p>	<p>Annual Performance reporting will be developed to take into account the approach to Best Value.</p> <p>Chief Finance Officer 31 July 2024</p>

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
3.	<p>The following issues should be reviewed: Internal controls are not aligned with the external accountability framework.</p> <p>Undelivered outcomes from the Internal Audit Plan.</p> <p>Further training required for staff with financial authority.</p> <p>Limited processes and tools in place to monitor major investment projects.</p> <p>2022/23 Report Paragraph: 3.12</p>	<p><u>Recommendation Accepted</u></p> <p>Further review and assurances of follow up action required from the Internal Audit Plan.</p> <p>Annual Committee Assurance Reports will provide assurance.</p> <p>Financial training available, but refresher training should be offered in partnership with constituent authorities.</p> <p>Workforce constraints require taking time to fully implement major investment in direct service provision. Monitoring and initial evaluation arrangements to be further considered.</p> <p>Chief Finance Officer / Committee Chairs / Chief Officer / 31 December 2023 / 30 September 2023 / 31 July 2024</p>	<p>Annual Assurance report are now in place and were presented to IJB on 27 March 2024.</p> <p>Training remains ongoing. Discussions are taking place with Chief Finance Officers and Director of Finance within constituent authorities on how best this can be considered.</p> <p>Chief Finance Officer agrees there is still limited processes and tools in place for monitoring major investments.</p>	<p>Partially Implemented</p>	<p>Ongoing discussions.</p> <p>Further consideration required on how to monitor major investments.</p>	<p>Integration Joint Board Chief Finance Officer will seek to agree plan with NHS Forth Valley Director of Finance and Council Chief Finance Officers to address training requirements.</p> <p>31 December 2024</p> <p>Chief Finance Officer / Interim Chief Officer and Heads of Service will consider further. Senior Leadership Team is at full staffing capacity. Awaiting the recruitment of Head of Community and Care to commence. Senior Leadership Team</p> <p>30 November 2024</p>

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
4.	<p>The completion of the self-assessment highlighted there was scope to improve measurable outcomes as part of team plans, in order to align with the Strategic Commissioning Plan. The self-assessment also highlighted five further issues to be addressed:</p> <p>1. Work required on the performance management processes to support the organisation to achieve its strategic and operational objectives.</p> <p>2. Review and refresh the following:</p> <ul style="list-style-type: none"> • Service Plan; • Team Plans; and • Individual Plans. <p>3. Staff may not have the knowledge, skills, and tools to support the achievement of services.</p>	<p><u>Recommendation Accepted</u></p>	<p>Performance management process is ongoing.</p> <p>Review of Service Plan, Team Plan and Individual Plans underway.</p> <p>Permanent appointment of the Head of Service who commenced 27 May 2024.</p>	<p>Partially Implemented</p>	<p>Complete work on performance management system.</p> <p>Review and refresh the Service Plan, Team Plan and Individual plans.</p> <p>Review the requirements of staff to support the</p>	<p>An updated Integrated Performance Framework will be presented to the Integration Joint Board in June 2024.</p> <p>Head of Strategic Planning and Health Improvement</p> <p>28 June 2024</p> <p>Service plans will be reviewed and updated by the Heads of Services.</p> <p>Heads of Service 31 December 2024</p> <p>Action Plans will be developed in response to findings from May 2024 imatters survey.</p>

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
	<p>4. Alignment of individual plans to team and service objectives.</p> <p>5. Non-financial resources to be aligned with strategic aims.</p> <p>2022/23 Report Paragraph: 3.15</p>	<p>Some key vacancies. Replacement Head of Service Community Health and Care will assess position and requirements.</p> <p>Service Plans currently under review.</p> <p>Annual Financial statements of annual performance report demonstrating some trends in deployment of resources at odds with strategic direction. Exercise to baseline alignment of resources to 2023/33 Strategic Plan Priorities to be undertaken.</p> <p>Head of Service, Community Health and Care / Head of Service, Strategic Planning and Health Improvement / Chief Finance Officer / 31 March 2024, 31 December 2023, 30 November 2023</p>	<p>There have been no amendments to service plans.</p> <p>There is a start to align non-financial resources to the strategic aims via the Delivery Plan. Further work has been done on the 2024/25 budget, in order to demonstrate alignment to evidence of outcomes to support the approved Strategic Plan Priorities, as demonstrated in the budget paper approved by the IJB in March 2024.</p>		<p>achievements of the service.</p> <p>Align individual plans to team and service objectives.</p> <p>Continue to align non-financial resources to strategic priorities via the Delivery Plan.</p>	<p>Heads of Service 30 November 2024</p> <p>Heads of Service to review and refresh service plans and ensure aligned to team and service objectives. 30 November 2024</p> <p>The 2024/25 Integration Joint Board Revenue Budget incorporates an assessment which gives a baseline to monitor against. Future review budgets and financial statements within Annual Performance Reports will incorporate updates.</p> <p>Chief Finance Officer 31 March 2025 (Revenue Budget) / 31 July 2025 Annual Performance Report</p>

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
5.	<p>Incorporate the action plan noted by External Audit into the Delivery Plan.</p> <p>2022/23 Report Paragraph: 3.17</p>	<p>Recommendation Accepted To be incorporated into next iteration of the Delivery Plan.</p> <p>Chief Finance Officer 30 September 2023</p>	<p>This was partially considered within the Delivery Plan update at the March 2024 Integration Joint Board. Also supplemented by progress reports to Audit and Risk Committee in February 2024.</p>	Partially Implemented	<p>Fully incorporate action plan noted by External Audit into the Delivery Plan and ensure the Integration Joint Board receives periodic progress updates.</p>	<p>Agreed.</p> <p>Chief Finance Officer 30 September 2024</p>
6.	<p>Further evolution of the integrated performance reporting to the Integration Joint Board.</p> <p>Further work on the Workforce reports that are issued to the Senior Management and Leadership Team.</p> <p>2022/23 Report Paragraph: 3.19</p>	<p>Recommendation Accepted Development of Integrated Performance Framework</p> <p>Further development of integrated workforce reporting.</p> <p>Head of Service, Strategic Planning and Health Improvement / HR Leads</p> <p>Ongoing</p>	<p>Update is due to be presented to the IJB in June 2024.</p> <p>Senior Management Leadership Team (SMLT) now receive regular reports on HR and organisational development. Now a standing agenda item at SMLT meetings.</p>	Implemented		

	Recommendation	Agreed Management Action / Original Responsible Owner and Action Due	Findings at May 2024	Status	Further Action Required	Management Response (including Responsible Officer and Action Date)
7.	<p>The following issues should be addressed:</p> <p>There is not adequate resources available to improve the knowledge and skills of the staff with reference to governance.</p> <p>No Certificates of Assurance produced on an annual basis.</p> <p>2022/23 Report Paragraph: 3.21</p>	<p><u>Recommendation Accepted</u></p> <p>Consider governance training requirements via Personal Development Plans and objective setting.</p> <p>Produce annual committee assurance reports per extant workplans.</p> <p>SMLT members / Chief Finance Officer / Business Manager / Committee Chair / 30 September 2023</p>	<p>Currently being reviewed.</p> <p>Annual committee assurance report were presented to the IJB in March 2024.</p>	<p>Partially Implemented</p>	<p>Review governance training requirements.</p>	<p>Interim Chief Officer is currently reviewing Senior Management Leadership Team’s members objectives and Personal Development Plans. This will include governance training where identified.</p> <p>Chief Officer</p> <p>31 July 2024</p>

Clackmannanshire and Stirling Integration Joint Board

Annual Governance Statement Assurance Questionnaire

2023/24 Internal Audit Review

Substantial Assurance

IAA

Report Recipients:

Chief Finance Officer
Interim Chief Officer

1. INTRODUCTION AND SCOPE

1.1 This review of the Clackmannanshire and Stirling Integration Joint Board (CSIJB) is part of our 2023/24 Internal Audit coverage. This review has focused on validating the Annual Governance Statement Assurance Questionnaire.

1.2 In relation to the Annual Governance Statement Assurance Questionnaire (the Questionnaire) the Chief Finance Officer has responsibility for conducting, at least annually, a review of the effectiveness of the CSIJB's governance framework including the system of internal control.

1.3 The review of the effectiveness of the governance framework includes an annual self-assessment of the governance arrangements. This involves completing the Questionnaire. Completion of the Questionnaire provides assurance that key governance arrangements and documents are in place, up to date, and subject to ongoing review.

1.4 The Questionnaire is broadly consistent with the governance principles set out in CIPFA's Delivering Good Governance in Local Government Framework. The Questionnaire is split into eight sections:

- leadership, ethics, and a culture committed to good public sector governance;
- relationship with internal and external stakeholders;
- risk management;
- internal control and compliance;
- planning and performance monitoring;
- external compliance and accountability;
- information management to support informed decision making; and
- review and evaluation of governance arrangements.

1.5 In relation to the 2023/24 Questionnaire Internal Audit has:

- reviewed the conclusions reached by the Chief Finance Officer (CFO) in completing the self-assessment; and
- reviewed the completeness and accuracy of the CSIJB organisational evidence used by the CFO when completing the self-assessment to ensure it is underpinned by adequate and robust supporting documentation.

2. AUDIT ASSURANCE AND EXECUTIVE SUMMARY

2.1 This review has focused on validating the Annual Governance Statement Assurance Questionnaire.

2.2 We can provide **SUBSTANTIAL ASSURANCE** in this area (see **Annex 1** attached for assurance category definitions).

2.3 We were content it had been fully and accurately completed with documentation available to support the findings.

2.4 The self-assessment has highlighted a number of areas, that the CFO had already identified, where action is required. It is important that identified actions are implemented as a matter of urgency.

2.5 A summary of our recommendations is set out at **Section 4** of the report, with more detail provided at **Section 3**.

3. AUDIT FINDINGS

Annual Governance Statement Assurance Questionnaire

- 3.1 The Questionnaire is based on the principles set out in CIPFA's Delivering Good Governance in Local Government Framework (paragraph 1.4).
- 3.2 As set out at paragraph 1.5, the focus of the Internal Audit work was to:
- review the conclusions reached by the CFO in completing the 2022/23 self-assessment; and
 - review the completeness and accuracy of the CSIJB organisational evidence used by the CFO when completing the 2023/24 self-assessment to ensure it is underpinned by adequate and robust supporting documentation.
- 3.3 A summary of our findings for each of the eight sections (paragraph 1.4) is set out at paragraphs 3.4 – 3.22.

Section 1

Leadership, ethics, and a culture committed to good public sector governance

- 3.4 We were content that Section 1 was fully and accurately completed. There is a comprehensive system of cascading information to all staff. This includes staff engagement events, staff newsletters, and visits to services by Chief Officers.
- 3.5 The completion of the self-assessment highlighted that the Delivery Plan which underpins the Strategic Commissioning Plan was in draft format in the prior year has now been presented to the IJB. An update was presented to the March 2024 IJB.

Section 2

Relationship with internal and external stakeholders

- 3.6 Section 2 was fully and accurately completed. It is evident that there is a wide range of engagement with internal and external stakeholders and the mechanisms to identify, engage, and report performance were operating effectively.
- 3.7 The self-assessment highlighted the Scheme of Delegation requires further review. The CFO also stated that further progress is to be made on the Integration Scheme review across the Forth Valley.

Section 3

Risk Management

- 3.8 Section 3 was fully and accurately completed.
- 3.9 The completion of the self-assessment highlighted there was more work required in effective succession planning. The CFO acknowledged that this will be incorporated into the Workforce action plan progress report.

Section 4

Internal control and compliance

- 3.10 We found that Section 4 was fully and accurately completed. There are a range of measures in place to demonstrate effective internal control. These include policies being consistent with legislative requirements; and robust financial management arrangements with regular reporting to the Integration Joint Board and Management Team.
- 3.11 The completion of the self-assessment highlighted four issues as follows:

- internal controls are not aligned with the external accountability framework¹;
- unactioned recommendations by responsible owners from Internal Audit reviews;
- further general financial training required for staff with financial authority; and
- there are limited processes and tools in place to monitor major investment projects, e.g. workforce constraints and development of national planning guidance.

3.12 The CFO confirmed that these issues are being reviewed, but it is proving difficult and time consuming due to the organisational complexities.

**Section 5
Planning and performance monitoring**

3.13 We were content that Section 5 was fully and accurately completed.

3.14 The completion of the self-assessment highlighted there was scope to improve measurable outcomes as part of team plans, in order to align with the Strategic Commissioning Plan. The self-assessment also highlighted five further issues:

- Work is required on the integrated performance framework alignment to support the organisation to achieve its strategic and operational objectives.
- The following require a refresh to align with plans in the 2024/25 Revenue Budget and are currently in the process of being reviewed with a view to completion as soon as possible:
 - Service Plan;

- Team Plans; and
- Individual employee plans.

- Staff may not have the knowledge, skills, and tools to support the achievement of services. This is due to the continuation of significant vacancies in key posts.
- Alignment of individual plans to team and service objectives is under review.
- Non-financial resources, such as staffing should align with the strategic aims, however, there is still work to be done due to continued vacancies noted above.

3.15 The CFO has acknowledged that work to support the strategic and operational objectives is continually changing in order to integrate the performance frameworks. This is dependent on management information systems, for example, the reliance on the other constituent authorities for data and the Adult Social Care systems requiring replacement. The 2024/25 Revenue Budget demonstrates the shift towards strategic priorities, assuming successfully delivered.

**Section 6
External compliance and accountability**

3.16 We can confirm that Section 6 was fully and accurately completed. CSIJB is subject to audit or inspection by Clinical Care and Governance Group, External Audit, and Internal Audit. Audit planning reports are provided to the CSIJB. Thereafter, all audit activity undertaken against these plans are reported to the Integration Joint Board.

3.17 The completion of the self-assessment questionnaire has highlighted further work is required to incorporate

¹ Are the internal policies and processes aligned to national legislative requirements and guidance.

an action plan noted by External Audit into the Delivery Plan. This consisted of nine recommendations summarised below, to be implemented between March and September 2024:

- lack of preparation for the IJB audit;
- further enhance the reporting format in the Financial Reporting;
- tools should be developed to consistently track the benefits achieved from transformational change;
- IJB financial reports should be updated to detail total expenditure against budget;
- delegation of services;
- performance reporting to be improved through addition of clear performance targets;
- management should continue to improve their process for production of the management commentary;
- the IJB should update the mid-term financial plan to reflect the impacts of Covid-19 at the earliest opportunity; and
- update of governance documents.

Section 7

Information management to support informed decision making

3.18 Section 7 was fully and accurately completed. There have been regular update reports to the CSIJB including performance reporting and workforce report to Senior Management Leadership Team, although, it is acknowledged that further work is required.

3.19 The self-assessment highlighted further development required in the performance reporting to the Integration Joint Board, as detailed in the External Audit recommendations (paragraph 3.17). Further work is also required on the Workforce Report that is issued to the Senior Manager Leadership Team, although the CFO advises this has improved.

Section 8

Review and evaluation of governance arrangements

3.20 We were content that Section 8 was fully and accurately completed. The CFO uses the results from the Questionnaire to help inform the Annual Governance Statement.

3.21 Completion of the self-assessment questionnaire has highlighted the need to reflect the Internal Audit review of Directions appropriately in the Annual Governance Statement. It is noted that Directions has been incorporated in the March 2024 IJB papers as part of a new format for the agenda. The agenda is now split between 'decision with direction' and 'decision without direction'.

3.22 Recommendations to address the issues highlighted at paragraphs 3.7, 3.9, 3.11, 3.14, 3.17, 3.19, and 3.21 are set out at **Section 4** of this report.

4 RECOMMENDATIONS AND ACTION PLAN

Rec. No.	Recommendation	Reason for Recommendation	Agreed Management Action	Responsible Owner	Action Due
1.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Further review and update to the Scheme of Delegation.</p> <p>Report Paragraph: 3.7</p>	To ensure the Scheme of Delegation is fit for purpose and business needs.	<p>Recommendation Accepted</p> <p>It is acknowledged that the Scheme of Delegation will require review and update post completion of the Integration Scheme Review.</p>	Chief Finance Officer and Chief Officer	31 March 2025
2.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Lack of effective succession planning.</p> <p>Report Paragraph: 3.9</p>	To encourage new talent to work in the Health and Social Care Partnership so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>Recommendation Accepted</p> <p>We will continue to focus on talent development and succession planning within service plans.</p>	Heads of Service	31 March 2025
3.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Align internal controls with external accountability framework.</p> <p>Action outstanding recommendations from Internal Audit reviews.</p> <p>Review and organise further training for staff with financial authority.</p> <p>Review and amend processes and tools in place to monitor major investment projects.</p> <p>Report Paragraph: 3.11</p>	To ensure the IJB has appropriate measures in place to demonstrate effective internal controls.	<p>Recommendation Accepted</p> <p>Further consider any required improvements to internal controls.</p> <p>Per management responses to Internal Audit memo.</p> <p>Integration Joint Board Chief Finance Officer will seek to agree plan with NHS Forth Valley Director of Finance and Council Chief Finance Officers to address training requirements.</p> <p>It should be acknowledged that focus requires to be delivery of transformation programmes to aide financial and service sustainability and significant new investment is unlikely. Therefore focus in this respect will be on the implementation of the programme management approach detailed within the 2024/25 Revenue Budget.</p>	<p>Chief Finance Officer</p> <p>Chief Finance Officer</p> <p>IJB Chief Finance Officer, Councils Chief Finance Officers, NHS Forth Valley Director of Finance</p> <p>Chief Finance Officer and Heads of Service</p>	<p>31 October 2024</p> <p>31 March 2024</p> <p>31 December 2024</p> <p>31 July 2024</p>

Rec. No.	Recommendation	Reason for Recommendation	Agreed Management Action	Responsible Owner	Action Due
4.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Work required on the performance management processes to support the organisation to achieve its strategic and operational objective.</p> <p>Review and refresh the following to align with plans in the 2024/25 Revenue Budget:</p> <ul style="list-style-type: none"> • Service Plan; • Team Plans; and • Individual objectives and personal development plans. <p>Review and arrange training so staff will have the knowledge, skills, and tools to support the achievement of services.</p> <p>Review and align individual plans to team and service objectives.</p> <p>Align non-financial resources with strategic aims.</p> <p>Report Paragraph: 3.14</p>	<p>To ensure capacity and capability of members and officers is developed. Also making the best use of Human Resources by taking an active and planned approach to meet responsibilities to staff.</p>	<p>Recommendation Accepted Service plans will be reviewed and updated by the Heads of Services.</p>	<p>HSCP Heads of Service (x3)</p>	<p>31 December 2024</p>
5.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Incorporate the nine recommendations noted in External Audit's action plan into the Delivery Plan.</p> <p>Report Paragraph: 3.17</p>	<p>To ensure external compliance and accountability.</p>	<p>Recommendation Accepted An initial progress report was presented to the Integration Joint Board Audit and Risk Committee in February and further progress will be reported in June and September.</p>	<p>Chief Finance Officer</p>	<p>30 September 2024</p>
6.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Further develop the performance reporting to the Integration Joint Board taking into account External Audit recommendations.</p> <p>Report Paragraph: 3.19</p>	<p>To ensure good quality information, advice, and support to deliver services effectively.</p>	<p>Recommendation Accepted Updated performance framework being presented to the Integration Joint Board in June 2024.</p>	<p>Head of Strategic Planning and Health Improvement</p>	<p>30 June 2024</p>

Rec. No.	Recommendation	Reason for Recommendation	Agreed Management Action	Responsible Owner	Action Due
7.	<p>Annual Governance Statement Assurance Questionnaire</p> <p>Appropriately reflect the Internal Audit recommendations of the Directions review in the Annual Governance Statement.</p> <p>Report Paragraph: 3.21</p>	<p>To ensure accurate reflection through the Annual Governance Statement.</p>	<p><u>Recommendation Accepted</u> Specific narrative included in the draft Annual Governance Statement.</p>	<p>Chief Finance Officer</p>	<p>30 June 2024</p>

DEFINITION OF ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 7

Internal Audit Annual Assurance Report 2023/24

For Noting

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Isabel Wright, Internal Audit Manager
Author	Isabel Wright, Internal Audit Manager
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	<p>The purpose of this paper is to provide an overall assurance on the Integration Joint Board's (IJB) arrangements for risk management, governance, and control, based on Internal Audit work undertaken and reported during 2023/24.</p> <p>It also sets out how Internal Audit operates in compliance with the Public Sector Internal Audit Standards.</p>
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Recommendations:	<p>The Audit and Risk Committee is asked to note that:</p> <ol style="list-style-type: none"> 1. sufficient Internal Audit activity was undertaken to allow a balanced assurance to be provided; 2. Internal Audit can provide SUBSTANTIAL assurance on the IJB's arrangements for risk management, governance, and control for the year to 31 March 2024; and 3. Internal Audit operates in compliance with PSIAS, with no impairments or restrictions to scope, or the independence or objectivity of internal audit activity during the year.
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1. Background

- 1.1 The Integrated Resources Advisory Group (IRAG) guidance states it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance, and control of the delegated resources.
- 1.2 It is senior managers' responsibility to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.
- 1.3 The Integration Joint Board agreed, on 24 February 2016, that Internal Audit services would be provided by the Internal Audit teams within the constituent

authorities, with responsibility for Chief Internal Auditor duties rotating between those authorities' Chief Internal Auditors on a three-year basis. The Clackmannanshire Council Internal Audit Manager was nominated as Chief Internal Auditor for the three-year period covering the financial years from 1 April 2022 up to 31 March 2025.

- 1.4 An Internal Audit Joint Working Protocol has been agreed by the Internal Auditors of Clackmannanshire Council, Stirling Council, and NHS Forth Valley, and by the Audit and Risk Committee. Audit and Risk Committee members are asked to note that audits will be shared under the output sharing protocol which will provide additional assurance to the IJB.
- 1.5 The Public Sector Internal Audit Standards 2017 (PSIAS, the Standards) require the Internal Audit Manager to prepare an Annual Assurance Report. This report should include:
 - a statement on the overall adequacy of the IJB's control environment;
 - a summary of Internal Audit work undertaken during the year; and
 - a statement on the Internal Audit Section's conformance with the Standards.
- 1.6 This report has been prepared to meet those requirements.

2. 2023/24 Internal Audit Reviews Considered in Providing Overall Assurance

- 2.1 Our Internal Audit Plan for 2023/24 was agreed by the Audit and Risk Committee on 28 June 2023. The Plan was broken down into the following three areas:
 - **Directions Policy:** The IJB approved the Directions Policy in September 2021, following approval by the Audit and Risk Committee. The Finance and Performance Committee monitoring role in respect of directions is to be performed by review of a Directions Log, although no review has yet taken place and no further update has been provided. The system for issuing and monitoring Directions should be embedded as part of the delivery arrangements for the 2023/33 Strategic Commissioning Plan, therefore, arrangements will be reviewed.
 - **Follow Up of Previous Internal Audit Recommendations:** High level follow up to assure the Committee that appropriate outstanding internal audit actions are or have been addressed; and
 - **IJB's Suite of Governance Documents:** Documents will be reviewed to ensure they are fit for purpose, reviewed regularly, up-to-date, and embedded to improve the assurance environment of the IJB.
- 2.2 In addition, a governance self assessment was to be completed by the Chief Finance Officer and reviewed by Internal Audit.

2.3 The final position is summarised in the following table:

Assignments in 2023/24 Internal Audit Plan:	
Directions Policy	This review has been undertaken, with a final report issued. The finalised assignment was presented to the 21 February 2024 meeting of the Audit and Risk Committee.
Follow Up of Previous Internal Audit Recommendations	This review has been undertaken, with a final report issued. The finalised assignment was presented to this meeting of the Audit and Risk Committee.
IJB's Suite of Governance Documents	An audit of the IJB's Suite of Governance Documents in 2023/24 was impacted by the ongoing review of the Integration Scheme as the review will have a bearing on the content within the suite of governance documents. It has been agreed with the Interim Chief Officer and the Chief Finance Officer to programme this work in the 2024/25 Internal Audit Plan. The review will concentrate on the draft Local Code of Corporate Governance, which will be presented to a future meeting of this Committee in 2024/25.
Review of Governance Assessment of Self-	The review of the Annual Governance Statement Assurance Questionnaire has been undertaken, with a final report issued. The finalised assignment was presented to this meeting of the Audit and Risk Committee.

2.4 A summary of findings arising from 2023/24 Internal Audit work is set out at **Appendix 1**. Internal Audit use a set of Assurance Categories. These can be found at **Appendix 2**.

2.5 On the basis of work undertaken, Internal Audit can provide **SUBSTANTIAL** assurance in relation to Clackmannanshire and Stirling Integration Joint Board's arrangements for risk management, governance, and control for the year to 31 March 2024.

2.6 In providing this opinion, Internal Audit has taken account of findings arising from work undertaken as part of the Clackmannanshire Council Internal Audit Plan on systems used, and relied upon, by the Health and Social Care Partnership. For 2023/24 this consisted of:

- Purchase Order Arrangements at Clackmannanshire for Adult Social Care ('No Assurance' provided);
- Freedom of Information Requests (Split Assurance provided as there were both 'substantial' assurance and 'limited' assurance aspects);

- Care Home Residents Monies ('Limited Assurance' provided);
- Use of Purchase Cards ('Limited Assurance' provided);
- Overtime Arrangements ('No Assurance' provided); and
- Continuous Auditing (focussing on Creditors Payments with ongoing assurance provided).

2.7 In addition, opinion can be further strengthened by the internal audit work undertaken within Stirling Council and NHS Forth Valley (FTF Internal Audit Service) during 2023/24. This included:

- Stirling Council: Social Care Commissioning (Split Assurance provided as there were both 'substantial' assurance and 'limited' assurance aspects);
- Stirling Council: SWIFT Replacement Position Statement (No assurance level applicable since this was a Position Statement);
- NHS Forth Valley: Internal Control Evaluation 2023/24 ('Reasonable Assurance');
- NHS Forth Valley: Financial Compliance ('Limited Assurance'); and
- NHS Forth Valley: Cyber Resilience ('Limited Assurance').

2.8 There is a risk that should there be more of a trend away from substantial assurance review opinions in our Integration Joint Board internal audit work in future years, that the Internal Audit Manager may not be able to reach an overall conclusion that substantial assurance can be provided in relation to arrangements for risk management, governance, and control.

3. Compliance with Public Sector Internal Audit Standards

3.1 Internal Audit seeks to undertake all work in conformance with the Public Sector Internal Audit Standards 2017 (the Standards). The Standards have four objectives:

- To define the nature of Internal Auditing, within the UK public sector;
- To set basic principles for carrying out Internal Audit in the UK public sector;
- To establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- To establish the basis for the evaluation of Internal Audit performance

and to drive improvement planning.

- 3.2 The Standards define internal auditing as, “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
- 3.3 The IJB is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records, and governance arrangements. Internal Audit plays a vital role in advising the IJB that these arrangements are in place and operating effectively. As a prerequisite to providing an assurance opinion on the overall adequacy and effectiveness of the Council’s arrangements for risk management, governance, and control, the Internal Audit Manager is required to confirm the effectiveness of the Internal Audit service and its ability to carry out the work that informs the annual assurance opinion.
- 3.4 The Standards, therefore, require the Internal Audit Manager to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self-assessment and a five yearly external assessment.
- 3.5 Part of this annual assessment includes the Internal Audit Manager confirming the organisational independence of the internal audit activity and to confirm that they report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. This requirement is further defined in the PSIAS as being met when the Internal Audit Manager reports functionally to Audit Committee. There has not been any real or apparent impairment or restrictions to scope / independence / objectivity of internal audit activity during the year.
- 3.6 The Internal Audit Manager undertook a detailed self-assessment for Clackmannanshire Council (and by extension for Clackmannanshire and Stirling Integration Joint Board) against the Standards in March 2023. This confirmed continuing compliance with the Standards, and was also subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors’ Group. In line with the requirement, an external assessment was undertaken from November 2023 to January 2024 by the Chief Internal Auditor at Argyll and Bute Council.
- 3.7 The Standards comprise of 14 separate sections. The external reviewer has stated that the team fully conforms with 12 sections and generally conforms with 2 sections. As well as providing assurance on compliance with the Standards, the external quality assessment process helps drive continuous improvement. 10 recommendations have been made in the report to improve or add additional supportive processes to promote the Standards. There are three main areas for improvement highlighted in the report and a further seven areas for consideration / implementation which have been graded as ‘routine’.

- 3.8 The report concludes, therefore, that the Internal Audit team fully conforms with the Standards. This is a positive outcome and provides the Audit and Risk Committee with independent assurance in line with the requirements of the Scheme of Delegation.

4. Conclusions

- 4.1 Sufficient Internal Audit activity was undertaken to allow a balanced assurance to be provided. Internal Audit is able to provide Substantial assurance in respect of Clackmannanshire and Stirling Integration Joint Board's overall arrangements for risk management, governance, and control for the year to 31 March 2024. Should the trend away from substantial assurance review opinions continue, however, there is a risk that, in future years, the Internal Audit Manager may not be able to reach an overall conclusion that substantial assurance can be provided in relation to arrangements for risk management, governance, and control.
- 4.2 In providing that opinion, Internal Audit operated in compliance with the Public Sector Internal Audit Standards. There has not been any real or apparent impairment or restrictions to scope, or the independence or objectivity relating to audit work in 2023/24.

5. Appendices

Appendix 1: Summary of Findings Arising from 2023/24 Internal Audit Work
Appendix 2: Definition of Assurance Categories

Fit with Strategic Priorities:	
Care Closer to Home	<input type="checkbox"/>
Primary Care Transformation	<input type="checkbox"/>
Caring, Connected Communities	<input type="checkbox"/>
Mental Health	<input type="checkbox"/>
Supporting people living with Dementia	<input type="checkbox"/>
Alcohol and Drugs	<input type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input type="checkbox"/>
Workforce Planning and Development	<input type="checkbox"/>
Housing and Adaptations	<input type="checkbox"/>
Infrastructure	<input type="checkbox"/>
Implications	
Finance:	There are no resource implications arising from the recommendations in this report. Finance risks are a key issue for the IJB and will be incorporated within our assurance mapping and risk management work.
Other Resources:	This report, and the provision of an internal audit service in general, helps the Integration Joint Board and the Partnership in their delivery against National Health & Wellbeing Outcome 9: Resources are used effectively and efficiently to deliver Best Value.
Legal:	There are no implications from the recommendations of this report.
Risk and Mitigation:	Adequate and effective governance arrangements, including risk management and internal control, are necessary to deliver the outcomes and priorities of the IJB.
Equality and Human Rights:	The content of this report does not require an EQIA. No equalities issues arise.
Data Protection:	The content of this report does not require a DPIA.
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Guidance for public bodies can be found at: Fairer Scotland Duty: guidance for public bodies - gov.scot (www.gov.scot)</p> <p>Please select the appropriate statement below:</p> <p>This paper does not require a Fairer Duty assessment.</p>

Summary of Findings Arising from 2023/24 Internal Audit Work

Internal Audit Plan	Assignment	Assurance
2023/24	Directions Policy	Limited Assurance
Scope	Final Report Executive Summary	
<p>In January 2020, the Scottish Government published Statutory Guidance on “Directions from Integration Authorities to Health Boards and Local Authorities” (the Guidance). The Guidance aims to resolve some of the national issues around governance, including lack of transparency, lack of clarity on decision making, and accountabilities.</p> <p>The Guidance is clear that Health Boards and Local Authorities must comply with all Directions received from the Integration Authority and they may not amend, ignore, appeal, or veto any Direction. The Health Board and Local Authority may not use resources allocated via the Integration Authority in pursuit of a Direction for any other purpose than that intended.</p> <p>The Guidance is also clear that Integration Authorities must establish an appropriate and robust process to allow Directions to be issued, with it recommending that each IJB develops a Directions policy based on the Guidance.</p> <p>The Audit and Risk Committee considered the draft Directions Policy in June 2021. After discussion, the Committee approved the draft policy with the caveat that “the implementation of the policy be proportionate and not unnecessarily bureaucratic or overly consuming of management capacity”. The IJB then approved their Directions Policy on 22 September 2021, with the Policy applying from 1 April 2022.</p>	<p>We were content that the Policy meets the requirements of the statutory guidance. We did, however, find several areas of non-compliance with the Policy. This is mainly because the Policy has not been fully implemented.</p> <p>We found that:</p> <ul style="list-style-type: none"> • the Policy has not been subject to a two-yearly review; • a Directions Log has not been created; • the issued high-level Directions do not include details of how progress and outcomes will be monitored; • a Direction has not been issued for each delegated function; • a record of the Chief Executives of the partner organisations formally acknowledging receipt of the Directions issued to them is not maintained; • the Directions are not reviewed by the Finance and Performance Committee; • the Committee has not provided an annual assurance report to the IJB; and • the Committee has not received any progress reports from the partner organisations. <p>Compliance with the Policy and Guidance would enable the IJB to provide sufficient strategic direction to Clackmannanshire Council, Stirling Council, and NHS Forth Valley; to hold these partner organisations to account for the implementation of a Direction; to maintain a full and accurate record of the status of all issued Directions; and to receive assurance on the progress with implementing these Directions.</p> <p>We have also suggested areas where the contents of the Policy could be enhanced, and good practice that could be adopted by the HSCP.</p>	

Internal Audit Plan	Assignment	Assurance																					
2023/24	Action Points Follow Up from Internal Audit Reports in 2022/23	Limited Assurance																					
Scope	Final Report Executive Summary																						
<p>The purpose of this review is to evaluate and report on the adequacy of the implementation of recommendations highlighted in Internal Audit reports from 2022/23.</p> <p>This is a high level review which forms part of our 2023/24 Internal Audit Plan, agreed by the Audit and Risk Committee on 28 June 2023.</p> <p>The 2022/23 Internal Audit reports reviewed as part of this audit are listed below:</p> <ol style="list-style-type: none"> 2022/23 Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up. 2022/23 Internal Audit Review of Action Points Follow Up. 2022/23 Internal Audit Review of Annual Governance Statement Assurance Questionnaire. 	<p>As per the table below out of the eleven recommendations assessed, five are fully implemented and six are partially implemented.</p> <table border="1"> <thead> <tr> <th>Internal Audit Reports from 2022/23</th> <th>Total Number of Recommendations to Implement in 2023/24</th> <th>Number Fully Implemented as at May 2024</th> <th>Number Partially Implemented as at May 2024</th> </tr> </thead> <tbody> <tr> <td>Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up</td> <td>2</td> <td>2</td> <td></td> </tr> <tr> <td>Internal Audit Review of Action Points Follow up</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Internal Audit Review of Annual Governance Statement Assurance Questionnaire</td> <td>7</td> <td>2</td> <td>5</td> </tr> <tr> <td>Total</td> <td>11</td> <td>5</td> <td>6</td> </tr> </tbody> </table>			Internal Audit Reports from 2022/23	Total Number of Recommendations to Implement in 2023/24	Number Fully Implemented as at May 2024	Number Partially Implemented as at May 2024	Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up	2	2		Internal Audit Review of Action Points Follow up	2	1	1	Internal Audit Review of Annual Governance Statement Assurance Questionnaire	7	2	5	Total	11	5	6
Internal Audit Reports from 2022/23	Total Number of Recommendations to Implement in 2023/24	Number Fully Implemented as at May 2024	Number Partially Implemented as at May 2024																				
Internal Audit Review of 2021/22 Strategic Commissioning Plan Follow Up	2	2																					
Internal Audit Review of Action Points Follow up	2	1	1																				
Internal Audit Review of Annual Governance Statement Assurance Questionnaire	7	2	5																				
Total	11	5	6																				

Internal Audit Plan	Assignment	Assurance
2023/24	Annual Governance Statement Assurance Questionnaire	Substantial Assurance
Scope	Final Report Executive Summary	
<p>The Chief Finance Officer (CFO) has responsibility for conducting, at least annually, a review of the effectiveness of the CSIJB's governance framework including the system of internal control.</p> <p>The review of the effectiveness of the governance framework includes an annual self-assessment of the governance arrangements. This involves completing the Questionnaire. Completion of the Questionnaire provides assurance that key governance arrangements and documents are in place, up to date, and subject to ongoing review.</p> <p>The Questionnaire is broadly consistent with the governance principles set out in CIPFA's Delivering Good Governance in Local Government Framework.</p> <p>Internal Audit has:</p> <ul style="list-style-type: none"> • reviewed and challenged the conclusions reached by the CFO in completing the self-assessment; and • reviewed the completeness and accuracy of the CSIJB organisational evidence used by the CFO when completing the self-assessment to ensure it is underpinned by adequate and robust supporting documentation. 	<p>We were content the Questionnaire had been fully and accurately completed with documentation available to support the findings.</p> <p>The self-assessment has highlighted a number of areas, that the CFO had already identified, where action is required. It is important that identified actions are implemented as a matter of urgency.</p> <p>Internal Audit made seven recommendations which were accepted, with action due dates ranging from 30 June 2024 to 31 March 2025.</p>	

Definition Of Assurance Categories

Level of Assurance	Definition
Substantial Assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited Assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 8

Internal Audit Plan 2024/25

For Approval

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Isabel Wright, Internal Audit Manager
Author	Isabel Wright, Internal Audit Manager
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	The purpose of this paper is to approve the Internal Audit Plan for 2024/25 and note that progress will be reported to the Audit and Risk Committee on an ongoing basis.
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ol style="list-style-type: none"> 1. approve the Internal Audit Plan for 2024/25; and 2. note that progress will be reported to the Audit and Risk Committee on an ongoing basis.
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1. Background

- 1.1 The Integrated Resources Advisory Group (IRAG) guidance states it is the responsibility of the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance, and control of the delegated resources.
- 1.2 The Integration Joint Board agreed, on 24 February 2016, that Internal Audit services would be provided by the Internal Audit teams within the constituent authorities, with responsibility for Chief Internal Auditor duties rotating between those authorities' Chief Internal Auditors on a three-year basis. The Clackmannanshire Council Internal Audit Manager was nominated as Chief Internal Auditor for the three-year period covering the financial years from 1 April 2022 up to 31 March 2025.
- 1.3 An Internal Audit Joint Working Protocol has been agreed by the Internal Auditors of Clackmannanshire Council, Stirling Council, and NHS Forth Valley, and by the Audit and Risk Committee. Audit and Risk Committee members are asked to note that audits will be shared under the output sharing protocol which will provide additional assurance to the IJB.
- 1.4 The Public Sector Internal Audit Standards 2017 (PSIAS, the Standards) require the preparation of a risk based Internal Audit Plan setting out the team's annual work programme.
- 1.5 Risks, priorities, resource, and operational capacity has, and will continue to, fluctuate and change over the course of 2024/25. This Internal Audit Plan must, therefore, be considered flexible. There is a chance that all planned assignments will

not be completed as Internal Audit resource will continue to be directed to areas where there is the greatest need.

2. Planned Internal Audit Work

- 2.1 Internal Audit's role is to provide a balanced and evidence-based opinion on the adequacy of the IJB's arrangements for risk management, governance, and control.
- 2.2 Annual Internal Audit coverage is based on discussion with the Chief Officer and Chief Finance Officer. We also take account of relevant documentation, including the Strategic Plan and IJB Risk Register.
- 2.3 Resources to deliver the plan will be provided by Clackmannanshire Council, Stirling Council, and NHS Forth Valley Internal Audit services. A total of 60 days has been included in the 2024/25 Internal Audit Plan to deliver internal audit reviews for Clackmannanshire and Stirling IJB.
- 2.4 Our Internal Audit Plan for 2024/25 can be broken down into the following four areas:
 - **Risk Management Strategy:** The IJB will approve an updated Risk Management Strategy during 2024/25. This audit will review how the arrangements are embedded. It will also consider the Partnership's Risk Appetite / Risk Tolerance.
 - **Consultancy:** Discharge of constituent authorities responsibilities as per the Integration Scheme. Internal Audit will provide assurance through scrutiny and related advice, informing governance arrangements post Integration Scheme review.
 - **Follow Up of Previous Internal Audit Recommendations:** High level follow up to assure the Committee that appropriate outstanding internal audit actions are or have been addressed since last year's update; and
 - **Local Code of Corporate Governance:** An audit of the IJB's Suite of Governance Documents in 2023/24 was impacted by the ongoing review of the Integration Scheme as the review will have a bearing on the content within the suite of governance documents. It has been agreed with the Interim Chief Officer and the Chief Finance Officer to programme this work in the 2024/25 Internal Audit Plan. The review will concentrate on the draft Local Code of Corporate Governance, which will be presented to a future meeting of this Committee in 2024/25.
- 2.5 The proposed plan is overleaf:

Planned Area	Scope	Days
Audit Planning and Management	Liaison with management and attendance at Audit and Scrutiny Committee. Preparation of the Annual Internal Audit Plan, Progress Reports, and Annual Assurance Report.	4
Audit Follow Up and Assignments	Risk Management Strategy	15
	Consultancy: Constituent Authorities Responsibilities	10
	Follow up of previous Internal Audit recommendations actions.	10
	Local Code of Corporate Governance	15
Annual Assurance Work	Review of governance self-assessment and any other annual assurance work required. Includes provision of advice to the Chief Officer and / or the Chief Finance Officer.	6

- 2.6 Findings and matters arising from Internal Audit work will be reported to senior management in the form of a draft audit report where relevant. The draft report will provide a statement on the level of assurance that can be provided on the systems of risk management, governance, and control, as well as an action plan setting out specific audit recommendations.
- 2.7 The overall assurance will be provided in line with the definitions set out at **Appendix 1**, and senior management will be expected to provide responses to each recommendation in line with timeframes agreed prior to the start of the review. This report and completed action plan will form the final report and record of the audit, and the basis for subsequent follow-up work.
- 2.8 Reports will be provided to the Audit and Risk Committee detailing progress in completing the 2024/25 Internal Audit Plan, highlighting any key findings or emerging themes.
- 2.9 Internal Audit will produce an Annual Assurance Report providing an opinion on the overall adequacy and effectiveness of the IJB's control environment. This report will include a summary of work undertaken and a comparison of work completed against work planned.

3. Conclusions

- 3.1 The Internal Audit Plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. Work to deliver the plan is undertaken under the supervision of the Chief Internal Auditor.
- 3.2 The Audit and Risk Committee is asked to approve the Internal Audit Plan for 2024/25, noting that it remains flexible and amendments may be required should risks, priorities, resource, and operational capacity change significantly.

4. Appendices

Appendix 1: Definition of Assurance Categories

Fit with Strategic Priorities:	
Care Closer to Home	<input type="checkbox"/>
Primary Care Transformation	<input type="checkbox"/>
Caring, Connected Communities	<input type="checkbox"/>
Mental Health	<input type="checkbox"/>
Supporting people living with Dementia	<input type="checkbox"/>
Alcohol and Drugs	<input type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input type="checkbox"/>
Workforce Planning and Development	<input type="checkbox"/>
Housing and Adaptations	<input type="checkbox"/>
Infrastructure	<input type="checkbox"/>
Implications	
Finance:	There are no resource implications arising from the recommendations in this report. Finance risks are a key issue for the IJB and will be incorporated within our assurance mapping and risk management work.
Other Resources:	This report, and the provision of an internal audit service in general, helps the Integration Joint Board and the Partnership in their delivery against National Health & Wellbeing Outcome 9: Resources are used effectively and efficiently to deliver Best Value.
Legal:	There are no implications from the recommendations of this report.
Risk and Mitigation:	Adequate and effective governance arrangements, including risk management and internal control, are necessary to deliver the outcomes and priorities of the IJB.
Equality and Human Rights:	The content of this report does not require an EQIA. No equalities issues arise.
Data Protection:	The content of this report does not require a DPIA.
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Guidance for public bodies can be found at: Fairer Scotland Duty: guidance for public bodies - gov.scot (www.gov.scot)</p> <p>Please select the appropriate statement below:</p> <p>This paper does not require a Fairer Duty assessment.</p>

DEFINITION OF ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial Assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited Assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 9

Draft Annual Governance Statement

For Approval

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present a draft Annual Governance Statement for the IJB for financial year 2023/24 for consideration and approval
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <ol style="list-style-type: none"> 1) Consider and approve the draft Annual Governance Statement 2) Note that the Annual Governance Statement will be further updated for the audited accounts to take account of content of the Annual Governance Statements of the constituent authorities.
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1. Background

- 1.1 On an annual basis the IJB is required to include an Annual Governance Statement (AGS) within its annual accounts. This statement is intended to explain the IJBs governance arrangements and report on the effectiveness of the IJBs systems of internal control.
- 1.2 The statement describes and includes:
- The scope and responsibility of the IJB
 - The purpose of the Governance Framework
 - The IJBs Governance Framework and Systems of Internal Control
 - A review of Adequacy and Effectiveness
 - Roles and Responsibilities
 - Governance Issues Relating to Ongoing Impacts of COVID19
 - Other Governance Issues
 - Management Risk
 - Governance Action Plan

2. Considerations

- 2.1. The presentation of the draft AGS as separate agenda item marks a departure from previous practice as part of a continuous improvement approach.

- 2.2. The draft AGS should be read in conjunction with the unaudited annual accounts and Internal Audit Reports being presented to the committee.
- 2.3. Given ongoing focus on governance issues and the identified need for improvement consideration of the AGS as a standalone item is appropriate and it is proposed that this approach will be taken from this point on.
- 2.4. As the IJB relies on the internal control and governance systems of the constituent authorities it is also important that the annual governance statement of the IJB is reflective of assurance levels and significant issues detailed within these.
- 2.5. Therefore, the IJB Chief Finance Officer will review the AGS's of the constituent authorities when available and reflect any significant governance issues within the IJBs AGS as appropriate.
- 2.6. The AGS will also be updated to reflect the assurance level contained within the Internal Audit Annual Assurance Report post consideration by the committee.
- 2.7. Reflecting on the governance action plan and the issues discussed within the Internal Audit Annual Assurance Report there is clearly an issue regarding appropriate follow-up progress on actions and this has been discussed with the partnership Senior Leadership Team to increase the profile and support improvement going forward.

3. Appendices

Appendix 1 – Draft 2023/24 IJB Annual Governance Statement

Annual Governance Statement

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Scope of Responsibility

The IJB is responsible for ensuring that:

- its business is conducted in accordance with the law and appropriate standards.
- that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's delegated functions and make arrangements to secure best value. To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims, and objectives. Reliance is also placed on the NHS Forth Valley and Clackmannanshire and Stirling Councils 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.

Given the IJB utilises the systems of internal control with NHS Forth Valley, Clackmannanshire Council, and Stirling Council the system can only provide reasonable and not absolute assurance of effectiveness.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Commissioning Plan. The governance framework will be continually updated to reflect best practice, new legislative requirements, and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

Governance Framework and Internal Control System

The Board of the IJB comprises the Chair, Vice Chair and ten other voting members; six are Council Elected Members nominated (three each council) by Clackmannanshire and Stirling Council and six are Board members of NHS Forth Valley (four Non-Executive Directors and two Executive Directors). There are also a number of non-voting professional and stakeholder members on the IJB including the Chief Officer, Chief Finance Officer, and professional medical, nursing, and

social work advisors to the IJB. Stakeholder members currently include representatives from the third sector interfaces, carers, and service users.

The main features of the governance framework in existence during 2023/24 were:

- The Integration Scheme
- Standing Orders
- Scheme of Delegation
- Financial Regulations and Reserves Policy and Strategy
- Code of Conduct and Register of Interests
- IJB Committees operating within approved Terms of Reference which provide annual assurance statements to the IJB
- Clinical and Care Governance Framework
- Risk Management Framework and Strategic Risk Register
- Complaints Handling Procedure
- Information Governance Arrangements and Information Security Policy

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision, and delegation.

The IJB utilises the internal control systems of NHS Forth Valley, Clackmannanshire Council and Stirling Council in the commissioning and delivery of in-scope functions. As such the Annual Governance Statements of the constituent authorities have been reviewed and no matters which pose significant additional risk to the IJB are highlighted.

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA) The Head of Internal Audit reports directly to the Integration Joint Board Audit and Risk Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Integration Joint Board Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a risk assessment drawn from review of the Integration Joint Boards Strategic Risk Register and is approved by the Integration Joint Board Audit and Risk Committee.

From April 2023 the IJBs Chief Internal Auditor has been appointed on behalf of Clackmannanshire Council. As Clackmannanshire Council procures Internal Audit Services from Falkirk Council’s Internal Audit service the IJBs Chief Internal Auditor is the Internal Audit Risk and Corporate Fraud Manager from Falkirk Council.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting, at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team, work of the IJB’s internal audit service and the Chief Internal Auditor’s annual assurance report, and reports from external auditors and other review agencies and inspectorates.

The Chief Internal Auditor's 2023/24 Annual Assurance Report will be presented to the IJB Audit and Risk Committee in June 2024 and will provide an opinion on the IJB's arrangements for risk management, governance, and control for the year to 31 March 2024.

The review of the IJB's governance framework is supported by a process of self-assessment and compiled by the Chief Finance Officer. The Chief Finance Officer has completed a "Governance Questionnaire" and supplies any further supporting evidence requested as evidence of adequacy and review of key areas of the IJB's internal control framework; this is provided to the IJB's Chief Internal Auditor as part of the evidence base to inform the opinion within the Annual Internal Audit Assurance Report.

The Chief Officer also gives assurances as Director of Health and Social Care through the Annual Governance Statement processes of the constituent authorities and the IJB Chief Finance Officer reviews the Annual Governance Statements of the constituent authorities to identify any weaknesses in governance which may affect integration functions and/or pose a risk to the IJB.

The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Due to the nature of IJB Board Membership, a conflict of interest can arise between an IJB Board Members' responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon. There is specific guidance from the Standards Commission for IJB members.

The Management Commentary provides an overview of the key risks and uncertainties facing the IJB (Pg. 17).

Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA Statement on "The Role of the Chief Finance Officer in Local Government 2014". The IJB's Chief Finance Officer has overall responsibility for Clackmannanshire and Stirling Health and Social Care Partnership's financial arrangements.

The IJB complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is

professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA “Public Sector Internal Audit Standards 2017” (the Standards).

The Standards require the Chief Internal Auditor to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self-assessment and a five yearly external assessment. The external quality assessment element of the Standards seeks to provide independent assurance on the level of compliance. The Internal Audit Manager undertook a detailed self-assessment against the Standards in March 2023. This confirmed continuing compliance with the Standards, and has now been subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors’ Group.

In line with the requirement, a review was undertaken from November 2023 to January 2024 by the Chief Internal Auditor from Argyll and Bute Council. The report concludes that Clackmannanshire Council’s Internal Audit team fully conforms with the Standards. This is a positive outcome and provides the Audit and Risk Committee with independent assurance in line with the requirements of the Scheme of Delegation.

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB’s Audit and Risk Committee operates in accordance with CIPFA’s Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities. The Committee’s core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Governance Issues Relating to Ongoing Impacts of COVID-19

Recent years governance statements have included specific statements with regard to the ongoing impacts of COVID-19. Given a full year has passed since the World Health Organisation declared the end of the pandemic there are no specific governance issues to note. Furthermore, it is proposed that this is an appropriate time to cease this practice.

Other Governance Issues

The IJB Audit and Risk Committee received a Limited Assurance Report in relation to Directions Policy at its February 2024 meeting as part of the approved Internal Audit Annual Plan.

As the core functions of the IJB are to:

- Develop and approve a Strategic Plan
- Commission (through directions) the local authorities and NHS Board to deliver services in line with the strategic plan priorities.
- Monitor performance and directions.

It is appropriate to specifically note this issue within the governance statement. The audit report was brought to the attention of the IJB and the IJB Finance and Performance Committee and significant work has been undertaken to address the recommendations within the review since that date including a review and refresh of the Directions Policy and development and implementation of directions in line with the directions policy from March 2024.

Furthermore, the structure of the IJBs agenda from March 2024 identifies and prioritises items 'for decisions with direction'.

Management of Risk

The Integration Joint Board monitors and seeks to mitigate significant risk through its Risk Management Framework and Strategic Risk Register. The Strategic Risk Register is regularly reviewed by the partnership Senior Leadership Team. The Audit & Risk Committee provide a scrutiny role for the Integration Joint Board by reviewing, scrutinising, and approving the Strategic Risk Register as a standing agenda item at each meeting. High risks on the Strategic Risk Register are reported to the Integration Joint Board through routine Performance Reports.

The IJBs risk management framework remains under review, and this will be concluded in the near future. The review will consider any updates required to the risk management framework and improving interfaces with risk management arrangements across the constituent authorities assisting in linking operational and strategic risk identification, management, and reporting.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan is proposed to the IJB Audit and Risk Committee to ensure continual improvement of the IJB's governance. Regular updates on progress of the agreed actions will be monitored by the IJB Audit and Risk Committee.

Areas for Improvement Identified	Action Undertaken in 2022/23	Responsible Party(s)	Previous Planned Date of Completion	Revised Date of Completion
Comprehensive review of the IJBs Governance Frameworks will be undertaken	Financial Regulations reviewed, updated, and presented for approval.	Chief Finance Officer	September 2023	Complete
	Standing Orders reviewed, revised, and presented for approval.	Chief Officer	N/A	June 2024
	Preparation of a revised Integration Scheme (noting the Integration Scheme is the legal	Clackmannan shire and Stirling	March 2024	October 2024

Areas for Improvement Identified	Action Undertaken in 2022/23	Responsible Party(s)	Previous Planned Date of Completion	Revised Date of Completion
	partnership agreement between the constituent authorities).	Councils and NHS Forth Valley		
Development of Local Code of Corporate Governance	Action in progress.	Chief Finance Officer	December 2023	September 2024
Implement Revised Approach to Directions	Partially complete. Directions policy reviewed and update and implementation of Revised Approach substantially implemented from March 2024	Chief Officer & Chief Finance Officer	Over course of 2023/24	From March 2024
Produce Annual Assurance Reports for IJB Committees	Action complete.	Chief Finance Officer & HSCP Business Officer	March 2024	Complete
Further Develop Best Value Arrangements	Partially complete within limitations of recording and management information systems and information available.	Chief Officer, Chief Finance Officer and Head of Strategic Planning and Health Improvement	Ongoing	Ongoing with update to IJB ARC June 2024

Conclusion and Opinion on Assurance

Whilst recognising that further improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team and reported and scrutinised by IJB and the IJB Audit and Risk Committee.

Councillor Gerry McGarvey
Chair

David Williams
Chief Officer

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 10

2023/24 Draft Integration Joint Board Annual Accounts

*For Consideration and Agreement for
Issue*

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present the 2023/24 Draft Integration Joint Board Annual Accounts for consideration and agree them for issue and publication on the partnership website
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Recommendations:	The Audit and Risk Committee is asked to: 1) Consider and comment on the 2023/24 Draft Integration Joint Board Annual Accounts and agree them for issue and publication on the partnership website.
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1. Background

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 requires the Integration Joint Board (IJB) to submit the Unaudited Annual Accounts of the IJB for the financial year ended 31 March 2023 to the Auditor by the statutory deadline of 30 June. Under the regulations, a Committee of the IJB, whose remit includes audit and governance functions, must meet to consider the unaudited Annual Accounts before 31 August. The Audit and Risk Committee normally fulfils this function.
- 1.2 The accounts are prepared by the IJB Chief Finance Officer in line with extant accounting regulations and guidance on accounting for integration which is reviewed periodically by Local Authority Scotland Accounts Advisory Committee (LASAAC) and published on the CIPFA website.

2. 2023/24 Draft Integration Joint Board Accounts

- 2.1. The public inspection period for the accounts will run from Monday 1 July to Friday 19 July and the draft accounts will be published on the Health and Social Care Partnership website in line with regulations. Arrangements will be made for any person wishing to inspect the accounts or any documents relating to them in person.
- 2.2. The external audit process is now underway in line with the Annual Audit plan considered at the Special meeting of the Audit & Risk Committee on 21 February 2024. The audited accounts will be presented to the Audit and Risk Committee for consideration and recommendation for approval to the IJB before presentation to the Integration Joint Board for approval and signing. The IJB Chief Finance Officer and finance officers are liaising with the IJBs

External Auditors on an ongoing basis. The draft accounts were uploaded to Deloitte Connect on 14 June in line with year end timetables. A verbal progress report on the progress with the audit will be provided to the Audit and Risk Committee.

- 2.3. The draft accounts include details of the Integration Joint Boards' income and expenditure for the financial year 2023/24 and a Financial Outlook describing, based on the best information currently available, the financial and economic context within which the Integration Joint Board will operate within in coming years.
- 2.4. The draft accounts do not include key performance indicator information due to the timing of information availability. The Annual Performance Report is being compiled and presented at the August IJB meeting and will be published thereafter. The final accounts will be updated to incorporate this information in due course.
- 2.5. The format of the accounts is consistent with previous years whilst the management commentary reflects the priorities of the 2023/33 Strategic Commissioning Plan.
- 2.6. The management commentary also reflects the financial challenges faced during the year, the approaches to this incorporated within the 2024/25 IJB Revenue budget and Medium Term Financial Outlook estimating savings requirement of £37m over the next 5 years.
- 2.7. As reflected in the IJBs 2024/25 Initial Revenue Budget and financial reports it is imperative that savings and efficiency programmes are delivered in tandem with the Transformation Programme aligned to the IJBs Strategic priorities to secure the financial sustainability of the partnership.
- 2.8. The management commentary in the accounts also highlights future risks and the significant uncertainty in predicting future demand, activity, and therefore costs.
- 2.9. The draft accounts contain a draft annual governance statement which forms a standalone item on today's agenda.
- 2.10. The significantly changing policy landscape is also described particularly the position with regard to the establishment of a National Care Service.

3. Conclusion

- 3.1. The IJBs draft accounts for 2023/24 reflect the financial performance and ongoing impacts from the pandemic, economic outlook and key plans for the future.

4. Appendices

Appendix 1 – Draft 2023/24 IJB Annual Accounts

Clackmannanshire and Stirling Integration Joint Board

2023/24 Annual Accounts (Unaudited)



Contents

Management Commentary.....	3
Statement of Responsibilities.....	19
Remuneration Report.....	21
Annual Governance Statement.....	24
Comprehensive Income and Expenditure Statement.....	30
Movement in Reserves Statement.....	31
Balance Sheet.....	32
Notes to the Financial Statements.....	33
1. Significant Accounting Policies.....	33
2. Accounting Standards That Have Been Issued but Not Yet Adopted.....	35
3. Critical Accounting Estimates and Assumptions.....	35
4. Events after the Reporting Period.....	35
5. Expenditure and Income Analysis by Nature.....	36
6. Taxation and Non-Specific Grant Income.....	36
7. Debtors.....	36
8. Useable Reserve – General Fund.....	37
9. Related Party Transactions.....	38
10. Expenditure Analysis.....	40
Independent auditor’s report to the members of Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission.....	42
Glossary.....	43

Management Commentary

Introduction & Purpose

This publication contains the financial statements for the financial year from 1 April 2023 to 31 March 2024.

The Management Commentary outlines the key messages in relation to the Integration Joint Board's (IJB) financial planning and performance for the year 2023/24 and how this supports delivery of the IJBs strategic priorities as defined in the 2023-2033 Strategic Commissioning Plan. This commentary also takes a forward look and outlines future plans for the IJB. The commentary also highlights the challenges and risks we will face as we endeavour to meet the needs of and improve outcomes for the population of Clackmannanshire and Stirling.

The IJB is responsible for the strategic planning, funding, and commissioning of Adult Social Care Services, Community and Family Health Services, and strategic planning and funding of large hospital services with NHS Forth Valley and Falkirk Integration Joint Board. These large hospital services continue to be operationally managed by NHS Forth Valley as part of pan Forth Valley arrangements.

The IJB and the Health and Social Care Partnership (HSCP) Senior Management Team would wish to take this opportunity to convey thanks for the tremendous work that staff, both directly employed, and commissioned through providers of health and social care services, have done to continue delivery of services to our citizens during what has been a significantly challenging year. The IJB would also wish to thank our wider range of partners it works with including partners in the Third Sector.

Role and Remit of the Clackmannanshire and Stirling Integration Joint Board

The Clackmannanshire and Stirling Integration Joint Board was formally established in October 2016 through the legal partnership agreement between NHS Forth Valley and Clackmannanshire and Stirling Councils known as the Integration Scheme.

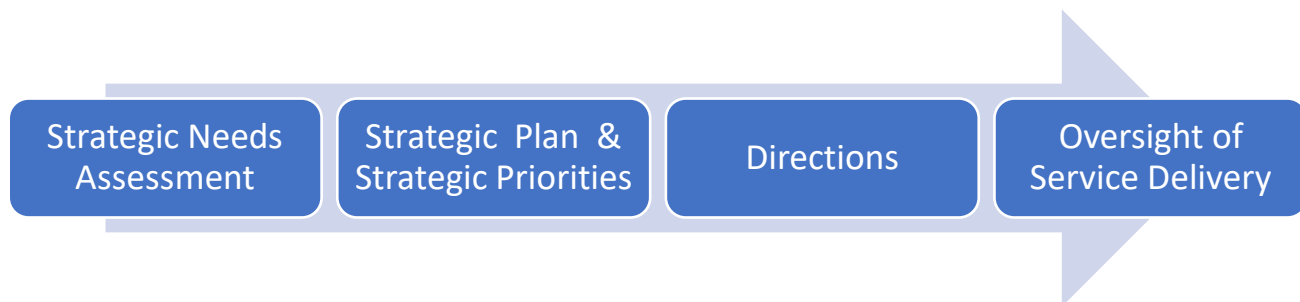
The IJB has responsibility for the strategic planning and commissioning of a wide range of health and adult social care services within the Clackmannanshire and Stirling area. The functions delegated to the IJB, under the Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) are detailed within the Integration Scheme <https://clacksandstirlinghscp.org/about-us/integration-scheme/>.

Clackmannanshire and Stirling IJB is unique in Scotland as the only IJB consisting of two local authorities and one NHS Board. This arrangement brings additional complexity particularly with regard to issues such as integrated strategic and financial planning, service delivery being seamless from the point of the service user, governance arrangements, and assurance required from an operational perspective.

IJB Business Model

The role of the IJB is to plan health and social care services for the population it covers, including preventative type provision such as Health Improvement. The IJB discharges this role through:

- Carrying out a strategic needs assessment for the partnership population
- Developing and agreeing a Strategic Commissioning Plan including defined priorities to pursue improvement against the 9 National Health and Wellbeing Outcomes that seek to measure the impact that integration is having on people's lives.
- Directing Clackmannanshire and Stirling Councils and NHS Forth Valley to deliver services within the Strategic Commissioning Plan budget.
- Implementing Locality Planning Networks within the IJBs agreed localities which are the 'engine room' for local planning and delivery.



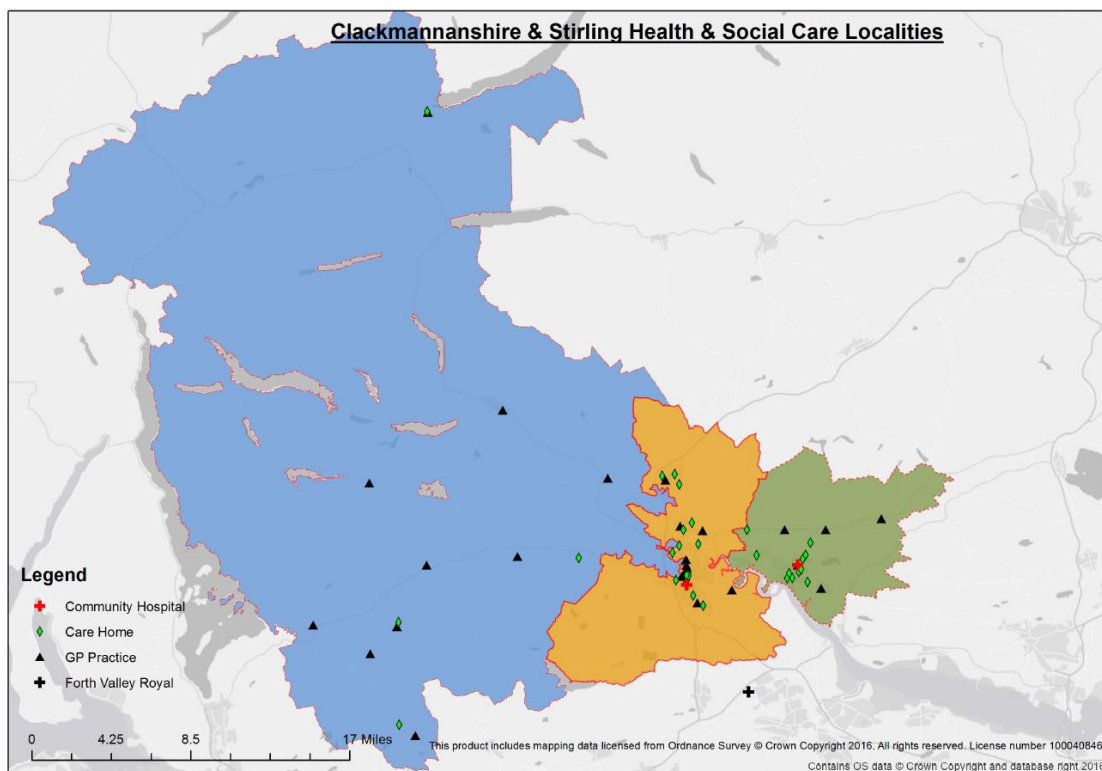
There is therefore a distinction between the Integration Joint Board as the Public Body and the Health and Social Care Partnership as the mechanism or 'delivery vehicle' for delegated integration functions covered by the Integration Scheme. These functions are delivered by means of the IJB directing the constituent authorities to deliver services on the IJBs behalf using the resources available to deliver the Strategic Commissioning Plan.

Review of the Integration Scheme

Under the requirements of the Act, Local Authorities and NHS Boards are required to review Integration Schemes within five years of the scheme being approved in Parliament. An initial review of the Integration Scheme was undertaken in January 2020, however due to the pandemic, ongoing service pressures, and other competing demands, consideration of a revised scheme had not yet been completed at 31 March 2024. This work is now underway with the constituent authorities with a current planned completion date of October 2024.

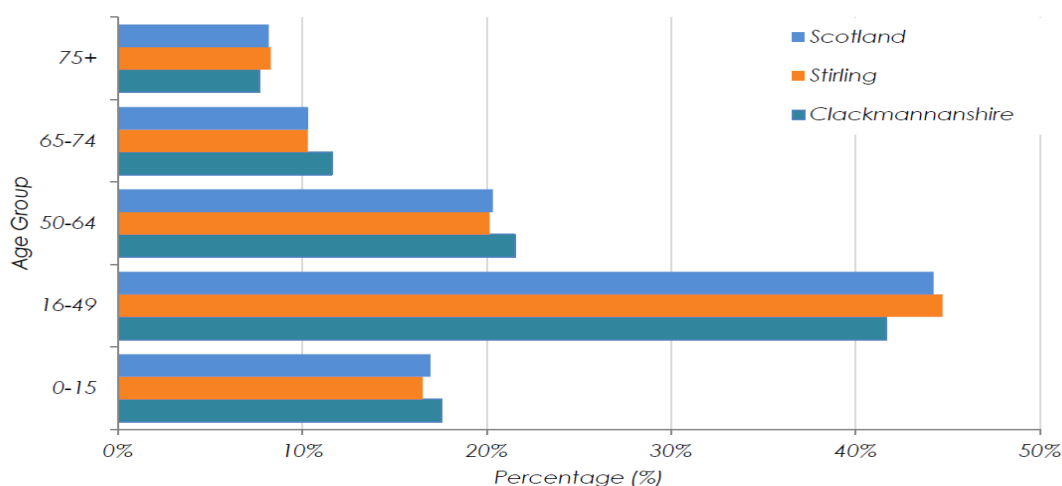
Clackmannanshire and Stirling Health and Social Care Partnership

The Clackmannanshire and Stirling Health and Social Care Partnership population is approximately 145,000 and the partnership provides services over an area of 1,454 square miles with urban centres around Stirling and Alloa and very rural areas to the North and West of Stirling including a significant element of the Loch Lomond and Trossachs National Park.



Note: The acute hospital that serves Clackmannanshire & Stirling is the Forth Valley Royal Hospital in Larbert. Some residents in Rural Stirling also access nearby Glasgow hospitals.

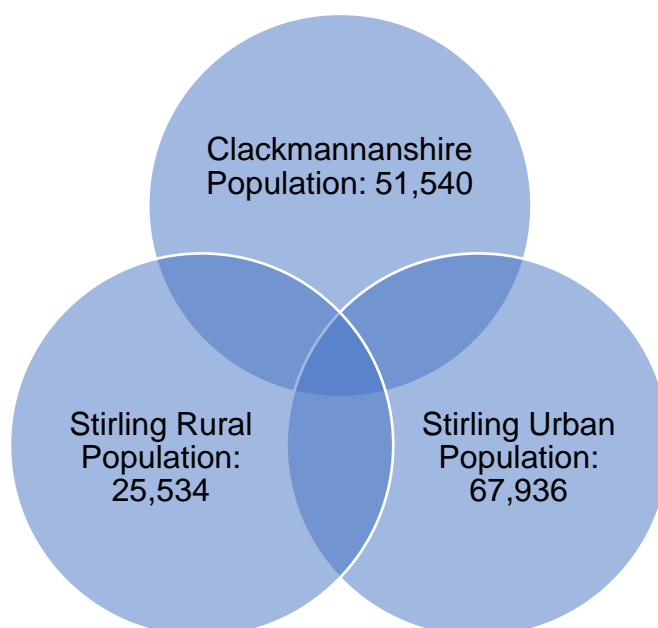
The age distribution of the population of Clackmannanshire and Stirling compared to Scotland is illustrated below:



Our Strategic Needs Assessment highlights a number of key messages for the partnership population:

- We have an ageing population.
- It is projected that Clackmannanshire and Stirling will have growing numbers of individuals living with long term conditions, multiple conditions, and complex needs.
- Supporting unpaid carers is a priority.
- Reducing unplanned emergency hospital care will benefit the service as well as the individual.
- Reducing behaviours such as smoking, alcohol consumption, drug use, and poor diet could have a positive effect on an individual's health and, in general, on the future burden of disease across communities.
- There are significant differences in the issues affecting health and social care within each locality including socio-economic issues.

There are three localities in the partnership:



In September 2023 the IJB approved Locality Plans for each of the 3 localities within the partnership area.

These included locality action plans for 2023-26 focusing on co-produced agreed local priorities.

These local priorities are set out below:

Clackmannanshire

- Issues of Alcohol and Drug Use across Clackmannanshire
- Supporting and promoting Mental Health and Wellbeing
- Addressing Health Inequalities
- Clear shared communication on the clarity of roles across community health and care services to be shared across communities

Stirling Urban

- Clear shared communication on the clarity of roles across community health and care services to be shared across communities
- Supporting and promoting Mental Health and Wellbeing
- Identifying Social Enterprise opportunities based around need within our communities
- Supporting people with dementia within our communities

Stirling Rural

- Better understanding of services and increased knowledge linked to access to services across rural Stirling
- Access to care closer to home
- Scope support available to develop caring and connected communities and supporting recruitment opportunities in health and social care
- Supporting people with dementia within our communities

Integration Joint Board Vision, Strategic Commissioning Plan, and Priorities

The vision of Clackmannanshire and Stirling Health and Social Care Partnership is:

Enabling people in Clackmannanshire & Stirling to live full and positive lives within supportive communities by working together and promoting wellbeing.

2023/2033 Strategic Commissioning Plan

The IJB approved its 2023/2033 in March 2023 which sets out our ambitions that were co-created as a result of extensive engagement across Clackmannanshire and Stirling. This is the third Strategic Commissioning Plan since the establishment of the IJB and covers a 10-year period. The full Strategic Commissioning Plan can be accessed here [Clackmannanshire and Stirling HSCP – Strategic Plan \(clacksandstirlinghscp.org\)](https://clacksandstirlinghscp.org)

The Strategic Commissioning Plan demonstrates our ongoing commitment to delivery of a programme of transformation and change to meet the needs of our population.

Our Strategic Themes & Priorities

Our priority is to provide health and social care services that support people to meet their outcomes, to provide services that are high quality, to fulfil the needs of people and help individuals to live independent and fulfilling lives. The Strategic Commissioning Plan sets out how these priorities will be pursued through a 'Needs Led, Resource Bound' approach recognising the financial and other sustainability challenges such as workforce.

1. Prevention, early intervention, and harm reduction

Working with partners to improve overall health and wellbeing and preventing ill health. Promote positive health and wellbeing, prevention, early interventions and harm reduction. Promoting physical activity and reduce exposure to adverse behaviours. Right levels of support and advice at the right time, maintaining independence and improving access to services at times of crisis.

2. Independent Living through choice and control

Supporting people and carers to actively participate in making informed decisions about how they will live their lives and meet their agreed outcomes. Helping people identify what is important to them to live full and positive lives and make decisions that are right for them. Coproduction and design of services with people with lived experience who have the insight to shape services of the future.

3. Achieving Care Closer to Home

Shifting delivery of care and support from institutional, hospital-led services towards services that support people in the community and promote recovery and greater independence where possible. Investing in and working in partnership with people, their carer, and communities to deliver services. Improving access to care, the way services and agencies work together, working efficiently, improving the customer journey, ensure people are not delayed in hospital unnecessarily, co-design of services, primary care transformation and care closer to home.

4. Supporting empowered people and communities.

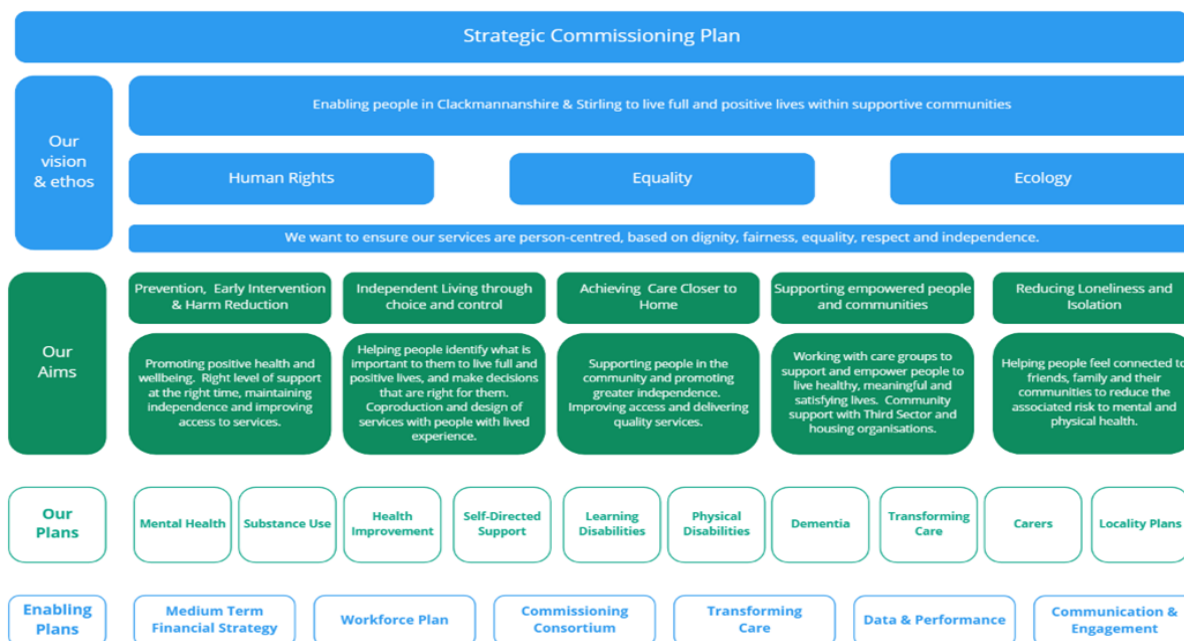
Working with communities to support and empower people to continue to live healthy, meaningful, and satisfying lives as active members of their community. Being innovative and creative in how care and support is provided. Support for unpaid carers; helping people live in their local communities, access to local support, dealing with isolation and loneliness. Planning community supports with third sector, independent sector, and housing providers. Neighbourhood care, unpaid carers, third sector supports.

5. Reducing loneliness and isolation

Our society is changing, accelerated by the pandemic and there is increasing risk of social isolation and loneliness, both of which can impact a person’s physical and mental wellbeing. We will work with communities to support local communities to build connections. We will build preventions and early interventions around changing the narrative around loneliness and isolation and find new ways for people to ask for help without feeling embarrassed.

Our ‘Plan on a Page’

The partnership vision and ethos, priorities, aims, supporting and enabling plans are brought together visually within ‘our plan on a page’ below.



Review of Progress in Delivery of Strategic Commissioning Plan

The 2023/2033 Strategic Commissioning Plan will be subject to substantive review at least every three years to comply with extant legislation and statutory guidance and progress on delivering the plan will be the focus of annual performance reports (APRs) during the lifecycle of the plan.

Principal Activities & Key Achievements in 2023/24

During 2023/24 the key activities and achievements of Clackmannanshire and Stirling Integration Joint Board, aligned to the priorities of the 2023/2033 Strategic Commissioning Plan, included:

- Developing and approving the 2022/23 Annual Performance Report
- Implementing and monitoring delivery plans for Year 1 of the 2023/33 Strategic Commissioning Plans
- Developing and Approving Locality Plans
- Developing, Approving, and overseeing financial recovery plans in line with the requirements of the Integration Scheme
- Developing and approving Alcohol and Drug Partnership Commissioning Plans
- Refreshing and reviewing key governance frameworks including:
 - Financial Regulations
 - Clinical and Professional Governance Framework
 - Directions Policy including implementation.
- Continuing to implement Commissioning Consortia arrangements.
- Reviewing and refreshing transformation plans and monitoring arrangements.
- Developing and agreeing a Workforce Plan including an improvement action plan.
- Approved, along with Falkirk IJB, the development of a Forth Valley Strategic Commissioning Plan for Palliative and End of Life Care
- Implementing Senior Management and Leadership and IJB development programmes.
- Continuing to implement and monitor key programmes aligned to Scottish Government policy including Carers Support, Action 15 of the Mental Health Strategy, Alcohol and Drug Partnership and Primary Care Improvement Plans.
- Development and engaging on and gaining approval for the 2024/25 IJB Revenue Budget including significant and ambitious transformation and savings plans to support a 'Needs Led, Resource Bound' approach and demonstrate clear alignment to strategic priorities.

Forward Look: Policy Landscape Reform

Further to the Independent Review of Adult Social Care published in September 2020 Scottish Government agreed policy intent to establish a National Care Service (NCS) over the current parliamentary term.

The Scottish Government's ambition is for an NCS that ensures people of all ages can access the care and support that they need to live a full life by improving consistency and quality of provision.

The National Care Service (Scotland) Bill which would establish the National Care Service passed Stage 1 of the legislative process on General Principles on 29 February 2024. The Bill is a 'framework' piece of legislation, which means that it creates a framework for the future delivery of the NCS and much of its detail will be co-developed with a range of stakeholders and decided upon over a period of time. The Bill proposes that new public bodies called 'Care Boards' are established with shared accountability between Scottish Government, NHS Boards and Local Authorities. It is currently anticipated that significant changes will be place from 2027/28. The Bill is currently at Stage 2.

2023/24 Annual Accounts

The Accounts report the financial performance of the Integration Joint Board. Its main purpose is to demonstrate the use of the public funds available for the delivery of the Integration Joint Board's vision and priorities as set out in the Strategic Commissioning Plan.

The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2023/24 Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the Local Authority Accounts (Scotland) Regulations 2014.

For financial year 2023/24 a deficit of £12.663 million has been declared reflecting the net decrease in reserves held between 1 April 2023 and 31 March 2024.

At 31 March 2023 the Integration Joint Board holds £9.863 million of reserves which are earmarked for use during 2024/25 and future years.

Given the reliance on reserves in the 2024/25 budget, ongoing financial risks and existing expenditure plans, reserves are anticipated to significantly fall further during 2024/25.

The IJBs extant reserves policy incorporates a minimum general or contingency reserve level of 1% of budgeted expenditure. It is anticipated that the reserves policy will be breached during 2024/25 and general reserves will fall to zero making the reserves policy aspirational. The medium term financial outlook included within the 2024/25 Revenue Budget incorporates financial estimates to restore general reserves over time.

The table below summarises the net total movement in reserves from 2022/23:

	£m
Total Reserves at 1 April 2023	22.525
Net Decrease in Reserves	(12.662)
Total Reserves at 31 March 2024	9.863

The reserves held at 31 March 2024 are across two broad categories as summarised in the table below:

Reserve Category	£m
General Reserves	2.600
Other Earmarked Reserves	7.263
Total Reserves at 31 March 2024	9.863

A detailed analysis of reserves and movements therein is provided within Note 8 to the financial statements.

Whilst reserves held at 31 March 2024 are in line with the extant reserves policy these are projected to fall to minimal levels during 2024/25 and as such this reflects a significantly increased financial risk to the IJB and the partner bodies.

Performance Reporting

The Integration Joint Board continues to further develop its performance management frameworks, infrastructure, and culture in partnership with support services drawn from the constituent authorities.

Specific further work continues to be undertaken in developing an integrated performance framework and the IJB will receive an update on this in June 2024. This framework is aimed at developing over time ways to demonstrate improved outcomes for citizens, best value for the use of public money, and evidence of progress in relation to the agreed Strategic Plan Priorities. There are ongoing challenges with regard to access to data, in particular, automated data. Information Technology and Management Information Systems across the three constituent authorities require significant modernisation from both an individual organisational perspective but also to report and measure the impact of integrated service delivery and gather evidence of improved outcomes.

The Integration Joint Board receives a performance report at each meeting which along with financial reports and periodic progress reporting on the Transforming Care Programme, giving a rounded view of the overall operational and financial performance, financial sustainability, and progress in implementing the Strategic Commissioning Plan priorities of the Partnership. Taken together, information on key performance indicators, measurable progress in delivering the priorities of the Strategic Plan, and financial performance collectively aim to demonstrate best value within a culture of continuous improvement. The published Annual Performance Reports for the Partnership, including those for previous years, can be found here <https://clacksandstirlinghscp.org/performance/>.

The 2023/24 report represents the 8th Annual Performance Report for the Partnership. It is acknowledged the approach to, and quality of performance reporting will continue to develop over time.

The 2023/24 Annual Performance Report, details progress in relation to the partnership priorities along with summary and detailed performance information. The partnerships 2023/24 Annual Performance Report will be considered by the IJB in August 2024 and will be published on the partnership website thereafter. Once the Annual Performance Report is published the management commentary will be further updated to reflect key performance information.

Financial Performance and Outlook, Risks, and Plans for the Future

Financial Performance

The Partnership has faced significantly increased financial challenges in 2023/24 requiring ongoing development and implementation of options for financially sustainable service delivery and financial recovery plans aligning, as far as possible, to the priorities agreed within the Partnerships Strategic Commissioning Plan (SCP) 2023-2033.

The challenges included:

- Significant and enduring increased demand for health and social care services.
- Linked to the point above, increased acuity and complexity of care requirements with associated increased costs.
- Increasingly competitive labour markets and scarcity of appropriately skilled and trained workforce.
- Inflationary pressures.
- Delivery of transformational change demonstrating alignment to SCP priorities
- Linked to the point above, delivery of sufficient savings and efficiency programmes to maintain a balanced budget position.

The 2023/24 Revenue Budget was approved by the IJB on 29 March 2023. The plan was predicated on a savings requirement of £4.392 million on the Integrated Budget and £3.047 million in relation to the Set Aside Budget for Large Hospital Services with risk assessed plans in place to deliver these. The plan also placed reliance on reserves totalling £2 million to bridge the gap on the Integrated Budget.

Approximately 48% of the planned savings and efficiencies programme were achieved in the year in relation to the Integrated Budget with no material savings delivery being delivered in relation to the Set Aside Budget for Large Hospital Services largely due to ongoing system pressures manifesting in ongoing reliance on contingency bed capacity and associated staffing costs. Less than full delivery of savings and efficiency targets and other cost pressures were offset by in-year slippage on implementation of the key business cases approved by the IJB and other underspends including from staff vacancies demonstrating the challenges in relation to workforce recruitment and retention.

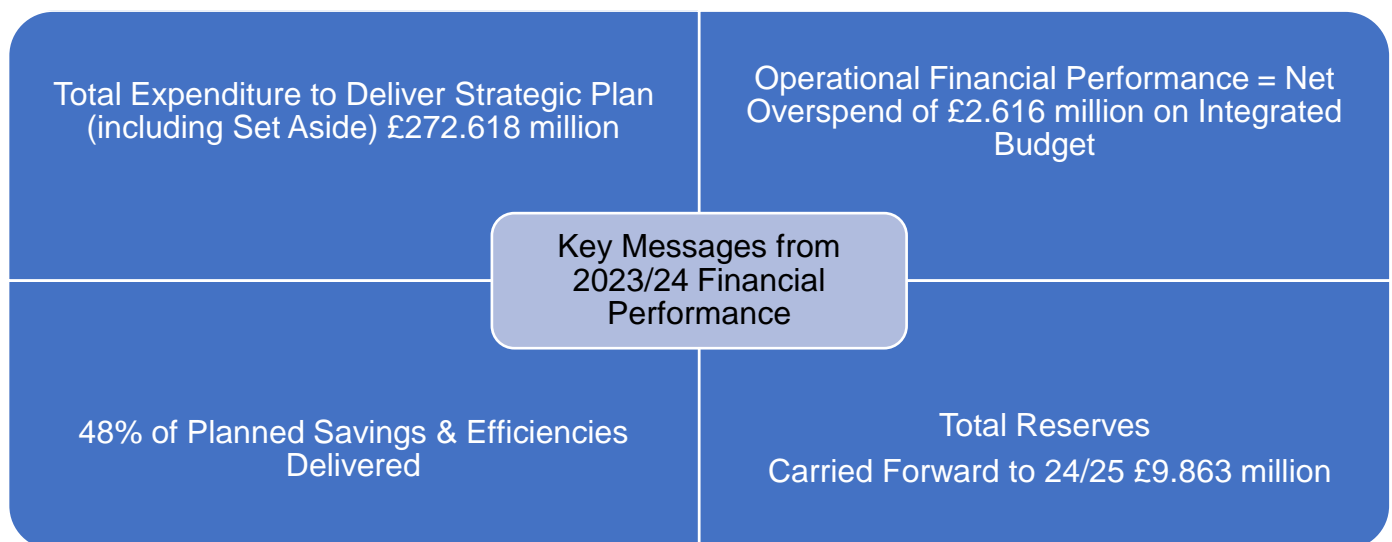
The operational financial position on the Integrated Budget (the partnership budget excluding set aside budget for large hospital services) was a net overspend of £2.616 million after taking account of the impact of financial recovery measures.

The set aside budget for large hospital services was overspent by £3.981 million for the financial year due to costs of contingency beds, associated staffing for these beds and other workforce costs including increased use of temporary workforce solutions. This financial pressure was met by NHS Forth Valley and poses a significant ongoing risk for the Health and Social Care system.

Both the Integrated Budget and Set Aside budget financial positions were supported by £5 million of residual covid funding on a non-recurrent basis in agreement with the Scottish Government.

The overspend on the Integrated Budget was met from IJB reserves, a position which materially reduces flexibility and ability to manage financial risk going forward.

No additional financial contributions from the partners were required to reach this position.



Key factors Impacting Financial Performance in 2023/24:

- Deployment of residual Covid funding in agreement with Scottish Government.
- Underspends across several areas of Community Health Services including predominantly staffing related underspends in:
 - District Nursing
 - Addictions
 - Allied Health Professionals

- Community Learning Disabilities
- Community Mental Health Services
- Family Health Services Prescribing remained the most significant cost pressure area within the partnership and this financial pressure increased to unprecedented levels.
- Significant demand driven overspends in Adult Social Care services across long-term care, care at home, and Learning Disabilities services.
- Ongoing temporary workforce costs across both the Integrated and Set Aside elements of the budget.
- Levels of staffing underspends across services reflecting recruitment and retention issues.

The accounts illustrate a deficit of £12.662 million for the Partnership for the 2023/24 financial year.

	£m
Sum Set Aside for Large Hospital Services	<u>36.595</u>
Integrated Budget Income	223.361
Integrated Budget Expenditure	<u>236.361</u>
Deficit for Financial Year 2022/23	<u>(12.663)</u>

	£m
Integrated Budget Overspend	(2.616)
COVID Reserves	(5.140)
Decrease in Other Earmarked Reserves	<u>(4.907)</u>
Deficit for Financial Year 2022/23	<u>(12.663)</u>

Given the challenging financial performance for the year the Partnership will continue to face significant financial challenges to deliver the current and future Strategic Plan priorities and improved outcomes for service users, unpaid carers, and communities in a climate of growing demand, cost, and complexity.

Set Aside Budget for Large Hospital Services

The Set Aside budget covers the in-scope integration functions of the NHS that are carried out in a large hospital setting providing services to the population of more than one Local Authority and/or Partnership area. For the Clackmannanshire and Stirling Partnership this includes services provided at the Forth Valley Royal Hospital site including the Lochview Learning Disability Inpatient facility and at Bellsdyke Hospital in Larbert (Mental Health Inpatients). This covers areas such as the emergency department, geriatric and general medicine, palliative care, and learning disability and mental health inpatient services.

For financial year 2023/24 NHS Forth Valley continued, as in previous years, to meet the financial pressure associated with the set aside budget and therefore the financial risk does not currently lie with the Integration Joint Board. As a result, the figures disclosed in the accounts reflect the budget position for the Set Aside element. Financial reports to the Integration Joint Board include information on the actual estimated expenditure against the Set Aside budget, noting that NHS Forth Valley currently meets the financial pressure associated.

	£m
Set Aside Budget	36.595
Estimated Expenditure	40.576
Overspend met by NHS Forth Valley	3.981

Arrangements for the Set Aside budget continue to be under review. Work on completing this review has not been concluded during 2023/24 due to the focus on significant operational pressures across the whole Health and Social Care system. The further work required to complete the review and agree future arrangements in line with extant legislation and the partnership action plan in response to the Ministerial Strategic Group recommendation on Progress on Integration is required to be completed over the course of 2024/25, with recommendations being made thereafter to the IJB and NHS Board. This, along with the review of the Integration Scheme, also underway at the time of writing, may impact how this is financed and accounted for in future years.

Financial Outlook

The medium-term impacts of the Covid 19 pandemic, world events including ongoing conflicts and associated global tensions, and economic conditions including ongoing high inflation is having a significant effect on the Scottish, UK, and global economy. This was manifested in financial settlements in the public sector for 24/25 representing very significant fiscal tightening. The longer-term impacts remain uncertain and issues such as high general inflation, energy prices, and geopolitical events will have ongoing effect on economies, public expenditure, and costs. The impacts on public sector policy, expenditure, and resultant impacts on the Scottish budget of the July 2024 UK General Election remain to be seen at this point in time. Additionally, since 2008, the lack of more than single year budget settlements has hindered medium to longer term financial planning.

The aforementioned UK General Election has delayed publication of the Scottish Governments Medium Term Financial Strategy and Medium Term Financial Framework for Health and Social Care. When published these will set out the fiscal environment for public sector expenditure and specifically Health and Social Care in the coming years and the IJBs Medium Term Financial Plan will be updated to reflect these.

The IJBs 2024/25 Revenue Budget, approved in March 2024, incorporated a budget gap of £20.510 million in relation to the IJBs Strategic Plan budget requiring to be addressed through efficiency and savings programmes to achieve financial balance. This figure was made up of £14.041 million in relation to the Integrated Budget and £6.469 million in relation to the set aside budget for large hospital services.

The key themes within the Transformation and Efficiency Savings Plan approved were:

- Removal of all unfunded provision including Contingency Bed capacity
- Implementation of a Right Care Right Time Programme including allocation model for Long Term Care Admissions
- Full and Systematic Implementation of revised Self-Directed Support Provision
- Primary Care Medicines Optimisation Programme
- Maximising Charging Income through consistent application of charging policy
- Strategic Commissioning aligned to Strategic Priorities
- Grip and Control to Manage Costs within Budget

This is supported by implementation of a programme management approach to provide structure and oversight of the programme.

The balanced initial budget was approved by the IJB in March 2024 after protecting £4 million from IJB Reserves to meet the remaining deficit not addressed by approved savings and efficiency programmes. Given the risk assessment in relation to delivery of savings and efficiencies and likely support from reserves, which would mean exhausting any general or contingency reserves, the financial risk profile of the IJB has significantly increased and it will be increasingly difficult to

continue to deliver levels of service for assessed need. There are also significant risks to whole system performance and safety including ability to support hospital discharges timeously.

Changing Scottish Government policy in relation to Health and Social Care and particularly the establishment of a National Care Service may have a significant effect on the finances and accountabilities of the IJB going forward. The IJB awaits further detail of intended policy direction of the Scottish Government in this regard.

The 2024/25 Revenue Budget incorporated a medium-term financial outlook over the next five years which estimates a gap between projected costs and resources requiring to be met by savings of £37.005 million. This high-level outlook will be supplemented and superseded by a fuller review and update of the medium-term financial plan later in the financial year.

Future Key Risks and Mitigation

There are multiple risks facing the IJB and the IJB maintains a Strategic Risk Register. The IJBs Audit and Risk Committee regularly scrutinises the Strategic Risk Register and given the increased risk profile the IJB now also considers the Strategic Risk Register as a standing agenda item.

The key risks and mitigation are summarised in the table below:

Key Risk	Mitigation (where possible)
Continued economic uncertainty, inflation, and wider impacts of world events and political influences with resultant implications for public expenditure.	Financial planning and efforts to control costs.
Increasing demand for and cost of health and social care services driven by demographic change including an ageing and increasing population with multiple and complex long-term conditions inequalities and wider determinants of health such as deprivation, housing, and employment	Transformation Programme and Strategic Shift to Early Intervention and Preventative Approaches clearly aligned to the priorities approved. Whole system working and collaboration including alignment to Community Planning Partnerships.
Increasing public expectations from health and social care services:	Public engagement and consultation of priorities and service delivery options.
The changing policy landscape particularly in relation establishment of a National Care Service (NCS) and rising expectations associated with this.	Working collegiately with partners, Health and Social Care Scotland and Scottish Government to inform and influence policy and service delivery structures.
Workforce challenges, staff wellbeing, the ageing workforce, and issues around recruitment and retention within the health and social care workforce. This specifically and notably includes challenges in relation to GP Practice Sustainability.	Workforce planning, effective working relationships with staff and trade unions and ongoing focus on workforce health and wellbeing.
Maintaining performance against key local and national indicators whilst maintaining service delivery within resources available.	Transformation Programme and alignment to strategic priorities.

All of the above risks may have an impact on the partnership's costs in future years and, therefore, potentially add to the financial pressures over the medium to longer term.

Plans for the Future

There continues to be opportunities for the Integration Joint Board to use its combined resources in a more effective, efficient, and person-centred ways focusing on place-based services to make better use of public resources and improve outcomes for our citizens.

The significantly increasing demands and costs of health and social care services risks exceeding available resources and approaches to service design and delivery requires to be focused on better outcomes for citizens and co-produced with our communities through meaningful and ongoing engagement.

Demonstrable delivery of progress on the priorities defined in the 2023/33 Strategic Commissioning Plan and improved outcomes for our communities will be the focus of service delivery and our transforming care programme as we try and balance service performance and financial sustainability. Going forward, increasingly difficult decisions locally, including disinvestment decisions, and collaborative work with partners and Scottish Government on sustainable policy approaches will be required.

The Partnership continues to adopt a whole-systems approach to improve health and social care outcomes and will work alongside Community Planning partners to address wider issues in relation to congruence with Local Outcome Improvement Plans, driving public value through place-based services, community empowerment, public health, and health improvement.

These approaches will ensure a joint contribution to encouraging, supporting, and maintaining the health and wellbeing of people who live in our communities thus assisting the partnership in addressing the challenges faced.

It is recognised that without significant further change to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore continue to embed new ways of working and seek to focus resources away from bed-based models of care into community-based services and invest in early intervention and prevention. We need to continue to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients and that crucially we co-produce these harnessing the capacity of local communities to support the wider preventative health and wellbeing outcomes.

There is increasingly a need to focus deployment of available resources on Strategic Commissioning Plan Priorities and ensure we and partners meet statutory requirements in innovative ways including increasing use of assistive technologies and digital solutions. It is paramount these solutions are co-produced with communities through an ongoing commitment to public and service user engagement – this process is commonly known as co-production.

The key elements of this approach are set out in the ‘plan on a page’ schematic on Page 9 of this document and supplemented the detailed planning within and aligned to our Transforming Care Programme.

Conclusion

In this eighth year of operations the Partnership has continued to focus heavily on responding to the increased level of demand for Health and Social Care Services presenting across the whole system and supporting whole system performance and safety.

Going forward, the Clackmannanshire and Stirling Health and Social Care Partnership will continue to face significant financial challenges in delivering better outcomes for its patients and service users in line with its Strategic Commissioning Plan priorities and Financial Plans in a climate of growing demand and complexity with increasingly scarce resources.

In order to achieve this, we must continue to identify and implement innovative ways of delivering sustainable services to our citizens in ways that are truly co-produced with our communities, that draw on lived experience of our service users and that are human rights based.

We will continue to work with staff, managers, services, partners (including the third and independent sectors) and our localities and communities to lead and support sustainable service design approaches, identify, and implement innovative, cost effective and person centred, outcomes focused and place-based service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Commissioning Plan 2023/2033 priorities within the resources available.

Where to find more information

If you would like more information, please visit our webpage at:

<https://clacksandstirlinghscp.org/>

The papers and minutes from meeting of the Integration Joint Board can be found here:

<https://clacksandstirlinghscp.org/integration-joint-board-meetings/>

Other publications from the partnership, past and present can be found here:

<https://clacksandstirlinghscp.org/publications/>

Acknowledgements

The Integration Joint Board would wish to take this opportunity to thank the staff, volunteers, and paid and unpaid carers whose work contributes to the provision of services to the populations of Clackmannanshire and Stirling.

Councillor Gerry McGarvey
Chair

David Williams
Interim Chief Officer

Ewan C. Murray
Chief Finance Officer

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Clackmannanshire and Stirling Integration Joint Board, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Integration Joint Board on 2 October 2024.

Signed on behalf of the Clackmannanshire and Stirling Integration Joint Board.

Councillor Gerry McGarvey
Chair

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with legislation.
- complied with the local authority Code (in so far as it is compatible with legislation)

The Chief Finance Officer has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Clackmannanshire & Stirling Integration Joint Board as at 31 March 2024 and the transactions for the year then ended.

Ewan C. Murray
Chief Finance Officer

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

Voting Membership of the Integration Joint Board in 2023/24

Voting members of the Integration Joint Board constitute Councillors nominated as Board members by constituent authorities and NHS representatives nominated by the NHS Forth Valley. The voting members of the Clackmannanshire and Stirling Integration Joint Board were appointed through nomination by Clackmannanshire Council, NHS Forth Valley, and Stirling Council.

Voting Membership of the Integration Joint Board during 2023/24 was as follows:

Clackmannanshire Council

Councillor Martha Benny
Councillor Wendy Hamilton
Councillor Janine Rennie

NHS Forth Valley

Allan Rennie, IJB Chair
Cathie Cowan, Chief Executive (till 29 August)
Martin Fairbairn, Non-Executive
Gordon Johnston, Non-Executive
Stephen McAllister, Non-Executive
John Stuart, Non-Executive

Stirling Council

Councillor Danny Gibson, IJB Vice Chair (till 27 September)
Councillor Gerry McGarvey, IJB Vice Chair (IJB member from 27 September, Vice Chair from 29 November 2023)
Councillor Martin Earl
Councillor Rosemary Fraser

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of the Integration Joint Board are appointed through nomination by Clackmannanshire & Stirling Councils and NHS Forth Valley. Nomination of the Integration Joint Board Chair and Vice Chair postholders alternates between a Councillor and a Health Board representative.

The Chair and Vice Chairs of the IJB changed from 29 March 2024 with Councillor Gerry McGarvey, Stirling Council, appointed as IJB Chair and Allan Rennie, Non-Executive Director of NHS Forth Valley, appointed as Vice Chair.

The Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Integration

Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Integration Joint Board members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of the Integration Joint Board

The Integration Joint Board does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board must be appointed and the employing partner must formally second the officer to the Integration Joint Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation.

The Chief Officer until 4 December 2023, Annemargaret Black, took up post on 17 June 2019 and is employed by NHS Forth Valley.

The interim Chief Officer, David Williams took up post on 4 December 2023 and is employed by NHS Forth Valley.

Other Officers

No other staff are appointed by the Integration Joint Board under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Finance Officer is employed by NHS Forth Valley.

2022/23 Total	Senior Employees	Salary, Fees, & Allowances	Taxable Expenses	Total 2023/24
£		£	£	£
108,023	Chief Officer: A Black (01/04/23 – 04/12/23)	75,458	0	75,458
0	Interim Chief Officer: D Williams (from 04/12/23)	30,029	0	30,029
82,059	Chief Finance Officer: E Murray	86,120	0	86,120

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the Integration Joint Board balance sheet for the Chief Officer or any other officers.

The Integration Joint Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Integration Joint Board. The following table shows the Integration Joint Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employees	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/2023	For Year to 31/03/2024		Movement from 31/03/2023	As at 31/03/2024
	£	£		£000	£000
Chief Officer: A Black	22,577	15,574	Pension	(7)	37
			Lump Sum	(12)	96
Chief Officer: D Williams (Interim)	0	6,276	Pension	1	1
			Lump Sum	0	0
Chief Finance Officer: E Murray	17,150	17,803	Pension	(8)	37
			Lump Sum	4	100

Accrued pension benefit estimates are provided by the Scottish Public Pensions Agency (SPPA). A Blacks in year pension contributions for 23/24 relate to the part of the financial year served as Chief Officer.

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band	Remuneration Band	Number of Employees in Band
2022/23		2023/24
0	£75,000 - £79,999	1
1	£80,000 - £84,999	0
0	£85,000 - £89,999	1
1	£105,000 - £109,999	0

Exit Packages

There were no exit packages in relation to Clackmannanshire and Stirling Integration Joint Board in financial year 2023/24 or 2022/23.

Councillor Gerry McGarvey
Chair

David Williams
Interim Chief Officer

Annual Governance Statement

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Scope of Responsibility

The IJB is responsible for ensuring that:

- its business is conducted in accordance with the law and appropriate standards.
- that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's delegated functions and make arrangements to secure best value. To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims, and objectives. Reliance is also placed on the NHS Forth Valley and Clackmannanshire and Stirling Councils 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.

Given the IJB utilises the systems of internal control with NHS Forth Valley, Clackmannanshire Council, and Stirling Council the system can only provide reasonable and not absolute assurance of effectiveness.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Commissioning Plan. The governance framework will be continually updated to reflect best practice, new legislative requirements, and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

Governance Framework and Internal Control System

The Board of the IJB comprises the Chair, Vice Chair and ten other voting members; six are Council Elected Members nominated (three each council) by Clackmannanshire and Stirling Council and six are Board members of NHS Forth Valley (four Non-Executive Directors and two Executive Directors). There are also a number of non-voting professional and stakeholder members on the IJB including the Chief Officer, Chief Finance Officer, and professional medical, nursing, and social work advisors to the IJB. Stakeholder members currently include representatives from the third sector interfaces, carers, and service users.

The main features of the governance framework in existence during 2023/24 were:

- The Integration Scheme
- Standing Orders
- Scheme of Delegation
- Financial Regulations and Reserves Policy and Strategy
- Code of Conduct and Register of Interests

- IJB Committees operating within approved Terms of Reference which provide annual assurance statements to the IJB
- Clinical and Care Governance Framework
- Risk Management Framework and Strategic Risk Register
- Complaints Handling Procedure
- Information Governance Arrangements and Information Security Policy

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision, and delegation.

The IJB utilises the internal control systems of NHS Forth Valley, Clackmannanshire Council and Stirling Council in the commissioning and delivery of in-scope functions. As such the Annual Governance Statements of the constituent authorities have been reviewed and no matters which pose significant additional risk to the IJB are highlighted.

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA) The Head of Internal Audit reports directly to the Integration Joint Board Audit and Risk Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Integration Joint Board Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a risk assessment drawn from review of the Integration Joint Boards Strategic Risk Register and is approved by the Integration Joint Board Audit and Risk Committee.

From April 2023 the IJBs Chief Internal Auditor has been appointed on behalf of Clackmannanshire Council. As Clackmannanshire Council procures Internal Audit Services from Falkirk Council’s Internal Audit service the IJBs Chief Internal Auditor is the Internal Audit Risk and Corporate Fraud Manager from Falkirk Council.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting, at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team, work of the IJB’s internal audit service and the Chief Internal Auditor’s annual assurance report, and reports from external auditors and other review agencies and inspectorates.

The Chief Internal Auditor’s 2023/24 Annual Assurance Report will be presented to the IJB Audit and Risk Committee in June 2024 and will provide an opinion on the IJB’s arrangements for risk management, governance, and control for the year to 31 March 2024.

The review of the IJB’s governance framework is supported by a process of self-assessment and compiled by the Chief Finance Officer. The Chief Finance Officer has completed a “Governance Questionnaire” and supplies any further supporting evidence requested as evidence of adequacy and review of key areas of the IJB’s internal control framework; this is provided to the IJB’s Chief Internal Auditor as part of the evidence base to inform the opinion within the Annual Internal Audit Assurance Report.

The Chief Officer also gives assurances as Director of Health and Social Care through the Annual Governance Statement processes of the constituent authorities and the IJB Chief Finance Officer reviews the Annual Governance Statements of the constituent authorities to identify any weaknesses in governance which may affect integration functions and/or pose a risk to the IJB.

The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal

control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Due to the nature of IJB Board Membership, a conflict of interest can arise between an IJB Board Members' responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon. There is specific guidance from the Standards Commission for IJB members.

The Management Commentary provides an overview of the key risks and uncertainties facing the IJB (Pg. 17).

Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA Statement on "The Role of the Chief Finance Officer in Local Government 2014". The IJB's Chief Finance Officer has overall responsibility for Clackmannanshire and Stirling Health and Social Care Partnership's financial arrangements.

The IJB complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017" (the Standards).

The Standards require the Chief Internal Auditor to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self-assessment and a five yearly external assessment. The external quality assessment element of the Standards seeks to provide independent assurance on the level of compliance. The Internal Audit Manager undertook a detailed self-assessment against the Standards in March 2023. This confirmed continuing compliance with the Standards, and has now been subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors' Group.

In line with the requirement, a review was undertaken from November 2023 to January 2024 by the Chief Internal Auditor from Argyll and Bute Council. The report concludes that Clackmannanshire Council's Internal Audit team fully conforms with the Standards. This is a positive outcome and provides the Audit and Risk Committee with independent assurance in line with the requirements of the Scheme of Delegation.

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit and Risk Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities. The Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Governance Issues Relating to Ongoing Impacts of COVID-19

Recent years governance statements have included specific statements with regard to the ongoing impacts of COVID-19. Given a full year has passed since the World Health Organisation

declared the end of the pandemic there are no specific governance issues to note. Furthermore, it is proposed that this is an appropriate time to cease this practice.

Other Governance Issues

The IJB Audit and Risk Committee received a Limited Assurance Report in relation to Directions Policy at its February 2024 meeting as part of the approved Internal Audit Annual Plan.

As the core functions of the IJB are to:

- Develop and approve a Strategic Plan
- Commission (through directions) the local authorities and NHS Board to deliver services in line with the strategic plan priorities.
- Monitor performance and directions.

It is appropriate to specifically note this issue within the governance statement. The audit report was brought to the attention of the IJB and the IJB Finance and Performance Committee and significant work has been undertaken to address the recommendations within the review since that date including a review and refresh of the Directions Policy and development and implementation of directions in line with the directions policy from March 2024.

Furthermore, the structure of the IJBs agenda from March 2024 identifies and prioritises items 'for decisions with direction'.

Management of Risk

The Integration Joint Board monitors and seeks to mitigate significant risk through its Risk Management Framework and Strategic Risk Register. The Strategic Risk Register is regularly reviewed by the partnership Senior Leadership Team. The Audit & Risk Committee provide a scrutiny role for the Integration Joint Board by reviewing, scrutinising, and approving the Strategic Risk Register as a standing agenda item at each meeting. High risks on the Strategic Risk Register are reported to the Integration Joint Board through routine Performance Reports.

The IJBs risk management framework remains under review, and this will be concluded in the near future. The review will consider any updates required to the risk management framework and improving interfaces with risk management arrangements across the constituent authorities assisting in linking operational and strategic risk identification, management, and reporting.

Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan is proposed to the IJB Audit and Risk Committee to ensure continual improvement of the IJB's governance. Regular updates on progress of the agreed actions will be monitored by the IJB Audit and Risk Committee.

Areas for Improvement Identified	Action Undertaken in 2022/23	Responsible Party(s)	Previous Planned Date of Completion	Revised Date of Completion
Comprehensive review of the IJBs Governance Frameworks will be undertaken	Financial Regulations reviewed, updated, and presented for approval.	Chief Finance Officer	September 2023	Complete
		Chief Officer	N/A	June 2024

Areas for Improvement Identified	Action Undertaken in 2022/23	Responsible Party(s)	Previous Planned Date of Completion	Revised Date of Completion
	Standing Orders reviewed, revised, and presented for approval. Preparation of a revised Integration Scheme (noting the Integration Scheme is the legal partnership agreement between the constituent authorities).	Clackmannanshire and Stirling Councils and NHS Forth Valley	March 2024	October 2024
Development of Local Code of Corporate Governance	Action in progress.	Chief Finance Officer	December 2023	September 2024
Implement Revised Approach to Directions	Partially complete. Directions policy reviewed and update and implementation of Revised Approach substantially implemented from March 2024	Chief Officer & Chief Finance Officer	Over course of 2023/24	From March 2024
Produce Annual Assurance Reports for IJB Committees	Action complete.	Chief Finance Officer & HSCP Business Officer	March 2024	Complete
Further Develop Best Value Arrangements	Partially complete within limitations of recording and management information systems and information available.	Chief Officer, Chief Finance Officer and Head of Strategic Planning and Health Improvement	Ongoing	Ongoing with update to IJB ARC June 2024

Conclusion and Opinion on Assurance

Whilst recognising that further improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team and reported and scrutinised by IJB and the IJB Audit and Risk Committee.

Councillor Gerry McGarvey
Chair

David Williams
Chief Officer

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

		2022/23			2023/24	
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
31,513	0	31,513	Large Hospital Services	36,595	0	36,595
138,938	(8,632)	130,306	Community Health and Social Care Services	147,525	(8,522)	139,003
90,720	0	90,720	Primary Care	96,632	0	96,632
375	0	375	IJB Running Costs	388	0	388
261,546	(8,632)	252,914	IJB Operational Costs	281,140	(8,522)	272,618
	(247,192)	(247,192)	Taxation and Non-Specific Grant Income		(259,955)	(259,955)
		5,722	(Surplus) or Deficit on Provision of Services and Total Comprehensive (Income) and Expenditure			12,663

There are no statutory or presentation adjustments which affect the Integration Joint Board's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the Integration Joint Board's reserves.

Movements in Reserves 2023/24	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2023	(22,525)	0	(22,525)
Total Comprehensive Income and Expenditure	12,663	0	12,663
Closing Balance at 31 March 2024	(9,863)	0	(9,863)

Movements in Reserves 2022/23	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2022	(28,248)	0	(28,248)
Total Comprehensive Income and Expenditure	5,722	0	5,722
Closing Balance at 31 March 2023	(22,525)	0	(22,525)

Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2023 £000		Notes	31 March 2024 £000
<u>22,525</u>	Short Term Debtors	Note 7	<u>9,863</u>
<u>22,525</u>	Current Assets		<u>9,863</u>
<u>22,525</u>	Net Assets		<u>9,863</u>
<u>(22,525)</u>	Useable Reserves: General Fund	Note 8	<u>(9,863)</u>
<u>(22,525)</u>	Total Reserves		<u>(9,863)</u>

Ewan C. Murray
Chief Finance Officer
26 June 2024

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the authority's transactions for the 2023/2024 financial year and its position at the year ended 31 March 2024.

The Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

The IJB's funding from and commissioning of services to partners has been confirmed for 2024/25 and a Medium-Term Financial Outlook has been prepared covering the next 5 financial years with a commitment in place to fully update the IJBs Medium Term Financial Plan later in 2024. The IJB considers there are no material uncertainties around its going concern status.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the Integration Joint Board.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

Funding

The Integration Joint Board is funded through funding contributions from the statutory funding partners Clackmannanshire Council, Stirling Council, and NHS Forth Valley which includes the pass through of funds from Scottish Government for the specific use of the IJB. Expenditure is incurred as the Integration Joint Board commissions specified health and social care services from the funding partners for the benefit of service recipients in Clackmannanshire and Stirling.

Cash and Cash Equivalents

The Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of the Integration Joint Board by the funding partners. Consequently, the Integration Joint Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the Integration Joint Board's Balance Sheet.

Employee Benefits

The Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The Integration Joint Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Charges from funding partners for other staff are treated as administration costs.

Provisions, Contingent Liabilities, and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the Integration Joint Board's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the Integration Joint Board's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves.

The Integration Joint Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March 2024 shows the extent of resources which the Integration Joint Board can use in later years to support service provision.

The Integration Joint Board has no unusable reserves.

Indemnity Insurance

The Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Forth Valley, Clackmannanshire and Stirling Councils have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the Integration Joint Board does not have any 'shared risk' exposure from participation in CNORIS. The Integration Joint Boards participation in the CNORIS scheme is therefore supplementary to normal insurance arrangements for clinical and care services.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims, taking probability of settlement into consideration, is provided for in the Integration Joint Board's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

VAT

The Integration Joint Board is not registered for VAT and as such VAT is settled or recovered by the partner agencies.

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards That Have Been Issued but Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

3. Critical Accounting Estimates and Assumptions

Set Aside Budget for Large Hospital Services

For financial year 2023/24 the sum included within the accounts in relation to the Set-Aside budget for Large Hospital services reflects the budget allocated rather than the actual cost of hospital activity. The reason for uncertainty in relation to this is the inability of systems to accurately estimate expenditure relating to the populations of Clackmannanshire and Stirling. Systems continue to be developed to be able to accurately provide this information within the accounts in future financial years in partnership with NHS Forth Valley. Development of these arrangements has been materially impacted by the pandemic and ongoing pressures across the health and social care system but is ongoing.

In terms of risk of misstatement, a 10% shift in activity would equate to an estimated £4.057m in costs which would, in turn, be matched by additional income from NHS Forth Valley.

The approach to developing arrangements was detailed in a report to the Integration Joint Board meeting in June 2018 and within the partnerships consolidated response to the Ministerial Strategic Groups proposals on Progress on Integration. The Integration Joint Board, and its committees, will continue to receive reports on progress of this work.

4. Events after the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 26 June 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Income Analysis by Nature

31 March 2023 £000		31 March 2024 £000
30,158	Services Commissioned from Clackmannanshire Council	30,895
52,218	Services Commissioned from Stirling Council	55,437
178,795	Services Commissioned from NHS Forth Valley	194,417
343	Other IJB Operating Expenditure	355
3	Insurance and Related Expenditure	3
29	Auditor Fee: External Audit Work	33
(5,066)	Service Income: Clackmannanshire Council	(4,764)
(3,566)	Service Income: Stirling Council	(3,758)
(247,192)	Partners Funding Contribution and Non-Specific Grant Income	(259,955)
5,722	(Surplus) or Deficit on the Provision of Services	12,663

Service income reflected in the table above reflects contributions received from service users towards the costs of adult social care services provided in line with the extant charging policies of Clackmannanshire and Stirling Councils.

6. Taxation and Non-Specific Grant Income

31 March 2023 £000		31 March 2024 £000
27,909	Funding Contribution from Clackmannanshire Council	21,437
48,852	Funding Contribution from Stirling Council	49,430
170,431	Funding Contribution from NHS Forth Valley	189,088
247,192	Taxation and Non-Specific Grant Income	259,955

The funding contribution from the NHS Board shown above includes £36.595 million in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by NHS Forth Valley which currently retains responsibility for managing the costs of providing the services. The Integration Joint Board, however, has strategic responsibility for the consumption of, and level of demand placed on, these resources.

7. Debtors

31 March 2023 £000		31 March 2024 £000
5,319	Stirling Council	2,953
5,138	Clackmannanshire Council	366
12,068	NHS Forth Valley	6,544
22,525	Total Debtors	9,863

8. Useable Reserve – General Fund

The Integration Joint Board holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management and pursuance of best value from available resources.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as an element of the Integration Joint Board's financial resilience framework. The IJB held contingency funding totalling £2.600 million at 31 March 2024.

The table below shows the movements on the General Fund balance:

Balance at 31 March 2023 £000	Reserve Detail	Transfers Out £000	Transfers In £000	Balance at 31 March 2024 £000
(2,066)	Transformation & Leadership Fund	459	0	(1,606)
(3,512)	Service Pressures (from Winter Funding)	3,062	0	(450)
(512)	Community Living Fund	0	0	(512)
(5,140)	COVID Funding	5,140	0	0
(4,042)	Other Earmarked Reserves	1,486	(1,035)	(3,592)
(218)	Primary Care Improvement Plans	218	0	(0)
(23)	Action 15 - Mental Health	23	(40)	(40)
(281)	Alcohol and Drug Partnerships	163	(245)	(363)
(500)	Invest to Save Fund	0	0	(500)
(705)	MDT Funding	705	0	0
(775)	B2-4 Healthcare Support Workers	775	0	0
(153)	Pcip Transitional Payments	153	0	0
(200)	Prescribing Hscip Invest To Save	0	0	(200)
(18,127)	Total Earmarked	12,184	(1,320)	(7,263)
(4,398)	Contingency	1,798	0	(2,600)
(22,525)	General Fund	13,983	(1,320)	(9,863)

The table above is in condensed format and the presentation is intended to aide understanding and highlight the reserves with significant values.

The following constitute the material elements of earmarked reserves and further information of the intended purpose are provided below:

Transformation, Leadership and Service Pressures Funding

Funding retained to support non recurrent costs of implementing the transformation programme.

Invest to Save Fund

Funding to support 'pump priming' initiatives intended to release cash savings in 2024/25 and beyond.

Other Earmarked Reserves

The IJB held a number of smaller earmarked reserves at 31 March 2024 which have specific spending plans but are not individually material.

9. Related Party Transactions

The IJB has related party relationships with the NHS Forth Valley and the Clackmannanshire & Stirling Councils. In particular, the nature of the partnership means that the Integration Joint Board may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts are presented to provide additional information on the relationships.

There are no material transactions with Clackmannanshire and Stirling Integration Joint Board officers or with organisations they have an interest in. The remuneration and any other taxable payments to senior officers, the Chair and Vice Chair are disclosed in the remuneration statement. Each Board member's registered interests will be published on the Integration Joint Board webpage in due course.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the constituent authorities free of charge as a 'service in kind'. The support services provided by the constituent authorities mainly consist of performance management, human resources, financial management, information services, information technology and payroll.

Transactions with NHS Forth Valley

31 March 2023 £000		31 March 2024 £000
(170,431)	Funding Contributions received from the NHS Board	(189,088)
178,795	Expenditure on Services provided by the NHS Board	194,417
187	Key Management Personnel: Non-Voting Members	196
<u>8,551</u>	Net Transactions with NHS Forth Valley	<u>5,524</u>

Key Management Personnel: The Chief Officer and Chief Finance Officer are employed by NHS Forth Valley and recharged to the Integration Joint Board via contributions from the constituent authorities based on voting shares. Details of the remuneration for the Chief Officer and Chief Finance Officer is provided in the Remuneration Report.

Balances with NHS Forth Valley

31 March 2023 £000		31 March 2024 £000
<u>12,068</u>	Debtors Balances: Amounts due from NHS Board	<u>6,544</u>
<u>12,068</u>		<u>6,544</u>

Transactions with Clackmannanshire Council

31 March 2023 £000		31 March 2024 £000
(27,909)	Funding Contributions received from the Council	(21,437)
(5,066)	Service Income Received from the Council	(4,764)
30,158	Expenditure on Services provided by the Council	30,895
75	Key Management Personnel: Non-Voting Members	78
<u>(2,742)</u>	Net Transactions with Clackmannanshire Council	<u>4,772</u>

Balances with Clackmannanshire Council

31 March 2023 £000		31 March 2024 £000
5,138	Debtors Balances: Amounts due from Council	366
<u>5,138</u>		<u>366</u>

Transactions with Stirling Council

31 March 2023 £000		31 March 2024 £000
(48,852)	Funding Contributions received from the Council	(49,430)
(3,566)	Service Income Received from the Council	(3,758)
52,218	Expenditure on Services provided by the Council	55,437
112	Key Management Personnel: Non-Voting Members	117
<u>(87)</u>	Net Transactions with Stirling Council	<u>2,367</u>

Balances with Stirling Council

31 March 2023 £000		31 March 2024 £000
5,319	Debtors Balances: Amounts due from Council	2,953
<u>5,319</u>		<u>2,953</u>

10. Expenditure Analysis

Expenditure on services commissioned by the Clackmannanshire and Stirling Integration Joint Board from its constituent authorities is analysed below:

	Year Ended 31 March 2023 £000	Year Ended 31 March 2024 £000
NHS Forth Valley - Health Services		
<u>Set Aside</u>		
Accident and Emergency Services	10,725	13,316
Inpatient Hospital Services Relating to:		
General Medicine	3,753	4,504
Geriatric Medicine	6,566	7,152
Rehabilitation Medicine	2,790	3,320
Respiratory Medicine	2,123	2,452
Psychiatry of Learning Disability	1,243	1,356
Palliative Care (Hospital Based)	1,218	1,280
Mental Health Inpatient Services	6,605	7,196
Set Aside Subtotal	35,024	40,576
Adjustment to budget	(3,511)	(3,981)
Adjusted Set Aside Subtotal	31,513	36,595
<u>Operational</u>		
Nursing Services	5,003	5,312
Community Addiction Services	3,662	3,714
Community Based AHP Services	6,886	7,865
Community Mental Health	998	979
Community Learning Disabilities	5,504	6,471
Community Hospitals	6,573	7,377
Other Health Care Services	6,406	7,785
Integration Fund & Resource Transfer	21,530	21,689
Partnership Costs	187	196
Operational Subtotal	56,749	61,386
<u>Universal</u>		
Primary Medical Services (GMS Contract)	32,417	33,975
Primary Dental Services (GDS Contract)	10,369	10,007
Community Ophthalmic Services	2,849	3,251
Community Pharmaceutical Services	43,307	47,465
GP Out of Hours Services	1,779	1,934
Universal Subtotal	90,720	96,632
Total Health Services	178,982	194,613

Clackmannanshire Council - Adult Social Care Services

Long Term Care	13,459	12,880
Care at Home	11,799	12,926
Staffing	9,127	9,600
Direct Payments	1,300	1,542
Third Party Payments	1,774	687
Other Adult Social Care Services	1,222	1,234
Partnership Costs	75	78
Income	(5,066)	(4,764)
Resource Transfer	(8,521)	(7,974)

Total Adult Social Care Services - Clackmannanshire	25,167	26,209
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Stirling Council - Adult Social Care Services

Long Term Care	15,719	17,928
Care at Home	21,260	24,939
Staffing	6,398	3,915
Bellfield Centre	4,478	4,481
Reablement	3,135	3,918
Direct Payments	1,613	1,668
Third Party Payments	1,393	957
Respite	1,569	1,072
MECS / Telecare / Telehealth	686	737
Other Adult Social Care Services	3,562	3,446
Partnership Costs	112	117
Integration Fund & Resource Transfer	(11,160)	(11,384)

Total Adult Social Care Services - Stirling	48,765	51,796
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Partnership Total	252,914	272,618
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Independent auditor's report to the members of Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission

The independent auditors report will be included within the audited accounts at this place.

Glossary

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period	The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.
Accruals	The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.
Balance Sheet	A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.
CIPFA	The Chartered Institute of Public Finance and Accountancy.
Consistency	The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.
CNORIS	The Clinical Negligence and Other Risks Indemnity Scheme
COSLA	Convention of Scottish Local Authorities
Creditor	Amounts owed by the IJB for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.
Debtor	Amount owed to the IJB for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.
Entity	A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.
Events after the Reporting Period	Events after the Reporting Period are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
ISD	Information Services Division Scotland
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
Liability	A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.
NRAC	NHS Scotland Resource Allocation Committee (Scottish NHS resource allocation formula)
Provision	An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.
PSIAS	Public Sector Internal Audit Standards.
Related Parties	Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer and their close family and household members.

Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.
Reserves	The accumulation of surpluses, deficits, and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.
Revenue Expenditure	The day-to-day expenses of providing services.
Significant Interest	The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.
SOLACE	Society of Local Authority Chief Executives.
The Code	The Code of Practice on Local Authority Accounting in the United Kingdom.

Clackmannanshire & Stirling Integration Joint Board Audit & Risk Committee

26 June 2024

Agenda Item 11

Strategic Risk Register and Draft Risk Management Strategy

For Approval

Paper Approved for Submission by:	David Williams, Interim Chief Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author(s)	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To provide the Integration Joint Board to the Strategic Risk Register for review and approval.
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Recommendations:	<p>The Audit & Risk Committee is asked to:</p> <ol style="list-style-type: none"> 1) Review and approve the Strategic Risk Register 2) Consider and recommended the draft revised Risk Management Strategy to the IJB for approval.
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1. Strategic Risk Register

- 1.2 Given the increasing risk profile across Health and Social Care both locally and nationally from March 2024 the Strategic Risk Register is a standing agenda item on the IJBs agenda rather than being an element of performance reporting as was previous practice.
- 1.3 The Audit and Risk Committee undertakes a scrutiny function for the Integration Joint Board to scrutinise and review the Strategic Risk Register. The Committee last reviewed the Strategic Risk Register at its meeting on 21 February 2024 and will do again on 26 June 2024. The IJB approved the Strategic Risk Register on 19 June 2024 and this version is the same as presented to the IJB.
- 1.4 The Strategic Risk Register is regularly reviewed by the HSCP Senior Leadership Team (SLT) and updated thereafter by the Chief Finance Officer. The most recent review was 12 June 2024.
- 1.5 As a result of this review and wider discussions regarding risks the following have been decreased/increased:

HSC017 Potential Industrial Action (increased) – risk increased as a result of current position and related increased risk of industrial action.
- 1.6 A summary of the current 14 Strategic Risks is shown in Table 1 below, with movements in risk ratings from the March IJB meeting.
- 1.7 Where control actions have been updated this is highlighted by text in italics within the strategic risk register.

Table 1

Strategic Risk	Risk Direction	Previous Score March 2024	Current Score June 2024	Target Score
1. Financial Resilience	↔	25	25	9
2. Leadership, Decision Making and Scrutiny	↔	12	12	8
4. Performance Framework	↔	16	16	4
5. Culture/HR/Workforce planning	↔	12	12	3
6. Experience of service users/patients/unpaid carers	↔	16	16	6
7. Information Management and Governance	↔	25	25	9
8. Information Sharing Process and practice	↔	16	16	12
10. Harm to Vulnerable People, Public Protection and Clinical & Care Governance	↔	20	20	4
11. Sustainability and safety of adult placement in external care home and care at home sectors	↔	20	20	4
12. Health and Social Care workforce demographic / resilience of service	↔	16	16	6
14. Ability to Deliver Primary Care Improvement Plan	↔	20	20	9
15. Primary Care Sustainability	↔	25	25	9
17. Potential Industrial Action	↑	12	16	6
18. Capacity to Deliver Safe and Effective Integration Functions to Support Whole System Performance and Safety	↔	16	16	6

1.8 A further development will be to look at systemising the Strategic Risk Register to enhance ownership and efficiency of reporting including ensuring

that the Audit & Risk Committee and IJB are content with the new format. It is envisaged that this will be completed over the later months of 2024.

- 1.9 Taking due account of comments from Audit and Risk Committee and IJB members the Senior Leadership Team will conduct a review of the Strategic Risk Register over the summer with a view to informing the required structure of the register going forward, ensuring this reflects IJB risks and achieving better clarity and delineation between operational and strategic risk registers.

2. Draft Risk Management Strategy

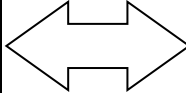
- 2.1 The recently appointed Corporate Risk Manager for NHS Forth Valley has been providing subject matter expertise to progress the update of the IJBs Risk Management Strategy. It was reported to the June IJB meeting that a draft updated Risk Management Strategy would be presented to be June Audit and Risk Committee meeting for consideration and recommendation to the IJB in June 2024. Subject to these considerations the Strategy will be presented to the IJB for approval at would at this point supersede the extant Risk Management Framework approved by the IJB in 2016 post establishment.
- 2.2 The draft updated Risk Management Strategy is appended to this report at Appendix 2 and is based on recent work in NHS Forth Valley and Falkirk IJB. It incorporates draft risk appetite statements based on an IJB development session on risk in late 2023. In terms of risk assurance assessment, the same levels of assurance as used in NHS FV and Falkirk IJB are proposed as set out at section 4.9. This differs from the assurance levels currently used in Clackmannanshire and Stirling IJB Internal Audits and Committee Assurance reports so maybe a matter for debate prior to making recommendations to the IJB.
- 2.3 Subject to approval of the Risk Management Strategy there will be a requirement to consider the risk sections of the IJB and committee reporting templates to clearly align to the risk management strategy and risk appetite statements. It is envisaged that this will take place post presentation and agreement of revised IJB standing order and also take due account of improvements required with respect to accessibility.

3. Appendices

Appendix 1 - Strategic Risk Register
Appendix 2 – Draft Risk Management Strategy

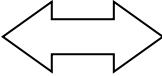
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

Ref	Risk	Strategic Fit	Likelihood	Impact	Risk Score	Control /Risk Reduction Action (Timescale)	Risk Owner(s)	Notes	Risk Direction
HSCP 001	Financial Resilience The risk that delegated integration functions and services cannot be delivered within resources available.	1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'	Current (5) Target (3)	Current (5) Target (3)	Current (25) High Target (9) Medium	<ol style="list-style-type: none"> 1. 24/25 Revenue Budget Approved incorporating risk assessment (March 24) 2. Financial Monitoring Reports (Monthly) 3. Establish programme management and monitoring arrangements for transformation programme. (in place subject to further development) 4. Draft 25/26 IJB Business Case and Development of Options for Financially Sustainable Service Delivery (Nov 24) 5. Agreed process for agreement and payment of contract rates including uplifts. (Annually 24/25 complete) 6. Implement directions policy including savings detail at constituent authority level. (from March 24) 7. Develop planning and shared accountability arrangements for Unscheduled Care and the 'set aside' budget for large hospital services. (TBA) 	Chief Officer / Chief Finance Officer		

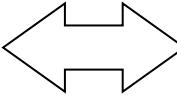
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 002</p>	<p>Leadership, Decision Making and Scrutiny The risk that leadership, decision making and scrutiny arrangements are inadequate to ensure good governance and assurance arrangements.</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (3) Target (2)</p>	<p>Current (4) Target (4)</p>	<p>Current (12) Medium Target (8) Low</p>	<p>1. Ongoing consideration of proportionate scrutiny arrangements for each constituent authority.(Ongoing) 2. Continue to develop and implement approach to engagement with public and communities. (ongoing) 3. <i>Present improvement recommendations from Interim Chief Officer to IJB (June 24)</i> 4. <i>Review and Reform SMLT working arrangements (from Feb 24)</i> 5. Continue to review and reform the IJBs Governance Frameworks (ongoing) 6. Implement revised directions policy (from March 2024) 7. <i>Prepare and Monitor Governance Action Plan as part of Annual Governance Statement (June 2024)</i></p>	<p>Chief Officer</p>		
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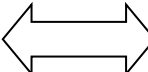
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 004</p>	<p>Integrated Performance Framework The risk that the Integrated Performance Framework does not adequately demonstrate progress against National Health and Wellbeing Outcomes and Strategic Priorities.</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'.</p>	<p>Current (4) Target (1)</p>	<p>Current (4) Target (4)</p>	<p>Current (16) High Target (4) Low</p>	<p>1. Review and reform of Integrated Performance Framework (June 24) 2. Subject to IJB approval work with constituent authorities to implement IPF (from June 2024) 3. Further develop approach to Annual Performance Report including future development of planning and reporting at locality level and benchmarking with 'peer' Health and Social Care Partnerships. (annually) 4. Develop workplan for Finance and Performance Committee to undertake performance review and assurance role for IJB. (Feb 24 for 24/25 plan) 5. Development of performance measures and reporting at locality level. (ongoing) 6. Agree Improvement Plan with NHS FV to address data issues including SMR data and ensure appropriate planning around unscheduled care (ongoing linked to set aside work)</p>	<p>Head Of Service (SP&HI) / Chief Officer / Chief Finance Officer</p>	<p>Ongoing challenges re management information systems, data and information locally and nationally.</p>	
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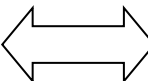
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 005</p>	<p>Culture/HR/ Workforce Planning The risk that workforce challenges are not adequately managed and adversely impact delivery of delegated integration functions</p>	<p>1. National Core Outcome 'Engaged Workforce', and 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (3) Target (1)</p>	<p>Current (4) Target (3)</p>	<p>Current (12) Medium Target (3) Low</p>	<p>1. Ensure inclusive approach to staff engagement at all levels. (Ongoing) 2. Develop multi-disciplinary care pathways and teams. (ongoing) 3. <i>Workforce engagement on transformation programme including practice</i> elements such as SDS (from March 24) 4. Ensure consistent use of iMatter staff survey platform across the constituent authorities, and the development of reporting infrastructure against HSCP within that system. (from June 24 for new imatter survey) 5. Staff Development and Training Programmes including Mandatory Training. (ongoing but requires commitment and support from constituent authorities) 6. Positively manage relationships with Staff Side/Trade Union representatives. (ongoing) 7. Continue to prioritise and support workforce wellbeing. (Ongoing) 8. Monitor implementation of the approved workforce plan (Annually)</p>	<p>Chief Officer</p>	<p>Integrated Workforce Plan approved (Nov 22)</p>	
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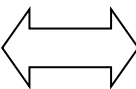
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 006</p>	<p>Experience of service users/patients/unpaid carers The risk that the experience of service users, patients and unpaid carers is not adequately taken into account in service design and delivery.</p>	<p>1. National Core Outcome ‘Carers are supported’, and ‘Positive Experiences’ and Local Outcome ‘Experience’ 2. Local Outcome ‘Community Focused Supports’</p>	<p>Current (4) Target (2)</p>	<p>Current (4) Target (3)</p>	<p>Current (16) High Target (6) Low</p>	<p>1. Implement Participation and Engagement Strategy. (ongoing) 2. Strategic Commissioning Plan including Consultation process including Strategic Planning and Locality Planning Groups (from March 23) 3. Processes of participation and engagement. (ongoing) 4. Inclusion of data within Annual Performance Report (APR) (annually) 6. Establishment of Carers Strategy Group (in place) 7. Equality Duty Report considered by IJB June 2023 (complete) 8. <i>Ensure EQIAs in place for required decisions (March 24 and ongoing)</i> 9. <i>Full and systematic implementation of revised Self-directed Support provision (from April 24)</i></p>	<p>Chief Officer/ Head of Service (SP&HI)</p>		
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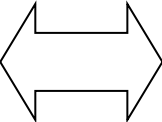
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 007</p>	<p>Information Management and Governance The risk that the volume, timing, and wide ranging sources of information, guidance, and communication may lead to failure to access, share, or make decisions based on best practice. Failure to apply due diligence and prioritisation to data and information requests and receipts, leading to lack of focus on key performance information</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (5) Target (3)</p>	<p>Current (5) Target (3)</p>	<p>Current (25) High Target (9) Medium</p>	<p>1. Ensure and participate in refresh of data sharing and information governance arrangements including annual assurance report to IJB (Annually) 2. Further Development of Cross ICT system working capabilities across constituent authorities (ongoing) 3. GDPR arrangements. (in place) 4. Participate as key customer/ user in procurement of replacement Adult Social Care information systems. (ongoing) 5. Raise awareness of higher cyber-security threat level in relation to current global tensions and conflicts.(ongoing) 6. Acknowledgement of challenges with recording of data on both CCIS and Swift discussed by Public Protection Chief Officers Groups (PCCOG). Same assessment of risk score accepted by PCCOG adopted here.</p>	<p>Chair of Data Sharing Partnership / Heads of Service</p>	<p>This risk relates to Information Management and Governance. Including the difference between anonymised information, identifiable information, and performance information.</p>	
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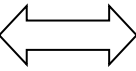
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 008</p>	<p>Information sharing process and practice The risk that information sharing processes, practice and associated governance is inadequate to support efficient and effective delivery of delegated integration functions.</p>	<p>1. National Core Outcome 'Resources are Used Effectively & Efficiently' 2. Local Outcome 'Decision Making'</p>	<p>Current (4) Target (3)</p>	<p>Current (4) Target (4)</p>	<p>Current (16) High Target (12) Medium</p>	<p>1. Building sufficient capacity and capabilities to carry out analytical functions for partnership in the long term (complete) 2. Some Information Sharing Agreements are in place and reviewed timeously. 3. Develop use of information systems to inform planning and benchmarking. (ongoing) 4. Ensure data sharing agreements are reviewed and refreshed periodically. (annually) 5. Refresh of Data Sharing Partnership required (tba)</p>	<p>Chair of Data Sharing Partnership / Head of Service (SP&HI)</p>	<p>This risk relates to Information Management and Governance. Including the difference between anonymised information, identifiable information, and performance information.</p>	
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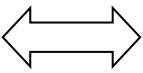
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 010</p>	<p>Harm to Vulnerable People, Public Protection and Clinical & Care Governance The risk that arrangements in relation to Harm to Vulnerable People, Public Protection and Clinical & Care Governance are not adequately effective.</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently', 'People are safe', 'Positive Experience', 2. 'Quality of life' Local Outcome 'Self-Management' 'Community Focused Supports', 'safety', Experience'</p>	<p>Current (5) Target (1)</p>	<p>Current (4) Target (4)</p>	<p>Current (20) High Target (4) Low</p>	<p>1. Integration Joint Board has assurance that services operate and are delivered in a consistent and safe way (Annually) 2. <i>Update of Clinical and Care Governance Framework (March 24)</i> 3. Whole system working to minimise delay to discharge arrangements (ongoing) 4. Establishment of Quarterly Clinical and Care Governance Meetings (in place) 5. Further develop linkage with Performance Frameworks (in development) 6. Annual Clinical and Care Governance Assurance Report to IJB (Annually) 7. <i>Consider Clinical and Care Governance arrangements for co-ordinated services and maintain stability of existing arrangements until this action complete (October 24)</i></p>	<p>Chief Social Work Officers / NHS Forth Valley Medical Director / Chair of Clinical and Care Governance Group</p>		
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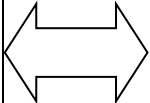
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 011</p>	<p>Sustainability and safety of adult placement in external care home and care at home sectors The risk that the sectors are unsustainable and/or oversight arrangements are inadequate.</p>	<p>1. National Outcomes 'People are Safe' 'Positive Experience' 2. Quality of Life</p>	<p>Current (4) Target (2)</p>	<p>Current (4) Target (2)</p>	<p>Current (16) High Target (4) Low</p>	<p>1. Provider forums are in place as is a commissioning and monitoring framework. (in place) 2. There is clear regulation and inspection. (ongoing) 3. The thresholds matrix for homes around adult support and protection has been implemented and is being monitored. (in place) 4. A process for reviews and a clear escalation model is being developed including reporting to the Clinical and Care Governance Group (ongoing). 5. Monitoring of Financial Sustainability of Providers using informatics provided via Scotland Excel and local intelligence (in place) 6. Business continuity planning arrangements. (In place – subject to ongoing review) 7. Preparation on Briefings for Senior Officers (including Chief Executives) and IJB Chair and Vice Chair on emergent provider issues (as required) 8. Caseload review. (ongoing) 9. Care Home Assurance Tool. (ongoing) 10. Consideration of approach and capacity to appropriately manage Large Scale Investigations (LSI's) (Ongoing)</p>	<p>Heads of Services / Strategic Commissioning Manager / Chief Finance Officer /Adult Support and Protection Co-ord,</p>		
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Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

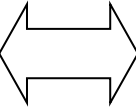
<p>HSC 012</p>	<p>Health and Social Care workforce demographic / resilience of service. The risk that the workforce profile and demographics result in inadequate workforce is secured and retained to deliver delegated integration functions.</p>	<p>Health and Social Care Outcomes</p> <ul style="list-style-type: none"> • People can live well at home for as long as possible • People are safe and live well for longer • People are satisfied with the care they get 	<p>Current (4)</p> <p>Target (2)</p>	<p>Current (4)</p> <p>Target (3)</p>	<p>Current (16) High</p> <p>Target (6) Low</p>	<ol style="list-style-type: none"> 1. Proactively implement transformation and sustainability programme working in partnership with staff side. (ongoing) 2. Review models of working and optimise opportunities of integration.(ongoing) 3. Proactive recruitment including opportunities for new roles and international recruitment (ongoing) 4. Explore opportunities with staff to optimise retention. Flexible working, training, education. (ongoing) 5. Consider organisational change opportunities to build workforce capacity. (ongoing) 6. Ensure staff welfare and development are clear priorities with action plans.(ongoing) 7. Work with partners to promote Clackmannanshire and Stirling as a positive area to work and live. (ongoing) 8. Strategic Workforce plan including action plan (Nov 22) 9. Collaborative partnership work with Universities and Colleges to assist in 'growing our own' (Ongoing) 	<p>Head of Service, CH&C and Professional Leads</p>		
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Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

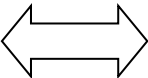
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 014 (added 26 May 2019)</p>	<p>Ability to Deliver Primary Care Improvement Plan including tripartite agreement within additional resources provided by Scottish Government / Non-Delivery of Scottish GMS (General Medical Services) Contract The risk that the Tripartite Memorandum of Understanding cannot be delivered within available resources.</p>	<p>1. National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (5) Target (3)</p>	<p>Current (4) Target (3)</p>	<p>Current (20) High Target (9) Medium</p>	<p>1. Primary Care Improvement Plan (iteration 3) agreed and endorsed by partners which is delivering on significant proportion of requirement. (2) 2. Tripartite statement (as part of PCIP) outlines constraints / risks / challenges re full delivery of the plan. 3. Governance structure for delivery (in place). 4. Ensure strong working relationships between partners, (ongoing) 6. <i>Development and negotiation of sustainable delivery options with tripartite (October 24)</i></p>	<p>Health of Primary Care / Programme Manager (PCIP) / IJB Chief Officer / IJB Chief Finance Officer</p>		
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Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 015 (added 21 Feb 2020)</p>	<p>Primary Care Sustainability: The risk that critical quality and sustainability issues will be experienced in the delivery of Primary Care Services including General Medical Services and across other parts of the Health and Social Care system.</p>	<p>9 National Outcome 'Resources are Used Effectively and Efficiently, and 'People are safe'</p>	<p>Current (5) Target (3)</p>	<p>Current (5) Target (3)</p>	<p>Current (25) High Target (9) Medium</p>	<ol style="list-style-type: none"> 1. Premises investment priorities identified (in place but subject to review) 2. Sustainability Improvement loans process in place 3. Support for practices to become training practices (delivered in conjunction with NES) 4. Primary Care Improvement Plan oversight and review to ensure sustainable (ongoing) 5. GP IT Programme Board established 6. Pan FV Local Sustainability Group in place to advise on sustainability matters (ongoing) 7. Joint IJB Development Session on Primary Care undertaken (Feb 24) 	<p>Associate Medical Director Primary Care / GP Clinical Leads / IJB Chief Officer/ NHS Chief Exec</p>	<p>Risk re-articulated alongside NHS FV & Falkirk IJB SRR including alignment of scoring.</p>	
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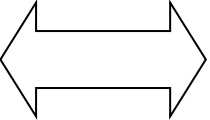
Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 017</p>	<p>Potential Industrial Action: The risk that industrial action by one of more sectors of the NHS and Councils workforces materially affects delivery of delegated integration functions, business continuity arrangements, progression of the transformation programme and/or has additional unforeseen cost implications.</p>	<p>National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (4) Target (2)</p>	<p>Current (4) Target (3)</p>	<p>16 High 6 Low</p>	<ol style="list-style-type: none"> 1. Review and ensure business continuity arrangements are up to date and robust (Ongoing) 2. Work closely with constituent authorities to fully understand likely impacts. (Ongoing) 3. Ensure ongoing constructive working relationships with staff side / unions are maintained. (Ongoing) 4. Participate in regional pan FV and local resilience arrangements. (ongoing) 	<p>Chief Officer / SMLT</p>		
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Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

<p>HSC 018 (Added March 23)</p>	<p>Capacity to Deliver Safe and Effective Integration Functions to Support Whole System Performance and Safety The risk that demand for services outstrips the ability to deliver due to workforce availability, provider capacity and/or sustainability and adequacy of resources.</p>	<p>National Outcome 'Resources are Used Effectively and Efficiently, and ' People are safe'</p>	<p>Current (4) Target (2)</p>	<p>Current (4) Target (3)</p>	<p>16 High 6 Low</p>	<ol style="list-style-type: none"> 1. Ensure Strategic Planning is Based on robust Strategic Needs Assessment (ongoing) 2. Manage positive arrangements with providers through providers forum (Ongoing) 3. <i>Ensure robust data informed annual IJB Business Case is produced. (Nov 24/annually)</i> 4. Use of national networks to articulate and inform future resource requirements (Ongoing) 5. Local capacity and activity monitoring (Weekly) 6. Ensure focus on transformation programme to maximise use of existing resources (Ongoing) 7. Work with constituent authorities to promote partnership as a good place to work. (Ongoing) 	<p>Chief Officer</p>	<p>Risk added post previous discussion at Audit and Risk Committee and IJB</p>	
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Agenda Item 11 – Appendix 1

CLACKMANNANSHIRE & STIRLING IJB: STRATEGIC RISK REGISTER AT 12 June 2024

Explanation of Scoring:

Likelihood and Impact are scored on a 1-5 Rating. The scores are then multiplied to give an overall risk score. Risk scores over 15 are rated High/Red. Risk Scores from 9 to 15 are rated Medium / Amber and risk scores up to 8 are rated Low/ Green.

NOTE: where control measures updated this is highlighted in italics.

CLACKMANNANSHIRE AND STIRLING INTEGRATION JOINT BOARD

Risk Management Strategy

Date of First Issue	31/03/2016
Approved On	
Approved By	IJB Audit & Risk Committee
Review Date (by)	30/06/2025
Version	4.8 (will become 5.0 once approved)
Author / Contact	Vicky Webb, Corporate Risk Manager, NHS Forth Valley Ewan Murray, Chief Finance Officer

Contents

1. Introduction	2
1.1. What is a Risk?	2
1.2. What is Risk Management?	2
1.3. Why do we need Risk Management?	2
1.4 Risk Classification	3
2. Risk Architecture	4
2.1. Governance & Reporting	6
2.2. Roles & Responsibilities	7
3. Risk Appetite	10
3.1. Risk Appetite Levels	11
4.0 Approach to Risk Management	12
4.1 Risk Management Process – ISO31000	12
4.2 Step 1: Establish Context	13
4.4 Step 3: Analyse Risks	14
4.5 Step 4: Assess Risks	14
4.6 Step 5: Manage Risks	16
4.7 Monitor and Review	18
5 Training, Learning and Development	21
APPENDIX A: GLOSSARY	22
APPENDIX B: RISK APPETITE STATEMENTS	24
APPENDIX C: RISK ASSESSMENT MATRIX	26
APPENDIX D: RISK CONTROLS ASSURANCE GUIDANCE	30

1. Introduction

Risk Management is an integral part to a good system of internal control, supporting and developing day-to-day management of services. This Strategy sets out the principles and approaches to risk management which are to be followed in Clackmannanshire & Stirling Integrated Joint Board (CSIJB). The primary aim of this is to achieve a consistent and effective implementation of risk management, ensuring provision of safe and effective care for patients and clients.

1.1. What is a Risk?

A risk can be defined as ‘the effect of uncertainty on objectives’ (ISO31000). It is any uncertain event which can have an impact upon the achievement of an organisation’s objectives. A risk can have either positive or negative connotations which is frequently described as threats or opportunities. Therefore, risks can either stop achievement of objectives or can create opportunities to better meet objectives.

Not every perceived problem or adverse event is a risk. An important distinction must be made between what is a risk and what is an issue – or in other words, an uncertainty, and a certainty. A risk is an event that may or may not happen. An issue or adverse event is something that is currently happening or has already happened. Issues and adverse events should therefore not be recorded and treated as risks – we want to adopt a proactive rather than reactive stance. However, we should consider whether identified issues impact on the risks currently identified, or indeed create new risks.

It is important that decision makers are “risk aware” rather than “risk averse,” meaning that risk is not a bad thing and does not need to be avoided – it will be almost impossible for a public sector organisation to be completely risk averse. Therefore, risk should be considered, deliberated and, incorporated into decision making processes to allow for efficient and effective risk taking.

1.2. What is Risk Management?

Risk management is a systematic way of dealing with that uncertainty which involves the identification, analysis, control and monitoring of risk. Risk Management activities are designed to achieve the best possible outcomes and reduce the overall uncertainty. An effective system of risk management will draw together all types of risks and enable an interrelated view of the organisation’s risk profile.

1.3. Why do we need Risk Management?

An effective system of risk management will deliver a range of outputs:

- Ensuring that decision making is informed and risk-based, to maximise the likelihood of achieving key strategic objectives and effective prioritisation of resources.
- Ensuring compliance with legislation, regulations, and other mandatory obligations.
- Providing assurance to internal and external governance groups that risks are being effectively controlled.
- Supporting organisational resilience and helping avert high profile failures.
- Empowering all staff to make sound judgements and decisions concerning the management of risk and risk taking – fostering the “risk aware” rather than “risk averse” culture.
- Achievement of effective and efficient processes throughout the organisation.

- Anticipating and responding to changing political, environmental, social, technology and legislative requirements and / or opportunities.
- Preventing injury and / or harm, damage, and losses.
- Supporting public confidence in the Integration Joint Board.

Effective risk management will be achieved by:

- Clearly defining roles, responsibilities, and governance arrangements.
- Incorporating risk management in all Senior Management, Integration Joint Board and Assurance Committee reports and when taking decisions.
- Maintaining risk registers that are linked to the IJB's Strategic Plans or delivery of delegated services.
- Staff at all levels understanding risk management principles, and consistently applying them through their everyday activities, confidently identifying risks and taking actions to bring them down to an acceptable level for the organisation.
- Establishing communication channels which support sharing of risk information through all areas of the IJB.
- Monitoring and reviewing risk management arrangements on a regular basis.
- Seeking assurance that controls relied on to mitigate risks are effective.
- Developing a positive risk culture through the principles of Leadership, Involvement, Learning, Accountability and Communication, and by ensuring that all relevant partner Risk Management Strategies are consistent with their organisation's values.

1.4 Risk Classification

There are many types of risks that will be discussed and considered when implementing a Risk Strategy. Below is a list of some of these types of risks that will be faced and incorporated into the overall risk strategy.

Strategic Risks

Strategic Risks represent the potential for the IJB to achieve (opportunity) or fail to meet (threat) its desired outcomes and objectives as set out within their Strategic Plans. Typically these risks will be long term and require strategic leadership in the development of activities and application of controls to manage the risk.

Risk identification for the Strategic Risk Register is facilitated through annual horizon scanning involving the Board and the SLT, alongside the review of the IJB Strategic Plan, and review of the risk section of board papers to assess whether amendment or addition to the Strategic Risk Register is required.

Risks are not automatically escalated/de-escalated from lower-level risk registers to the Strategic Risk Register. If a risk increases in severity to the extent that it requires strategic leadership/management and Board oversight, then the risk should be re-framed to reflect that and added as a new Strategic Risk. If an existing Strategic Risk decreases in severity and no longer requires strategic leadership/management or Board oversight, then consideration should be given to closing the risk, and creating relevant operational risks. For example, the UK's exit from the European Union created Strategic Risk. As mitigation plans progressed and the UK formally left the EU, the risk no longer needed the strategic oversight, but there were pockets of residual Operational Risks, for example in relation to impacts on supply chains.

Operational Risks

Operational Risks represent the potential for impact within or arising from the operational services delivered by the Health and Social Care Partnership (HSCP), as commissioned through the Strategic Commissioning Plan and Directions by the IJB. These risks will be managed within the respective risk management frameworks of the Local Authority and the Health Board, through integrated management teams, with relevant risk specialists working together to ensure consistent practice, and that the respective Risk Management strategies are aligned.

Clinical Risks

Clinical Risks represent the risk of harm or negative consequences to a patient or service user, or capability of causing an adverse event. It is the degree to which a foreseeable harm (risk) can be managed by an individual practitioner and requires that person to have an open duty of care for an individual. It is closely aligned to safe staffing, levels of competence and compliance with professional standards of practice.

Project Risks

Project Risks represent the risks to the delivery of a project to time, budget, and specification. These will be managed by the appropriate working group or Project Board and/or Transformation Board which oversees all projects and programmes of work.

1.5 Partnership Risk Management Arrangements

In order to ensure strong risk management partnership arrangements, it will be necessary to agree how some risks have an impact on more than one partner at a strategic level. Risks will be discussed and agreed across partners, with particular focus on:

- Where the risk was first identified.
- Date of identification.
- Nature of risk.
- Impact areas (e.g. service delivery, performance, strategic commissioning intentions etc).
- Mitigation required.

Risks with the potential to impact more than one partner will be identified for inclusion in one or more of the following risk registers:

- NHS Forth Valley Strategic Risk Register.
- Clackmannanshire and Stirling IJB Strategic Risk Register.
- Falkirk IJB Strategic Risk Register.

Any such emerging risks will be submitted to the HSCPs Senior Leadership Team for approval for inclusion on the Strategic Risk Register.

2. Risk Architecture

This section details the arrangements for communication, governance, reporting, roles and responsibilities regarding risk management, forming the organisation's overarching risk

architecture. Defining a consistent approach to how and where risk information is communicated is essential to developing a positive risk culture and to ensuring risk management is appropriately implemented to support the activities of the Integration Joint Board.

Risks, once identified, will be captured on risk registers (which may be managed using a Risk Management Information System such as Pentana). Each service team/specialty will hold a risk register, with risks owned by Heads of Service/Service Senior Management Teams. This forms the bottom layer of the risk register hierarchy.

Risk escalation is a process that ensures significant risks that cannot be managed by a local team, department or specialty are escalated appropriately following the risk register hierarchy and line management arrangements, to the groups/committees who require the information for direction of action and/or assurance purposes. The following questions should be asked when deciding whether to escalate a risk:

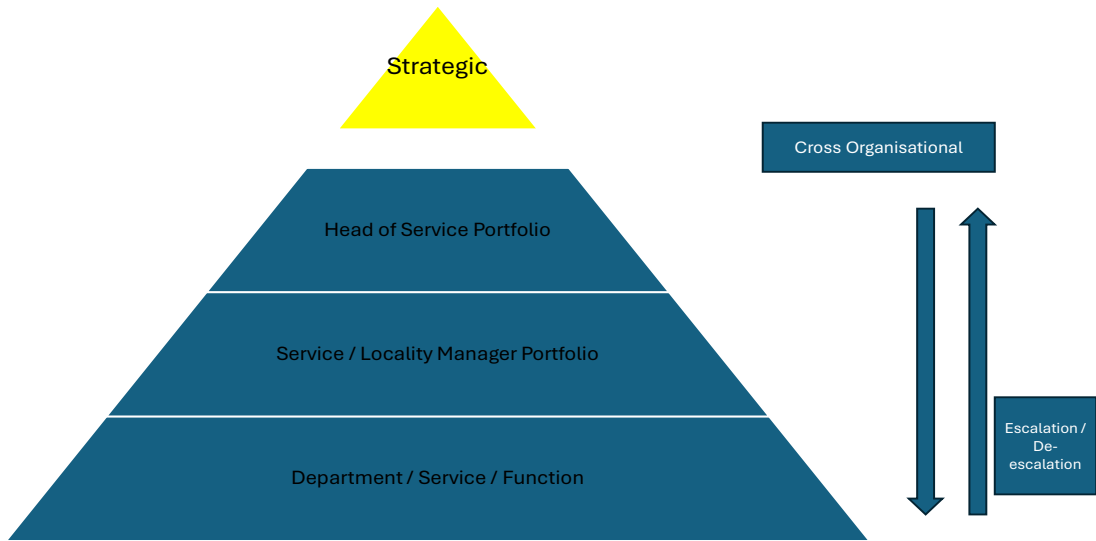
- Does the risk present a significant threat to the achievement of Government objectives and/or standards?
- Is the risk score assessed to be intolerable or beyond the IJB's risk appetite?
- Does the risk have a widespread impact beyond a local area, e.g. does it affect multiple Service Teams, or does it have dependencies on multiple Service Teams/Departments or Directorates to mitigate?
- Does the risk present a significant cost/decision making beyond the scope of the budget holder, or require change driven at an organisational level?

Risk score and organisational risk appetite should be key considerations when recommending risks for escalation. If a risk is out of appetite and falls within the tolerance range, this indicates that close monitoring and corrective action is required to bring the risk back within appetite. A risk with a current score out with the tolerance range requires escalation and immediate corrective action.

When a risk is escalated, the ownership of the risk will also escalate to the relevant member of the HSCP Senior Leadership Team.

The process is summarised in the Diagram 1 below:

Diagram 1 - Risk Register Hierarchy

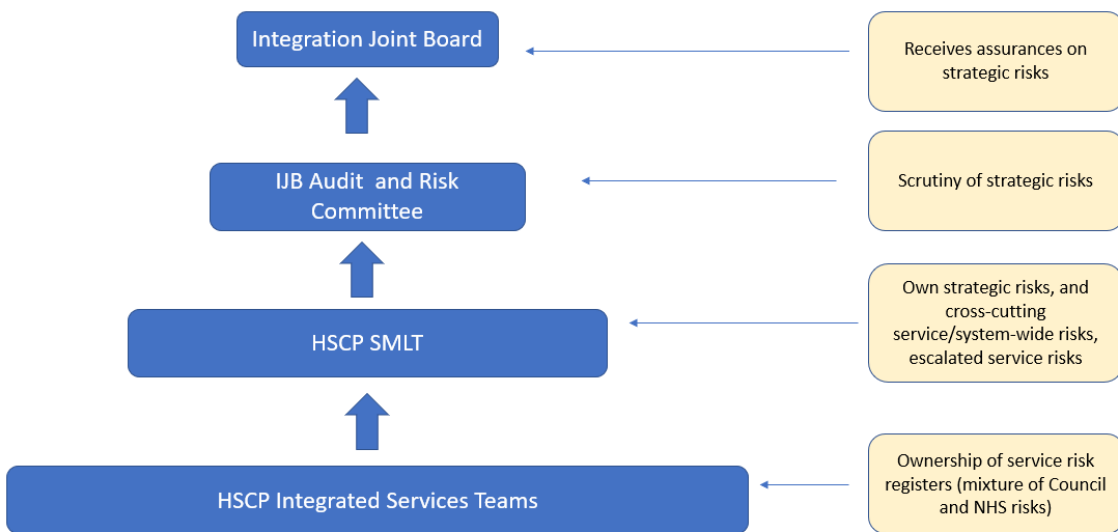


2.1. Governance & Reporting

The Clackmannanshire & Stirling IJB is corporately responsible for the Risk Management Strategy and for ensuring that significant risks are adequately controlled. To support the Board in the implementation of the Strategy, the Audit & Risk Committee have a key role in scrutinising the Strategic Risks and monitoring the implementation of the Risk Architecture.

Diagram 2 illustrates CSIJB’s risk management governance structure.

Diagram 2: Risk Management Governance Structure



2.2. Roles & Responsibilities

Risk Management Roles and Responsibilities
Integration Joint Boards and/or delegated Committee
<p>Members of the Integration Joint Board, including as members of the appropriate delegated Committee are responsible for:</p> <ul style="list-style-type: none">• Oversight of the IJBs risk management arrangements including seeking assurance that these are effective.• Receipt, review and scrutiny of reports on Strategic Risks and any key Operational Risks that require to be brought to the IJBs attention.• Ensuring that all IJB Board and Committee papers adequately explain associated risks and overtly refer to the IJB Risk Register where relevant.• Ensuring that the Chief Officer implements and monitors mitigating actions and reports progress.• Approval of IJB's Risk Appetite.
Chief Officer
<p>The Chief Officer has overall responsibility for:</p> <ul style="list-style-type: none">• Ensuring the IJB has a risk management and assurance framework in place.• Ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the IJB.• Keeping the Chief Executives of the IJB partner bodies (Council and Health) informed of any significant existing or emerging risks that could seriously impact the IJB's ability to deliver the outcomes of their Strategic Plans, and vice versa; and• Production of a Risk Management Annual Report.
Chief Finance Officer
<p>On behalf of the Chief Officer, the Chief Finance Officer will be responsible for:</p> <ul style="list-style-type: none">• Ensuring risks are identified and mitigating actions identified for the consideration of the IJB and delegated Committees as appropriate.• Supporting, including deputising as appropriate, for the Chief Officer in discharging the responsibilities set out above.
IJB Audit & Risk Committee
<p>The Audit & Risk Committee's purpose (with regard to Risk Management) is to:</p> <ul style="list-style-type: none">• Ensure existence of and compliance with an appropriate Risk Management strategy.• Reviewing risk management arrangements.

- Receiving regular risk management updates and reports, including an annual report which confirms that the risk management arrangements were adequate and effective throughout the year.
- Scrutiny of the Strategic Risk Register
- Provision of advice on Strategic Risks to the IJBs including Risk Appetite and Tolerance

HSCP Senior Leadership and Management Team

Members of the Senior Leadership & Management Team are responsible (either collectively, or by nominating a specific member of the team) for:

- Supporting the Chief Officer in fulfilling their risk management responsibilities
- Arranging professional risk management support, guidance, and training from partner bodies.
- Ownership of Strategic Risks.
- Receipt and review of regular risk reports and assurances on strategic, shared key Operational Risks and escalating any matters of concern to the IJB; and
- Ensuring that the processes outlined in this strategy are actively promoted across their teams and within their areas of responsibility.

Risk Owners

Risk Owners are those accountable for ensuring the effective management of a risk, and providing assurance that key controls are operating effectively. For Strategic Risks and escalated Operational Risks, this will be the relevant member of the HSCP SLT.

Risk Leads

Risk Leads are responsible for managing a risk on a day-to-day basis. Risk leads are likely to be those with management or supervision duties, and are responsible for:

- Clearly defining and articulating risks, and effectively analysed to identify the causes and impacts of the risk.
- Assessing the risk score for probability and impact using the risk assessment matrix.
- Formulating a management plan with controls which are proportionate to the level of risk and that are effectively applied in practice.
- Recording the details using the relevant risk management system.
- Reviewing the risk on a regular basis, considering any changes in context, and considering the impact of controls on the scoring of the risk; and
- Identifying sources and levels of assurance regarding control effectiveness, to allow risk owners to provide assurance.

Chief Social Work Officer (CSWO)

The Chief Social Work Officer (CSWO)'s responsibilities are set out in the Clinical and Care Governance Framework (Approved March 2024)

Other Persons with a Professional and/or Statutory Role/Other Specialists

- Designated Officers responsibilities in relation to provision of assurance and promotion of good governance, including Risk Management activities, should ensure that they discharge their risk management responsibilities in line with their job descriptions, and relevant legislation and Professional Standards.
- Relevant specialists from partner bodies should attend meetings as necessary to provide advice, including risk officer, clinical and non-clinical advisors and health and safety advisors

Risk Champion

- The person/role with responsibility within an individual department or business are for maintaining lines of communication with the various risk professionals, administering the risk register and co-ordinating risk activities.

All Persons Working Under the Direction of the IJB within the HSCP

Risk Management should be integrated into daily activities with everyone involved in identifying risks related to their working practices and service areas. Everyone is therefore required to:

- Understand the risks related to their roles and activities.
- Understand how their actions relate to their own safety, and that of their patients, service users/clients and the wider public.
- Understand their accountability for particular risks and how they can manage them.
- Feed into the provision of assurance by the Risk Leads.
- Understand the importance of reporting incidents and/or near misses to allow lessons to be learned and contribute to ongoing improvement of risk management arrangements; and
- Understand that good risk management is a key part of the IJB's culture.

Integrated Risk Management: Health & Social Care Partnerships

In order to ensure strong risk management partnership arrangements, it will be necessary to agree how some emerging risks have an impact on more than one partner at a strategic level. Risks will be discussed and agreed across partners, with particular focus on:

- Where the risk was first identified
- Date of identification
- Nature of emerging risk
- Impact areas (e.g. service delivery, performance, strategic commissioning intentions etc)
- Mitigation required

Risks with the potential to impact more than one partner will be identified for inclusion in one or more of the following risk registers:

- NHS Forth Valley Strategic Risk Register or Organisational/System-wide Risk Register
- Clackmannanshire and/or Stirling Councils Strategic Risk Register

- Clackmannanshire and Stirling IJB Strategic Risk Register
- Falkirk IJB Strategic Risk Register

Any such emerging risks will be discussed by the appropriate parties to ensure inclusion on the appropriate Strategic Risk Register.

Operational Risks will continue to be managed by partner bodies, with relevant risk specialists working together to ensure consistent practice, and that respective Risk Management strategies are aligned. The IJBs will also have a defined risk appetite which will help assist determining the target score range for Strategic Risks. It is recognised that partners may not have the same appetite, however these variances will be taken into consideration when the risks are being managed and reported.

Reciprocal assurances on the operation of the Risk Management arrangements and of the adequacy and effectiveness of key controls will be provided to/from partners. Receipt/provision of assurance will be facilitated by risk specialists from partner bodies, who will attend regular meetings to discuss risks and provide relevant advice.

3. Risk Appetite

Utilising risk appetite principles can help the organisation identify and set appropriate thresholds for risks, whereby the Board establishes the level of risk they are willing and able to absorb in pursuit of objectives.

The delivery of public services can be inherently high risk and the concept of applying risk appetite can be challenging. However, the application of risk appetite, particularly in a resource-finite environment, is essential to avoid over or under management of risk. Deployed effectively, risk appetite can act as an enabler to the delivery of key services.

Risk Appetite:

The amount and type of risk we, as an organisation, are willing to seek or accept in the pursuit of our objectives.

Key considerations when applying risk appetite:

- It is not always possible to manage every risk down the minimum or most desirable level and maintain service delivery
- It is not always financially affordable or manageable to fully remove risk and uncertainty from decision making and service delivery
- Risk management is concerned with balancing risk and opportunity (or downside risk and upside risk)

When a risk increases to a point where it is no longer within risk appetite, it may initially fall within a range which is not desirable, but the organisation has the capacity to tolerate. This is known as the risk tolerance range.

Risk Tolerance:

The maximum level of risk the organisation can tolerate regarding each type of risk before it is significantly impacted.

If a risk is out of appetite and falls within the tolerance range, this indicates that close monitoring and corrective action is required to bring the risk back within appetite. A risk with a current score out with the tolerance range requires escalation and immediate corrective action.

There are benefits to the practical application of Risk Appetite:

- supports decision making (as decisions will be based on the risk appetite of the IJB)
- allows further prioritisation of risk as areas of risk will be prioritised based on the appetite of the IJB.

Risk appetite is also useful when budget setting or considering approval of business cases, such as those relating to innovation activity. Identifying associated risks and their appetite levels allows focus on activities which mitigate the risks furthest from the organisation's desired risk appetite/tolerance levels.

3.1. Risk Appetite Levels

There are four levels of risk appetite which the IJB will use. Each risk category in the risk assessment matrix, is assigned one of the risk appetite levels described below. The risk appetite levels and their application to each risk category is set and approved by the IJBs. Risk appetite may vary depending on internal and external circumstances; therefore, the levels will be reviewed on an annual basis.

Averse:

- Very little appetite for this type of risk.
- Avoidance of risk and uncertainty is a key organisational objective.
- Exceptional circumstances are required for any acceptance of risk.

Cautious:

- Minimal appetite for this type of risk.
- Preference for ultra-safe delivery options that have a low degree of inherent risk and only reward limited potential.

Moderate:

- Acceptance that a level of risk will be required to pursue objectives, or that a greater level of risk must be tolerated in this area.
- Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward.

Open:

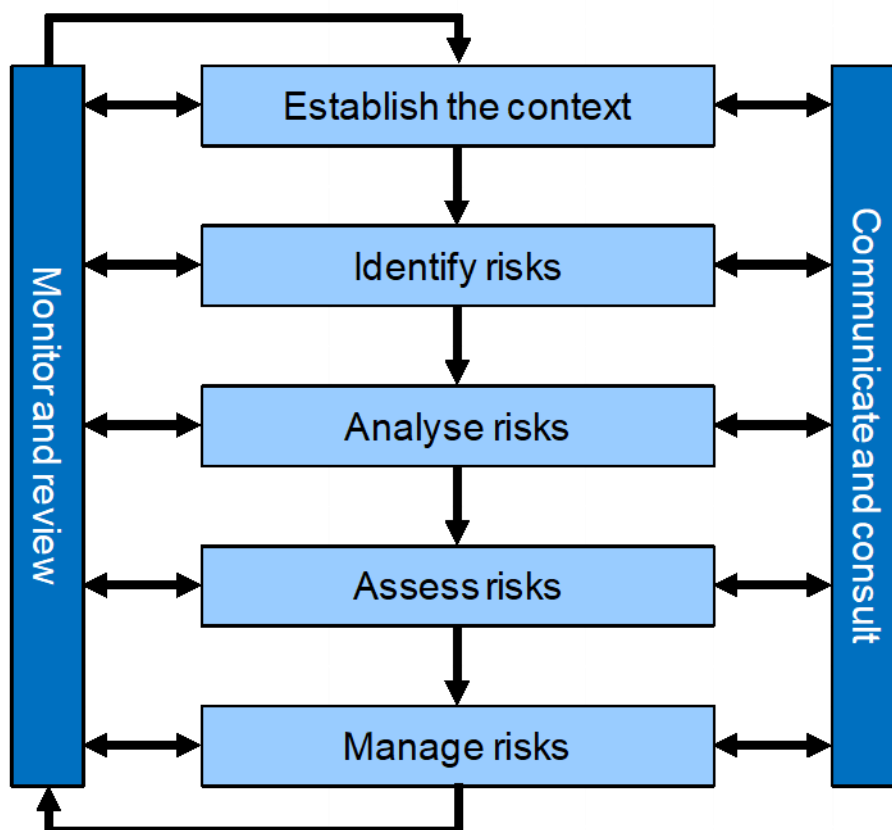
- Acceptance that risk must be more actively taken in the pursuit of transformation or that a high level of risk must be tolerated.

- Willing to consider all potential delivery options and choose the one most likely to result in successful delivery while also providing an acceptable level of reward (and Value for Money).
- Eager to be innovative and confident in setting high level of risk appetite as controls are robust.

The appetite statements for CSIJB can be found in Appendix B – Risk Appetite Statements

4.0 Approach to Risk Management

4.1 Risk Management Process – ISO31000



The above diagram demonstrates the whole process and cycle of risk management under the international standard ISO 31000.

The standard as outlined above makes clear that risk management is a dynamic process, with frequent review of existing risks and monitoring of the environment necessary to ensure the risks captured represent the current profile of the organisation.

Continual communication of risks within the organisation is essential to allow for informed decision-making. Communication to the Health Board and other stakeholders is also

imperative to allow effective scrutiny and provide assurance that our risk profile is being effectively managed. It is also imperative to consult with and receive information from other departments within the organisation and our stakeholders to inform the management of our risks.

4.2 Step 1: Establish Context

The purpose of establishing context is to customise the risk management process, enabling effective risk analysis and appropriate risk treatment. To identify risks, we need to understand what we are assessing risk *against*. We must set risks within the context of the team, specialty, department, and overall organisation. In addition, we need to recognise the internal and external drivers that could create risk.

Risks should be set against what we are trying to achieve as an organisation – our strategic objectives. In this stage it is important to ensure there is a common understanding of what those objectives mean at a team, specialty, department, and organisational level in order that risk identification is not based on an inconsistent set of assumptions.

4.3 Step 2: Identify Risks

Once a clear, common set of objectives are agreed, the next step of the process is to identify potential risks that will prevent us from achieving them.

A range of techniques can be used for risk identification. Some prompts to consider:

- What might impact on your ability to deliver your objectives?
- What does our performance data tell you?
- What do our audit and scrutiny reports and external reviews tell us?
- Do you have experience in this area? Do you know or do you need to involve others?
- Should you involve partners or specialists in your risk identification?
- Lessons learned – what happened before?

Risk can be identified in a multitude of ways, through focused identification sessions or as a product of other work:

Focused Identification Methods	Other Identification Opportunities
<ul style="list-style-type: none"> • Risk Identification Workshops • Risk Questionnaires • Review & refresh of existing risk registers • Interviews 	<ul style="list-style-type: none"> • Horizon scanning • Board meetings / working groups / management meetings • Audit & scrutiny reports • Performance data • Risk Management training

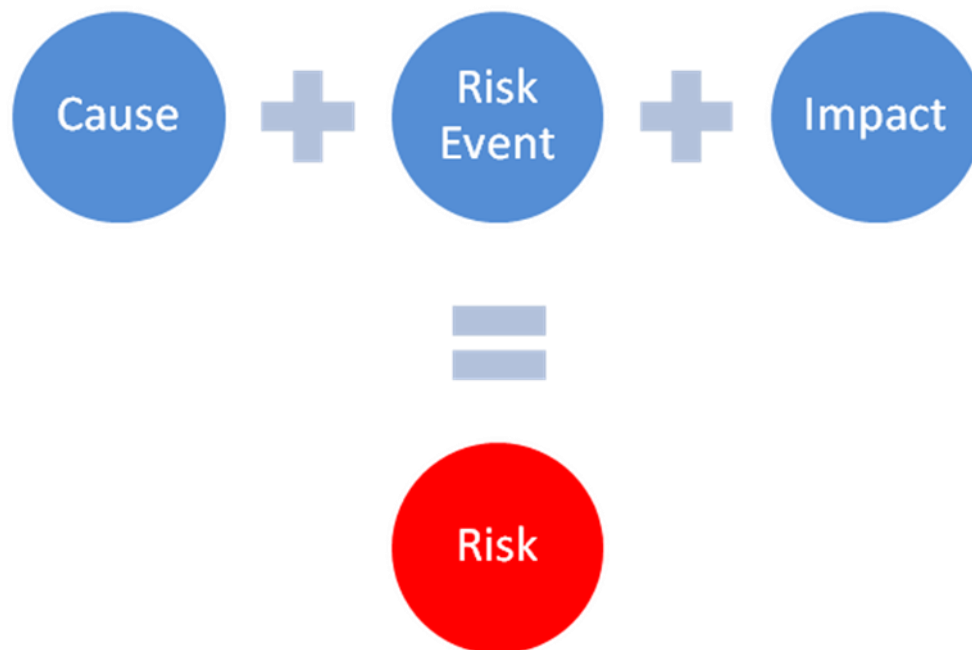
The Risk Management function facilitates risk identification workshops with departments to direct an in-depth review of new or emerging risks.

It is important to note that just because a risk cannot be fully mitigated by the organisation alone does not mean that it should not be captured. If the risk exists to the organisation, then it should be captured, managed as far as practicable, and then monitored. Ongoing

management of the risk may well be in conjunction with partner agencies or influence can be exerted over those capable of mitigating the risk to within an acceptable level.

4.4 Step 3: Analyse Risks

Once a risk has been identified it must be described in a certain way in order to effectively understand, manage and mitigate it. The risk description should contain three essential components:



These three components can be included within the description as follows:

**“If [insert cause here],
there is a risk that [a uncertain event that may happen],
resulting in [describe impact this will have if it manifests]”**

An example of an effective risk description might be:

If there is insufficient external funding and continued uncertainty over our cost base there is a risk that C&S IJB will be unable to achieve financial sustainability, resulting in Scottish Government intervention and a detrimental impact on service delivery.

Without understanding the underlying causes of the risk and all the potential impacts, it would be very difficult to design and implement effective controls.

4.5 Step 4: Assess Risks

The assessment, or scoring, of risk allows for prioritisation by severity. Determining the likelihood and impact of a risk and utilising a standardised assessment criteria to assign a

score based on these factors allows us to understand and prioritise which risks to mitigate first. Three scores must be assigned to cover the full trajectory and lifespan of the risk:

Untreated Score

This is the inherent risk score, that is the score with no controls applied. This score represents the “reasonable worst-case scenario” for the risk. If there were no controls, mitigation, or contingency plans in place, how likely is it the risk would materialise and what would the impact be?

Current Score

Considering any controls that are currently in place to manage the risk, how does the risk score compare to the untreated score? This is the current score. Current risk score is assessed on a regular basis to establish the effectiveness of the controls applied to the risk and is the key indicator used to determine if the risk should be considered for escalation.

Target Score

The target risk score is the optimum position for the risk. Once all controls have been adequately implemented, what will the residual risk score be? Target risk scores should reflect the organisation’s risk appetite and align with the amount and type of risk the IJB is willing to accept (refer to section 3 on Risk Appetite). Risk controls should be designed to actively reduce the risk score towards the target level.

Risk Assessment Matrix

It has been agreed that staff within the IJB/HSCP will utilise the NHS Forth Valley Risk Assessment Matrix (RAM) to support consistency in the risk assessments.

The RAM is a 5x5 scoring mechanism which will identify a score between 1 (1x1) at the lowest and 25 (5x5) at the highest possible score.

When utilising the impact criteria on the assessment matrix, a score must be applied for every category of impact applicable to that risk. For example, one risk may have a financial impact, an impact to patient experience and reputational/public confidence implications. The impact category with the highest scoring criteria will identify the overall impact score for that risk.

Assessment of likelihood is considered on a sliding scale from 1 to 5, with 1 representing ‘very unlikely’ and 5 ‘very likely.’

Once both scores have been identified, they are multiplied giving the overall score at *untreated*, *current* and *target* levels.

The RAM is summarised below, and a full copy included at Appendix C.

Categorisation

All risks, once identified, must be categorised into one of the recognised impact categories in order to understand the overall risk profile for the organisation. Categorisation of a risk is

based upon the impact score, with the impact category which has the highest scoring criteria for that particular risk determining the risk category.

For example, a risk scoring a 3 for impact in Patient Experience but scoring a 5 in Finance will categorise that risk as Finance overall. Risk categories are outlined in the risk assessment matrix:

- Patient Harm
- Patient Experience
- Transformation/Innovation
- Health and Safety
- Service Delivery / Business interruption
- Workforce
- Financial
- Inspection / Audit
- Public Confidence
- Health Inequalities
- Environmental Sustainability / Climate Change

Where more than one category has the same impact score, select the most appropriate and relevant option for the risk.

4.6 Step 5: Manage Risks

The purpose of this step is to select and implement the appropriate action to respond to the risk. There are four broad ways we can respond to risk, known as the 4 Ts:

- **Tolerate:** this is the decision to accept the risk at its current level (usually after treatment). The ability to do anything may be limited, or the cost of taking action may be disproportionate to the benefit gained. Generally, it is risks that are within appetite that are tolerated.
- **Treat:** this is the decision to retain the activity or process creating the risk and to take action to implement risk controls that reduce either the likelihood of the risk occurring or minimising the impact. Risks which are out of appetite or tolerance will have to be treated.
- **Transfer:** this is the decision to transfer the impact of the risk either in full, or in part, to a third party. The most common form of risk transfer is insurance.
- **Terminate:** this is the decision to stop doing the activity associated with the risk. This may not always be possible and may create risks elsewhere as a result.

Risk Controls

Risk controls are management measures put in place to effectively manage a risk to within acceptable levels (i.e. to target score range). It is essential that the controls put in place to manage a risk are effective. The identification of effective controls is the most important part of the whole risk management process as without this element we would simply be identifying risks and doing nothing to manage them.

To assess whether the controls we identify are or will be effective, it is important to consider the following:

- What do you already have in place to manage the cause and / or impact of the risk? e.g. policies, procedures, projects, training courses, business continuity plans etc
- Do they work and what evidence do you have of the effectiveness? A policy which is in place but never complied with is not an effective one.
- Are there any gaps in your controls?
- Do you have all the information that you need about this risk or do you need to find out more?
- What more should you do?
- If several activities are required to manage the risk, how will you prioritise these?
- Are these controls within the remit of your department? If not, you will need to liaise with stakeholders to ensure that appropriate controls are put in place.
- If you implement the controls you have identified, will this manage the risk to within acceptable levels for that risk category? If the answer is no, further controls are required.

There are two main types of control measure that can be put in place to manage a risk:

- *Preventative Controls:* These are mitigating actions which will work to control the cause of the risk and prevent it happening in the first place
- *Contingency Controls:* These are actions that can be put in place to reduce the impact of the risk if it does materialise. Contingency controls are often aligned to the business continuity plans of an organisation.

As an example, consider fire safety measures. Segregation of flammable materials and sources of ignition is a control which prevents the risk of fire. Smoke detectors, sprinkler systems and fire evacuation plans are contingency controls should the risk of fire materialise.

If a risk has been effectively analysed (see section 4.4), it will be much easier to identify appropriate preventative and/or contingency controls.

4.7 Monitor and Review

Risk Review

Once the process of identifying, analysing and assessing a risk are complete, it is imperative that it is subject to regular review. Ongoing management and review of a risk is the most important part of the process, as maintaining or reducing the risk score to within an acceptable range assures the overall management of the organisation's risk profile.

Required risk review timescales are outlined below:

Very High (20-25)	Monthly
High (12-16)	Bi-monthly
Medium (8-10)	Bi-monthly
Low (1-6)	Bi-annually

These are the minimum review timescales – if there are changes in the operating environment which could affect the severity of a risk, it can be reviewed and reported more frequently.

During a risk review, the risk score must be re-assessed. If it is identified that the risk continues to exist, the list of current controls and further controls required must be checked and added to where necessary. On the basis of progress with controls and an assessment of the risk environment (i.e. are there any significant changes to the internal/external context), a re-assessment of the current score must be made using the Risk Assessment Matrix. This will show whether the risk is decreasing, increasing, or remaining static, and whether the risk requires escalation. Depending on its escalation level, a change to risk score will be reported at the appropriate committee.

Review of the Risk Management Process

In addition to review of the risks themselves by risk leads/owners, the risk management lead from the IJB (currently the Chief Financial Officer) will review the whole system of risk management on behalf of the Chief Officer, supported by partner agency risk leads. This review will consider:

- Are the right risks being escalated at the right time?
- Are the tools we provide sufficient to allow staff to effectively identify, analyse, assess and manage their risks?

This enables learning and improvement and ensures that risk management adds value to the organisation's activities. This activity will align with the production of the Annual Report and review of risk appetite statements and will be subject to approval by the Audit Committee.

4.8 Communicate and Consult

Communication at all levels is important to allow for informed decision making, and provision of assurance that our risk profile is effectively managed – this is achieved through risk reporting.

Risk Reporting

The IJB Strategic Risk Register is reviewed and updated by the HSCP Senior Leadership Team (SLT) and Audit Committee on a quarterly basis and is presented to the IJB bi-annually.

The Senior Leadership Team acts as the Risk Management Steering Group and provides recommendations to the IJB Audit Committee and the Board on the status of strategic level risks. HSCP Integrated Services Teams and Specialist Groups are expected to carry out regular review, monitoring and reporting on their risk registers (supported by the relevant risk management function) to ensure that risks are identified and escalated to the appropriate level at an early stage.

An annual report on risk management is also produced for the IJB detailing the overview of the risk profile of the organisation, and the overall implementation of the Risk Strategy.

Risks to delegated services which are hosted by one organisation on behalf of both IJBs will require to be communicated across partner organisations with clear responsibilities, ownership and timescales, and with mechanisms to ensure that assurance can be provided to the relevant Boards. Risk specialists from all parties will work together to ensure that Risk Management strategies are aligned to facilitate effective escalation of risks and provision of assurance.

4.9 Assurance

A fundamental component of any risk management framework is the expert and objective assessment of risk controls to ensure they are well designed and operate effectively. Implementing a process to critically review risk controls provides the Board with assurance on the effective management of key Strategic Risks. To facilitate the provision of assurance, the “three lines of defence” model is utilised. Further guidance on controls assurance can be found in Appendix D – Controls Assurance Guidance.

Operating as the first line, operational management has ownership, responsibility, and accountability for directly assessing, controlling, and mitigating risks, understanding what the key controls are, and how effectively and consistently those controls are operating, to provide assurance to the Board. The second line is provided by governance/compliance functions such as Risk Management, who will assist the first line in developing an approach to fulfilling their assurance responsibilities. Internal Audit forms the third line, (providing independent assurance, and checking that the risk management process and framework are effective and efficient).

The levels of assurance and associated system and control descriptors are shown below:

Overall Risk Assurance Assessment		
Level of Assurance	System Adequacy	Controls
Substantial Assurance	Robust framework of key controls ensure objectives are likely to be achieved.	Controls are applied continuously or with only minor lapses.
Reasonable Assurance	Adequate framework of key controls with minor weaknesses present.	Controls are applied frequently but with evidence of non-compliance.
Limited Assurance	Satisfactory framework of key controls but with significant weaknesses evident which are likely to undermine the achievement of objectives.	Controls are applied but with some significant lapses.
No Assurance	High risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

Assurance should be provided to the relevant committees for their consideration on an ongoing basis. Any papers submitted as a source of assurance for the committee should explicitly reference the related Strategic Risk and should provide a conclusion as to whether performance indicates that controls are operating effectively and as intended. At the start of the year, assurance mapping principles will be used to determine the assurance requirements, and this will be set out in the committee assurance workplan. Assurance provision over the course of the financial year will be tracked and managed utilising the Pentana system.

Risks on the Strategic Risk Register are subject to a rolling programme of 'Focused Reviews' considered by the relevant committee. Focused Reviews are facilitated by the Risk Owner/Lead and Corporate Risk Manager and provide expert, objective assessment of the following key areas:

- Comparison of current risk score and target risk score.
- Requirements to achieve the target risk score – success criteria for managing the risk.
- Assessing the importance and effectiveness of implemented controls.
- Assessing the proportionality of further controls required – i.e. will they help to achieve target score?
- Reviewing the assurance activity aligned to the risk controls to establish an overall assurance statement for the risk.

Reciprocal assurances on the operation of the Risk Management arrangements and of the adequacy and effectiveness of key controls will be provided to/from partners. Receipt/provision of assurance will be facilitated by risk specialists from partner bodies, who will attend regular meetings to discuss risks and provide relevant advice.

5 Training, Learning and Development

A key part of developing a positive risk management culture across the activities under the direction of the IJBs, in support of improving the overall risk maturity, is the delivery of risk management training.

The HSCP Senior Management and Leadership Team will carry out a training needs analysis to identify risk management training and development needs, and source the required training and development opportunities through respective partner bodies.

Risk Management training will be delivered using resources already available to the IJB through partner body risk management functions.

APPENDIX A: GLOSSARY

Assurance. Stakeholder confidence in our service gained from evidence showing that risk is well managed, achieved by risk owners and leads confirming that significant risks are being adequately managed, that critical controls have been identified, implemented and are effective.

Contingency. An action or arrangement that can be implemented to minimise impact and ensure continuity of service when things go wrong.

Current Risk Score: The risk score identified taking into account any controls that are currently in place to manage the risk.

Governance. The system by which organisations are directed and controlled to achieve objectives and meet the necessary standards of accountability, probity and openness in all areas of governance.

Internal Control. Corporate governance arrangements designed to manage the risk of failure to meet objectives.

Issue: Something that has happened and is currently affecting the organisation in some way and needs to be actively dealt with and resolved.

Likelihood. Used as a general description of probability or frequency which can be expressed quantitatively or qualitatively.

Risk: An uncertain event, or set of events, which, should it occur, will have an effect on the organisation's ability to achieve its objectives.

Risk Appetite. The level of risk that an organisation is prepared to accept in pursuit of its objectives.

Risk Architecture: All of the Risk Management arrangements within an organisation – sets out lines of communication and reporting, delegation and roles / responsibilities.

Risk Assessment. The scoring of a risk to allow prioritisation. Determining the likelihood and impact of a risk.

Risk Champion: The person/role with responsibility within an individual department or business are for maintaining lines of communication with the various risk professionals, administering the risk register and co-ordinating risk activities.

Risk Control: Management measures put in place to effectively manage a risk to within an acceptable level. Can be preventative or contingency in nature and will reduce the likelihood or impact of consequence.

Risk Culture: The reflection of the overall attitude of every part of management of an organisation towards risk.

Risk Target Score: An acceptable level of risk based on the category of risk and risk appetite.

Risk Escalation. The process of delegating upward, ultimately to the Board, responsibility for the management of a risk deemed to be impossible or impractical to manage locally.

Risk Lead: The person / role responsible for managing a risk on a day-to-day basis, assessing the risk score and updating the management plan, reviewing the risk on a regular basis.

Risk Management: The integrated approach (culture, processes, structures) to the identification, analysis, control and monitoring of risk.

Risk Management Strategy: Sets out the basis for the principles, processes and approaches to risk management to be followed in order to achieve a consistent and effective application of risk management and allow it to be embedded into all core processes.

Risk Matrix: A scoring mechanism used to identify the severity of a risk, using a multiplication of likelihood and impact, across pre-set categories.

Risk Maturity: The level of risk management capability within an organisation.

Risk Owner: The person / role with accountability for ensuring the effective management of a risk

Risk Register: A tool used to capture and monitor risks. Includes all information required about that particular risk and is intended to be used both as a management tool and conduit for risk reporting.

Risk Tolerance. The maximum level of risk the organisation can tolerate regarding each type of risk before the organisation is significantly impacted.

Threat: A negative scenario which could give rise to risks.

Untreated Risk Score: The risk score identified by assessing the risk with no controls, mitigation or contingency plans in place.

APPENDIX B: RISK APPETITE STATEMENTS

Impact Category	Appetite Statement	Tolerance Statement
Patient/Service User Harm	Any injury, illness or loss of life as a result of CSIJB failing to comply with Health and Safety obligations would be unacceptable. Therefore, there is an AVERSE APPETITE for risks that may compromise the Health and Safety of patients, staff, visitors and public and others accessing NHS FV services/venues. There is no tolerance, but we recognise that on some occasions we will have to accept risks that have been reduced as low as reasonably practicable.	There is no tolerance for this type of risk.
Transformation/Innovation	We will have a MODERATE APPETITE accepting that a greater degree of risk is required to maximise innovation and opportunities to improve patient experiences and outcomes, transform services and ensure value for money.	We will operate with an OPEN TOLERANCE for Transformation/Innovation to allow the scoping of innovation projects to provide the detail of the case for change. This would be for a defined period while all potential delivery options are considered. Once in the initiation and planning stage for the innovation project to be implemented, the appropriate appetite level would be reconsidered in line with organisational process for initiating a new project.

Workforce	CSIJB will operate with a CAUTIOUS APPETITE , to support staff to innovate and improve their workplace, balancing the risk against the reward to be gained from the significant staff knowledge and experience which is available. This will be for a defined period while mitigation plans are implemented. The priority will remain adherence to professional standards, and staff should continue to work within the limits of their competence, exercise “duty of candour” and raise concerns when they come across situations that put patients or public at risk.	There is no tolerance for this type of risk.
Financial	One of CSIJB’s strategic aim is high quality and sustainable services. We wish to achieve financial sustainability by spending well and making the most of our resources. Therefore, we have a CAUTIOUS APPETITE for Financial risk as budgets are constrained and unplanned / unmanaged budget variance could affect our ability to achieve statutory financial targets, potentially increases reputational risk and places pressure on divisions and departments. Well informed risks can be taken but budget variances are to be minimised and VFM is the primary concern.	We will operate with a MODERATE TOLERANCE for a defined period while mitigation plans are implemented. We are prepared to accept the possibility of limited unplanned / unmanaged budget variance. VFM is the primary concern but we are willing to consider other benefits for a limited budget variance.
Compliance	CSIJB has a complex regulatory and legislative framework to operate within. There are many mandatory obligations that need to be met by the IJB. Therefore, the appetite for Compliance risks is AVERSE . We are not prepared to take any risk when discussing our regulatory compliance.	CSIJB has a CAUTIOUS TOLERANCE for risks impacting on Compliance. We are prepared to take informed risks which could result in recommendations, improvement notices or criticism, provided that the benefit outweighs the negative outcome.
Public Confidence	CSIJB has a CAUTIOUS APPETITE for risks impacting on public confidence which flow from informed decision-making, in order that achievement of strategic objectives is not hindered.	We are prepared to operate within a MODERATE TOLERANCE range for Public Confidence for a defined period while mitigation plans are being actively developed.

APPENDIX C: RISK ASSESSMENT MATRIX

Impact – What could happen if the risk occurred Assess for each category and use the highest score identified.

Category	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Patient Harm <i>(through delivery or omission of care, risk results in unintended/unexpected but avoidable physical or psychological harm to a patient)</i>	Adverse event Negligible effect on patient	Minor episode of harm not requiring intervention	Harm which requires intervention but doesn't trigger organisational Duty of Candour response	Harm, such as sensory, motor, or intellectual impairment which has lasted or is likely to last at least 28 days OR Pain or psychological harm which lasts, or is likely to last, at least 28 days And triggers organisational Duty of Candour	Severe harm such as death or permanent disability, either physical or psychological (e.g., removal of wrong limb/organ or brain damage) And triggers organisational Duty of Candour
Patient Experience <i>(risk could impact on how a patient, their family or carer feels during the process of receiving care)</i>	Reduced quality patient experience Locally resolved verbal complaint or observations	Unsatisfactory patient experience directly related to care provision – readily resolvable Justified written complaint peripheral to clinical care	Unsatisfactory patient experience/clinical outcome with potential for short term effects Justified written complaint involving lack of appropriate care Themes emerging – readily or locally resolvable	Unsatisfactory patient experience /clinical outcome with potential for long-term effects Multiple justified complaints Serious problem themes emerging, informed from more than one source	Unsatisfactory patient experience/clinical outcome, continued ongoing long term effects Complex Justified complaints Confirmed serious problem themes from more than one source Involvement of Scottish Public Services Ombudsman
Transformation/Innovation <i>(risk could impact on ability to successfully adapt and transform)</i>	Barely noticeable reduction in scope/quality/ schedule Negligible impact on achievement of intended benefits	Minor reduction in scope/quality/ schedule Minor impact on achievement of intended benefits	Reduction in scope/quality/project/programme objectives or schedule Some intended benefits will not be achieved	Significant project/programme over-run Significant proportion of intended benefits will not be achieved	Failure to deliver project/programme Failure to achieve sustainable transformation

Health and Safety <i>(risk could impact on staff/public, or a patient out with delivery of care)</i>	Adverse event leading to minor injury not requiring first aid No staff absence	Minor injury or illness, first aid treatment required Up to 3 days staff absence	Agency reportable, e.g., Police (violent and aggressive acts) Significant injury requiring medical treatment and/or counselling RIDDOR over 7- day absence due to injury/dangerous occurrences	Major injuries/long term incapacity /disability (e.g., loss of limb), requiring, medical treatment and/or counselling RIDDOR over 7- day absence due to major injury/dangerous occurrences.	Incident leading to death(s) or major permanent incapacity RIDDOR Reportable/FAI
Service Delivery/ Business Interruption <i>(risk could impact on ability to efficiently and effectively deliver services)</i>	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/ quality of service provision	Some disruption in service with unacceptable impact on patient care Resources stretched Prolonged pressure on service provision	Sustained loss of service which has serious impact on delivery of patient care Contingency Plans invoked Temporary service closure	Permanent loss of core service/ facility Major Contingency Plans invoked Disruption to facility leading to significant “knock on” effect Inability to function as an organisation
Workforce <i>(risk could impact on staff wellbeing, staffing levels and competency)</i>	Negligible impact on staff wellbeing Temporary reduction in staffing levels/skills mix Individual training/competency issues	Minor impact on wellbeing, requires peer support Short-term reduction in staffing levels/skills mix (<6 months) Small number of staff unable to carry out training or maintain competency levels Increased usage of supplementary staff	Moderate impact on staff wellbeing, requires line manager support Medium-term reduction in staffing levels/skills mix (>6 months) Moderate number of staff unable to carry out training or maintain competency levels Reliance on supplementary staff in some areas	Serious impact on staff wellbeing, requires referral to support services Long-term reduction in staffing levels/skills mix (>9 months) Significant number of staff unable to carry out training or maintain competency levels Reliance on supplementary staff in multiple areas	Critical impact on staff wellbeing, co-ordinated response and referral to support services Loss of key/high volumes of staff Critical training and competency issues throughout the organisation Unsustainable reliance on supplementary staff across organisation.
Financial <i>(risk could impact through unplanned cost/reduced income/loss/non-achievement of intended benefit of investment)</i>	Some adverse financial impact but not sufficient to affect the ability of the service /department to operate within its annual budget	Adverse financial impact affecting the ability of one or more services/ departments to operate within their annual budget	Significant adverse financial impact affecting the ability of one or more directorates to operate within their annual budget	Significant adverse financial impact affecting the ability of the organisation to achieve its annual financial control total	Significant aggregated financial impact affecting the long-term financial sustainability of the organisation
Inspection/Audit	Small number of recommendations which	Recommendations made which can be addressed by	Challenging recommendations that can be addressed with appropriate action plan	Mandatory improvement required. Low rating. Critical report.	Threat of prosecution. Very low rating. Severely critical report.

<i>(risk could impact on outcome during/after inspection by internal/external scrutiny bodies)</i>	focus on minor quality improvement issues	low level of management action		High level action plan is necessary	Board level action plan required
Public Confidence <i>(risk could impact on public/stakeholder trust and confidence, and affect organisation's reputation)</i>	Some discussion but no impact on public confidence No formal complaints or concerns	Some concerns from individuals, local community groups and media – short-term Some impact on public confidence Minor impact public perception and confidence in the organisation	Ongoing concerns raised by individuals, local media, local communities, and their representatives - long-term Significant effect on public perception of the organisation	Concerns raised by national organisations/scrutiny bodies and short-term national media coverage Public confidence in the organisation undermined Use of services affected	Prolonged national/international concerns and media coverage Issues raised in parliament Legal Action/ /Public Enquiry/FAI/Formal Investigations Critical impact on staff, public and stakeholder confidence in the organisation
Health Inequalities <i>(risk could increase health inequalities, particularly those that are healthcare generated)</i>	Negligible impact on health inequalities such as morbidity/mortality and healthy life expectancy No impact on services	Minor impact on health inequalities such as morbidity/mortality and healthy life expectancy Some services experience increased pressures	Moderate impact on health inequalities such as morbidity/mortality and healthy life expectancy Causes short term increased pressures across the system	Serious exacerbation of health inequalities such as morbidity/mortality and healthy life expectancy Causes long term pressures in system/affects ongoing viability of a service	Critical exacerbation of health inequalities such as morbidity/mortality and healthy life expectancy Affects whole system stability/sustainability
Environmental Sustainability / Climate Change <i>(risk could impact on environment, ability to comply with legislation/targets or environmentally sustainable care)</i>	Limited damage to environment, to a minimal area of low significance Negligible impact on ability to comply with climate legislation/targets or ability to reach net zero Negligible impact on ability to provide environmentally sustainable care	Minor effects on biological or physical environment Minor impact on ability to comply with climate legislation/targets or ability to reach net zero Minor impact on ability to provide environmentally sustainable care	Moderate short-term effects but not affecting eco-system Moderate impact on ability to comply with climate legislation/targets or ability to reach net zero Moderate impact on ability to provide environmentally sustainable care	Serious medium term environmental effects Serious impact on ability to comply with climate legislation/targets or ability to reach net zero Serious impact on ability to provide environmentally sustainable care	Very serious long term environmental impairment of eco-system Critical non-compliance with climate legislation/targets or ability to reach net zero Critical impact on ability to provide environmentally sustainable care

Likelihood – What is the likelihood of the risk occurring? Assess using the criteria below.

Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
It is assessed that the risk is <u>very unlikely</u> to ever happen.	It is assessed that the risk is <u>not likely</u> to happen.	It is assessed that the risk <u>may</u> happen.	It is assessed that the risk is <u>likely</u> to happen.	It is assessed that the risk is <u>very likely</u> to happen.
Will only occur in exceptional circumstances	Unlikely to occur but potential exists	Reasonable chance of occurring - has happened before on occasions	Likely to occur - strong possibility	The event will occur in most circumstances

Risk Assessment Table – Multiply likelihood score by impact score to determine the risk rating (score).

LIKELIHOOD	5	Low 5	Medium 10	High 15	Very High 20	Very High 25
	4	Low 4	Medium 8	High 12	High 16	Very High 20
	3	Low 3	Low 6	Medium 9	High 12	High 15
	2	Low 2	Low 4	Low 6	Medium 8	Medium 10
	1	Low 1	Low 2	Low 3	Low 4	Low 5
		1	2	3	4	5
IMPACT						

APPENDIX D: RISK CONTROLS ASSURANCE GUIDANCE

Risk Controls Assurance Guidance

Overall Risk Assurance Assessment		
Level of Assurance	System Adequacy	Controls
Substantial Assurance	A sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.	Controls are applied continuously or with only minor lapses
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement identified which may put at risk the achievement of objectives.	Controls are applied frequently but with evidence of non-compliance
Limited Assurance	Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.	Controls are applied but with some significant lapses
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.	Significant breakdown in the application of controls

Control Types		
Type	Description	Examples
Preventative	Activity to control the underlying risk cause and prevent it happening in the first place	<ul style="list-style-type: none"> • Removal / substitution of a hazard • Employee vetting / checks • Segregation of duties / authorisation levels to reduce fraud • Restricting access to assets (physical / information) • Password protection • Policies, standards, processes for planning

Contingency (Reactive)	<p>Corrective – limits the scope for loss, reduced undesirable outcomes</p> <p>Directive – direct activity to ensure a particular outcome is achieved</p> <p>Detective – designed to identify occasions when undesirable outcomes have been realised</p>	<ul style="list-style-type: none"> • Policies, standards, processes to provide direction as to steps required in a certain situation • Budget review / reconciliation process • Performance review – budget-to-actual comparison to identify variance, Key Risk Indicators • Reporting • Inventories • Business Continuity / Disaster Recovery Plans • Whistleblowing / Fraud Detection
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Risk Control Effectiveness Assessment	
Effectiveness Score	Description
<p>Fully effective: 100%</p> <p>Review and monitor existing controls</p>	<p>Nothing more to be done except review and monitor the existing control. Control is well designed for the risk, and addresses root causes. Management believes it is effective and reliable at all times.</p> <p>Full compliance with statutory requirements, comprehensive procedures in place, no other controls necessary, ongoing monitoring only.</p> <p>Control is likely to be of a preventative nature (for example, prevents the risk from occurring) and be systematic or automatic (for example, electronic banking authorisation process).</p>
<p>Mostly Effective: 80-99%</p> <p>Most controls are designed correctly and are in place and effective.</p>	<p>Control is designed correctly and largely in place, effective and regularly reviewed. Some more work to be done to improve operating effectiveness or management has doubts about operational effectiveness and reliability.</p> <p>Control is likely to be of a preventative nature (for example, prevents the risk from occurring) but may not be automated and require manual intervention / review.</p>
<p>Partially effective: 50-79%</p> <p>Some controls poorly designed or not effective</p>	<p>While the design of control may be largely correct in that it treats the root of the risk, it is not currently very effective. or While it operates effectively, the control does not seem correctly designed in that it does not treat root causes.</p> <p>Reasonable compliance with statutory requirements established, some preventative measures in place, controls can be improved.</p> <p>Control is likely to be either reactive (for example, business continuity plan) or of a deterrent nature (for example corporate policy, training) and as such would not be considered as effective as a purely preventative control.</p>

Not effective: <50% Significant control gaps due to poor control design or very limited operational effectiveness	<p>Significant control gaps. Either control does not treat root causes or does not operate at all effectively. Virtually no credible control. Management has no confidence that any degree of control is being achieved due to poor control design or very limited operational effectiveness.</p> <p>Insufficient control, weak procedures, limited attempt made to implement preventative measures.</p> <p>Control is either not in place or not working as intended.</p>
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Effectiveness of Controls – Questions to Ask:

- Do the controls in place already work – have they prevented the risk materialising or mitigated its effects?
- Are there any gaps in controls?
- Is further information required about the cause and impact of the risk in order to design and implement appropriate controls?
- If several controls are required for mitigation, how are they prioritised?
- Are there any dependencies or critical points of failure in implementing the controls?
- Will planned controls be sufficient to bring the risk to target score?

Risk Control Criticality Assessment	
Control Rating	Description
Low Importance	The control is of negligible importance in effectively mitigating the risk. Failure of the control will not result in an increase in the likelihood or impact of the risk.
Moderately Important	The control is of moderate importance in effectively mitigating the risk. Failure of the control will result in an increase in the likelihood or impact of the risk, but the risk score will remain within appetite.
Important	The control is important in effectively mitigating the risk. Failure of the control will result in an increase in the likelihood and impact of the risk beyond risk appetite, but within tolerance. Additional controls will be required to mitigate the risk if this control cannot be executed.
Very Important	The control is very important in effectively mitigating the risk. Failure of the control will result in an increase in the likelihood and impact of the risk beyond risk appetite and tolerance. Significant additional controls will be required to mitigate the risk if this control cannot be executed.
Absolutely Critical	The risk control is an essential component of the mitigation plan for the risk. If the control is not in place and working effectively the risk cannot be successfully mitigated to within risk appetite or tolerance.

1st Line of Defence: The function that owns and manages the risk

Under the first line of assurance, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

2nd Line of Defence: Functions that oversee or specialise in risk management, compliance and governance

The second line of assurance consists of activities covered by several components of internal governance (compliance, risk management, quality, IT and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists risk owner in reporting adequate risk related information up and down the organisation.

3rd Line of Defence: Functions that provide independent assurance – e.g. Internal and External Audit

Internal audit forms the organisation's third line of assurance. An independent internal audit function will, through a risk based approach to its work, provide assurance to the organisation's board of directors and senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of an institution's risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.

Examples of Assurance Activity

- Training
- Policies and Procedures
- Communication, Consultation and Information
- Executive Management / Assurance Committee Oversight
- Management Review and Reporting (1st Line of Defence)
- Independent Review (2nd Line of Defence) – e.g. internal compliance functions such as Finance, Legal, Risk Management, Procurement, Information Governance, Infection Control, Emergency Planning / Resilience etc etc
- Internal and External Audit (3rd Line of Defence)

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 12

Best Value Checklist

For Assurance

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present a Best Value Checklist to the Audit and Risk Committee to draw assurance on Best Value arrangements for the IJB.
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Recommendations:	The Audit and Risk Committee is asked to: 1) Note and draw assurance from the best value checklist appended to this report.
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1. Background

- 1.1 Integration Joint Boards have a duty to secure Best Value under the as prescribed in Part 1 of the [Local Government in Scotland Act 2003](#).
- 1.2 Audit Scotland published a guidance note and checklist on Best Value in IJBs in March 2018. This has been used as the basis for compiling the BV Checklist appended to this report.

2. Considerations

- 2.1. The Audit Scotland checklist appended to there guidance note has been used as a basis to present a Best Value report to the committee. Many IJBs across Scotland use this approach.
- 2.2. The checklist has been compiled by the Chief Finance Officer taking due account of the papers presented to the IJB in March and June 2024 including the Interim Chief Officers paper on Progressing Health and Social Care Integration through the IJB in Clackmannanshire and Stirling and the ongoing review of the Integration Scheme.
- 2.3. It is proposed that this is a suitable and proportionate approach to providing assurance on Best Value arrangements at this point in time acknowledging the further progress and improvements required.

3. Appendices

Appendix 1 – Best Value Checklist.

Appendix 1 – Best Value auditor prompts

No.	Prompt	IJB response
1.	Who do you consider to be accountable for securing Best Value in the IJB?	<p>Whilst the Chief Finance Officer and Chief Officer have specific accountabilities with regard to best value the culture engendered across the partnership is that everyone contributes to securing Best Value.</p> <p>The IJB does not directly commission of contract work, instead it is responsible for directing the constituent authorities) to commission on the IJBs behalf within the principles of Best Value. Associated transactions require to comply with SFIs/Financial Regulations of the respective authority.</p> <p>This does not remove the accountability within the constituent authorities for their own responsibilities under Best Value legislation.</p>

<p>2.</p>	<p>How do you receive assurance that the services supporting the delivery of the strategic plan are securing Best Value?</p>	<p>There are current arrangements for monitoring performance and progress against delivery of strategic objectives and progress against the priorities within the Strategic Commissioning Plan. This is achieved through various for and mechanisms including:</p> <ul style="list-style-type: none"> • IJB meetings • Audit and Risk and Finance and Performance Committees • Clinical and Care Government Framework • Strategic Planning Group • Locality Planning Groups • Senior Leadership Team and Senior Management and Leadership Team • Corporate Managements Team of the constituent authorities. <p>The approach to Best Value within the partnership is set out in the Annual Performance Report which includes a BV statement based on extant national guidance.</p> <p>Performance and Financial reporting are a regular agenda item for the management teams and committees.</p> <p>The review and refresh and progress made on implementing the IJBs directions policy will also improve assurance arrangement in respect of best value going forward.</p>
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3.	Do you consider there to be sufficient buy-in to the IJB's longer term vision from partner officers and members?	<p>It is collectively understood that further progress requires to be made in integration arrangements and supporting the vision for Health and Social Care in Clackmannanshire and Stirling. The interim Chief Officer will set out his views on further improvements to the IJB in June 2024.</p> <p>The level of engagement in development and approval of the 2023/33 gives a basis to build upon.</p> <p>The preparation of a revised integration scheme also gives an opportunity to collectively support and empower progress in integration arrangements.</p> <p>There is good engagement in the Strategic Planning Group from partner officers and linkages with community planning partnerships.</p>
4.	How is value for money demonstrated in the decisions made by the IJB?	Papers presented to the IJB for decision include financial assessment and consideration of relationship to Strategic Priorities and performance on outcomes.
5.	Do you consider there to be a culture of continuous improvement?	Yes, however further material improvement is required.
6.	Have there been any service reviews undertaken since establishment – have improvements been identified? Is there any evidence of improvements in services and/or reductions in pressures as a result of joint working?	<p>Yes, though it is acknowledged that service plans require refresh, and this will identify further improvement actions and opportunities.</p> <p>An example of recent service review is review of long-term care placements and development of a locality-based resource allocation model calibrated to demographic profiles.</p>

7.	Have identified improvement actions been prioritised in terms of those likely to have the greatest impact?	Yes, there is an appreciation that not everything can be a priority at once. The Strategic Plan identifies the key priorities for the partnership and the business of the IJB is demonstrably aligned to these priorities via the format of the IJB papers.
8.	What steps are taken to ensure that quality of care and service provided is not compromised as a result of costs saving measures?	<p>Decisions are made based on a business case approach including assessment of impacts on service users, safety, resources and equalities. Policy changes require Equalities Impact Assessments to be prepared and published.</p> <p>The IJBs arrangements are also supported by a Clinical and Care Governance Framework and Risk Management arrangements. The Clinical and Care Governance Framework was reviewed and reformed in March 2024 to improve assurance in relation to quality of care.</p> <p>The IJB also have direct access to professional and clinical advice to support decision making.</p> <p>Medium Term planning will further consider sustainability and prioritisation issues and also, importantly, issues around potential disinvestment.</p> <p>Ongoing development of the Transforming Care programme management approach will be supported by a performance dashboard to aide monitoring of whole system performance.</p>

9.	Is performance information reported to the board of sufficient detail to enable value for money to be assessed?	Yes, the IJB receives detailed performance reporting however availability of information and limitations of management information systems remains a significant challenge. The IJB will be presented with a revised Performance Framework at the June 2024 meeting.
10.	How does the IJB ensure that management of resources (finances, workforce etc.) is effective and sustainable?	<p>This is supported in various manners across the partnership through financial planning, financial reporting, performance reporting, workforce planning and the Strategic Risk Register.</p> <p>The IJB 2024/25 Revenue Budget incorporated a risk assessment and medium-term financial outlook setting out risk to a sustainable financial position and an estimate of the financial challenges over the next 5 years.</p>

Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 13

Progress Update on Annual Audit Report Recommendations

For Noting and Assurance

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present the Audit and Risk Committee with a further progress update on the recommendations contained within the 2022/23 Annual Audit Report
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Recommendations:	<p>The Audit and Risk Committee is asked to:</p> <p>1) Note and draw assurance from the progress update on the recommendations contained within the 2022/23 Annual Audit Report</p>
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1. Background

- 1.1. The 2022/23 Audited Annual Accounts and Annual Audit Report (AAR) were presented to the IJB in September 2023.
- 1.2. The AAR contained 3 new recommendations and a number of outstanding recommendations from the previous AAR.

2. Progress Report on Annual Audit Report (AAR) Recommendations

- 2.1. The progress report on AAR recommendations is appended to this report at Appendix 1.
- 2.2. The progress report illustrates where progress is complete or in progress along with an explanatory narrative.
- 2.3. A further progress reports where required will be brought to the Audit and Risk Committee and it is anticipated that this will also require to be incorporated within the management responses to recommendations within the 2023/24 Annual Audit Report (AAR) given the IJBs External Auditors will also assess progress against prior year recommendations.

3. Appendices

Appendix 1 –AAR Recommendations Progress Report

Appendix 1 - Progress on Recommendations from Annual Audit Report (AAR)

2022/2023 Annual External Audit Report

Note: Recommendations 1-3 were new recommendations and 4-10 follow up from 2021/22 Recommendations. Deloitte assigned priority levels to new recommendations.

Recommendation	Management Response	Update on Progress	Priority / Responsible Officer	Target Date	Revised Date
<p>1. Lack of preparation for the IJB audit We would recommend that in the future, there is better communication between the constituent authorities and the IJB and that there is an agreed timetable in place with the IJB and the constituent authorities to collate information for the start of the audit</p>	<p>It is acknowledged that, as most year-end timetables moved back to pre-Covid / regulation timeframes for 2022/23 some elements of planning could be further improved including across the IJBs arrangements which impact the group accounts of constituent authorities.</p> <p>Via the Finance Working Group (IJB CFO and Chief Officer, Local Authority CFOs) a consolidated timetable will be discussed with key dates.</p> <p>The Finance Working Group will also review issuing arising from 2022/23 audits to agree learning points and consider improvements</p>	<p>Complete All 22/23 audits for constituent authorities have not yet been concluded however interim discussion on learning points was held with Finance Working Group.</p> <p>IJB CFO also completed survey issued by Audit Scotland.</p> <p>23/24 year end timetable was drafted and discussed at Finance Working Group prior to year-end.</p>	Medium / Chief Finance Officer	December 2023	March 2024

	once all 2022/23 audits are complete.				
<p>2. Financial Reporting</p> <p>The reporting format could be further enhanced by incorporating the following:</p> <ul style="list-style-type: none"> • Including a clear reconciliation from the original approved budget to the revised budget updated during the year. • A RAG rating against the savings plan to show the likelihood of savings being achieved, and where there are risks of non-achievement, setting out the implications (for both current and future years). • Clearer analysis on the progress with the approved use of reserves and projected position on earmarked balances. 	<p>Work is ongoing on producing a revised style and content of integrated financial reporting for IJB and IJB Finance and Performance Committee.</p> <p>The issues highlighted are all areas where further development of the reporting format is planned once the committee and IJB have had opportunity to provide initial feedback on revised reporting style and format.</p>	<p>Complete Reconciliation from initial budget will be incorporated in financial reports to February Finance and Performance Committee and March IJB.</p>	<p>Low / Chief Finance Officer</p>	<p>December 2023</p>	<p>February 2024 (most actions were completed within target date)</p>
<p>3. Transformation</p> <p>Tools should be developed to</p>	<p>The IJB approved the commissioning of some external support to review</p>	<p>In progress The IJB approved the 24/25 Revenue Budget on 27 March 2024.</p>	<p>Medium / Chef Officer, Heads of Service, Chief Finance Officer</p>	<p>January 2024</p>	<p>May 2024</p>

<p>consistently track the benefits achieved (both financial and outcomes) from the transformational change to demonstrate that it is achieving the desired outcomes.</p>	<p>and help enhance our arrangements including measurement and reporting of benefits realisation.</p> <p>It is intended to bring forward an initial review and recommendations from this work after the initial phase</p>	<p>This included commitment to a programme management approach to support the approved efficiency and savings programme forming the key elements of the transformation and sustainability plan.</p> <p>To support this the interim Chief Officer and Chief Finance Officer have established monthly progress review meetings and reporting tools. Each element of the transformation programme requires a Business Justification Case (also referred to as a Project Initiation Document or PiD) and monthly highlight reporting. There is a requirement for the sophistication and quality of reporting to continue to develop over time however the reporting tools are designed to be relatively concise and quick to complete.</p> <p>This programme is also being supported by the establishment of a performance dashboard to monitor key whole system performance and activity metrics and align this with financial information.</p>			
<p>4. Content of Finance Reports IJB regular financial reports should be updated to</p>	<p>The Annual Internal Audit report contained a recommendation to survey IJB members on desired</p>	<p>Complete</p>	<p>Chief Finance Officer</p>	<p>August 2023</p>	

<p>detail total expenditure against budget.</p>	<p>style and format of financial reporting. This management action in response to this recommendation is being taken forward before introducing substantive changes to the IJB Finance Report.</p> <p>This notwithstanding we agree that the recommendation made here is reflective of good practice and will be actioned.</p>				
<p>5. Delegation of Services The Board should work with partners to prioritise delegation of all planned services to the IJB.</p>		<p>Complete (as reflected in Annual Audit Report)</p>	<p>Chief Officer</p>		
<p>6. Performance Reporting targets Performance reporting could be improved through the addition of clear performance targets to allow assessment of how the IJB is performing relative to expectation</p>	<p>The new Strategic Commissioning Plan, under development, will support a refreshed performance reporting style including service focused performance targets, management information as well as benchmarking across services and more widely; this has been in place over</p>	<p>In progress. The initial management responses referred to replacement of information systems which is unlikely to occur in the short term. Therefore, progress will continue to be limited by the constraints of current information systems and capacity. An integrated performance framework has been developed and will be presented to the IJB in June</p>	<p>Head of Strategic Planning and Health Improvement</p>	<p>June 2024</p>	<p>June 2024 with some elements being ongoing due to constraints/system limitations.</p>

	<p>the past year to better manage performance across discharge planning and community capacity including care at home, care homes and community hospitals. Some recording systems are being replaced to ensure better quality reporting based in better recording. Post-pandemic, the learning from streamlined recording and reporting is being utilised to improve whole systems performance management and comparative analysis</p>	<p>2024. Subject to approval of the framework future performance reporting will require to align to the framework including agreement of and reporting against performance targets.</p>			
<p>7. Management Commentary The IJB should review and update the structure and content, including clearer performance and financial information and better highlight the organisational achievements for the year under review. 2021/22 Update: The structure and content is significantly impacted since this</p>	<p>The style and content of the management commentary will continue to be developed to improve understanding, clarity and triangulation of financial and performance information and alignment to strategic priorities. This in turn assists in demonstrating best value. Earlier availability of the performance information which will be incorporated within the Annual Performance Report will</p>	<p>Complete (for draft 24/25 accounts) The format and style of the management commentary will continue to be refined and improved where possible. However, incorporation of performance information within the draft accounts is unlikely due to timing of national information and lack of alignment between accounts and Annual Performance Report timescales. An updated management commentary incorporating an overview of performance will therefore continue to be incorporated within final accounts</p>	Chief Finance Officer	June 2024	June & September 2024 (for draft and final accounts)

<p>recommendation was originally raised. However, management should continue to improve their process for production of the Management Commentary, in particular the timely inclusion of performance data</p>	<p>continue to be pursued however this is dependent on both local and national availability of data. This is aimed to be achieved through aligning annual accounts and annual performance report timetable</p>	<p>post approval and publication of the Annual Performance Report.</p>			
<p>9. Financial Sustainability The IJB should update the MTFP to reflect the impacts of Covid-19 at the earliest appropriate opportunity</p>	<p>Work to review and update the MTFP is underway and is being aligned to • The Scottish Government Resource Spending Review published in May 2022 • The 2023/24 Scottish Draft Budget being published on 15 December 2022 • The 2023/2033 IJB Strategic Commissioning Plan to be approved and published in March 2023 The MTFP will take cognisance of both direct and indirect impacts of Covid including the higher levels of service demand and complexity/acuity of care.</p>	<p>Complete</p> <p>It is assumed the ongoing impacts of Covid19 are now incorporated within demand trends and therefore reflected within in year financial planning and the medium term financial outlook incorporated within the 2024/25 IJB Revenue Budget.</p>	<p>Chief Finance Officer</p>	<p>November 2023</p>	<p>March 2024</p>
<p>10. Update of governance documents As part of</p>	<p>Revised Scheme of Delegation was completed and approved by IJB in</p>	<p>In progress The Integration Scheme is the legal partnership agreement of the constituent authorities not the</p>	<p>Chief Finance Officer / Chief Officer</p>	<p>March 2024</p>	<p>October 2024 (Integration</p>

<p>the review of the governance framework the IJB and its constituent authorities should look to update the supporting documents including the integration scheme, scheme of delegation and counter fraud policy.</p>	<p>March 2023. Review of Financial Regulations and further consideration of counter fraud policy and/or requirement for more overt assurance on counter fraud arrangements from the constituent authorities. Additionally, in relation the Integration Scheme, the IJB will continue to work with constituent authorities to identify if there is a requirement to prepare a revised integration scheme.</p>	<p>IJB. Work is underway on this and it is understood it is currently envisaged that this will conclude around October 2024. There is likely to be a requirement to review and update the scheme of delegation thereafter. Other governance documents are subject to periodic review. The Directions policy was reviewed and approved by IJB in March 2024 and this coincided with moving to a more detailed approach to directions in line with the policy.</p> <p>Work is continuing in developing a local code of corporate governance for the IJB which will seek to improve and clarify the relationship between governance arrangements within the constituent authorities to the accountabilities and governance arrangements of the IJB which is anticipated to be concluded in September 2024.</p>			<p>Scheme) / March 2024 (Directions Policy) / September 2024 (Local Code of Corporate Governance)</p>
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Clackmannanshire & Stirling Integration Joint Board Audit and Risk Committee

26 June 2024

Agenda Item 14

CIPFA Audit Committee Self Assessment of Good Practice

For Approval

Paper Approved for Submission by:	Ewan Murray, Chief Finance Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author	Ewan Murray, Chief Finance Officer
Exempt Report	No

Directions	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

Purpose of Report:	To present a proposed scoring for Self Assessment of Good Practice for the IJB Audit and Risk Committee
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Recommendations:	The Audit and Risk Committee is asked to: 1) Consider, discuss and approve the self assessment including scoring for the IJB Audit & Risk Committee
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1. Background

- 1.1 CIPFA (Chartered Institute of Public Certified Accountants) published a position statement on Audit Committee in Local Authorities and Police in 2022.

2. Considerations

- 2.1. The CIPFA position statement is appended to this report and CIPFA developed a self-assessment scoring matrix/template to aide audit committees in completing a self-assessment.
- 2.2. When discussed previously with the Audit and Risk Committee the Chief Finance Officer was tasked with and agreed to complete a proposed self-assessment scoring for the IJB Audit and Risk Committee and circulate.
- 2.3. As part of preparation for this committee meeting the Chief Finance Officer discussed the proposed self-assessment with the committee chair and agreed to circulate it to committee members with explanatory comments and include the self-assessment within the committee papers for agreement.
- 2.4. Whilst, the self-assessment supports audit committees to discharge their responsibilities some of the fit with the IJBs role is questionable despite IJBs being based on Local Government legislation.

3. Appendices

- Appendix 1 – Self Assessment with proposed scoring
Appendix 2 – CIPFA position statement

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>
4	Do the terms of reference clearly set out the purpose of the committee in with CIPFA’s 2022 Position Statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="3"/>	<input type="checkbox"/>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>
7	Does the governing body hold the audit committee to account for its performance at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="5"/>

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Partially complies and extent of improvement needed				Fully complies
	Does not comply	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:					
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
Functions of the committee					
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
Governance arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
Risk management arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
Internal control arrangements, including: <ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
Annual governance statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
Financial reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
Assurance framework	<input type="checkbox"/>	<input type="checkbox"/>	2	<input type="checkbox"/>	<input type="checkbox"/>
Internal audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
External audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
10 Over the last year, has adequate consideration been given to all core areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
12 Has the committee met privately with the external auditors and head of internal audit in the last year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>

Good practice questions	Partially complies and extent of improvement needed				Fully complies
	Does not comply	Major improvement	Significant improvement	Moderate improvement	Minor improvement
Weighting of answers	0	1	2	3	5

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?					
• Separation from executive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
• A size that is not unwieldy and avoids use of substitutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<input type="checkbox"/>	<input type="checkbox"/>	2	<input type="checkbox"/>	<input type="checkbox"/>
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	2	<input type="checkbox"/>	<input type="checkbox"/>
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
18 Is adequate secretariat and administrative support provided to the committee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
22 Are meetings effective with a good level of discussion and engagement from all the members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
23 Has the committee maintained a non-political approach to discussions throughout?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5

Good practice questions	Does not comply	Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
26 Do audit committee recommendations have traction with those in leadership roles?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
27 Has the committee evaluated whether and how it is adding value to the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
28 Does the committee have an action plan to improve any areas of weakness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>
29 Has this assessment been undertaken collaboratively with the audit committee members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5
Subtotal score					
Total score					164
Maximum possible score					200**

** 40 questions/sub-questions multiplied by five.

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.