

PERTH AND KINROSS COUNCIL

Audit Committee

24 June 2015

INTERNAL AUDIT UPDATE

Report by the Chief Internal Auditor

PURPOSE OF REPORT

This report presents a summary of Internal Audit's work against the 2014/15 and 2015/16 annual plans.

1. BACKGROUND / MAIN ISSUES

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor reports periodically to the Audit Committee on internal audit activity and on performance relative to the approved plan.
- 1.2 The Internal Audit Update Report considered at the last Audit Committee on 1 April 2015 (Report 15/152 refers) highlighted that the majority of the Audit Plan had been completed. At that Committee, the Chief Internal Auditor updated Elected Members with progress on the completion of planned audit activity for 2014/15 and highlighted that the Internal Audit Plan for 2014/15 had been fully completed by 31 March 2015. This report confirms this situation and highlights that all 2014/15 planned and unplanned Internal Audit activity has been completed. The Chief Internal Auditor's Year End Report is included on the agenda for this Committee.
- 1.3 Work has commenced on assignments included within the Internal Audit Plan for 2015/16. In addition, Internal Audit has provided support and guidance to Services for the National Fraud Initiative. A separate report on progress with the current exercise is to be considered by Elected Members at this Committee.
- 1.4 Internal Audit is also involved with three areas of unplanned activity. Unplanned work is within the resources allocated within the Internal Audit Plan and there are currently no implications for this additional work on the completion of the Internal Audit Plan for 2015/16. The Audit Committee will be informed if there is any change to this situation.
- 1.5 Procurement has commenced to deliver those parts of the Internal Audit Plan identified for completion by an external organisation. (Report 15/144 refers)
- 1.6 The Chief Internal Auditor has continued to work closely with colleagues in Legal Services to implement the Counter-Fraud and Corruption Strategy. A separate report updating Elected Members on progress with the implementation of the Strategy is included on the agenda for this Audit Committee.

- 1.7 Appendix A details those assignments where work has been completed since the last report to Audit Committee. Where appropriate, Internal Audit Reports for these assignments will be presented to the Audit Committee.
- 1.8 Appendix B shows a summary of each audit previously approved as part of the 2014/15 plan, along with the stage of progress of each assignment. The Committee will note that the reports for 4 assignments which will complete reporting for 2014/15 are included within the agenda for this Committee.
- 1.9 Appendix C shows a summary of each audit previously approved as part of the 2015/16 plan, along with the stage of progress of each assignment. Based on the work plans for each individual auditor, the indicative date for the Audit Committee to consider the report is recorded. The achievement of these scheduled dates is dependent upon the level of unplanned investigation work and engagement with Services.
- 1.10 Appendix D details areas of work which are in addition to the approved Internal Audit Plan for 2015/16 arising from either Service requests for assistance or from investigatory work.

2. HEALTH AND SOCIAL CARE INTEGRATION

- 2.1 Internal Audit's involvement with the Health and Social Care Integration agenda has continued. Proposals for the financial assurance process (commonly known as due diligence) were considered and approved at a meeting of the Health and Social Care Integration Pathfinder Board in May (Appendix E). The purpose of the process, according to national guidance, is to enable the Local Authority and Health Board to maximise the benefits and minimise the risks from integration.
- 2.2 Internal Audit has been consulted on and reviewed the planned arrangements for the Financial Assurance processes for Health and Social Care Integration. The arrangements in place and the timescales provide an adequate framework for financial assurance.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report presents a summary of Internal Audit's work against the 2014/15 and 2015/16 annual plans. All planned Internal Audit activity for 2014/15 has been completed. It is currently anticipated that the 2015/16 Internal Audit Plan will be completed within the year.
- 3.2 It is recommended that the Committee notes:
 - (i) The completion of all planned Internal Audit work for 2014/15 by 31 March 2015;
 - (ii) The adequacy of the plans in place for financial assurance for health and social care integration; and
 - (iii) The progress of work against the plan for 2015/16.

Author(s)

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If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting *Jackie Clark*



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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1 Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

2. Assessments

2.1 Equality Impact Assessment

- 2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

2.2 Risk

- 2.2.1 The risks are associated with the level of assurance provided on the control environment in the event that Internal Audit's planned work is not completed on time.

3. Consultation

3.1 Internal

- 3.1.1 The Chief Executive and Head of Finance have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

Appendix A – Audit Activity Completed Since The Last Report To Audit Committee

Appendix B – Progress With Assignments Approved In The Internal Audit Plan for 2014/15

Appendix C – Progress With Assignments Approved In The Internal Audit Plan for 2015/16

Appendix D – Progress With Assignments Not Included In The Internal Audit Plan for 2015/16

Appendix E – Report to Health and Social Care Integration Pathfinder Board

INTERNAL AUDIT UPDATE

Audit Activity Completed Since The Last Report To Audit Committee

Audit No.	Audit Title	Service
14-17	Online Payments In Schools	Education & Children's Services
14-22	Property System (b)	The Environment Service
14-34	Whistleblowing incident*	Education & Children's Services
14-35	Petty Cash*	Housing & Community Care
14-36	Discretionary Housing Payments	Housing & Community Care
14-37	Children & Young Peoples Act – 600 Hours of Early Learning & childcare	Education & Children's Services
15-04	Kinship Care	Education & Children's Services
15-07	Reablement	Housing & Community Care
15-30	Bus Service Operators Grant Claim*	The Environment Service

* No report required for this assignment

Appendix B

Progress With Assignments Approved In The Internal Audit Plan for 2014/15 as at May 2015

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
14-01	Business Continuity Follow Up	Jun 2014	12 March 2014	13 May 2014	13 May 2014	14 May 2014	June 2014
14-02	Flood Mitigation	Sep 2014	25 April 2014	28 July 2014	1 August 2014	19 August 2014	September 2014
14-03	School Attendance Management	Sep 2014	1 May 2014	13 August 2014	18 August 2014	19 August 2014	September 2014
14-04	Adult Support & Protection	Sep 2014	7 May 2014	24 July 2014	31 July 2014	20 August 2014	September 2014
14-05	Housing Standard Delivery Plan	Sep 2014	5 May 2014	29 July 2014	1 August 2014	19 August 2014	September 2014
14-06	Petty Cash	Jun 2014	7 May 2014	16 May 2014	16 May 2014	20 May 2014	June 2014
14-07	Data Protection	Feb 2015	31 July 2014	21 October 2014	21 October 2014	31 October 2014	November 2014
14-08	Employee Expenses	Sep 2014	5 June 2014	15 October 2014	21 October 2014	3 November 2014	November 2014
14-09	Financial Management of Secondary Schools: (a) Blairgowrie High School (b) Perth Grammar School	Nov 2014	15 May 2014	1 September 2014 15 October 2014	1 September 2014 15 October 2014	21 October 2014 21 October 2014	November 2014 November 2014

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
14-10	Rent Arrears	Sep 2014	1 August 2014	27 August 2014	29 August 2014	3 November 2014	November 2014
14-11	Management of Contracts	Nov 2014	29 September 2014	5 November 2014	6 January 2015	9 January 2015	February 2015
14-12	Quality of Residential Care	Feb 2015	7 August 2014	17 December 2014	18 December 2014	5 January 2015	February 2015
14-13	Management of Relationship with Live Active Leisure	Feb 2015	20 November 2014	18 December 2014	23 December 2014	8 January 2015	February 2015
14-14	General Ledger	Apr 2015	19 January 2015	18 February 2015	18 February 2015	3 March 2015	April 2015
14-15	IT Change Management	Feb 2015	28 November 2014	22 December 2014	7 January 2015	12 January 2015	February 2015
14-16	Housing Repairs	Apr 2015	9 February 2015	26 February 2015	27 February 2015	6 March 2015	April 2015
14-17	Online Payments in Schools	Apr 2015	24 November 2014	13 March 2015	18 March 2015	30 March 2015	June 2015
14-18	Housing Benefits	Apr 2015	27 January 2015	9 March 2015	11 March 2015	17 March 2015	April 2015
14-19	Regulatory Services	Apr 2015	26 January 2015	27 February 2015	27 February 2015	27 February 2015	April 2015
14-20	Capital Projects	Apr 2015	21 October 2014	4 March 2015	4 March 2015	6 March 2015	April 2015
14-21	Integrated Adult Health & Social Care	To be determined	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
14-22	Property System: Interim Report a Final Report	Jun 2015	12 May 2014	22 July 2014 27 March 2015	1 August 2014 30 March 2015	21 August 2014 30 March 2015	September 2014 June 2015
14-24	Cycling Walking Safer Streets Grant Claim	Not applicable	26 May 2014	30 June 2014	Not applicable	Not applicable	Not applicable
14-25	Bus Service Operators Grant (6 monthly)	Not applicable	5 August 2014	20 August 2014	Not applicable	Not applicable	Not applicable
14-26	Bus Service Operators Grant (6 monthly)	Not applicable	29 October 2014	15 December 2014	Not applicable	Not applicable	Not applicable
14-36	Discretionary Housing Payment	Jun 2015	18 February 2015	27 February 2015	18 March 2015	30 March 2015	June 2015
14-37	Implementation of Children & Young People Scotland Act	Jun 2015	17 February 2015	9 March 2015	11 March 2015	31 March 2015	June 2015

^ Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee where this differs from the originally anticipated date.

It is not anticipated that reports will be required to be issued for the certification of grant claims. Reports will only be issued where weaknesses in controls are identified which require action.

Appendix C

Progress With Assignments Approved In The Internal Audit Plan for 2015/16 as at May 2015

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
15-01	Following the Public Pound	Sep 2015					
15-02	Establishment Approval Process	Jun 2015					
15-03	Complaints	Sep 2015	8 April 2015				
15-04	Fostering – Kinship Care	Jun 2015	15 April 2015	28 May 2015	28 May 2015	5 June 2015	June 2015
15-05	Corporate Health & Safety	Sep 2015	12 May 2015				
15-06	LEADER	Feb 2016					
15-07	Reablement	Jun 2015	23 April 2015	1 June 2015	1 June 2015	4 June 2015	June 2015
15-08	Reserves Strategy	Sep 2015					
15-09	New School Governance	Nov 2015					
15-10	Modernising the School Office	Sep 2015					
15-11	Financial Management of a Community Care Establishment	Sep 2015					
15-12	Housing Service consultancy	Sep 2015					
15-13	School Transport Contracts	Apr 2016					
15-14	Payroll	Feb 2016					
15-15	Integrated Assessment	Apr 2016					
15-16	Financial Management of Schools – Early Years and Primary	Nov 2015					

15-17	IT Disaster Recovery	Feb 2016					
15-18	Planning Applications	Apr 2016					
15-19	Homelessness Services	Feb 2016					
15-20	Housing Investment Programme	Apr 2016					
15-21	Perth City Campus	Feb 2016					
15-22	Self Directed Support	Apr 2016					
15-23	Place Based Scrutiny	Apr 2016					
15-24	Health & Social Care Integration	To be determined					
15-25	Property System	Apr 2016					
15-26	Universal Credits	Apr 2016					
15-27	Transformation	Apr 2016					
15-28	Sports & Leisure Provision	Apr 2016					
15-29	Cycling, Walking & Safer Streets Grant	Not applicable	19 May 2015				
15-30	Bus Service Operators Grant (1)	Not applicable	5 May 2015	21 May 2015	Not applicable	Not applicable	Not applicable
15-31	Bus Service Operators Grant (2)	Not applicable					
15-32	Corporate Governance	Nov 2015					
15-33	Job Evaluation & Design	Nov 2015					
15-34	Corporate Risk Management	Feb 2016					
15-35	Optimum	Feb 2016					
15-36	SEEMIS	Feb 2016					

[^] Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee where this differs from the originally anticipated date.

It is not anticipated that reports will be required to be issued for the certification of grant claims. Reports will only be issued where weaknesses in controls are identified which require action.

Progress With Assignments Not Included In The Internal Audit Plan for 2015/16

Ass No.	Assignment Description	State of progress	Draft Report issued	Final Report issued	Audit Committee Date
15-37	Whistleblowing – Education & Children's Services	Ongoing			
15-38	Whistleblowing – The Environment Service	Ongoing			
15-39	Whistleblowing – The Environment Service	Complete	Not applicable	Not applicable	Not applicable

When additional work is undertaken during the year, a report will only be issued where the review highlights areas for improvement in the control environment or significant risks.



REPORT TO HEALTH and SOCIAL CARE INTEGRATION PATHFINDER BOARD

22 May 2015

APPROVING THE DUE DILIGENCE PROCESS TO BE ADOPTED FOR THE INTEGRATED PERTH and KINROSS PARTNERSHIP

**Report by Alexander Berry, Finance Manager, NHS Tayside and Colin
Crawford, Perth and Kinross Council**

ABSTRACT

To inform the Board on the formulation of the due diligence process which will provide the Integrated Joint Board, Perth and Kinross Council and NHS Tayside with an understanding of the financial resources delegated for the purposes of Integration and provide assurance around the risk levels associated with those resources.

1.1 BACKGROUND

- 1.1 As part of the Integration process, all Partnerships are required to undertake a Due Diligence process. National guidance has been issued on this matter and locally a process and timeline require to be approved to ensure this important part of the Integration process is carried out in accordance with local agreements and to local timelines.

2. DUE DILIGENCE

- 2.1 This report is intended to build on the national "Guidance for Integration Financial Assurance" and provide a local perspective on this important process in developing the integration arrangements. The paper follows discussion of this matter amongst Tayside finance officers through the local joint working arrangements.
- 2.2 The national guidance notes... "An effective assurance process should enable the host body... to identify the resources delegated to it and the financial, legal or organisational risks involved; it should also help the delegating partners to quantify the risks to their respective operations. If planned and implemented in a logical sequence, it should allow the Health Board and Local Authority to maximise the benefits and minimise the risks from integration."
- 2.3 Elements worth highlighting from the national guidance are:-
- Partners should be able to place reliance on assurances from each other for their respective delegated resources and on the existing operational and financial knowledge of the shadow chief officer. This will clearly require a high degree of trust between the key officers.

- Partners should foster an assurance process based on mutual trust and confidence involving an open-book approach and an honest sharing and discussion of the assumptions and risks associated with the delegated services.
- The assurance process should be proportionate to the potential risks and should cover the whole transition period from pre-integration, implementation and post integration.

2.4 A number of recommendations are made within the national guidance and these are described in Appendix 1 with a corresponding description of the recommended local response within Perth and Kinross. In light of the recommendation in Appendix 1 it is considered that the financial assurance processes require to address the following for Perth and Kinross Council and NHST resources:-

- Initial devolved budgets and budgets devolved for subsequent years.
- Assurance process for operationally devolved and hosted resources.
- Discrete assurance processes regarding delegated functions to cover NHS hospital and community services (e.g. former CHP services), prescribing resources, Family Health Service (FHS) resources and Hospital Set Aside resources (budgets for large hospital services).

3 INITIALLY DEVOLVED BUDGETS

- 3.1 The budgets initially devolved to the IJB should be determined with reference to existing NHST and Perth and Kinross Council budgets, actual spend and financial plans.
- 3.2 NHST and Perth and Kinross Council services – all delegated functions except prescribing, FHS and Hospital Set Aside

Assurance will be provided through the sharing of historic and current financial reports for all Perth and Kinross Council and NHST (CHP and Mental Health) services. This will cover 2013/14, 2014/15 and 2015/16. An audit trail will be provided, including generic or specific explanatory notes and will describe the underlying principles and material issues in the development of budgets from 2013/14 to 2014/15.

The underlying principles and predicted funding adjustments regarding the creation of 2015/16 budgets will be set out (in narrative and with quantifications). This will include:-

- Implications of failure to meet any 2014/15 savings targets.
- Requirement to meet 2015/16 savings targets.
- Status of known and anticipated relevant cost pressures and associated risks for 2015/16.
- Implications of any Partnership issues contained in NHST Strategic Financial plans and the Perth and Kinross Council's Medium Term Financial Strategy.

- Notes regarding material non-recurring under spends, costs or funding in 2015/16.
- Notes regarding any ongoing requirement to deliver non-recurring savings annually (e.g. vacancy factors, staff slippage, other non-recurring targets) and regarding annually managed carry forwards plans.
- A narrative describing the financial planning context beyond 2015/16. This will include high level funding and savings assumptions for future years and will refer to any financial planning implications affecting the IJB's resources as a result of the Older People's Change Fund / Integrated Care Fund.

3.3 NHST Prescribing and FHS Resources

While the fundamental requirements of a Due Diligence process for prescribing and FHS resources will be as set out above in section 5.2, the detailed Due Diligence process for these resources needs to be described discretely from other functions due to the specific characteristics of these budgets. For example variations in annual demand and annual cost base, specifics regarding Scottish Government funding and the scale of the resources involved.

3.4 Hospital Set Aside Resources (Large Hospital Services)

National guidance has been provided regarding financial planning for Large Hospital Services, commonly known as set aside resources. That guidance sets out the principles that will require to be followed locally to establish the set aside resources provided to the IJB. This includes reflecting analysis of hospital activity and cost information together with mechanisms for determining the financial consequences of planned changes in capacity which will be set out in the strategic plans. Work is still ongoing to develop an increased local understanding regarding the scoping of these resources, particularly given the complexities are relatively new to local authority officers. As part of this a Due Diligence framework for these resources will be constructed that will reflect local activity and cost information.

4 ASSURANCE FOR SUBSEQUENT YEARS

- 4.1 The future year budget setting process is reflected in the Integration Scheme and this describes the full range of factors that will be considered annually in determining resource requirements on an ongoing basis. This will commence with the financial plan as detailed in the IJB's Strategic Plan.

5 DUE DILIGENCE REPORTING

- 5.1 Joint financial reporting to the Pathfinder Board based on historic budget alignments is already taking place. This will be updated for in-scope services once the Board has approved these.
- 5.2 Information regarding NHST and Perth and Kinross Council delegated functions (other than prescribing, FHS and Hospital Set Aside) prior year budgeted and actual expenditure will be collated by officers over the coming

months. Once information is collated by one party this information will be shared and discussed with the other party through a network including respective senior managers and Finance Officers. At the conclusion of the information sharing phase, the Pathfinder Board will be presented with a report summarising the outcome of this exercise with the concentration being on the identification of major risk that require to be considered.

- 5.3 The Perth and Kinross Council 2015/16 budget has already been set. NHS Tayside 's 2015/16 budget is being finalised and once this has been concluded, information confirming 2015/16 resources will be documented and presented to the Pathfinder Board (note this term is used throughout this paper).
- 5.4 It is the intention that a further update regarding Hospital Set Aside resources is provided once work has progressed further to scope local resources.
- 5.5 Timescales for the above are proposed as follows:-

Stage	Timescale
Information shared with Senior Managers and Finance Officers	End of June 2015
Report provided to Pathfinder Board	End of August 2015
Information shared regarding 2015/16 resources	End of July 2015 (Senior Managers and Finance Officers); End of August 2015 (Pathfinder Board)
Information shared regarding Large Hospital Services	TBC

6 RISK SHARING

- 6.1 National guidance suggests a period of risk sharing is appropriate as part of the assurance process: “partners may find it useful to consider treating the first year as a transitional year and agree to a risk sharing arrangement with adjustments being made through subsequent year’s allocations. If partners adopt this approach, it is recommended that it is incorporated in the Integration Scheme.” Suitable risk sharing arrangements have been reflected in the Perth and Kinross Integration Scheme.

7 LOCAL ROLE OF AUDIT COMMITTEES AND INTERNAL AUDIT

- 7.1 National guidance notes the roles of the above. This has been supplemented by Audit Scotland Technical bulletins (2015/1, sections 88/162) notes internal auditors should provide reports on the assurances process (including the Financial Due Diligence process set out here) to respective Audit Committees. This will cover the adequacy of the proposed process and the suitability of the proposed timelines. Where assurance reports have not been provided to the audit committee, this should be considered for inclusion within the annual governance statement. NHS Tayside’s next Audit Committee is scheduled for 16 June 2015.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 All Partnerships are required to undertake a Due Diligence process and it is recommended the Pathfinder Board:-

- (i) Approves the Due Diligence reporting process set out at section 5 of this report.

Contact Officer	Alexander Berry, Finance Manager, NHS Tayside Colin Crawford, Perth and Kinross Council
E-mail Address	sandy.berry@nhs.net ccrawford@pkc.gov.uk
Date:	22 May 2015

Appendix 1

The national guidance notes a series of recommendations that should be considered. These are set out below with notes as to how these are recommended to be managed locally.

National Guidance Recommendation	Local Action to Address Recommendation
The budget in the financial plan is assessed against actual expenditure reported in the management accounts for the most recent two/three years. Ideally, the roll forward of the budget for the delegated services and the actual expenditure over this period should be understood.	Financial information for 2013/14 onwards is made available including explanatory audit trails of material budget adjustments from 2013/14.
Material non-recurrent funding and expenditure budgets for the delegated services and the associated risks are identified and assessed.	Explanatory notes are provided describing any non-recurring under spends, costs or funding.
The medium term financial forecast for the delegated services and associated assumptions and risks is reviewed.	Implications of any Partnership issues contained in Strategic Financial planning will be described.
Savings and efficiency targets and any schemes identified are clearly identified and the assumptions and risks are understood by all partners. This is a key part of the assurance process and the experience from Highland partners is that it is a potential source of future disagreement. It is advised that partners devote sufficient time to understand the targets, efficiency schemes and associated assumptions and risks.	Information regarding 2015/16 savings requirements and plans will be shared.
All risks should be quantified where possible and measures to mitigate risk identified. Risks could be classified as delivery of efficiency savings; on-going risks; emerging risks.	2015/16 risks, including actual or potential cost pressures, will be described and quantified.
The amount set aside for the IJB consumption of large hospital services is consistent with the methods recommended in the IRAG guidance on the set aside resource and that the assumptions and risks are assessed.	Final arrangements to be confirmed.

- Notes regarding material non-recurring under spends, costs or funding in 2015/16.
- Notes regarding any ongoing requirement to deliver non-recurring savings annually (e.g. vacancy factors, staff slippage, other non-recurring targets) and regarding annually managed carry forwards plans.
- A narrative describing the financial planning context beyond 2015/16. This will include high level funding and savings assumptions for future years and will refer to any financial planning implications affecting the IJB's resources as a result of the Older People's Change Fund / Integrated Care Fund.

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4 ASSURANCE FOR SUBSEQUENT YEARS

- 4.1 The future year budget setting process is reflected in the Integration Scheme and this describes the full range of factors that will be considered annually in determining resource requirements on an ongoing basis. This will commence with the financial plan as detailed in the IJB's Strategic Plan.

5 DUE DILIGENCE REPORTING

- 5.1 Joint financial reporting to the Pathfinder Board based on historic budget alignments is already taking place. This will be updated for in-scope services once the Board has approved these.
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months. Once information is collated by one party this information will be shared and discussed with the other party through a network including respective senior managers and Finance Officers. At the conclusion of the information sharing phase, the Pathfinder Board will be presented with a report summarising the outcome of this exercise with the concentration being on the identification of major risk that require to be considered.

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7 LOCAL ROLE OF AUDIT COMMITTEES AND INTERNAL AUDIT

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8. CONCLUSIONS AND RECOMMENDATIONS

8.1 All Partnerships are required to undertake a Due Diligence process and it is recommended the Pathfinder Board:-

- (i) Approves the Due Diligence reporting process set out at section 5 of this report.

Contact Officer	Alexander Berry, Finance Manager, NHS Tayside Colin Crawford, Perth and Kinross Council
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Date:	22 May 2015

Appendix 1

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The amount set aside for the IJB consumption of large hospital services is consistent with the methods recommended in the IRAG guidance on the set aside resource and that the assumptions and risks are assessed.	Final arrangements to be confirmed.

