

East Dunbartonshire IJB

2019/20 Annual Audit Report

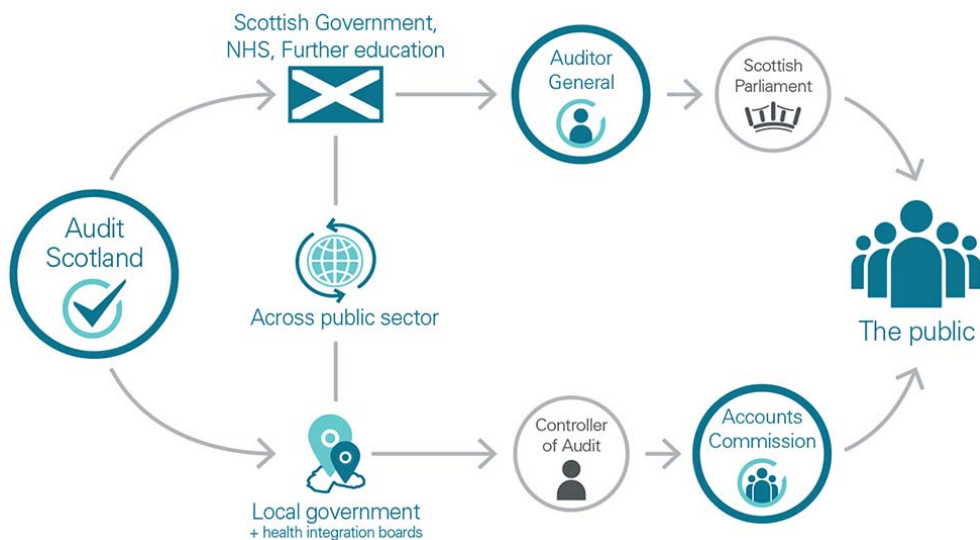


Prepared for East Dunbartonshire Integration Joint Board and the Controller of Audit
28 September 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2019/20 annual report and accounts

- 1** East Dunbartonshire Integration Joint Board's financial statements give a true and fair view of the state of its affairs as at 31 March 2020 and the income and expenditure for the year.
- 2** The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.
- 3** A number of changes were made to the accounts following the audit to ensure compliance with accounting requirements.
- 4** Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date.

Financial management and sustainability

- 5** Financial management arrangements are in place to support effective scrutiny and the host bodies have sound systems of internal control in place over the key financial systems which the IJB rely upon.
- 6** The IJB incurred a deficit of £1.090 million in 2019/20, utilising all of the non-earmarked element of the general fund reserves and leaving only £0.804 million of earmarked reserves. There are no contingency reserves available to help balance the 2020/21 budget.
- 7** The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB. Efficiency savings of £6.072 million needed to be achieved in 2020/21, prior to the implications of Covid being known. If these are not achieved a financial recovery plan will need to be agreed with the health board and council.
- 8** In the most recent budget monitoring report for 2020/21, the IJB is projecting an overspend of £7.1 million. This includes projected Covid costs of £5.3 million, which it is hoped will be covered by some additional government funding. Failure to achieve the budget will mean that the delivery of services is at risk in future years.
- 9** A medium and long-term financial plan is required to support longer term decision making and to demonstrate the IJB's financial sustainability. This should be aligned to the Commissioning Strategy and Market Facilitation Plan (2019-2022).

Governance, transparency and value for money

- 10** The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The IJB took appropriate steps to revise its arrangements to reflect the challenges of delivering services in the Covid-19 environment.
- 11** The publication of the 2019/20 Annual Performance Report, on 17 September 2020, was delayed in line with extensions permitted by the Coronavirus Act 2020.
- 12** An action plan has been developed in response to the mandatory Best Value self-assessment submitted to Scottish Government. To date, the action plan is showing good progress made by the IJB.

Introduction

1. This report is a summary of our findings arising from the 2019/20 audit of East Dunbartonshire Integration Joint Board (the IJB).

2. The scope of our audit was set out in our Annual Audit Plan presented to the Performance, Audit and Risk Committee meeting in March 2020. This report comprises the findings from our main elements of work in 2019/20 including:

- an audit of the IJB's 2019/20 annual accounts including the issue of an independent auditor's report setting out my opinions
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the IJB and partner bodies have had to respond to the global coronavirus pandemic (Covid-19). This impacted on the final month of the year and will continue to have a significant impact into financial year 2020/21. This has had significant implications for the provision and costs of services and the suspension of planned projects and activities. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit. The audit of the accounts was carried out remotely.

Adding value through the audit

4. We add value to the IJB, through audit, by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

5. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice (2016), supplementary guidance, and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

9. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

10. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

11. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £26,560, as set out in our Annual

Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

13. This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

14. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

Part 1

Audit of 2019/20 annual accounts



Main judgements

East Dunbartonshire Integration Joint Board's financial statements give a true and fair view of the state of its affairs as at 31 March 2020 and the income and expenditure for the year.

The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.

A number of changes were made to the accounts following the audit to ensure compliance with accounting requirements.

Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date.

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

Audit opinions on the annual accounts

15. The annual accounts for the year ended 31 March 2020 were approved by the Performance, Audit & Risk Committee on 28 September 2020. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

16. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

17. The completeness and accuracy of accounting records were not impacted by the Covid-19 outbreak.

Submission of annual accounts for audit

18. Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date. NHS boards and local authorities operate to different accounts closure and audit timetables. Assurances from NHS Greater Glasgow & Clyde (NHSGGC) and East Dunbartonshire Council were received prior to approval of the annual accounts by the IJB Board. These assurances were not available for the IJB Board in advance of the approval of the unaudited annual

accounts. Management should develop a protocol to ensure that assurances are received and considered before approval of the unaudited annual accounts by the IJB Board.

19. The working papers provided with the unaudited annual accounts were of a reasonable standard and finance staff provided support to the audit team which helped ensure the audit process ran smoothly.

Risks of material misstatement

20. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

21. We have reported a number of issues from our work on the risks of material misstatements highlighted in our 2019/20 Annual Audit Plan. These relate to hospital acute services (set-aside figure), financial sustainability and the IJB's achievement of efficiency savings.

Materiality

22. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

23. Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.

24. On receipt of the unaudited annual accounts we reviewed our materiality calculations and concluded that they remained appropriate. Materiality levels were therefore calculated based on the 2019/20 unaudited financial statements as follows:

Exhibit 2 Materiality values

Materiality	Amount
Overall materiality	£1.846 million
Performance materiality	£1.108 million
Reporting threshold	£18 thousand

Source: Audit Scotland, 2019/20 Annual Audit Plan

Significant findings from the audit in accordance with ISA 260

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

26. The significant findings are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

Exhibit 3

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Expenditure charged directly to General Fund reserve</p> <p>The unaudited statements misrepresented the financial position of the IJB as a £0.182m deficit, when £0.908m of reserves had been used. The revised statements now correctly disclose the £1.090m deficit.</p> <p>Net expenditure on Addictions, Older People and Mental Health was understated in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>This presentation was misleading and not in compliance with accounting guidance.</p>	<p>The financial statements were updated to reflect the Gross Expenditure of services, resulting in a £1.090m deficit in the CIES.</p> <p>The disclosures within the Movement in Reserves Statement have been simplified in order to make this easier to follow.</p>
<p>2. Hospital acute services (set aside)</p> <p>The “set aside” budget is the Joint Board’s share of the budget for delegated acute services provided by hospitals on behalf of the IJB.</p> <p>In previous years, this figure was based on historical cost and activity data and agreed with NHS Greater Glasgow and Clyde.</p> <p>From 2019/20 the set aside value is now based on a detailed approach including actual spend and activity levels for the year where the information is available and estimated annual activity where it is not.</p> <p>The updated methodology was also applied to the prior year set aside figure, which has been restated based on the updated activity levels noted above. This has resulted in a matching £8.355 million increase in the 2018/19 expenditure and income figures.</p>	<p>The IJB has worked with NHS Greater Glasgow and Clyde and the other IJB’s in the Glasgow area to improve the reliability of the set aside figures for the IJB.</p>

Follow up of prior year recommendations

27. The IJB has made progress in implementing our prior year audit recommendations. For actions that have not yet been implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management and sustainability



Main judgements

Financial management arrangements are in place to support effective scrutiny and the host bodies have sound systems of internal control in place over the key financial systems which the IJB rely upon.



The IJB incurred a deficit of £1.090 million, utilising all of the non-earmarked element of the general fund reserve and leaving only £0.804 million of earmarked reserves. Balancing the budget using reserves will not be possible in 2020/21.

The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB.

The IJB has not achieved its efficiency savings targets in the past three years. Efficiency savings of £6.072 million needed to be achieved in 2020/21, prior to the implications of Covid being known. If these are not achieved a financial recovery plan will need to be agreed with the health board and council.

In the most recent budget monitoring report for 2020/21, the IJB is projecting a year end overspend of £7.1 million. This includes Covid costs of £5.3 million, which it is hoped will be covered by some additional government funding. Failure to achieve the budget will mean that the delivery of services is at risk in future years.

A medium and long term financial plan is required to support longer term decision making and to demonstrate the Board's financial sustainability. This should be aligned to the Commissioning Strategy and Market Facilitation Plan (2019-2022).

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Financial management

28. It is the IJB's responsibility to ensure that its financial affairs are conducted in a proper manner. As auditors, we need to consider whether audited bodies have established financial management arrangements.

29. The IJB is required by statute to make arrangements for the proper administration of its financial affairs and to appoint a "proper officer" to have "responsibility for the administration of those affairs" (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance & Resources Officer was in post throughout the accounting year and is responsible for ensuring that appropriate financial services are available to the IJB and Chief Officer.

Financial performance in 2019/20

30. The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance & Resources Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed

in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB Board.

31. The IJB Board formally approved the 2019/20 budget in March 2019. This comprised of contributions from EDC and NHSGGC of £55.2 million and £78.4 million respectively, with a further £19.6 million of set aside funding. The budget contained an initial funding gap of £3.9 million, which was to be met by £2.1 million of management efficiencies and £1.7 million through the completion of the transformation programme, leaving an unfunded balance of £0.116 million.

32. The IJB Board is responsible for scrutinising financial and operational performance and ensuring that prompt corrective actions are taken where appropriate. To discharge this duty, it needs timely and comprehensible budget monitoring information, including projections of the year end position. Budget monitoring reports provide good quality information to facilitate scrutiny and challenge by members on the financial position of the IJB. Four budget monitoring reports were reported to meetings of the Board during 2019/20. These reports projected a gradually increasing year-end overspend throughout the year, with the actual year end overspend reflected in the annual accounts (£1.090 million).

33. The integration scheme states that where a deficit is projected during the year, a financial recovery plan must be agreed by all partners. A financial recovery plan for 2019/20 was agreed between the partners and approved by the IJB Board in September 2019.

34. . In 2019/20, the IJB reported a deficit of £1.090 million against partnership funding. In the main this is due to a £2.8 million overspend in Older People services, however the overall position was partially mitigated through underspends in other areas such as business support and prescribing.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial planning and sustainability

35. In September 2019, the IJB implemented a recovery plan in order to mitigate the anticipated in-year pressures in respect of social work services for 2019/20. The plan included a number of management actions and budgetary control measures. However, at 31 March 2020 the IJB reported a £1.090 million overspend and had used the entire balance of the non-earmarked element of the General Fund with a year-end position of £nil shown in the Movement in Reserves Statement.

36. The 2020/21 budget shows £174 million of expenditure, including the set-aside of £32.9 million. In the most recent budget monitoring report for 2020/21, the IJB is projecting a year-end overspend of £7.1 million. This is mainly attributable to £5.3 million of additional expenditure in response to Covid-19, and an overspend of £1.1 million for Children & Criminal Justice services.

37. In our 2018/19 Annual Audit Report, we highlighted the importance of a medium to long term financial plan to demonstrate the longer term financial sustainability of planned IJB services. The IJB agreed to develop this as part of its Strategic Plan 2018-2021, approved by the IJB Board in April 2018. The Chief Finance & Resources Officer has advised that a draft five year financial plan has been discussed at Senior Management Team, although this has yet to be completed and reviewed by the IJB Board.



Recommendation 1

The 5-year financial plan should be progressed and presented to the IJB Board to help demonstrate the longer term financial sustainability of planned IJB services.

Efficiency savings

38. The IJB is required to make efficiency savings to maintain financial balance. In 2019/20 the IJB was expected to make efficiency savings of £3.9 million. The actual outturn position was £1.676 million.

39. Based on the indicative financial settlement from NHSGGC and EDC, the IJB will be required to make £6.1 million of savings in 2020/21, through agreed savings and management actions. A further £2.1 million of savings are still to be identified in order to meet the funding gap.

40. Failure to achieve these savings could have a significant impact on the Partnerships ability to deliver its core services in 2020/21. Progress towards efficiency savings will require to be carefully monitored and regularly reported to the Board. The IJB has not fully achieved its efficiency savings targets in the past three financial years. In light of this, there is a risk that the IJB's 2020/21 efficiency savings target will also not be achieved.

41. A lack of non-earmarked reserves, combined with the recent trend of deficits reported over the last three financial years, represents a significant financial sustainability risk for the IJB. This has been acknowledged by the IJB Board members, with agreement that fundamental change is required in the way health and social care services are delivered within East Dunbartonshire going forward. The IJB should engage with its partners in order to provide an effective link between service provision and affordability.

42. In addition, the Covid-19 pandemic will have a significant impact on the IJB's ability to secure all the planned efficiency savings in 2020/21. The IJB was required to submit to Scottish Government the anticipated costs associated with Covid-19, which identified potential additional expenditure as a result of the Covid-19 response of £11.306 million. Of these additional costs, a significant proportion relates to that incurred within externally provided services such as care home and home care suppliers.



Recommendation 2

The board should ensure that saving plans are developed identifying how the £2.1 million of savings in 2020/21 will be made.

Reserves strategy

43. The reserves policy of the IJB was approved by the IJB Board in August 2016. The integration scheme and the reserves policy set out the arrangements between the partners for addressing and financing any overspends or underspends. Both documents highlight that underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity or be carried forward to fund capacity in future years of the Strategic Plan. Alternatively, these can be returned to the partner bodies in the event of a windfall saving.

44. The IJB's reserves policy states that a prudent level of general reserves will represent approximately 2% of net expenditure. This equates to approximately £3.5 million in 2019/20. As a result of the deficit in 2019/20, the general reserve has a £nil balance which leaves no capacity for responding to in-year pressures.

45. The current integration scheme is not clear on the responsibilities of the partners for funding a future deficit, where a financial recovery plan is unsuccessful in any year. The integration scheme is currently under review by the IJB and its partner bodies.

Internal Audit

46. Internal audit provides the IJB and Accountable Officer with independent assurance on the IJB's overall risk management, internal controls and corporate governance processes.

47. The internal audit function is carried out by the internal auditors at both EDC and NHSGGC. As part of our routine planning process, we carry out an early assessment of the internal audit function to determine whether it has sound documentation standards and reporting procedures in place and complies with the requirements of Public Sector Internal Audit Standards (PSIAS). A review of the adequacy of the respective internal audit functions was carried out by the external auditors of the host bodies from which an assessment was made in relation to the IJB. We concluded that it operates in accordance with PSIAS and has sound documentation standards and reporting procedures in place.

48. An interim Follow Up report was presented by Internal Audit to the March 2020 Performance Audit & Risk Committee. The report notes that 5 follow up actions have still to be completed by the IJB, of which 3 are classified as high risk. The high risk actions relate to Carefirst Testing, Home Care Review and Social Work Contract Monitoring. The annual governance statement has been updated to include references to these risks. This has not had an impact on our audit approach for 2019/20 as these issues as they relate to non-financial risks.

Standards of conduct and arrangements for the prevention and detection of fraud and error

49. The board requires that all members must comply with the Standards in Public Life – Code of Conduct for Members of Devolved Public Bodies. In August 2016, the Board agreed to adopt the template Code of Conduct for Integration Joint Boards which had been produced by the Scottish Government. Based on our review of these arrangements we concluded that the IJB has effective arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record at this point.

Part 3

Governance, transparency and best value



Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The IJB took appropriate steps to revise its arrangements to reflect the challenges of delivering services in the Covid-19 environment.



The publication of the 2019/20 Annual Performance Report, on 17 September 2020, was delayed in line with extensions permitted by the Coronavirus Act 2020.

An Action Plan has been developed in response to the required Best Value self-assessment submitted to Scottish Government. To date, the action plan is showing good progress made by the IJB.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Governance arrangements

50. The integration scheme between EDC and NHSGGC sets out the IJB's responsibilities for the management and delivery of health and social care services in East Dunbartonshire. The IJB's governance arrangements and procedures are regulated by its Scheme of Delegation.

51. Standing orders for the IJB were approved when it was established in July 2015. Schemes of Delegation clarify the functions delegated by EDC and NHSGGC to the IJB. These delegate operational management of services to the IJB's Chief Officer. In January 2020, the IJB Chief Officer was seconded to NHSGGC. From 6 January 2020, the Chief Social Work Officer of East Dunbartonshire Council was appointed to the position of interim Chief Officer.

52. The IJB's Chief Officer provides overall strategic and operational advice and is directly accountable to the Board for all of its responsibilities. The Chief Officer is accountable to both the Chief Executive of EDC and the Chief Executive of NHSGGC. The Chief Officer also provides regular reports to both partners which include national and local developments in relation to the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014.

53. The integration scheme also sets out the key governance arrangements. The IJB Board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the IJB and for monitoring the adequacy of these arrangements. The IJB Board comprises a wide range of service users and partners including three elected councillors nominated by EDC and three non-executive members nominated by NHSGGC.

54. The IJB Board is supported by the Performance, Audit & Risk Committee, two Locality Planning Groups, a Clinical and Care Governance Group and the Strategic Planning Group. The IJB Board and each of the groups meet on a regular basis throughout the year. We attended meetings of both the IJB Board and Performance, Audit & Risk Committee during the year and also reviewed their

minutes to ensure they are fulfilling their responsibilities and to assess their effectiveness.

55. The Clinical and Care Governance Group reports through the Chief Officer to the IJB Board on a regular basis. The membership reflects the professional groups, including nursing, medical, social work and primary care colleagues. The role of the Clinical and Care Governance group is to consider matters relating to Strategic Plan development, governance, risk management, service user feedback and complaints, standards, education, learning, continuous improvement and inspection activity.

56. A draft Commissioning Strategy and Market Facilitation Plan was presented to the IJB Board in November 2019 for consideration, which was prepared in partnership with the Third and Independent Sector, Healthcare Improvement Scotland's Improvement Hub and other key stakeholders. The purpose of the strategy is to outline the IJBs commissioning intentions over the next 3 years, with the aim of finding the best ways to maximise available resources against a backdrop of complex financial and policy challenges. The IJB Board have now approved the content of both the Commissioning Strategy and Market Facilitation Plan (2019-2022) and progressed to the next stage of consulting and engaging with stakeholders on the contents of these documents, which will involve a series of workshops to help identify priorities going forward.

Covid-19 disruption

57. The impact of Covid-19 has been set out in the Annual Governance Statement included in the IJB's Annual Accounts. The adjustments to normal governance arrangements were made to allow the IJB Board to exercise oversight of its functions:

- Meetings of the IJB Board and the Performance Audit & Risk Committee continued in accordance with the previously agreed timetable, with the exception of the May Board 2020 meeting which was cancelled. The March 2020 meeting was limited to voting members only for papers which required decision
- Meetings are now being held by teleconference, with minutes of meetings continuing to be made available on the EDC website
- The IJB Board has delegated authority to the Chief Officer and Chief Finance & Resources Officer, as set out in the Scheme of Delegation, and is subject to reporting to the IJB Board at the first available opportunity. This power is being exercised in consultation with the Chairperson or Vice-Chairperson as appropriate, and 2-weekly updates are provided to voting board members
- The Chief Officer is seeking legal and financial advice prior to making significant decisions and is liaising with the Chief Executives of both EDC and NHSGGC.

58. The IJB has taken appropriate steps to ensure that it was able to maintain its governance arrangements as close to normal as is possible.

Openness and transparency

59. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

60. Full details of the IJB Board meetings are available through the EDC website, where access is given to partnership board papers and minutes of meetings. In

addition, reports and minutes of the Performance, Audit and Risk Committee meetings are also available on the HSCP section of the EDC website.

61. We conclude that the IJB has shown a commitment to openness and transparency by ensuring sufficient, appropriate information is made available to the public.

Best value arrangements

62. Local government bodies, including Integration Joint Boards, have a statutory duty to make arrangements to secure Best Value, through the continuous improvement in the performance of their functions. The characteristics of a Best Value organisation are laid out in the Scottish Government Guidance issued in 2004.

63. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan (if applicable).

64. In June 2020, a report was taken to the IJB Board explaining that the full IJB Annual Performance report has been delayed due to the Covid-19 emergency response. This extension is permitted in line with the Coronavirus Act 2020, which allows for public bodies to delay publication of such reports until it is practicable to do so. Alternatively, an overview of 2019/20 performance was provided to the IJB Board along with the Quarter 4 performance report. The 2019/20 Annual Performance Report was presented to the IJB Board on 17 September 2020.

Service Performance

65. The IJB Board receives performance reports on a quarterly basis. These reports provide an update on performance against proposed targets and measures, with narrative to describe progress and actions for improvement. The most recent performance report was submitted to the IJB Board meeting on 25 June 2020.

66. The IJB Annual Performance Report reports progress against 20 Scottish Government core indicators relating to health and social care integration. Of the 20 core indicators, at the end of 2019/20 the IJB were performing well in the following:

- Percentage of adults supported at home who agree that their health and social care services seem to be well co-ordinated (National Outcome 3, 9)
- Percentage of adults supported at home who agree they felt safe (National Outcome 7)

67. However, there were also a number of areas where the IJB was not meeting the national targets, and was below the Scottish average, for example:

- Percentage of adults with intensive care needs receiving care at home (National Outcome 2)
- Delayed discharge bed days, rate per 1,000 population (National Outcomes 2, 3, 4, 9)

68. In our 2018/19 annual audit report action plan it was noted that the 2019/20 Transformation Plan has been updated to include financial information aligned to delivery priorities and that review of quarterly performance reports was underway to include relevant financial information. However, from review of 19/20 performance reports (Q1/Q2), financial information has not been included therefore financial implications of not meeting performance targets are not clear to members.

National performance audit reports

69. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20 we published some reports which are of direct interest to the board as outlined in [Appendix 3](#).

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Long Term Financial Plans</p> <p>The IJB agreed to develop a long term financial plan as part of its Strategic Plan 2018-2021, approved by the IJB Board in April 2018. A draft five year financial plan has been discussed at Senior Management Team, however this has yet to be completed and reviewed by the IJB Board.</p> <p>Risk: The IJB is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>The 5 year financial plan should be progressed and presented to the IJB Board to help demonstrate the longer term financial sustainability of planned services.</p> <p>Paragraph 37</p>	<p>The IJB will develop a five-year medium term financial strategy.</p> <p>Chief Finance & Resources Officer</p> <p>March 2021 (this allows for reflection on the impact of Covid and re-commence work on the HSCP Delivering Differently Strategy and identification of transformation activity in line with budget commitment 2020/21).</p>
2	<p>Efficiency savings</p> <p>For 2020/21 the board is required to deliver £6.072 million of efficiency savings. The board has yet to identify £2.1 million of the savings required for next year. Of those savings identified to date, some £0.52 million are considered high risk and may not materialise.</p> <p>Risk - The board may not be able to deliver the targeted savings in 2019/20.</p>	<p>The board should ensure that saving plans are developed identifying how the £2.1 million of savings in 2020/21 will be made.</p> <p>Paragraph 42</p>	<p>IJB will re-commence work, in collaboration with statutory partners, to identify further transformation activity to address the financial gap of £2.1 million in line with budget commitment 2020/21.</p> <p>Chief Officer/Chief Finance & Resources Officer</p> <p>March 2021</p>
Follow up of prior year recommendations			
3	<p>Efficiency savings</p> <p>For 2019/20 the board is required to deliver £3.9 million of efficiency savings and, as at August 2019, the IJB is also predicting a £1.1 million shortfall in the delivery of planned efficiencies.</p>	<p>The IJB should ensure that plans are developed identifying how the shortfall in the delivery of efficiency savings in 2019/20 will be addressed</p>	<p>The IJB incurred a deficit of £1.090 million in 2019/20, utilising all of the non-earmarked element of the general fund reserve.</p> <p>See action point 2 above.</p>

Risk

The IJB does not achieve its efficiency savings target in 2019/20 leading to the increased use of reserves and increases the level of efficiency savings required in future years.

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that result in fraudulent financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p>2 Risk of material misstatement caused by fraud in expenditure</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure.</p> <p>As the expenditure of EDIJB is processed through the financial systems of NHS Greater Glasgow and Clyde and East Dunbartonshire Council, there is a risk that expenditure that does not relate to the IJB is included in the accounts or that expenditure that does relate to the IJB is omitted from the accounts.</p>	<p>Assurances will be obtained from the auditors of NHS Greater Glasgow & Clyde and East Dunbartonshire Council over the accuracy, completeness and allocation of the Integration Joint Board ledger entries recorded in the correct financial year.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p>3 Hospital acute services (Set Aside)</p> <p>The “set aside” budget is the Integration Joint Board’s share of the budget for delegated acute services provided by</p>	<p>Engage with officers to ensure that a robust mechanism has been developed to quantify set aside income and expenditure.</p> <p>Monitor Scottish Government guidance on the treatment of set aside in the 2019/20 financial statements to</p>	<p>From 2019/20 the set-aside value is now based on a detailed approach including actual spend and activity levels for the year where the information is available</p>

Audit risk	Assurance procedure	Results and conclusions
<p>hospitals on behalf of the Joint Board.</p> <p>The Board recently agreed an estimated figure for 2019/20 with a view to reflecting the true cost and activity from 1 April 2020.</p> <p>There is a risk that the sum set aside in the 2019/20 IJB accounts does not accurately reflect the true cost of acute services.</p>	<p>establish whether the financial statements are compliant.</p>	<p>and estimated annual activity where it is not.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice











<p>4 Financial sustainability and going concern</p> <p>Based on the latest budget monitoring report presented to the January 2020 Board meeting (for the period to 30 November 2019) there is a projected overspend for 2019/20 of £2.538million. The budget includes the planned use of £0.346 million of earmarked reserves. This is mainly due to overspends in Older People Community Services.</p> <p>In addition, there are no long-term financial plans in place to demonstrate how the IJB will secure the financial sustainability of its services in the future.</p> <p>There is a risk that the IJB is not financially sustainable. As a result, the IJB needs to demonstrate that the going concern basis is appropriate for the 2019/20 annual accounts.</p>	<p>Ensure budget monitoring is robust and accurately reflects the financial position.</p> <p>Confirmation of agreement of funding and balances with host bodies.</p> <p>Review of the IJBs recovery plan agreed with EDC and NHS GG&C.</p> <p>Review and report on progress against our 2018/19 audit recommendation in relation to this risk.</p> <p>Review the IJBs evidence to support the going concern assumption for the 2019/20 accounts.</p>	<p>The IJB incurred a deficit on provision of services of £1.090 million in 2019/20 and now has no reserves that have not already been earmarked for a specific purpose. The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB. This is reported in the key messages above.</p> <p>Although a long term plan has yet to be developed and approved by the Board, The Chief Finance & Resources Officer has advised that a draft five year financial plan has been discussed at Senior Management Team, however this has yet to be completed and reviewed by the Board.</p>
<p>5 Achievement of Efficiency Savings</p> <p>The financial monitoring report presented to the January 2020 meeting of the Board confirmed that the planned savings for 2019/20 are £3.75 million. Of this total, £1.66 million of the required savings have so far been identified as part of the IJB's transformation activity, leaving a shortfall of £2.1 million.</p> <p>There is a risk that the IJB may not be able to generate</p>	<p>Ongoing review of budget monitoring reports including details of identified savings.</p>	<p>The IJB did not achieve its efficiency targets in 2019/20. Financial sustainability concerns reported in the key messages above.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>sufficient efficiencies and cost savings to bridge the remaining funding gap.</p>		
<p>6 2020/21 budget setting process</p> <p>The timing of budget setting for the UK and Scottish public sector has led to increased uncertainty for IJBs in setting 2020/21 budgets.</p> <p>East Dunbartonshire Council is due to set its 2020/21 budget on 20 February 2020 but there is a risk that the budget does not reflect the final settlement, and further in-year savings need to be made that impact on the IJB budget.</p> <p>EDIJB is due to set its budget on 26 March 2020 and, as in past years, indicative figures will be used for the Health Board's contributions.</p> <p>If partner contributions are lower than expected, this will impact on the 2020/21 EDIJB budget and the planned delivery of services.</p>	<p>Ongoing monitoring of budget setting process for 2020/21, including confirmation of funding from host bodies.</p>	<p>The 2020/21 budget for the IJB was approved on 26 March 2020.</p> <p>Any proposed in year changes to the IJB funding allocations will be discussed between the Chief Finance & Resources Officer and the Officers from the Partner Bodies.</p>
<p>7 Demonstrating the delivery of Best Value</p> <p>EDIJB are required to have arrangements in place to demonstrate that it is delivering Best Value in the provision of services.</p> <p>There is a risk that the IJB does not continue to demonstrate that it is delivering Best Value and evidence how the IJB is changing the way care services are delivered and realigning budgets to support this.</p>	<p>Review evidence of continuous improvement reported within EDIJB's 2019/20 Annual Performance Report.</p>	<p>The 2019/20 Annual Performance Report, presented to the IJB Board on 17 September 2020, includes the outcomes of the HSCP self-evaluation against the BV framework.</p>

Appendix 3

Summary of national performance reports 2019/20



	Apr		
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	 Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	 Early learning and childcare: follow-up

East Dunbartonshire IJB

2019/20 Annual Audit Report

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