

NHS Forth Valley

2019/20 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Board of NHS Forth Valley and the Auditor General for Scotland

September 2020

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Key messages

2019/20 Annual Report and Accounts

- 1** The financial statements of NHS Forth Valley give a true and fair view of the state of affairs of the health board as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.
- 2** The financial statements include an explanatory paragraph (Note 1 Accounting Policies, paragraph 29) describing the effect of material uncertainties, caused by Covid-19, declared in the valuation report for land and buildings for the board. This is a significant management disclosure in the financial statements that impacts on the users understanding of the accounts. An Emphasis of Matter has been included referring to this paragraph in the independent auditor's report on the financial statements. Although the Emphasis of Matter paragraph constitutes a modification to the independent auditor's report, the opinion on the financial statements is not qualified in respect to this matter.
- 3** The initial draft Performance Report presented for audit did not fully meet the new streamlined reporting requirements as set out in the HM Treasury Financial Reporting Manual (FReM) and significant amendments were required. The opportunity exists to establish an improved process for the preparation of the Performance Reporting aspect of the Annual Accounts package.

Financial management

- 4** NHS Forth Valley operated within its Revenue Resource Limit, reporting an underspend of £0.658 million against a Revenue Resource Limit of £635.861 million. The board's medium-term financial plan included a planned overspend of £2.4 million to allow for the implementation of the Corporate Programme Management Office. The better than planned financial outturn was due to programme slippage together with non-recurring benefits such as rating revaluations. Additionally, NHS Forth Valley remained within its Capital Resource Limit.
- 5** Budget processes were appropriate, but NHS Forth Valley continues to rely on non-recurrent savings and financial flexibility to meet its targets. In 2019/20, efficiency savings of £19.25 million were achieved after relying on non-recurrent savings of £7.7 million

Financial sustainability

- 6** NHS Forth Valley has an approved five-year, medium-term financial plan in place. This identifies a significant financial gap of £20.6 million in 2020/21, with savings of £42 million required over the next three financial years.
- 7** The Covid-19 outbreak has had an impact on the short-term finances of NHS Forth Valley and the impact of this in the medium to longer term planning is currently being evaluated by the health board.

Governance and transparency

- 8** NHS Forth Valley has appropriate and effective governance arrangements in place that support scrutiny of decisions made by the Board. Changes in

governance arrangements due to the impact of Covid-19 based on Scottish Government guidance were largely implemented during 2020/21 and therefore had minimal impact on 2019/20.

- 9** NHS Forth Valley is open and transparent in the way it conducts its business, and there is some scope for improvements. For example, the board could consider holding assurance committee meetings in public or enhancing transparency by making non-confidential assurance committee papers available to the public.

Value for money

- 10** NHS Forth Valley has an effective performance management framework in place that supports the board in its drive to achieve value for money and continually improve services.
- 11** The board has experienced a number of challenges in delivering key national performance standards, including the impact of Covid-19 towards the end of the financial year. Performance trajectories were agreed with the Scottish Government in the board's Annual Operational Plan (AOP), but these too are proving difficult to achieve. For example, the local trajectory for the Treatment Time Guarantee is 750 but the board position at March 2020 was 1,000.

Introduction

1. This report summarises the findings from our 2019/20 audit of Forth Valley NHS Health Board, commonly known as NHS Forth Valley (the 'board'). The scope of our audit was set out in our [Annual Audit Plan](#) presented to the 17 January 2020 meeting of the Audit Committee. This report comprises the findings from:

- an audit of the body's Annual Report and Accounts; and
- consideration of the wider dimensions that frame the 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*

2. The main elements of our audit work in 2019/20 have been:

- an audit of NHS Forth Valley's 2019/20 Annual Report and Accounts including the issue of an independent auditor's report setting out our opinions;
- a review of NHS Forth Valley key financial systems; and
- consideration of the four audit dimensions.

3. After the publication of the Annual Audit Plan, in common with all public bodies, NHS Forth Valley has had to respond to the global coronavirus pandemic. This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. This has had significant implications not least for the services it delivers, the costs of healthcare provision, sickness absence levels, and delays to various projects and activities, such as implementation of the Corporate

Programme Management Office (PMO). Our planned audit work was adapted to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit.

Adding value through the audit

4. We add value to NHS Forth Valley through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvement;
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides including the good practice note on [*Improving the quality of NHS annual report and accounts – Reporting financial performance Good practice note \(November 2017\)*](#), providing clear and focused conclusions on the appropriateness, effectiveness and of corporate governance, performance management arrangements and financial sustainability in our Annual Audit Report;
- regular attendance at Audit Committee to participate in discussions and to respond to members' queries; and
- regular contact with management to discuss any emerging issues (e.g. the accounting treatment for the disposal of the last two Bellsdyke sites)

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

Responsibilities and reporting

6. NHS Forth Valley has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an Annual Report and Accounts that are in accordance with the accounts direction from the Scottish Ministers.

7. The board is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable it to successfully deliver its objectives.

8. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [*Code of Audit Practice 2016*](#) and supplementary guidance and International Standards on Auditing in the UK.

9. As public sector auditors, we give independent opinions on the Annual Report and Accounts. Additionally, we conclude on:

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

10. 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.

11. This report raises matters from our audit. 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.

12. Our Annual Audit Report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes any outstanding actions from last year and progress against these.

Auditor Independence

13. Auditors appointed by the Accounts Commission or Auditor General for Scotland must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

14. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £147,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

15. This report is addressed to the board and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

16. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit particularly given the difficulties of auditing remotely during the pandemic

Part 1

Audit of 2019/20 Annual Report and Accounts



Main judgements

The financial statements of NHS Forth Valley give a true and fair view of the state of affairs of the health board as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework

The financial statements include an explanatory paragraph (Note 1 Accounting Policies, paragraph 29) describing the effect of material uncertainties, caused by Covid-19, declared in the valuation report for land and buildings for the health board. This is a significant management disclosure in the financial statements that impacts on the users understanding of the accounts. An Emphasis of Matter has been included referring to this paragraph in the independent auditor's report on the financial statements. Although the Emphasis of Matter paragraph constitutes a modification to our independent auditor's report, the opinion on the financial statements is not qualified in respect to this matter.

The initial draft Performance Report presented for audit did not fully meet the new streamlined reporting requirements as set out in the HM Treasury Financial Reporting Manual (FReM) and significant amendments were required. The opportunity exists to establish an improved process for the preparation of the Performance Reporting aspect of the Annual Accounts package

The Annual Report and Accounts are the principal means of accounting for the stewardship of resources and performance.

17. The financial statements give a true and fair view of the state of affairs of NHS Forth Valley as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.

18. The Board approved the Annual Report and Accounts for the year ended 31 March 2020 on 25 August 2020. As reported in the independent auditor's report:

- the financial statements give a true and fair view of the state of the affairs of the health board and its group as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework;
- expenditure and income were in accordance with applicable enactments and guidance; and
- the audited part of the Remuneration and Staff Report, Performance Report and Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

19. As detailed at paragraph 29 of the Accounting Policies in the financial statements, Key sources of judgement and estimation uncertainty, which describes the effects of material uncertainties, caused by Covid-19, declared in the valuation report for land and buildings. The audit opinion is not modified in respect of this issue but an explanatory paragraph on the matter has been included in the independent auditor's report.

20. The accounting framework was changed due to the Covid-19 pandemic. An addendum to the 2019/20 Government Financial Reporting Manual (FReM) was published by HM Treasury in May 2020. This allowed bodies to streamline their Annual Report and Accounts in response to the impact of Covid-19. NHS Forth Valley took advantage of the streamlined approach and this resulted in the Performance Analysis section of the Performance Report being omitted as allowed by the revisions to the FReM. However, the initial Performance Report submitted for audit did not meet minimum requirements and significant updates were required, for example the inclusion of a summary of financial outturn performance for 2019/20, to ensure minimum requirements were achieved. This issue features as a significant finding in [Exhibit 3](#) following.

The Annual Report and Accounts were signed off on 7 September, ahead of the revised statutory deadline of 30 September 2020

21. Scottish Government has actioned provisions within the Coronavirus (Scotland) Act 2020 to modify the Public Finance and Accountability (Scotland) Act 2000 for the financial year ending 31 March 2020 and have extended the administrative deadlines for health accounts by three months. Therefore, the board is required to prepare its unaudited 2019/20 Annual Report and Accounts by 31 August 2020 and to submit audited Annual Report and Accounts by 30 September 2020. The legislative deadline for laying accounts in the Scottish Parliament remains at 31 December 2020.

22. The receipt of the unaudited Annual Report and Accounts was delayed due to finance staff at the NHS Forth Valley prioritising the board's response to Covid-19. Senior finance staff actively engaged with us at an early stage to reschedule the audit timetable. In our original Annual Audit Plan, we agreed that NHS Forth Valley would present the unaudited Annual Report and Accounts, and a complete set of supporting working papers, to us by 29 April 2020.

23. Following our discussions, a revised date of 22 May 2020 was agreed for the receipt of the unaudited financial statements. While these were provided within the agreed timeframe, there was a delay in receiving the Performance Report. This was not received until 14 July 2020 and delayed the completion of our planned audit work. There is scope for management to improve the year-end reporting processes to prevent a recurrence of this issue (see [Appendix 1](#), action plan).

24. Covid-19 also presented us with unprecedented challenges such as working off-site whilst maintaining audit quality. Consequently, it was necessary to build in some flexibility to our audit reporting timeline. Therefore, our Annual Audit Report and proposed independent auditor's report were presented to the Audit Committee on 11 August 2020 (originally planned 16 June 2020). Additionally, our signed independent auditor's report was issued on 7 September 2020 (originally planned 18 June 2020) following a rescheduled Board meeting.

Our overall materiality is £7.3 million

25. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

26. On receipt of the unaudited Annual Report and Accounts, we reviewed our assessment of materiality as summarised in [Exhibit 2](#) overleaf. This had no impact on our audit approach, and we remained focussed on the significant audit risks for the 2019/20 accounts.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£7.3 million (£6.7 million)
Performance materiality	£5.5 million (£5 million)
Reporting threshold	£0.183 million (£0.168 million)

Source: NHS Forth Valley Annual Audit Plan 2019/20 (original figures in brackets)

Our work to address the significant audit risks is summarised in Appendix 2

27. [Appendix 2](#) provides our assessment of risks of material misstatement in the Annual Report and Accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work. We have no issues to report from the work undertaken other than the additional risk relating to asset values as described at paragraph 19 above.

Significant findings to report on the Annual Report and Accounts

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

Exhibit 3

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. General fund deficit</p> <p>The general fund balance, as disclosed in the Consolidated Statement of Changes in Taxpayers' Equity, continues to be in debit. The debit balance decreased from £18.389 million at 31 March 2019 to £16.141 million at 31 March 2020. The debit balance has been built up due to movements in non-cash expenditure such as the CNORIS provision. A significant factor in the board's accumulated deficit is the required accounting treatment for PPP / PFI contracts.</p>	<p>The board has received assurances from the Scottish Government that they are aware of and are content with this position.</p>
<p>2. Performance Report</p> <p>The Performance Report presented for audit did not meet minimum reporting requirements. Furthermore, the recommendation made in our <i>2018/19 Annual Audit Report</i> in respect of the Performance Report had not been fully addressed. There was lack of a quality assurance process in the preparation of the Performance Report and significant updates were required. Coupled with the delays in receiving the Performance Report, this impacted on our ability to complete our audit work to planned timeframes.</p>	<p>Management updated the Performance Report and the revised version met the minimum reporting requirements. However, improvements are required in future years to enhance the quality of the Performance Report.</p> <p>Management may also benefit from implementing a programme management office approach to the preparation of the Annual Report and Accounts.</p>



Recommendation 1
(refer to [Appendix 1](#), action plan)

Source: 2019/20 audit

Identified misstatements of £0.510 million were adjusted in the accounts. These were less than our performance materiality and we did not need to revise our audit approach

29. A misstatement amounting to £0.510 million was identified. Due to the nature of the misstatement, there was no impact on outturn or the Statement of Consolidated Comprehensive Net Expenditure, and the adjustment was processed entirely within the Consolidated Statement of Financial Position. We have concluded that the misstatement identified was an isolated issue and does not indicate wider systemic error.

30. There were no other misstatements above our reporting threshold identified from our audit.

Other findings

31. Other findings from the audit include:

- **Segmental reporting** – the segmental reporting note in the financial statements did not fully reflect the financial information that is reported to the Board. There is an opportunity for management to review and update the content of the segmental reporting note and more closely align this to the information reported to the Board. Management have agreed to review this for the 2020/21 Annual Report and Accounts.

- **Remuneration and Staff Report** – we identified a number of issues in the audited sections of Remuneration and Staff Report. While none of these issues were individually substantial, the volume of issues was significant. This situation could be avoided through a more rigorous quality assurance review prior to submitting the Remuneration and Staff Report for audit.

Limited progress was made on prior year recommendations

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

Part 2

Financial management



Main judgements

NHS Forth Valley operated within its Revenue Resource Limit, reporting an underspend of £0.658 million against a Revenue Resource Limit of £635.861 million. The board's medium-term financial plan included a planned overspend of £2.4 million to allow for the implementation of the Corporate Programme Management Office. The better than planned financial outturn was due to programme slippage together with non-recurring benefits such as rating revaluations. Additionally, NHS Forth Valley remained within its Capital Resource Limit.

Budget processes were appropriate, but NHS Forth Valley continues to rely on non-recurrent savings and financial flexibility to meet its targets. In 2019/20, efficiency savings of £19.25 million were achieved after relying on non-recurrent savings of £7.7 million

Good financial management is the result of capacity, sound budgetary processes and a strong control environment where internal controls operate effectively.

NHS Forth Valley operated within its Revenue Resource Limit (RRL) and within its one per cent flexibility

33. The Scottish Government Health and Social Care Directorates (SGHSCD) set annual resource limits and cash requirements which NHS boards are required by statute to work within. As illustrated in [Exhibit 4](#), NHS Forth Valley operated within all limits during 2019/20.

Exhibit 4

Performance against resource limits in 2019/20

Performance against resource limits set by SGHSCD	Resource Limit £m	Actual £m	Underspend £m
Core revenue resource limit	605.865	605.207	0.658
Non-core revenue resource limit	29.996	29.996	0
Total revenue resource limit	635.861	635.203	0.658
Core capital resource limit	(5.585)	(5.585)	0
Total capital resource limit	(5.585)	(5.585)	0
Cash requirement	656.257	656.257	0

Source: NHS Forth Valley's Annual Report and Accounts 2019/20

Budget process were appropriate

34. As part of our planning process, we reviewed the board's approach to budgeting. We concluded that the budget process was appropriate. Also, members and officers received regular finance reports throughout the year. They provide comprehensive and accurate information on the board's financial position.

35. Covid-19 had a limited impact on 2019/20 resources due to the timing of when the effects of the pandemic began to impact – the period of lockdown commenced just two weeks before the end of the financial year. However, a more significant impact on resources is expected in the coming years. NHS Forth Valley experienced the following additional costs related to Covid-19 in 2019/20:

- an increase in prescribing costs of around £1 million; and
- an increase in costs of supplies, equipment, staffing and annual leave of around £1 million.

36. Additional funding of £1 million was provided by the Scottish Government in 2019/20 to manage the increased costs of Covid-19. The Scottish Government also offered to provide additional temporary funding to manage increased prescribing costs incurred arising from Covid-19. This would have had to be repaid in 2020/21. However, NHS Forth Valley were able to manage additional prescribing costs from within existing budgets,

NHS Forth Valley has appropriate and effective financial management arrangements

37. The financial year 2019/20 provided the first opportunity for NHS boards to exercise annual flexibility within one per cent of their budget. This removes the requirement for boards to achieve financial balance annually. Instead boards are required to achieve a break-even position over a rolling three-year period.

38. NHS Forth Valley's medium-term financial plan was approved by the Board in March 2019 and covered the period 2019/20 to 2023/24. The plan forecast a deficit of £2.4 million for 2019/20, but the actual outturn was an underspend of £0.658 million. The board had planned to incur a deficit in 2019/20 to allow investment in a Corporate Project Management Office (PMO). However, full implementation of the PMO was delayed in 2019/20 and has been deferred until 2020/21. This together with non-recurring benefits such as rating revaluations resulted in a favourable outturn position being achieved for 2019/20.

39. As outlined in paragraph 34, members and officers receive regular finance reports. These include actual and budgeted figures, variances analyses, forecast outturn and progress against savings plans. They enable members to scrutinise financial performance effectively. The reports also set out the risks and challenges in achieving financial balance.

Capital Resource Limit (CRL) was negative in 2019/20

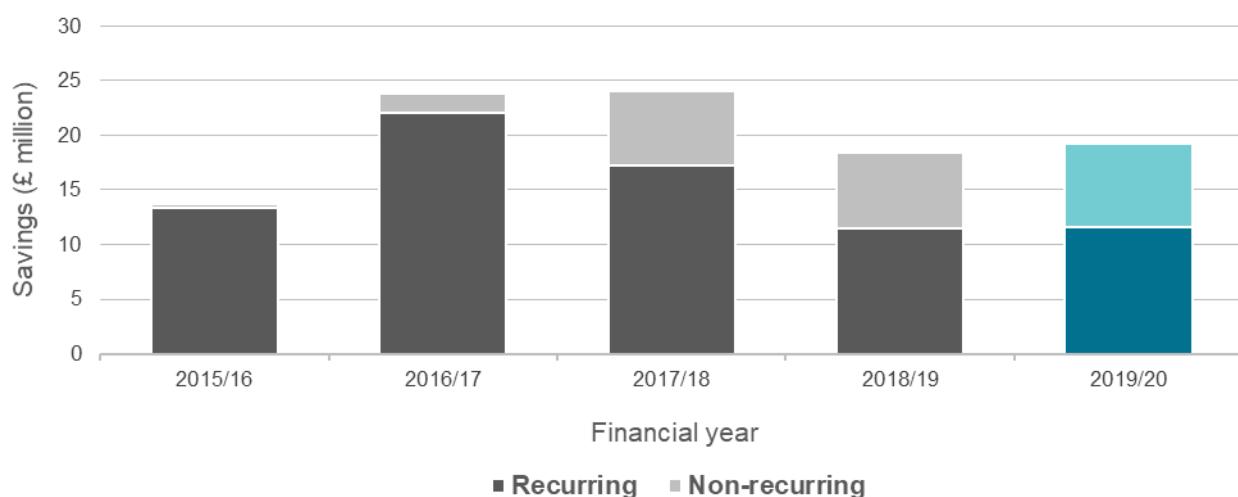
40. NHS Forth Valley has a long-standing agreement with housing developers for the sale of land at the site of the old Bellsdyke hospital. The final two sites were disposed in year and these disposals resulted in a significant inflow of resources (£9.8 million). These resources can only be applied to future capital expenditure unless a capital to revenue transfer is agreed with the Scottish Government. This was not required in year, therefore NHS Forth Valley agreed to bank this with the Scottish Government and will use this in future years when required. This resulted in a negative CRL as more resources were banked with the Scottish Government than were allocated to the board. This was considered to be a prudent approach to managing capital resources.

Efficiency savings of £19.25 million were achieved after relying on significant non-recurrent savings of £7.7 million

- 41.** In 2019/20, NHS Forth Valley was required to make efficiency savings of £19.25 million, or approximately four per cent of its budget. This was achieved by significant non-recurrent savings of £7.7 million, representing 40 per cent of total savings delivered.
- 42.** As illustrated in [Exhibit 5](#), NHS Forth Valley, in common with other NHS boards, has been increasingly reliant on non-recurrent savings in recent years. In our opinion, this situation is not sustainable for the board in the longer term because of the increasingly limited opportunities for identifying non-recurring savings and level of savings required in the medium term to achieve financial balance.

Exhibit 5

Savings – recurring and non-recurring



Source: NHS Forth Valley's Annual Report and Accounts 2015/16 – 2019/20

Financial systems of internal control are operating effectively

- 43.** As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that NHS Forth Valley has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

- 44.** Our management letter presented to the Audit Committee on 13 March 2020 concluded our findings from the review of systems of internal controls. We concluded that the controls were appropriately designed and operating as documented. No significant internal control weaknesses were identified during the audit which could affect NHS Forth Valley's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

The board is working with NHS National Services Scotland to ensure issues identified in service auditor reports this year will be adequately addressed in future

- 45.** The NHS in Scotland procures several service audits each year for shared systems: NHS National Services Scotland (NSS) procures service audits covering primary care payments and the national IT contract; and NHS Ayrshire & Arran procure a service audit of the National Single Instance eFinancials service.

46. We have considered the content of the service auditor assurance report, and any associated external audit report. The service auditor assurance report for primary care payments and the national IT contract both contained qualifications in 2019/20. Issues were identified with the retention of documentation and this resulted in qualifications in both reports. NHS NSS have provided assurance to all health boards that processes will be improved to address the issues giving rise to the qualifications. The qualifications did not impact on our audit approach as we were able to supplement the service auditor reports with assurances from our own planned local audit work. Also, NHS Forth Valley has made appropriate disclosures on the matter in the 2019/20 Annual Report and Accounts.

Internal audit

47. NHS Forth Valley's internal audit function is provided by Fife, Tayside and Forth Valley Management Services (FTF). As documented in our Annual Audit Plan, our colleagues on the external audit of NHS Fife have provided assurance that FTF generally complies with Public Sector Internal Audit Standards (PSIAS).

48. In terms of International Standard on Auditing (UK) 610 (Using the work of internal auditors), we did not use internal audit's work for our financial statement's responsibilities. However, we did consider internal audit's work in several areas as part of our wider dimension responsibilities:

- Risk management
- Management of savings programme
- Information assurance / information security policy
- Organisational performance management and waiting time methodology.

49. The Internal Audit Plan for 2019/20 was not completed in full and several assignments have been paused or carried forward to next year as a result of Covid-19. This did not have an impact on our financial audit responsibilities. However, one of the reports we intended to consider (i.e. workforce planning) was carried forward to 2020/21. While we were not able to use this work as planned, this did not impact on our ability to conclude on the wider audit dimensions.

50. Additionally, as part of our review of the Governance Statement, we considered the Chief Internal Auditor's Annual Audit Report. The report included the Chief Internal Auditor's opinion on the governance and internal control environment within NHS Forth Valley. The Chief Internal Auditor concluded the board had adequate and effective internal controls in place.

The board has appropriate arrangements in place for the prevention of fraud and error and these are subject to regular review

51. There are appropriate arrangements for the prevention and detection of fraud, error and irregularities. NHS Forth Valley is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption. Also, the board is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

52. We have reviewed the arrangements in place to maintain standards of conduct including the Standing Financial Instructions and the Codes of Conduct for members. Additionally, the board's Fraud Liaison Officer provides quarterly reports to Audit Committee on the activities of the Counter Fraud Service. We concluded that appropriate arrangements are in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

The board is proactive in following-up matches identified by the National Fraud Initiative and reporting findings to the Audit Committee

53. The National Fraud Initiative (NFI) is a counter-fraud exercise which operates across the UK public sector. It aims to prevent and detect fraud. It uses techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

54. [Exhibit 6](#) summarises the level of NFI activity as reported in our External Audit Progress Report presented at the March 2020 Audit Committee.

Exhibit 6 NFI activity



2,164

Matches



2,138

Recommended for investigation



1,956

Completed/closed investigations

Source: NFI secure website: www.nfi.gov.uk

Part 3

Financial sustainability



Main judgements

NHS Forth Valley has an approved five-year, medium-term financial plan in place. This identifies a significant financial gap of £20.6 million in 2020/21, with savings of £42 million required over the next three financial years.

The Covid-19 outbreak has had an impact on the short-term finances of NHS Forth Valley and the impact of this in the medium to longer term planning is currently being evaluated by the Health Board.

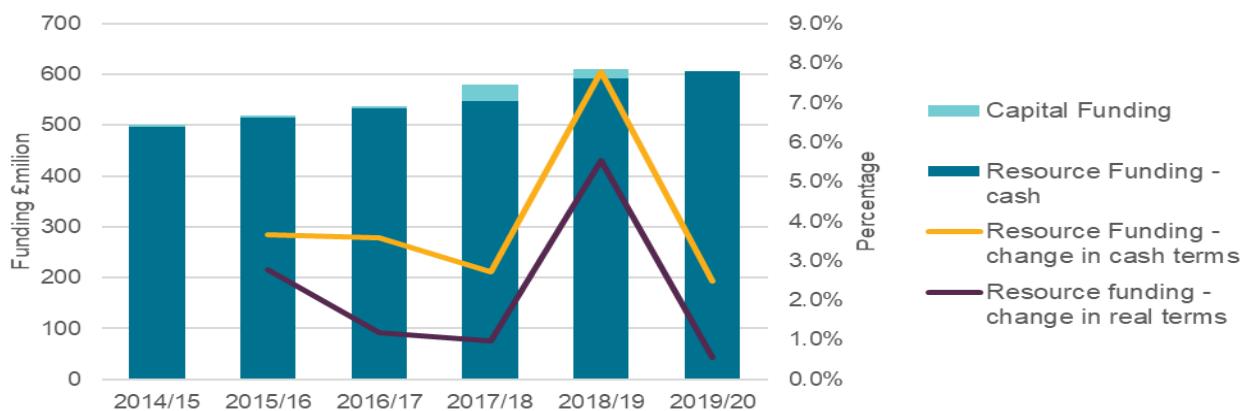
Financial sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Revenue funding has grown in real terms over the last five years

55. Revenue funding to NHS Forth Valley from the Scottish Government has grown by 2.5 per cent in cash terms and 0.5 per cent in real terms compared to 2018/19 ([Exhibit 7](#)). However, this includes some additional funding to cope with the Covid-19 outbreak. NHS Forth Valley has had to manage significant financial pressures and has relied on funding for new development as a source of non-recurring savings to balance its financial position previously.

Exhibit 7

Cash and real term core funding to NHS Forth Valley has increased



Source: NHS Forth Valley's Annual Report and Accounts 2014/15 to 2019/20 / Audit Scotland

NHS Forth Valley has a medium-term financial plan which aims to achieve financial balance on a recurring basis by making best use of available fixed resources

56. The Scottish Government published a new Medium-Term Health and Social Care Financial Framework in October 2018. NHS Boards are required to set out plans to deliver a breakeven position over a three-year planning period rather than a one-year basis, with flexibility to report over or underspends of up to one per cent of the board's core revenue resource funding in-year.

57. NHS Forth Valley has an approved medium-term financial plan which seeks to deliver financial balance over the next three years. Total costs savings of £42 million are anticipated over the period to achieve financial balance.

58. The three-year plan is part of a longer-term five-year plan that is updated on a rolling basis. *Financial Plan 2019/20 - 2023/24: delivering better value* was approved by the Board in March 2019. The plan seeks to deliver the best health and wellbeing outcomes for the population of NHS Forth Valley within fixed available resources on a recurring basis. The plan aims to achieve this by eliminating waste and inefficiencies whilst improving the quality of services and outcomes for patients.

59. A key part of the strategy is the establishment of a Corporate Project Management Office (PMO). Its role will be to identify, prioritise and manage projects that will deliver cost improvements / reductions and efficiencies of sufficient magnitude to achieve financial balance on a recurring basis. The board had planned to incur a deficit of £2.4 million in 2019/20 to establish the PMO, but implementation of the PMO was delayed and is expected to be fully in place in 2020/21. This will require current financial plans to be reconfigured.

60. The Board also approved its five-year capital plan in March 2020 – *Capital Plan 2019/20 - 2023/24: maximising investments*. The plan includes assumptions about future spending and funding as well as forecast property sales.

The existing financial plan should be revised following the Covid-19 pandemic

61. The financial plan was approved by the Board as the Covid-19 pandemic was developing. The possible impact and areas that will be affected by Covid-19 are reflected in the plan, but more detailed costing and budget implications are yet to be reflected in the plan. Management are currently working towards assessing the potential financial impact of Covid-19.

Transformational planning / efficiency plans will need to be developed to achieve required financial savings

62. NHS Forth Valley is forecasting that it will need to achieve efficiency savings of £20.6 million in 2019/20 to achieve financial balance. While almost £70 million of efficiency savings are required over the period of the five-year financial plan as illustrated in [Exhibit 8](#).

63. The PMO aims to achieve financial balance by taking a more holistic and sustainable approach to identifying savings. For 2020/21, savings targets have been attributed to key themes and lead directors have been identified for delivering against targets.

Exhibit 8

Savings forecast 2020/21 to 2024/25

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Savings requirement	20.6	10.2	11.2	12.8	14.0
% of RRL	3.7%	1.8%	1.9%	2.1%	2.3%

Source: NHS Forth Valley's Financial Plan 2019/20 - 2023/24: delivering better value

Good practice

64. As mentioned above, NHS Forth Valley has developed a financial plan outlining how it aims to deliver the best health and wellbeing outcomes for the population of NHS Forth Valley within fixed available resources on a recurring basis over a five-year period. This exceeds the Scottish Government's requirement for NHS Boards to prepare three-year plans as set out in the government's Medium-Term Health and Social Care Financial Framework.

Part 4

Governance and transparency



Main judgements

NHS Forth Valley has appropriate and effective governance arrangements in place that support scrutiny of decisions made by the Board. Changes in governance arrangements due to the impact of Covid-19 were largely implemented during 2020/21 and therefore had minimal impact on 2019/20. .

NHS Forth Valley is open and transparent in the way it conducts its business, but there is some scope for improvement. For example, the board could consider holding assurance committee meetings in public or enhancing transparency by making non-confidential assurance committee papers available to the public.

Good Governance and transparency are driven by effective scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Overall governance and transparency arrangements were appropriate

65. Our previous year's conclusion on governance arrangements remain extant, namely that NHS Forth Valley's governance arrangements support scrutiny of decisions made by the board. There have been no significant changes in governance arrangements except for the comments in respect of Covid-19 at paragraph 67 below.

66. Our judgement on the board's governance arrangement is based on a review of amongst other things:

- Board and committee structure;
- openness of Board and committees;
- public access to information via websites;
- reporting of performance and whether this is fair, balanced and understandable; and
- overall arrangements and standards of conduct for officers and members.

The Covid-19 pandemic has resulted in changes to governance arrangements from March 2020 with the main business now conducted on a virtual basis

67. The impact of Covid-19 from March 2020 has been set out in the Governance Statement in NHS Forth Valley's Annual Report and Accounts. Due to social distancing requirements, the Board agreed to suspend all assurance committees from 31 March 2020 and hold monthly Board meetings on a virtual basis. At the 30 June 2020 Board meeting, members agreed to restart assurance committee meetings, and these will be held on a virtual basis until social distancing requirements change.

68. From our experience of operating within a virtual environment, we concluded that the revised governance arrangements put in place by the board are appropriate and effective.

NHS Forth Valley is open and transparent in the way it conducts its business, but there is some scope for improvement

69. There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions is required in order to support understanding and scrutiny. Transparency means that the public have access to understandable, relevant and timely information about how the board is taking decisions and how it is using resources such as money, people and assets.

70. NHS Forth Valley's commitment to transparency is demonstrated by:

- publicly available Board papers, with members of the public also able to attend Board meetings;
- publicly available minutes of assurance committee meetings; and
- the annual accountability review (where members of the public can attend)

71. While minutes of assurance committee meetings are publicly available, members of the public are not able to attend these meetings. The board should consider holding assurance committee meetings in public or enhancing transparency by making non- confidential assurance committee papers available to the public.

72. Overall, we conclude that NHS Forth Valley conducts its business in an open and transparent manner. However, there are some areas where improvements could be made to the current arrangements.

Part 5

Value for money



Main judgements

NHS Forth Valley has an effective performance management framework in place that supports the board in its drive to achieve value for money and continually improve services.

The board has experienced challenges in delivering key national performance standards, including the impact of Covid-19 towards the end of the financial year. Performance trajectories were agreed with the Scottish Government in the board's Annual Operational Plan (AOP), but these too are proving difficult to achieve. For example, the local trajectory for the Treatment Time Guarantee is 750 but the board position at March 2020 was 1,000.

Value for money is concerned with using resources effectively and continually improving services.

NHS Forth Valley has developed a Best Value framework

73. *Ministerial guidance to Accountable Officers* for public bodies and the *Scottish Public Finance Manual* (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure Best Value. The guidance sets out the key characteristics of best value and states that compliance with the duty of Best Value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

74. NHS Forth Valley uses the characteristics set out in SPFM and Ministerial guidance to drive Best Value. A Best Value update is reported annually to the Audit Committee and Board outlining the arrangements and processes in place at NHS Forth Valley that support each of the Best Value characteristics

The board has an effective performance management framework that allows members to scrutinise performance effectively

75. The Scottish Government monitors how NHS Forth Valley performs against the standards set in its national performance framework and local trajectories agreed with the board in its Annual Operation Plan (AOP). Examples include waiting times for access to treatment, such as the proportion of patients that were seen within 12 weeks (the treatment time guarantee).

76. The Board are kept well informed of performance across all areas. Performance reports are reported to the Board and Performance and Resources Committee and these include a core performance report, a balanced scorecard and exception reports with details on performance in areas of difficulty. Performance reports are scrutinised in detail by members and explanations are sought from relevant officers on reasons for performance and actions being taken to address concerns.

The board continues to experience challenges in trying to achieve key national performance targets. Local trajectories have been agreed with the Scottish Government, but the board has experienced difficulties in achieving these

77. In common with other health boards, NHS Forth Valley recognises that it has been challenging to meet national performance standards. Board members are kept well informed of the problems and actions being taken to address them through regular performance reports. These reports are also available to the public on the health board's website. NHS Forth Valley has developed and agreed a suite of local performance targets with the Scottish Government including performance targets (or trajectories) for key waiting times indicators.

78. The Performance Report in the Annual Report and Accounts summarises performance against key local waiting time trajectories. It highlighted that of ten key trajectories, only one was achieved (i.e. 31-day cancer wait), five were within five per cent of trajectory and four were off trajectory. For example, the local trajectory for the Treatment Time Guarantee is 750 but the board position at March 2020 was 1,000.

79. The performance issues are recognised by the Board. Management explained that improving performance is a priority and they are continually looking at ways to achieve this.

National performance audit reports

80. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2019/20 several reports were published which are of direct interest to the board and are highlighted in [Appendix 3](#).

81. The NHS Overview Report on the 2019/20 audits will include a review of the response to the Covid-19 pandemic by the NHS in Scotland along with a report on financial and operational performance. This is due to be published early 2021.

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Performance Report</p> <p>The initial Performance Report presented for audit was delayed and did not achieve minimum reporting requirements., The content of the Performance Report could be improved to provide clearer linkages between performance and the board's actions and objectives over the year.</p> <p>Risk – there is a reputational risk associated with poor quality year-end reporting.</p>	<p>Implement a Programme Management Office approach in the preparation of the year-end reports (specifically the annual report, the remuneration report and the financial statements).</p> <p>Implement a robust quality assurance process covering all three elements of the year-end report. Allow sufficient time in the closedown timetable and process for this review to be undertaken effectively.</p> <p>Exhibit 3 (significant finding 2)</p>	<p>The Board will review the process for the preparation of the year-end reports.</p> <p>Director of Finance</p> <p>March 2021</p>

Follow up of prior year recommendations

1	<p>Holiday pay accrual</p> <p>The evidence held in support of the holiday pay accrual balance is not as robust as it should be.</p> <p>Risk – the accrual for accrued annual leave in the Annual Report and Accounts could be misstated.</p>	<p>The board should review its arrangements for documenting and monitoring the quality of information regarding annual leave within the HR system. This should ensure that the outstanding leave entitlement at 31 March is accurately captured within the holiday pay accrual recorded in the accounts.</p> <p>2019/20 Update – management developed a new approach to assessing the holiday pay accrual. However, this could not be implemented due to Covid-19 and an alternative approach was applied to estimate the accrual. The revised approach was reasonable. However, management should still review the process in place for future years.</p>	<p>In Progress</p> <p>The Board will continue to implement a revised process and review the accounting treatment of this accrual</p> <p>Director of Finance</p> <p>March 2021</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
2	<p>Performance Report</p> <p>The Performance Report provided for audit did not report performance in the context of the key issues and risks the board faces.</p> <p>Risk – Stakeholders are not aware of the risks and context in which the board operates, or the key messages on performance attained during the year.</p>	<p>The board should refresh the format of the Performance Report to more fully cover the context in which it operates; and to deliver the key messages it wishes to convey. The board should also ensure the Performance Report is produced earlier in the account's completion process.</p>	<p>In Progress</p> <p>Revised action: see 2019/20 recommendation 1 above.</p> <p>Director of Finance</p> <p>March 2021</p>
3	<p>Efficiency savings</p> <p>For 2019/20 the board is required to deliver 19.2 million savings. The board has yet to identify £3.6 million of the savings required for next year. Of those savings identified to date, some £8 million to £10 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 identify how the remaining £3.6 million savings requirements will be met; and take steps to mitigate the £8 million to £10 million of savings that are identified as high risk of delivery (red).</p> <p>2019/20 Update – Exhibit 5 highlights the board has been increasingly reliant on non-recurring savings to achieve its financial targets in recent years. This is not sustainable in the longer-term and it is recommended the board look to reduce the reliance on non-recurring savings in future years.</p>	<p>In Progress</p> <p>The Board will continue to seek and deliver recurring savings.</p> <p>Director of Finance</p> <p>Ongoing</p>
4	<p>Medium term efficiency savings</p> <p>While the funding gap for the next five years has been identified, savings options to meet this gap have only been identified for the first year of the five-year revenue financial plan.</p> <p>Risk – The board may not be able to identify or deliver the required savings for the remainder of the five-year financial plan.</p>	<p>The board should work with its local and national partners to identify the key areas where efficiencies and savings can be made in order to bridge the five-year funding gap.</p>	Complete
5	<p>Overview of Service Performance</p> <p>While the board has achieved some notable service improvements in its key performance targets in</p>	<p>The board should continue to maintain the measures it has implemented to improve its performance in relation to achieving the key waiting time targets. Emphasis is required on getting closer to the target</p>	Complete

No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>2018/19, it is still not meeting some of the key targets and has not achieved the requirement to return to March 2017 levels of performance for some services.</p> <p>Risk – Key performance targets may not be met; or recent improvements may not be maintained.</p>	<p>and national averages for TTG, Psychological Therapies, and 62-day Cancer Wait times.</p>	

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 to our wider responsibility under the [Code of Audit Practice 2016](#).

	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of material misstatement caused by management override of controls	<ul style="list-style-type: none"> Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business. Substantive testing of transactions around the year end to confirm income and expenditure are accounted for in the correct financial year. 	<p>No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focused testing of accruals and prepayments identified these were appropriately evaluated and based on reasonable assumptions.</p> <p>Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls.</p> <p>Substantive testing of transactions around the year end did not identify any transactions that had been recorded in the wrong financial year.</p> <p>Conclusion: no evidence of management override of controls.</p>
2 Risk of material misstatement caused by fraud over income	<ul style="list-style-type: none"> Analytical procedures on income streams. Testing of income transactions focusing on whether income is processed in the correct accounting year. 	<p>Analysis of all income streams was carried out and satisfactory responses were provided for all significant variances.</p> <p>Detailed testing of revenue transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Conclusion: no evidence of fraud over income.</p>

	Assurance procedure	Results and conclusions
	erroneous reporting of income to achieve a desired financial position.	
3 Risk of material misstatement caused by fraud over expenditure	<ul style="list-style-type: none"> • Analytical procedures on expenditure areas. • Testing of expenditure transactions focussing on whether expenditure is processed in the correct accounting year. 	<p>Analysis of all expenditure streams was carried out and satisfactory responses were provided for all significant variances.</p> <p>Detailed testing of expenditure transactions confirmed these were normal business transactions and had been accounted for in the correct year.</p> <p>Conclusion: no evidence of fraud over expenditure.</p>
	<p>Most public sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be materially misstated in the financial statements.</p> <p>NHS Forth Valley incurs significant expenditure on a range of activities. The extent and complexity of expenditure means that there is an inherent risk of fraudulent or erroneous reporting of expenditure to achieve a desired financial position.</p>	
4 Risk of material misstatement caused by estimates and judgements in the valuation of land and buildings	<ul style="list-style-type: none"> • Completion of 'review of the work of Management's expert' for the professional valuer. • Review of external revaluations performed in year, assessing whether they have been performed using an appropriate and relevant valuation basis/methodology by suitably qualified individuals. • Review of the information provided to the valuer and assess whether this was complete and included all NHS Forth Valley's land and buildings relevant for the 2019/20 revaluation exercise. • Review and assess the reasonableness of external revaluations. 	<p>'Review of the work of Management's expert' for the professional valuer was completed which confirmed that assurances can be taken from their work.</p> <p>A review of the revaluations performed by the valuer identified these had been performed in a reasonable manner and had been correctly reflected in the financial statements.</p> <p>A review of the information provided to the valuer confirmed this was complete and included all of NHS Forth Valley's land and buildings relevant for the 2019/20 revaluation exercise.</p> <p>A sample of revaluation changes were reviewed, and movements were consistent with indices published by RICS.</p> <p>Conclusion: estimates and judgements included in the financial statements in the valuation of land and buildings are reasonable and supported by appropriate evidence.</p>
5 Risk of material misstatement caused by estimates and judgements in the assessment of provisions NHS Forth	<ul style="list-style-type: none"> • Completion of 'review of the work of Management's expert' for the Central Legal Office (CLO). 	<p>'Review of the work of Management's expert' for the Central Legal Office was completed which confirmed that</p>

	Assurance procedure	Results and conclusions
<p>Valley recognised provisions of almost £60 million at 31 March 2019 for clinical and medical claims against the health board and its share of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). These provisions are based on the assessed likelihood and settlement value of claims against the health board.</p>	<ul style="list-style-type: none"> Review of information provided by the CLO in support of the provisions held by NHS Forth Valley for clinical and medical legal claims and CNORIS. 	<p>assurances can be taken from their work.</p> <p>A review of the information provided by the Central Legal Office to support the provision of clinical and medical legal claims and for CNORIS did not identify any issues and these had been correctly reflected in the financial statements.</p> <p>Conclusion: estimates and judgements included in the financial statements in the valuation of provisions are reasonable and supported by appropriate evidence.</p>

Wider dimension risks

6 Financial sustainability

NHS Forth Valley's financial planning shows that efficiency savings of £19.2 million are required to achieve its financial target for 2019/20.

In the longer term, efficiency savings of £36 million are required over the three-year funding cycle to 2021/22; and savings of £60.1 million are required over the five-year period to 2023/24 to break even. The plan highlights a number of longer-term cost pressures that could impact future savings requirements.

The Finance Report to 31 October 2019 reports an overspend of £0.943 million and we recognise this might be fully mitigated by non-recurring income streams available to the health board. Savings of £18.7 million have been identified for 2019/20 and are on trajectory to being delivered. However, £7.171 million of savings identified are non-recurring and this will increase savings requirements in future years. The forecast year end outturn could be affected by a number of factors including agreement of pay uplifts for 2019/20, EU withdrawal and NHS Forth Valley's share of IJB overspends.

The factors above and the longer-term financial pressure

- Review and assess progress and impact in delivering savings.
- Appraise the approach for agreeing year end IJB outturns between partner bodies.
- Review progress in updating and assessing the impact of the five-year financial plan.

The Annual Report and Accounts report a surplus of £0.658 million was achieved in year compared to a planned deficit of £2.4 million. This variance was due to a number of developments over the course of the year, including delays in the implementation of the PMO.

The savings target of £19.25 million for the year was achieved. However, non-recurring savings of £7.7 million (40%) were required to meet this target. The proportion of non-recurring savings required to achieve savings targets has increased in recent years and this is not sustainable over a long-term period.

The five-year financial plan identifies a savings requirement of £20.6 million in 2020/21, with savings of almost £70 million required over the five-year plan.

Covid-19 is also expected to have a significant impact on resources in the coming years. This has not yet been reflected in the financial plan, but management are assessing the financial impact of Covid-19. This could have a significant impact on savings requirements in future years if there are no increases in funding.

Conclusion: NHS Forth Valley will find it challenging to deliver efficiency savings required over the coming years while continuing to sustain, or

	Assurance procedure	Results and conclusions
	<p>mean there is a risk to financial sustainability and the sustainability of services in future.</p>	<p>improve, existing levels of services.</p>
7 Performance targets	<p>NHS Forth Valley has struggled to achieve the eight key waiting times targets during the year. The Executive Performance Report to 31 October 2019 reports the health board was only meeting one of the eight key waiting time targets, with the majority being classed as red (out with 5% of meeting trajectory).</p> <p>The health board was moved to stage three of the NHS Board Performance Escalation Framework in December 2018 and is still at this level. This was due specifically to NHS Forth Valley's performance against the four-hour A&E standard. As a result of the escalation, support was provided to the health board by the North of England Commissioning Support unit.</p> <p>NHS Forth Valley's difficulties in achieving key waiting times targets, along with financial pressures and increasing demand, mean there is a risk this will continue, and the delivery of safe, affordable services is not sustained.</p>	<ul style="list-style-type: none"> • Review of progress in achieving targets and actions being taken to improve performance. • Review progress by the PMO approach towards helping to address waiting time targets. <p>Information reported in the performance reports is of a good standard and includes a core performance report, a balanced scorecard and exception reports. These are also scrutinised in detail by members.</p> <p>A review of performance reports over the year and the Annual Report and Accounts identified the board has struggled to achieve key waiting times targets. Local targets were agreed with the Scottish Government in the AOP, but the board has also struggled to achieve these targets.</p> <p>While the board has struggled to achieve targets, it was taken off stage 3 of the NHS Board Escalation Framework in year.</p> <p>Conclusion: NHS Forth Valley has good arrangements for reporting and monitoring performance. However, the board has experienced difficulties in achieving standards.</p>

Appendix 3

Summary of national performance reports 2019/20

		 2019/20 Reports	
		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

NHS relevant reports

[NHS workforce planning – part 2](#) – August 2019

[NHS in Scotland 2019](#) – October 2019

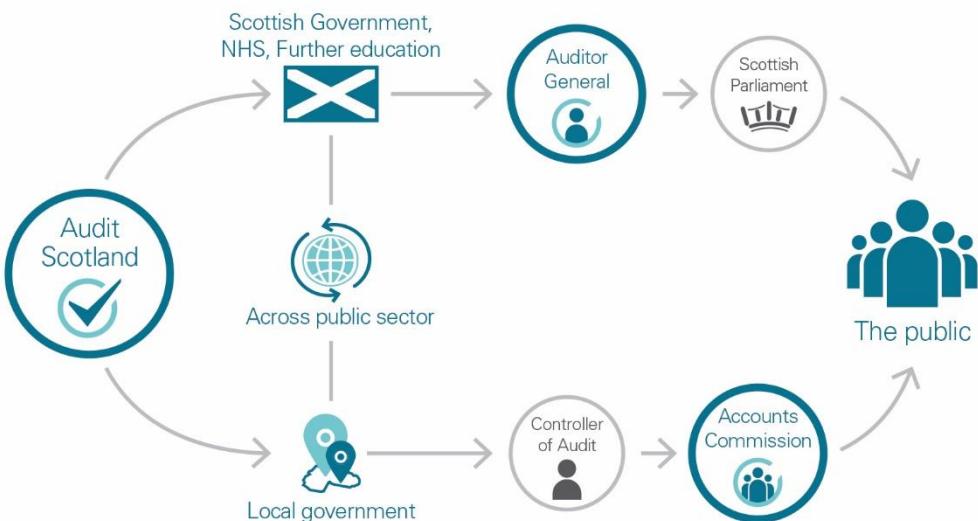
[Privately financed infrastructure investment](#) – January 2020

Appendix 4

Who we are

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

- The Auditor General for Scotland 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 for Scotland, 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 for Scotland 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; and
- identifying risks, making clear and relevant recommendations.

NHS Forth Valley

2019/20 Annual Audit Report

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