

# Dundee City IJB

2020/21 Annual Audit Report



Prepared for Dundee City Integration Joint Board and the Controller of Audit  
November 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1 Our audit opinions on the annual accounts of Dundee City IJB are unmodified.
- 2 The unaudited annual accounts were provided within the agreed timescale. They have been certified in line with the revised government timescales that reflect the challenges of Covid-19 on the audit.

## Financial management and sustainability

- 3 The IJB has appropriate and effective financial management arrangements in place.
- 4 The IJB reported an underspend of £13.337 million against its revised 2020/21 budget. This was due to unspent late funding from the Scottish Government and a downturn in service activity.
- 5 Covid-19 funding of £16.355 million was received in 2020/21. £6.084 million was unspent at 31 March 2021, and is included in reserves to cover future costs.
- 6 Budget monitoring arrangements are appropriate but there is scope to improve the clarity of reporting of Covid-19 and other earmarked funding initiatives at the year end.
- 7 A five year financial framework (2021/22 to 2025/26) was approved in March 2021. This will be updated in March 2022 as part of the 2022/23 budget setting process and reflecting the impact of Covid-19.
- 8 Work is ongoing to develop Board reporting on transformation and savings plan reporting could be developed further at the year end.

## Governance, Transparency and Best Value

- 9 The governance arrangements introduced in response to the pandemic are appropriate and operated effectively. There is effective scrutiny, challenge and informed decision making.
- 10 The IJB made improvements to how it monitors and reports its governance improvements action plan. A number of long standing and new actions are to be kept under review.

- 11** Risk management arrangements matured over the last year, with further improvements planned.
- 12** Arrangements are in place to demonstrate Best Value however the reporting frequency should be established.
- 13** The IJB has effective arrangements in place for managing and scrutinising performance and is reflective of where improvements in reporting can be made.
- 14** Performance data in the annual performance report indicates a mixed picture with some reduction in performance compared to the equivalent 2019/20 information.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of Dundee City Integration Joint Board (the IJB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the Performance and Audit Committee meeting in May 2021. This report comprises the findings from:
  - an audit of the Dundee City IJB's 2020/21 annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).
3. The global coronavirus pandemic has had a considerable impact on the IJB and its partner bodies during 2020/21. This has had significant implications for services. A wider dimension risk related to the pandemic was included in our Annual Audit Plan, our work is summarised at [Appendix 2](#).

## Adding value through the audit

4. We add value to the IJB, through audit:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - 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.

## Responsibilities and reporting

5. 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 also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and accountability that enable it to successfully deliver its objectives.
6. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice and supplementary guidance, and International Standards on Auditing in the UK. 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, and the financial position and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice and supplementary guidance.

**7.** 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.

**8.** 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 progress against these.

## Auditor Independence

**9.** Auditors appointed by the Accounts Commission or Auditor General 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.

**10.** 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 2020/21 audit fee of £29,215, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**11.** This report is addressed to both the Dundee City IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**12.** 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.

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# 1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of the resources and performance

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## Main judgements

Our audit opinions on the annual accounts of Dundee City IJB are unmodified.

The unaudited annual accounts were provided within the agreed timescale. They have been certified in line with the revised government timescales that reflect the challenges of Covid-19 on the audit.

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## Our audit opinions on the annual accounts are unmodified

**13.** The annual accounts for the year ended 31 March 2021 were approved by the Performance and Audit Committee on 24 November 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- 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.

## The annual accounts were signed off in line with the agreed audit timescales

**14.** The unaudited annual accounts were received in line with our agreed audit timetable by the end of June 2021. The annual accounts were signed off in line with the revised timetable permitted to reflect the impact of Covid-19 by the end of November 2021.

## Overall materiality is £2.800 million

**15.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of any identified misstatements on the audit. We identify a benchmark on which to base overall materiality such as net expenditure and apply what we judge to be the most appropriate percentage level for calculating materiality values.

**16.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**17.** Our initial assessment of materiality was carried out during the planning phase of the audit and. This was reviewed on receipt of the unaudited annual account, assessing no change was required, as summarised in [Exhibit 1](#).

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## Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£2.800 million
Performance materiality	£1.700 million
Reporting threshold	£100 thousand

Source: Audit Scotland

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## Appendix 2 identifies the main risks of material misstatement and our audit work to address these

**18.** [Appendix 2](#) provides our assessment of risks of material misstatement in the annual 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 audit team are directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work.

## Significant findings from the audit

**19.** 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 IJB's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. We have one significant finding on the annual accounts, and this is summarised in [Exhibit 2](#).



## Exhibit 2

### Significant finding from the audit of the financial statements

Issue	Resolution
<p><b>1. 2020/21 funding and reserve disclosures</b></p> <p>From the audit of the management commentary, we identified a number of disclosure improvements related to 2020/21 Covid-19 and other funding sources, including government funding, expenditure incurred against these funding streams and the resultant unspent elements transferred to the IJBs reserve.</p> <p>Also, from the audit of note 8 – usable reserve it was identified that it did not fully comply with extant mandatory guidance* to disclose an analysis of earmarked elements of the general fund reserve.</p> <p>* The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Mandatory Guidance: The Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies (Revised 2021).</p>	<p>Management has made the necessary adjustments in the 2020/21 audited annual accounts:</p> <ul style="list-style-type: none"> <li>• The narrative in the management commentary has been expanded</li> <li>• Note 8 – usable reserve has been updated to reflect the LASAAC disclosure requirement.</li> </ul>

Source: Audit Scotland

### There are no unadjusted misstatements in the audited annual accounts

**20.** It is our responsibility to request that all misstatements above the reporting threshold are corrected. We have no unadjusted misstatements above our reporting threshold to report from the 2020/21 audit. In accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.

### Some progress was made on prior year recommendations

**21.** The IJB has made some 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](#).

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## 2. Financial management and sustainability

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

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### Main judgements

The IJB has appropriate and effective financial management arrangements in place.

The IJB reported an underspend of £13.337 million against its revised budget for 2020/21. This was due to unspent late funding received from the Scottish Government and a downturn in service activity.

Covid-19 funding of £16.355 million was received in 2020/21, £6.084 million was unspent at 31 March 2021 and is included in reserves to cover future costs.

Budget monitoring arrangements are appropriate but there is scope to improve the clarity of reporting of Covid-19 and other earmarked funding initiatives at the year end.

A five year financial framework (2021/22 to 2025/26) was approved in March 2021. This will be updated in March 2022 as part of the 2022/23 budget setting process and reflecting the impact of Covid-19.

Work is ongoing to develop Board reporting on transformation and savings plan reporting could be developed further at the year end.

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**The IJB reported an underspend of £13.337 million against its revised budget of £305.957 million for 2020/21. This was due to unspent late funding received from the Scottish Government and a downturn in service activity**

**22.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records.

**23.** The impact on public finances of the Covid 19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses, and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**24.** The IJB incurred net expenditure of £292.620 million in 2020/21 against a revised funding budget of £305.957 million, resulting in a total underspend of £13.337 million.

**25.** The IJB received £16.355 million of Covid-19 related funding in 2020/21, £10.271 million was spent in 2020/21, with the remaining £6.084 million carried forward in reserves to be spent in 2021/22.

**26.** The £13.337 million surplus includes a £2.094 million net operational underspend, £6.084 million in unspent Covid-19 funding and £5.159 million unspent earmarked funding. The net operational underspend comprised a £1.388 million overspend on social care services from the Dundee City Council elements of the IJB budget and an underspend of £3.482 million on health services from the NHS Tayside elements of the IJB budget due to reduced service activity.

**27.** The IJB holds a general fund reserve, which is used to smooth financial variations over the years. During 2020/21 the reserve increased by £13.337 million, to £13.829 million. The earmarked / committed element of the general fund reserve totalling £11.735 million (2019/20 £0.492 million) is to be used to fund expenditure in future years. In addition, uncommitted contingency reserves are £2.094 million.

### **Budget monitoring arrangements are appropriate but there is scope to improve the clarity of reporting of Covid-19 and other funding, including government funding initiatives at the year end**

**28.** Financial monitoring reports are submitted to each IJB meetings, reporting a forecast year-end outturn position against the council, health, and partnership total. The reports note the information is presented excluding any implications of additional Covid-19 spend.

**29.** The financial monitoring reports also provide information on the projected costs and funding related to Covid-19 and the associated mobilisation plan financial returns, and information on other Scottish Government funding initiatives such as the primary care improvement fund. We note however, the financial monitoring reports, in particular the final report for 2020/21 could have more clearly detailed Dundee City IJB specific Covid-19 and other funding streams, associated expenditure and unused elements that have subsequently been transferred to the IJBs reserves.

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## Recommendation 1

The year end financial monitoring report to the Board should be updated to improve the clarity of reporting of earmarked funding initiatives.

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### The IJB has plans in place to secure the savings required to address the £2.042 million funding gap for 2021/22

**30.** The budget for 2020/21 showed that £2.342 million of savings needed to be achieved to balance the budget. In June 2021 it was reported to the Board that £1.971 million of savings had been delivered against the 2020/21 target of £2.342 million.

**31.** The IJB approved its 2021/22 budget in March 2021, with an initial funding gap of £2.658 million. At the same time saving proposals were approved with the aim of delivering a balanced budget. Subsequent to this additional funding was received from the Scottish Government to support implementation of the living wage policy which resulted in a reduction in required savings of £0.616 million, as agreed at the June 2021 IJB meeting. There is some risk that the revised 2021/22 efficiency savings target of £2.042 million will not be met in full.

### The IJB five year financial framework will be updated in March 2022 to reflect the impact of Covid-19

**32.** 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. The IJB approved its first Five Year Financial Framework covering 2021/22 to 2025/26 in March 2021. The framework set out: the estimated required budget and estimated funding to be provided; the financial challenges experienced in the period 2016/17 to 2020/21; the national and local context; key risks and financial challenges for the IJB; and the principles under which the IJB would approach the financial challenges.

**33.** The framework noted a potential funding gap of £18.202 million over the 5 years, excluding the impact of estimated increased demand for health and social care services as a result of Covid-19. In 2020/21 the general fund contingency reserve increased from nil to £2.094 million. Whilst this provides the IJB some flexibility to respond to unexpected events, it does not address the IJBs underlying financial sustainability risk.

**34.** The IJB plans to update its five year financial framework in March 2022 to reflect the impact of Covid-19 as part of the 2022/23 budget setting process. Whilst the IJB has improved its approach to medium and longer term financial planning, risks remain. Given the level of funds held in reserve, it is essential that the Joint Board has a clear plan on how and when monies will be spent, to support the strategic objectives of the IJB.

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## Recommendation 2

The IJB should review its five year financial framework. Service delivery models need to support the IJBs Covid-19 recovery plans and ensure financial sustainability for its services.

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### Work is ongoing to develop Board reporting on transformation and year end savings plan reporting could be developed further

**35.** Each of the IJBs financial monitoring reports include savings plan narrative and a savings delivery risk assessment against each of the proposed savings' initiatives. However, the value delivered against each of the savings' plans is not reported.

**36.** Improving reporting in transformation progress has been an area that the IJB has intended to progress for a number of years. Work is being undertaken by the Strategic Planning Advisory Group in this regard alongside assessing the impact of Covid 19 on the direction of the Strategic Plan. However, it has not been able to make progress at the pace that it has originally planned. We reflect also that the IJB has set a completion date of March 2022 (per the 2020/21 Annual Internal Audit report, recommendation 2) to complete actions related to improving transformation progress reporting to the Board. Given the complexity of the challenge there is a risk that the IJB may not achieve the March 2022 completion date.

**37.** Whilst noting that some information on savings plans is reported to the Board, we recommend that is enhanced by including actual outcomes delivered against each initiative as part of the end of year report. We will monitor progress with the implementation of the in 2020/21 Annual Internal Audit Report recommendation 2.

### Financial systems of internal control operated effectively

**38.** The IJB does not have its own financial systems and instead relies on Dundee City Council and NHS Tayside for its key financial systems such as the ledger and payroll and the financial information used for budget setting and financial monitoring purposes.

**39.** As part of our audit approach, we sought assurances from the external auditor of Dundee City Council and NHS Tayside and confirmed there were no weaknesses in the systems of internal controls for either the council or the health board that impact on the IJB audit.

### Internal audit completed sufficient work to provide satisfactory year end assurance

**40.** Internal audit provides the Board and the Chief Officer with independent assurance on the IJB's overall risk management, internal control, and corporate governance processes. Internal audit is provided by FTF Audit and

Management Services (FTF), supported by Dundee City Council's internal audit section. The audit is overseen by FTF's Chief Internal Auditor (CIA).

**41.** Whilst there was some slippage in the delivery of the 2020/21 internal audit plan, sufficient work was completed to allow the CIA to provide their positive year end assurances on the IJBs governance arrangements and systems of internal controls as reported in the 2020/21 annual internal audit report and reflected within the annual governance statement within the annual accounts.

**42.** Whilst sufficient internal audit work has been undertaken, we note that there has been some slippage in the delivery of internal audit plan in this and previous years. In part this has been due to pressures on management to engage with the audit process due to competing priorities. The challenges presented by the pandemic has added to the demands on management. Consequently, we will continue to monitor progress in the delivery of internal audit plan as part of the 2021/22 external audit, as delays of this nature presents a risk that Members may not be able to scrutinise key risk areas timeously if audits are delayed.

**43.** To avoid duplication of effort, we place reliance on the work of internal audit wherever possible. In 2020/21 we have used the work of internal audit in selected areas in respect of our wider dimension audit responsibilities sourced from their reported findings.

### **Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate**

**44.** The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We considered the arrangements in place at Dundee City Council and NHS Tayside and found them to be adequate. The IJB has a Code of Conduct in place to which members subscribe and the Members' Registers of Interest are publicly available on the IJB's website.

**45.** Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

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## 3. Governance, transparency, and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information. Using resources effectively and continually improving services

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### Main judgements

The governance arrangements introduced in response to the pandemic are appropriate and operated effectively. There is effective scrutiny, challenge and informed decision making.

The IJB made improvements to how it monitors and reports its governance improvements action plan. A number of long standing and new actions are to be kept under review.

Risk management arrangements matured over the last year, with further improvements planned.

Arrangements are in place to demonstrate Best Value however the reporting frequency should be established.

The IJB has effective arrangements in place for managing and scrutinising performance and is reflective of where improvements in reporting can be made.

Performance data in the annual performance report indicates a mixed picture with some reduction in performance compared to the equivalent 2019/20 information.

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### Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

**46.** Dundee City IJB made changes to its governance arrangements in response to the pandemic. These have been set out in the Management Commentary and the Annual Governance Statement in the annual accounts. They included:

- standing down formal Board and Performance and Audit Committee (PAC) meetings for a short period of time during the first wave of the pandemic and introducing the Essential Business procedure, providing delegated decision making authority to the Chief Officer and Chair

- introducing regular virtual IJB voting member briefing meetings
- formal open public meetings of the Board and PAC recommencing (remotely using TEAMS) from August 2020
- during 2020/21 five Board meetings, three PAC meetings and three IJB development sessions were held remotely.

**47.** Since our 2019/20 annual audit report the IJB has further enhanced its governance arrangements:

- During 2020/21 formal Board and PAC meeting minutes were expanded to include a record of questions raised by members and responses provided by officers, reflecting the nature of the discussion and assurances provided during meetings
- Board meeting papers now include an action tracker to allow members to track the implementation of actions agreed as part of formal board meetings. An action tracker is to be developed also for the PAC
- From May 2021 all formal Board and PAC meetings are recorded, with the recording placed on the Dundee City Council and IJB (HSCP) website soon after the meeting is held.

**48.** We reported previously, that the IJB had begun to make plans for a coordinated programme of development and training opportunities to be co-ordinated alongside those of Dundee City Council and NHS Tayside for new and existing members. Over the last year Board members have participated in specific events related to budget development and risk management; however, the development of a formal development programme has not progressed to the extent planned, in part due to the impact of Covid-19. This remains a priority for Board members. The October 2021 update to the PAC provides an implementation date of March 2022. We will continue to monitor progress with this area as part of our governance action plan implementation monitoring, as referred to below.

**49.** The NHS Tayside Board at its October 2021 meeting approved the appointment of the non-voting Board member to fulfil the position of 'registered medical practitioner whose name is included in the list of primary medical services performers'. This is a welcome development as the position has been vacant for a number of years. The filling of this role should provide the Integration Joint Board with valuable professional primary care input.

**50.** We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making and the new arrangements introduced over the last year are examples of good practice.



## **The IJB made improvements to its governance action plan process. A number of long standing and new actions require to be kept under review**

**51.** From its inception the IJB has experienced significant delays in progressing its improvement and governance actions. This issue was escalated to the Board from the PAC in 2020. Delays have impacted the implementation of internal and external audit recommendations. Some delays have been due to statutory partners interdependencies.

**52.** Over the course of 2021 the IJB has made improvements to its governance action plan (improvement actions) process. It has reviewed the various actions, some of which date back a number of years, removed duplications and low priority and or superseded actions. The remaining improvement actions have been amended to mirror the risk action plan with the Pentana Risk software programme being used to record and monitor progress rather than an excel spreadsheets.

**53.** Using the Pentana software has allowed progress against planned implementation dates for each action to be quantified to provide real time updates. Some of the actions and their current update are:

- Clarification of deputising arrangements for the Chief Officer to be presented to the IJB - being considered as part of revision of integration scheme
- Development of a formal service level agreement detailing all key corporate support services to be provided to the IJB by the Council and the Health Board – key corporate service arrangements to be reviewed and included in the integration scheme as part of its current review
- Work to fully implement the actions in the workforce and organisational development strategy and reporting to the Board on workforce issues – to be addressed as part of the review of the IJBs Strategic Plan.

**54.** The new style of reporting was welcomed by the PAC members noting that the new report provided greater understanding of progress against actions. IJB officers will be working with internal audit as part of the current year's internal audit plan to progress some of the long standing improvement actions.

**55.** Given the importance of effective and timely governance action plan implementation, the PAC and Board as necessary, should continue to be updated on implementation progress across all governance and improvement areas. This should include keeping improvement actions under review for their continued relevance and priority.

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### Recommendation 3

The PAC and Board as necessary, should continue to be updated on implementation progress across all governance and improvement areas. This should include keeping improvement actions under review for their continued relevance and priority.

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#### Risk management arrangements matured over the last year, with further improvements planned

**56.** We have previously reported that progress has been slow to implement improvement actions related to risk management identified in September 2018 by internal audit. Over the last year the IJBs risk management arrangements have matured. A Tayside Risk Management Group (Tayside wide) was formed in 2020 in response to the internal audit report and the group has been working to address the audit findings. The group developed the Tayside Risk Strategy, which was approved by the Board at its April 2021 meeting. It was also approved by all partners within Tayside providing the framework under which risk management arrangements will be progressed.

**57.** The October 2021 Board meeting considered the Strategic Risk Register Annual Report, noting the work that had been undertaken in relation to risk management, noting how risks are considered and escalated, that IJB members took part in a risk development session in August 2021 and provided an update on the current IJB Strategic Risks and most recent assessed highest IJB strategic risks.

**58.** The October 2021 report also provided a risk status update as at the end August 2021 on all the IJBs fifteen strategic risks and provided more detailed information on the IJBs two maximum scoring risks, related to Staff Resource and the Dundee Drug and Alcohol Recovery Service (DDARS). The report also advised the Board that Mental Health Services have identified a range of operational risks that will be escalated to the Strategic Risk Register, with the risks being entered on the Strategic Risk Register system in the next month.

**59.** Further actions remain to be progressed associated with the IJBs risk management arrangements. The Tayside Risk Management Group continue to meet, it will be reviewing the IJB's risk management policy and holding a further Member development session on Risk Appetite within the coming months.

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### Recommendation 4

The Board and PAC should continue to be updated on progress on the delivery against the remaining risk management improvement actions and updates to the Strategic Risk Register.

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## Arrangements are in place to demonstrate Best Value however the reporting frequency should be clarified

**60.** Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**61.** In September 2020 the PAC considered their first report on the Best Value arrangements for the IJB. The report was based on an assessment for 2019/20 on a review of the IJB's systems and processes undertaken between February and May 2020.

**62.** The September 2020 report noted the IJB had applied the Scottish Governments Best Value framework to its governance arrangements and activities to demonstrate how it and its partners are delivering Best Value and is securing economy, efficiency, effectiveness, and equality in service provision. Management concluded in the report that it had sufficient evidence and arrangements were in place to demonstrate that Best Value was being achieved. Management noted also the intention to report annually on Best Value.

**63.** We noted in our 2019/20 annual audit report that for future IJB Best Value assessments formal assurances should be sought from the Council and the Health Board. These have not been sought for 2020/21. Following on from 2019/20 we observe also that the Best Value reporting frequency should be clarified alongside the IJBs other reporting cycle commitments, as, whilst it was stated in the September 2020 Best Value report that there was an intention to report annually on Best Value, a further report is yet to be presented to the PAC.

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## Recommendation 5

The Best Value reporting frequency and interval should be clarified, and arrangements established to obtain formal assurances from the Council and the Health Board for the IJBs future Best Value assessments.

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## Revisions to the Integration Scheme are to be concluded

**64.** The Dundee City IJB Integration Scheme requires to be updated every five years i.e., by September 2020. A review of the scheme was concluded in September 2020 in line with the legislative requirements. The review identified that revisions to the Integration Scheme were required and that a more comprehensive review and consultation process was required to support the creation of the new Integration Scheme.

**65.** The IJB has noted that work to progress the production of a revised integration scheme has progressed more slowly than had been originally planned. In August 2021 the Board were updated on progress. This noted that the IJB is working with NHS Tayside and Dundee City Council and Angus and Perth and Kinross IJBs' via the Integration Project Group. The work is being led

by a Principal Officer from Angus Health and Social Care Partnership and a project plan has been developed to progress and conclude the work necessary to submit a revised scheme for ministerial approval by end of March 2022.

### **Review of adult social care services**

**66.** An independent review of adult social care services was published in February 2021. This was requested by the Scottish Government in September 2020 with the primary aim of the review being to recommend improvements to adult social care services in Scotland. The review made a number of recommendations including the set-up of a National Care Service for Scotland that is equal to the NHS and that self-directed support must work better for people with decisions being based on their needs, rights, and preferences.

**67.** The IJB has assessed the review and reported on this to the Board in August 2021, with a further update on the consultation process to the October 2021 Board meeting. The IJB continues to monitor developments as a result of the review and has engaged in discussions around the implementation of the review with partners and stakeholders.

### **Mental health and substance misuse services are a significant area of risk for the IJB**

**68.** In February 2020 'Trust and Respect Final Report of the Independent Inquiry into Mental Health Services in Tayside' was published. The report included 51 improvement areas for partners across Tayside, including the IJB, to address in providing mental health services.

**69.** The IJB is one of the partners who developed a Living Life Well strategy for mental health and wellbeing in Tayside, in response to the findings in the inquiry report. It sets out collective ambitions across Tayside for mental health services. A number of key pieces of work are underway led by the Dundee Health and Social Care Partnership such as the development of a community wellbeing centre.

**70.** In July 2021 a Progress Report by the Independent Inquiry Review Team was published. This reported on some positive progress and the commitment and dedication of staff, partner organisations and others seeking to make a difference for patients and the wider community in Tayside. Areas where further progress is needed were also reported. The IJB is continuing to work with partners in implementing the strategy to improve mental health services across Tayside.

**71.** Since February 2020 the Integration Joint Board has been provided with updates on progress with the implementation of the mental health inquiry recommendations, with the most recent update to the Board being at its October 2021 meeting.

**72.** As referenced in the risk management section of this annual audit report one of the IJBs two maximum scoring risks relates to the Dundee Drug and Alcohol Recovery Service (DDARS), we also note that a further operational

Mental Health Services risks is in train to be escalated to the IJBs Strategic Risk Register.

**73.** The Board should continue to be provided with updates on progress with the implementation of the mental health inquiry recommendations and the IJB strategic IJB risks so that they are assured that clinical and care governance arrangements are effective, coherent, and joined up. We will continue to monitor this area.

### **The IJB has effective arrangements in place for managing and scrutinising performance and is reflective of where improvements in reporting can be made**

**74.** The Performance and Audit Committee (PAC) consider performance monitoring at each meeting. Reports are split between national performance indicators and local performance indicators. The committee also routinely consider more detailed reports on specific areas of concern such as readmissions, complex delayed discharges, and falls, to support an improved understanding of underlying challenges and the development of more detailed improvement plans.

**75.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities, and the inspection of services.

**76.** Similar to previous years, the IJB published a summary annual performance report to meet the statutory deadline of 31 July, and the Board approved for publication the full version of the 2020/21 annual performance report at the October 2021 meeting. The annual performance report provides information on the National Health and Wellbeing Outcomes and information at Partnership and locality level in relation to financial planning and performance, best value and scrutiny and inspection. The 2020/21 report has a greater focus on the IJBs own strategic priorities than previous reports.

**77.** The 2020/21 report covers the pandemic period and includes content that relates to pandemic specific responses and developments alongside business as usual activity across the health and social care system and with wider community planning partners.

**78.** The 2020/21 report explains some of the IJBs key developments delivered as part of the Covid-19 response, such as its involvement with the Covid-19 vaccination programme and articulates the challenges and the impact of the pandemic on the service users and how this interlinks with how services will be delivered in the future. It explains the IJB has developed a recovery plan, an element of which will relate to re-setting the IJBs strategic vision and priorities after Covid-19 in partnership with service users, their carers, and the local communities.

**79.** The report provides a comprehensive and balanced overview of the year under review, including emphasising the impact of Covid-19 and the direction of

travel. The IJB recognises for 2021/22 their priority is to begin the process of aligning their recovery priorities and the strategic priorities contained within the Partnership's Strategic and Commissioning Plan.

**80.** The IJB has effective arrangements in place for managing and scrutinising performance. It is reflective of where improvements in reporting can be made and intend to implement improvements where possible, subject to the limitations and competing demands.

### **Performance data in the annual performance report indicates a mixed picture, with some reduction in performance compared to the equivalent 2019/20 information**

**81.** Similar to last year, the annual performance report advises that data published by Public Health Scotland for national health and wellbeing indicators (eleven to twenty) was available only for two of the indicators. Consequently, the annual performance report includes 2020/21 financial year data for indicators 17 and 19, with all other indicators being reported against the 2020 calendar year. The IJB plan to update the report as soon as financial year data is made available by Public Health Scotland for all indicators.

**82.** The reported data for indicator 17 (proportion of care services graded 'good' (4) or better in Care Inspectorate inspections) shows performance has worsened, including being worse than the Scottish average. For indicator 19 (percentage of days people spend in hospital when they are ready to be discharged, per 1,000 population) performance has improved against local data and against the Scottish average.

**83.** Looking at the available data for the other national indicators:

- performance has improved for 5 indicators (compared to 6 in 2019/20)
- performance has worsened for 12 of the indicators (compared to 10 in 2019/20).

**84.** When comparing the indicators against the Scottish average, 13 of the IJBs indicators are better; 5 worse and 1 the same. Overall, the data indicates some reduction in performance compared to the equivalent 2019/20 information.

### **National performance audit reports**

**85.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 we published some reports which may be of direct interest to the IJB as outlined in [Appendix 3](#).

**86.** The IJB has previously considered national performance reports published by Audit Scotland. We recommend that the IJB continues to consider and review relevant reports published by Audit Scotland, including when appropriate to develop locally agreed actions.

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Financial monitoring reports</b></p> <p>Financial monitoring reports to the Board provide some information related to earmarked funding initiatives. However, for each of the specific funding streams the report (in particular the year end report) does not detail the associated expenditure and unused elements subsequently transferred to the IJBs reserves.</p> <p><b>Risk</b> – members may not be able to fully scrutinise the financial information and future spending plans associated with specific funding streams and strategic priorities.</p>	<p>The year end financial monitoring report to the Board should be updated to improve the clarity of reporting of earmarked funding initiatives.</p> <p><a href="#">Paragraph 29</a></p>	<p>The financial monitoring year end report in future will detail the relevant funding streams, associated expenditure and any surplus funding as recommended.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> June 2022</p>
<p><b>2. Five year financial framework</b></p> <p>The IJBs five year financial framework is yet to be updated to reflect the impact of the Covid-19 pandemic.</p> <p><b>Risk</b> – the IJB does not have accurate financial information to support long-term budget and strategic priorities.</p>	<p>The IJB should review its five year financial framework. Service delivery models need to support the IJBs Covid-19 recovery plans and ensure financial sustainability for its services.</p> <p><a href="#">Paragraph 34</a></p>	<p>Long term financial framework to be updated in March 2022 and will reflect the known and estimated impact on services and funding streams.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> March 2022</p>
<p><b>3. Governance and improvement actions</b></p> <p>From its inception the IJB has experienced significant</p>	<p>The PAC and Board as necessary, should continue to be updated on implementation progress</p>	<p>Continue to report the Governance Action Plan Update Report to each PAC meeting with escalation to the</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>delays in progressing its improvement and governance actions. Outstanding governance and improvement actions have been reviewed and consolidated for their continued relevance.</p> <p><b>Risk</b> – slippage in implementation may lead to governance arrangements not supporting effective decision making.</p>	<p>across all governance and improvement areas. This should include keeping improvement actions under review for their continued relevance and priority.</p> <p><a href="#">Paragraph 55</a></p>	<p>IJB if required.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> Ongoing</p>
<p><b>4. Risk management</b></p> <p>Further improvement actions remain to be progressed associated with the IJBs risk management arrangements, including reviewing the IJB’s risk management policy and developing further an understanding of the IJBs risk appetite.</p> <p><b>Risk</b> – until risk management arrangements have matured further there is a risk that exposure to risks may not be fully understood, highlighted, appropriately mitigated through management controls, and scrutinised.</p>	<p>The Board and PAC should continue to be updated on progress on the delivery against the remaining risk management improvement actions and updates to the Strategic Risk Register.</p> <p><a href="#">Paragraph 59</a></p>	<p>Will continue to be reported through the Governance Action Plan Update Report.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> October 2022</p>
<p><b>5. Best value</b></p> <p>The IJB put in place arrangements to demonstrate Best Value however the reporting frequency and arrangement to obtain formal assurances from the Council and the Health Board have not been clarified.</p> <p><b>Risk</b> – the IJB is unable to demonstrate it is meeting its Best Value duty.</p>	<p>The Best Value reporting frequency and interval should be clarified, and arrangements established to obtain formal assurances from the Council and the Health Board for the IJBs future Best Value assessments.</p> <p><a href="#">Paragraph 63</a></p>	<p>To be progressed as per recommendation.</p> <p><b>Responsible officer:</b> Chief Finance Officer</p> <p><b>Agreed date:</b> March 2022</p>



## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>PY 1. Medium to long term financial plans</b></p> <p>The IJB has yet to develop medium to long term financial plans to demonstrate how it will fund future funding gaps.</p> <p><b>Risk</b> – The IJB may not be planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>The 1-5-year financial plan should be progressed and presented to the Board to help demonstrate the longer term financial sustainability of planned IJB services. This is increasingly important as demand pressures increase and the IJB plans for service redesign over medium and longer time frames. Plans should include scenario planning in the Covid-19 environment.</p>	<p>In progress – refer to action point 2 above.</p>
<p><b>PY 2. Savings and transformation reporting</b></p> <p>Updates on the IJB’s transformation programme and efficiency savings are not reported to the Board on a regular basis.</p> <p><b>Risk</b> – Members may not be fully aware of the position and unable to take corrective actions.</p>	<p>The position on the achievement of savings proposals and transformation should be clearly and regularly reported to members. The impact from Covid-19 and delivering pandemic remobilisation plans will also need to be considered.</p>	<p>In progress - reported in paragraphs 35-37 above.</p>
<p><b>PY 3. Leadership and governance – support</b></p> <p>Plans to progress a programme of development and training opportunities for members, co-ordinated alongside those of Dundee City Council and NHS Tayside has not progressed to the extent planned.</p> <p><b>Risk</b> – There is a risk that leadership and governance arrangements are not effective if members are not sufficiently trained and supported.</p>	<p>Work to embed a programme of development and training opportunities for Board members should be progressed.</p>	<p>Outstanding - reported in paragraph 48 above.</p>
<p><b>PY 4. Board composition -</b></p>	<p>The IJB should escalate to</p>	<p>Complete - NHS Tayside</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>registered medical practitioner providing primary care</b></p> <p>The IJB has not had professional primary care input for a number of years, since June 2018.</p> <p><b>Risk</b> – The IJB does not have sufficient and appropriate professional input, which could undermine its decision making.</p>	<p>NHS Tayside again, that the IJB has not had professional input from a ‘registered medical practitioner whose name is included in the list of primary medical services performers’ for a number of years and request NHS Tayside appoint to this non-voting role.</p>	<p>Board, in October 2021 approved the appointment of a General Practitioner to the non-voting Board member role of ‘registered medical practitioner whose name is included in the list of primary medical services performers’ as stipulated within The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.</p> <p>Refer to paragraph 49 above.</p>
<p><b>PY 5. Improvement agenda - action plan progress</b></p> <p>From its inception the IJB has experienced significant delays in progressing its improvement and governance actions. This issue has been escalated to the Board from the PAC.</p> <p><b>Risk</b> – The commitments set out in the IJB’s Strategic and Commissioning Plan and Covid-19 remobilisation plan may not be delivered if improvement actions are not delivered within the appropriate timescales. Governance arrangements may not support effective decision making.</p>	<p>The Governance Action Plan should be developed to include all improvement action plans. Actions should be reviewed for their continued relevance and priority. The Board and PAC should continue to be updated on implementation progress across all governance and improvement areas.</p>	<p>In progress – refer to action point 3 above.</p>
<p><b>PY 6. Risk management</b></p> <p>Progress has been slow to implement the recommendations from the internal risk maturity audit, reported in September 2018.</p> <p>Recently a Tayside Risk Management Group chaired by the CFO has been established to promote completion of the actions by</p>	<p>The Board and PAC are updated on progress in delivering against the risk maturity action plan.</p>	<p>In progress - refer to action point 4 above.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>December 2020.</p> <p><b>Risk</b> – Until risk management arrangements are effective there is a risk that exposure to risks may not be understood, highlighted, and appropriately mitigated through management controls.</p>		
<p><b>PY 7. Internal audit – programme</b></p> <p>There continues to be slippage in the delivery of internal audit plans. Consequently, for 2020/21 the Board approved previously agreed outstanding audit plans with updated scopes, would be progressed rather than create a further plan.</p> <p><b>Risk</b> – Members may not be able to scrutinise key risk areas timeously if internal audit audits are delayed.</p>	<p>Supported by management, the delivery of internal audit plans should be kept under review to ensure the IJB receives appropriate and sufficient assurances on its governance arrangements and systems of its internal controls.</p>	<p>In progress - reported in paragraphs 40-43 above.</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 our wider responsibility under the Code of Audit Practice.

### Risks of material misstatement in the financial statements\*

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Reviewed the appropriateness of journal entries and other adjustments recorded in the general ledger and financial statements.</p> <p>Reviewed accounting estimates.</p> <p>Obtained assurances from the auditors of Dundee City Council and NHS Tayside over the IJB financial information controls.</p>	<p>The completion of the assurance procedures did not identify any evidence of management override of controls.</p>

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>2. Financial sustainability</b></p> <p>The IJB approved its 5 Year Financial Framework covering 2021/22 to 2025/26 in March 2021. The framework sets out: the estimated required budget and estimated funding to be provided; the financial challenges experienced in the</p>	<p>Reviewed the CFO's assessment of going concern for the 2020/21 annual accounts.</p> <p>Monitored developments with savings, transformation and reserves reporting enhancements as part of the regular IJB financial monitoring reports.</p>	<p>As outlined in section 2 of this report, the IJBs general fund reserve increased by £13.337 million. The majority of these funds will be required to meet the ongoing financial pressures created by the pandemic and other specific initiatives.</p> <p>Future financial plans are</p>

Audit risk	Assurance procedure	Results and conclusions
<p>period 2016/17 to 2020/21; the national and local context; key risks and financial challenges for the IJB; and the principles under which the IJB will approach the financial challenges.</p> <p>The framework notes a potential funding gap of £18.202 million over the 5 years, excluding the impact of estimated increased demand for health and social care services as a result of Covid.</p> <p>There is a risk that IJB services are not sustainable and the IJB is unable to achieve its Strategic and Commissioning Plan priorities and commitments.</p>	<p>Monitored reporting against the Strategic and Commissioning Plan.</p> <p>Monitored progress in developing a revised Financial Framework reflecting the impact of Covid-19.</p>	<p>challenging with a cumulative funding gap of £18.202 million over 5 years, excluding the impact of Covid. The 5 year financial framework requires to be updated.</p>
<p><b>3. Services pressures created by Covid - 19</b></p> <p>The Covid - 19 pandemic continues to place significant pressure on the provision of health and social care services delivered by the IJB.</p> <p>There is a risk that Covid-19 pressures will impact on the IJB's ability to meet its objectives within the 2019-2022 Strategic and Commissioning Plan.</p>	<p>Reviewed progress against strategic objectives reported within the IJB's 2020/21 Annual Performance Report.</p> <p>Reviewed performance reports to assess the impact of Covid - 19 on the IJB's performance targets.</p>	<p>As outlined in section 3 of this report, the IJBs annual performance report indicates a mixed picture with some reduction in performance compared to the equivalent 2019/20 information.</p> <p>Section 3 of this report also provides an overview of the breadth of some of the IJBs priorities and organisational commitments, ranging from: continuing to implement its governance improvement agenda; progressing actions related to its risk management arrangements; progressing work related to revising its Integration Scheme; and progressing work and associated with the national review of adult social care services.</p>
<p><b>4. Improvement agenda - action plan progress</b></p> <p>From its inception the IJB has</p>	<p>Reviewed the CFO's evidence to support the IJB's 2020/21 annual governance</p>	<p>As outlined in section 3 of this report, the IJB has made improvements to its governance action plan</p>

Audit risk	Assurance procedure	Results and conclusions
<p>experienced significant delays in progressing its improvement and governance actions. This issue was escalated to the Board from the Performance and Audit Committee (PAC) in 2020. Delays have also impacted the implementation of internal audit recommendations, some of which are due to statutory partners interdependencies.</p> <p>There is a risk that governance arrangements are not appropriate or operating effectively.</p>	<p>statement.</p> <p>Monitored developments with the CFO review of the governance action plan.</p> <p>Reviewed governance action plan reporting to the PAC.</p>	<p>process. It is noted also that improvement actions should be kept under review for their continued relevance and priority and the PAC and Board as necessary, should continue to be updated on implementation progress.</p>
<p><b>5. Risk management</b></p> <p>Progress has been slow to implement the recommendations from the risk maturity internal audit, reported in September 2018. The Tayside Risk Management Group, formed in 2020 in response to the internal audit report, has been working to address the audit findings.</p> <p>The group has now developed the Tayside Risk Strategy, which was approved by the Board at its April 2021 meeting. Further actions remain to be completed, including reviewing the IJB's risk management policy.</p> <p>Until risk management arrangements are updated and embedded there is a risk that exposure to risks may not be understood, highlighted, and appropriately prioritised and mitigated through management controls.</p>	<p>Monitored progress with the implementation of outstanding actions, the review of the IJB's risk management policy and the ongoing work of the Tayside Risk Management Group.</p> <p>Monitored risk management and register reporting to the Board and the PAC.</p>	<p>As outlined in section 3 of this report the IJBs risk management arrangements matured over the last year with further improvements planned. It is also noted that the Board and PAC should continue to be updated on progress on the delivery against remaining risk management improvement actions and updates to the Strategic Risk Register.</p>

\* In our Annual Audit Plan for 2020/21 which was presented to the Performance and Audit Committee in May 2021, we identified three risks of material misstatement in the annual accounts relating to: management override of controls; fraud over expenditure; and the estimate for the hospital acute services (set aside). However, in advance of commencing the annual accounts audit we reconsidered these risks, taking account the requirements laid out in auditing standards. As a result, we have now rebutted that a material risk exists from fraud over expenditure and the risk related to the estimate for the hospital acute services (set aside). This is on the basis that all transactions are processed by the partner bodies rather than the IJB directly and that all expenditure is undertaken by the partner, public sector bodies. The set aside estimate is based on an agreed methodology and extant guidance, and although there is a degree of estimation used to calculate the figure, the estimation is recognised and appropriately disclosed.

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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)



# Dundee City IJB

## 2020/21 Annual Audit Report

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