

# West Dunbartonshire Integration Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for West Dunbartonshire Integration Joint Board and the Controller of Audit  
20 September 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1 West Dunbartonshire IJB's financial statements give a true and fair view of the financial position for the year ended 31 March 2021. They were properly prepared in accordance with regulations and guidance.
- 2 The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.

## Financial management and sustainability

- 3 The Joint Board has appropriate and effective financial management arrangements in place.
- 4 Health and social care bodies are facing unprecedented challenges as they seek to balance the impact of Covid-19, the remobilisation of services and rising demand. This is against a backdrop of financial and workforce pressures; uncertainty over future financial settlements and social care reform.
- 5 The IJB reported an underspend of £13.744 million against the revised budget of £186.167 million for 2020/21. This was mainly due to unspent late funding received from the Scottish Government.
- 6 Covid-19 funding of £10.810 million was received in 2020/21. £4.970 million was unspent at 31 March and has been earmarked for 2021/22.
- 7 The IJB approved an indicative 2021/22 revenue budget of £170.097 million in March 2021. This included the application of £0.323m from earmarked reserves to balance the budget. This budget excluded any exceptional Covid-19 costs based on the assumption that additional funding would be provided.
- 8 A medium-term financial plan is in place with long term analysis to 2029/30. The annual review of the financial plan has been delayed to November 2021 due to the uncertainty caused by Covid-19.

## Governance, Transparency and Best Value

- 9 The IJB has appropriate governance arrangements in place to support effective decision making and accountability and conducts its business in an

open and transparent manner. The IJB is currently discussing the incorporation of video/online conferencing to ensure greater access to meetings, per the *Covid-19 Recovery and Renewal Plan*. This digital transformation is likely to further improve the transparency of meetings.

- 10** The 2019/20 Annual Performance Report was reviewed, we found that improvements have been made in the content, structure and format.
- 11** The Annual Performance Report for 2020/21 has been delayed, in line with the Coronavirus Act 2020, and will be published by the 30 September 2021 extended deadline. We will review this as part of the 2021/22 audit.
- 12** The extent of the challenges facing IJBs means that services will need to change if they are to be sustainable in the future.
- 13** Service pressures have been created by the impact of Covid-19, these have been recognised by the IJB and steps have been taken to address them through the performance reports and the *Recovery and Renewal Plan*. Regular updates are provided to the Board.

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# Introduction

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**1.** This report summarises the findings from our 2020/21 audit of West Dunbartonshire Integration Joint Board (the IJB), commonly known as the West Dunbartonshire Health and Social Care Partnership Board.

**2.** The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Performance Committee meeting on 25 February 2021. This report comprises the findings from:

- an audit of the West Dunbartonshire 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. We included one wider dimension risk relating to the pandemic in our Annual Audit Plan.

## Adding value through the audit

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

- 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 regularity 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 £27,330, 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 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. 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

West Dunbartonshire IJB's financial statements give a true and fair view of the financial position for the year ended 31 March 2021. They were properly prepared in accordance with regulations and guidance.

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

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## Our audit opinions on the annual accounts are unmodified

**12.** The annual accounts for the year ended 31 March 2021 were approved by the IJB on 20/09/2021. 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.

## Despite the impact of Covid-19, the annual accounts were produced and audited in line with the original timetable

**13.** Despite the continued disruption caused by Covid-19, the Joint Board did not elect to postpone the preparation of its Annual Accounts. The unaudited Annual Accounts were submitted to us on 21 June 2021 in line with the original agreed timetable.

**14.** The working papers provided to support the accounts were of a good standard and the audit team received support from finance staff which helped ensure the final accounts audit process ran smoothly. The Independent Auditor's Report was issued and signed off, on 20 September, in line with the original timetable.

## Our audit testing reflected the calculated materiality levels

**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 gross 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 financial statements. 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. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£3.319 million
Performance materiality	£2.323 million
Reporting threshold	£50 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. One significant finding is summarised at [Exhibit 2](#).

## Exhibit 2

### Significant findings from the audit of the annual accounts

Issue	Resolution
<p><b>1. Hospital acute services (set-aside)</b></p> <p>The “set aside” budget is the Joint Board’s share of the budget for delegated acute services provided by hospitals on behalf of the Joint Board. A figure for the sum set aside is agreed each year with NHS Greater Glasgow and Clyde and included in the annual accounts. In 2019/20, calculation of this figure was revised to reflect actual cost and activity data rather than historical data uplifted for inflation.</p> <p>We reviewed and audited the 2020/21 WDIJB set aside figure. While we concluded that it is based on actual costs and doesn’t have the same reliance on historical data as in previous years, we identified an error. This error was due to a change in the formatting of the central Health Board spreadsheet, resulting in a 2019/20 restatement from £28.389m to £31.223m and a correction to the 2020/21 value, from £32.276m to £36.149m</p> <p>The corrected set aside value has increased by £4.926 million since 2019/20 representing a 15.78% increase. This is considered to be a consequence of the Covid-19 pandemic which has required additional costly protective measures to be introduced in hospital acute care (e.g., additional cleaning, testing and equipment).</p>	<p><b>For information only</b></p> <p>The 2020/21 accounts have been corrected for the set aside values for 2019/20 and 2020/21.</p> <p>It is noted that Covid-19 had a significant impact on the acute services delivered in 2020/21 which has impacted on the set aside figures. This is also impacting on services in 2021/22.</p>

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.

## Some improvements have been made to the management commentary, however it could be enhanced further into a more user-friendly format

**21.** The management commentary that accompanies the financial statements should clearly explain how the IJB has performed against budget and how this is reconciled to the financial statements. For 2020/21, we found that the management commentary provided good coverage of the impact of the Covid-19 pandemic, specifically on service delivery.

**22.** In 2019/20, we identified improvements that should be made to the management commentary. This was in relation to the content and layout. We reported that the overall presentation and accessibility of information for readers of the accounts could be enhanced through greater use of infographics and trend analysis over time.

**23.** Some improvements were made but the 2020/21 management commentary also included a significant amount of detailed narrative, which can obscure the key messages for the reader. During the audit, we identified specific amendments to the narrative to place greater focus on key issues, these were accepted and amended by officers. We acknowledge that the impact of Covid-19 on service delivery and associated finances was a contributing factor for the detailed narrative for 2020/21 and further improvements have been delayed due to Covid-19 pressures. We now recommend that consideration be given to presenting the management commentary in a more user-friendly format for 2021/22.



#### [Recommendation 1 \(Appendix 1 - Action Plan\)](#)

### **Four audit recommendations remain outstanding or partially complete, two of these are from 2018/19**

**24.** Four recommendations from previous annual audit reports remain outstanding or partially complete.

**25.** Two of the outstanding actions relate to 2018/19; the use of outcome data to shape future plans and improving the year-end reporting of performance against saving plans/targets. For actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#). The IJB should ensure that audit recommendations are implemented in line with agreed timescales.

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# 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 Joint Board has appropriate and effective financial management arrangements in place.

Health and social care bodies are facing unprecedented challenges as they seek to balance the impact of Covid-19, the remobilisation of services and rising demand. This is against a backdrop of financial and workforce pressures; uncertainty over future financial settlements and social care reform.

The IJB reported an underspend of £13.744 million against the revised budget of £186.167 million for 2020/21. This was mainly due to unspent late funding received from the Scottish Government.

Covid-19 funding of £10.810 million was received in 2020/21. £4.970 million was unspent at 31 March and has been earmarked for 2021/22.

The IJB approved an indicative 2021/22 revenue budget of £170.097 million in March 2021. This included the application of £0.323m from earmarked reserves to balance the budget. This budget excluded any exceptional Covid-19 costs based on the assumption that additional funding would be provided.

A medium-term financial plan is in place with long term analysis to 2029/30. The annual review of the financial plan has been delayed to November 2021 due to the uncertainty caused by Covid-19.

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**26.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. The host bodies have sound systems of internal control in place over the key financial systems which the IJB rely upon to produce their accounts.

## The IJB approved a 2020/21 revenue budget of £166.689 million in March 2020

**27.** The IJB approved its 2020/21 budget in March 2020. The 2020/21 IJB revenue budget was set at £166.689 million based on funding contributions of £70.650 million from West Dunbartonshire Council with an indicative funding contribution of £96.039 million from NHS Greater Glasgow and Clyde. This included anticipated savings of £1.705 million. The Board approved the application of a proportion of the new Scottish Government funding for investment in integration to address a £0.745 million funding gap.

**28.** During the year, the budget was revised, as additional funding was released by the Scottish Government to respond to the costs relating to the Covid-19 pandemic. The final budget for the year reported to the Board in June 2021 amounted to £186.167 million.

**29.** This represented an increase of £19.478 million (11.7%). Of this increase, £10.810 million related to additional Covid-19 funding to meet the costs of responding to the pandemic. The majority of the remaining increase related to £2.963 million of funding for primary care, £2.143 million for adult and older people services and £2.054 million for family health services.

## The IJB reported an underspend in 2020/21 of £13.744 million

**30.** The IJB reported an underspend of £13.744 million against a budgeted breakeven position. The areas with significant underspends are shown in Exhibit 3. As is detailed further in [paragraphs 41-45](#) a significant portion of this underspend, £12.290 million, has been transferred to earmarked reserves to be used for known commitments or specific purposes.

### Exhibit 3

#### Significant service underspends and overspends

Service area	Budget	Actual	(Overspend) / Underspend		
	£m	£m	£m	%	Main factors
<b>Covid-19</b>	10.810	5.840	4.970	46.0	<ul style="list-style-type: none"> <li>Underspend mainly attributable to £2.754m Covid-19 funding received in advance.</li> </ul>
<b>HSCP Corporate &amp; Other Services</b>	7.145	4.468	2.677	37.5	<ul style="list-style-type: none"> <li>Underspend relates to additional Scottish Government funding not budgeted for, relating to primary care and funding initiatives from Scottish Government.</li> </ul>
<b>Older People, Health and Community Care</b>	47.983	45.717	2.266	4.7	<ul style="list-style-type: none"> <li>Delay in the opening of the Queens Quay Care Home and reducing demand for care home/nursing home beds from shorter stays.</li> </ul>

					<ul style="list-style-type: none"> <li>The pandemic led to a reduction in demand for care home/nursing home beds for shorter stays.</li> </ul>
<b>Mental Health Services</b>	11.342	10.244	1.098	9.7	<ul style="list-style-type: none"> <li>Additional funding from Scottish Government and additional income.</li> <li>Staffing vacancies and recruitment delays contributed to an overall underspend.</li> </ul>

Source: West Dunbartonshire Integration Joint Board 2020/21 Annual Accounts

### **Covid-19 funding of £10.810 million was received in 2020/21. £4.970 million was unspent and has been earmarked for use in 2021/22**

**31.** 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.

**32.** The Covid 19 pandemic has had a significant impact on the IJB's 2020/21 budget. As detailed in [paragraph 29](#), the IJB received £10.810 million of Covid related funding of which £5.840 million was spent in 2020/21.

**33.** During the year, the IJB submitted financial tracker returns to the Scottish Government to detail the additional costs incurred in responding to the pandemic. Of the funding incurred in 2020/21, £2.164 million was spent on social care provider sustainability costs and £1.486 million on additional staff costs. £4.970 million of Covid 19 excess funding has been transferred to an earmarked reserve. This was permitted within the 14 April 2021 Scottish Government letter to the Chief Finance Officer.

### **We found that the budget process and monitoring was appropriate and clear information was provided to board members throughout the year**

**34.** Detailed budget monitoring reports were submitted to meetings of the IJB throughout the year. The outturn to date and forecast year-end outturn position were made clear within each report and the actual year-end outturn position was in line with expectations.

**35.** The content of the budget monitoring reports was updated to reflect the financial impact of Covid-19. An additional section was included that highlighted additional income received and expenditure incurred as a result of Covid-19. This ensured the IJB were aware of how Covid-19 impacted on the overall financial position and outturn.

**36.** We observed that senior management and members receive regular and accurate financial information on the IJB's financial position and have concluded the IJB has appropriate budget monitoring arrangements.

**The IJB has a medium-term financial plan which includes long term analysis to 2029/30. An update is planned for November 2021.**

**37.** Health and social care services across Scotland are facing a period of unprecedented challenge as they continue to address the impact of Covid-19 while remobilising services. Demand for services is increasing against a backdrop of financial and workforce pressures; uncertainty over future funding settlements and planned reforms in social care. Individually, these factors present complexities for IJBs, but collectively, they mean that services need to change if they are to remain financially sustainable.

**38.** Medium and long-term financial planning is an important part of strong financial management. It is important that the IJB considers possible future funding scenarios and options for services in the medium to long term, taking into account the impact of changes in demand for services.

**39.** The medium-term financial plan sets out anticipated income and expenditure based on assumptions around pay inflation, service demand, demographic changes and prescribing pressures, and used scenario planning to project potential future budget gaps based on the likely, worst case and best-case scenarios. The plan also included indicative financial data for the period to 2029/30.

**40.** In 2019/20 we recommended that the medium-term financial plan be revisited to take into account the longer-term financial impact of Covid-19 on health and social care services. An annual review was planned for March 2021; however, this has been delayed to November 2021, due to the continued uncertainty caused by Covid-19. We have agreed revised timescales as set out in [Appendix 1](#).

**The IJB's unearmarked reserve balance as at 31 March 2021 was above the two per cent target set out in the reserves policy**

**41.** The IJB's reserves policy recommends the level of unearmarked reserves be maintained at two per cent of net expenditure (excluding Family Health Services). This equated to £2.859 million for 2020/21 and the balance as at 31 March 2021 was £4.367 million, £1.508 million above the target set by the Board. The movement in the IJB's year-end reserve balances since 2016/17 is shown in [Exhibit 4](#).

**42.** It is important that amounts are only earmarked where there is a known commitment, or approval to use those amounts for a specific purpose, and this is clearly communicated to members and other stakeholders. As at 31 March 2021, £17.440 million of the IJB's reserve balance at has been earmarked.

**43.** A paper outlining earmarked reserves was presented to the Board meeting in June 2021. Members reviewed and scrutinised the analysis and approved the plans to earmark reserves. Earmarked reserves are mainly from the Scottish Government to support health and social care policy commitments, Covid-19 recovery and renewal and statutory duties including Primary Care Improvement, Mental Health Action 15, Alcohol and Drugs Partnership, Scottish Living Wage, Carers and Free Personal Care (under 65).

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### Good Practice – Earmarking of Reserves

At the meeting of the HSCP Board on 25 March 2021 it was agreed that, given the anticipated level of both un-earmarked and earmarked reserves, a report would be presented to Members detailing both the reason for the increase in overall reserves and plans around the use of earmarked reserves.

A paper outlining earmarked reserves was presented to the Board meeting in June 2021. Members reviewed and scrutinised the analysis and approved the plans to earmark reserves. 68 reserves proposals were considered, including:

- use of those earmarked reserves related to Scottish Government funding with detail of how the utilisation of these reserves will meet expected outcomes;
  - use of those earmarked reserves related to various HSCP initiatives such as unscheduled care, service redesign and transformation and Covid recovery; and
  - proposals for the creation of new earmarked reserves with submissions received ranging from small amount of funding requested to assist services to meet longer term objectives to larger amounts for cross cutting HSCP initiatives such as digital transformation and training.
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**44.** We are pleased to note that all earmarked elements represent genuine commitments and have been clearly explained within the management commentary in the 2020/21 annual accounts.

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## Exhibit 4

### Reserves 2016/17 to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Unearmarked Reserves	2.080	1.706	2.457	2.809	4.367
Earmarked Reserves	3.488	4.436	4.723	5.254	17.440
<b>Total Reserves</b>	<b>5.568</b>	<b>6.142</b>	<b>7.180</b>	<b>8.063</b>	<b>21.807</b>

Source: West Dunbartonshire Integration Joint Board 2018/19 to 2020/21 Annual Accounts

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**45.** The IJB is required to achieve efficiency savings of £2.372 million in 2021/22 to achieve financial balance. It was reported to the Board in August 2021 that only £0.633 million of these savings are likely to be achieved. The balance is now to be funded, with £1.008 million from the Covid-19 earmarked reserve, £0.364 million from other earmarked reserves and the remaining £0.367 million from anticipated underspends.

**46.** In 2019/20 we highlighted that the year-end outturn should include details of the final savings position for the year. The Board received updates on progress against planned savings in each of the financial performance reports, however no further update to the Board was provided on the final savings position. Revised timescales have been agreed with officers and reported in [Appendix 1](#).

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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 IJB has appropriate governance arrangements in place to support effective decision making and accountability and conducts its business in an open and transparent manner. The IJB is currently discussing the incorporation video/online conferencing to ensure greater access to meetings, per the Covid-19 Recovery and Renewal Plan. This digital transformation is likely to further improve the transparency of meetings.

The 2019/20 Annual Performance Report was reviewed, we found that improvements have been made in the content, structure and format.

The Annual Performance Report for 2020/21 has been delayed, in line with the Coronavirus Act 2020, and will be published by the 30 September 2021 extended deadline. We will review this as part of the 2021/22 audit.

The extent of the challenges facing IJBs means that services will need to change if they are to be sustainable in the future.

Service pressures have been created by the impact of Covid-19, these have been recognised by the IJB and steps have been taken to address them through the performance reports and the Recovery and Renewal Plan. Regular updates are provided to the Board.

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

**47.** West Dunbartonshire IJB made significant changes to its governance arrangements in response to the pandemic. These have been set out in the Annual Governance Statement in the annual accounts and included an urgent matter discussed at the first virtual meeting on 25 March 2020:

- Approve the suspension of normal governance arrangements during the Covid-19 pandemic and accept the alternative Board meeting arrangements; and
- Approve delegation of authority to the Chief Officer, in consultation with the Chair and Vice Chair of the HSCP Board and the Chief Financial Officer, be enacted “if required”, to meet immediate operational demand on decisions normally requiring Board approval

**48.** Only one meeting of each of the Audit and Performance Committee (1 April 2020) and of the Board (27 May 2020) were cancelled with any relevant reports, decisions log/approval tracker and action sheets published on the website. From June 2020 the meeting schedule resumed on a virtual platform, accessible by press and public on request, with agendas streamlined to cover required statutory and strategic reports requiring board noting and/or approval. These arrangements continue to remain in place with all board reports and minutes available on the website.

**49.** We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

### **The IJB should undertake a review of its standing orders, once the revised Integration Scheme has been approved by the Health Board and the Scottish Government**

**50.** Standing orders are in place to regulate the procedures and business of the Joint Board. We noted in our 2020/21 Annual Audit Plan that the current standing orders were last reviewed and updated in 2015. An update to the Standing Orders was planned, after the revised Integration Scheme (together with the other 5 Glasgow IJBs) is presented to Scottish Ministers for approval.

**51.** A review of the integration scheme took place between the six Greater Glasgow and Clyde IJBs. The revised scheme was approved by West Dunbartonshire Council. The current status is that the Health Board has to take the revised Integration Scheme through their own governance structures to allow for an updated timeline to be submitted to the Scottish Government by the end of September. The IJB should undertake a review of the standing orders following this approval.



#### Recommendation 2 (Appendix 1 - Action Plan)

### **The Shared Service Manager – Audit and Fraud provided reasonable assurance over the adequacy and effectiveness of the systems of governance, risk management and internal control**

**52.** Internal audit provides the Joint Board, the Chief Officer and the Chief Financial Officer with independent assurance on the organisation’s overall risk management, internal control and corporate governance processes.

The Internal audit function for West Dunbartonshire Integration Joint Board is provided by West Dunbartonshire Council, overseen by the Shared Service Manager – Audit and Fraud.

**53.** Our assessment of the internal audit function concluded that it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

**54.** PSIAS requires the “chief audit executive” to provide an annual internal audit opinion and report that can be used to inform the annual governance statement. The internal audit opinion was presented to the Joint Board on 24 June 2021 and, overall, provided reasonable assurance over the adequacy and effectiveness of the systems of governance, risk management and internal control for the year to 31 March 2021.

### **Internal audit reported that strategic risk registers should be supported by operational risk registers**

**55.** We considered the following internal audit report findings as part of our audit work on governance arrangements:

- IJB Directions on how services are to be delivered by partners
- Risk Management Process.

**56.** Internal audit undertook a gap analysis of the specific requirements set out in the Statutory Guidance (Public Bodies (Joint Working) (Scotland) Act 2014) to ensure these were captured within the draft Directions Policy and Procedures documentation. The gap analysis confirmed that the majority of the statutory guidance has been included in the draft IJB Directions Policy and supporting documentation. The audit did identify some gaps and management agreed to address these gaps prior to the approval of the Policy at the Board meeting in September 2020.

**57.** The risk management process audit identified one amber risk relating to strategic risk registers should be supported by operational risks registers. Progress on all recommendations will be monitored through updates taken to the Audit and Performance Committee.

### **Four posts for non-voting Board members are currently vacant, including two chairs of locality groups. The IJB is proposing these posts be reviewed as part of the integration scheme**

**58.** There are four posts for non-voting members which are currently vacant. These are:

- Chief Social Work Officer
- A registered medical practitioner employed by the Health Board and not providing primary medical services. Professional advisor (appointee)

- Chair of the HSCP's Locality Group for the Alexandria and Dumbarton area
- Chair of the HSCP's Locality Group for the Clydebank area

**59.** The Chief Social Work Officer left the post in August 2021, an interim Chief Social Work Officer has been appointed. The IJB has been actively recruiting for the role, and at the time of writing the Annual Audit Report, the post has been offered and accepted, pending reference checks. The IJB Chief Officer has written to NHS Greater Glasgow and Clyde to identify an appropriate registered medical practitioner.

**60.** The Chairs of the Locality Groups have been vacant for some time and when in place the Chairs have not attended the Board on a regular basis. As such, the Board is currently proposing that these posts are reviewed as part of the next review of the Integration Scheme.

**Improvements have been made to the 2019/20 Annual Performance Report in the content, structure and format. However, a mechanism for undertaking a regular formal review of Best Value is not yet in place**

**61.** 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.

**62.** 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.

**63.** We reviewed the 2019/20 Annual Performance Report as part of the 2020/21 audit. We noted the following improvements:

- Better visualisation of where WDIJB sits in the Local Government Benchmarking Framework Indicators.
- Inclusion of a self-assessment template to demonstrate how WDIJB is delivering best value.

**64.** In previous years we have recommended that the IJB agree a mechanism for undertaking a periodic and evidenced formal review of how it is achieving best value to be reported through the Annual Performance Report. While the Best Value template is included at appendix six in the report, there is scope for improvement. The best value principles should be embedded in the regular performance reporting and a mechanism put in place for undertaking periodic and evidenced formal review of how the IJB is achieving Best Value.

**65.** Following on from the previous year, the Coronavirus (Scotland) Act 2020 has extended the deadline for publication of the Annual Performance Report

until 30 September 2021. We will therefore review and report on this as part of our 2021/22 audit activity.

### **Work is underway to develop a new web site**

**66.** As part of the board's improvement of its communications. Work is underway to develop a new web site. It is intended that the new site will be fully compliant with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. Although recent documents are compliant with the regulations there is a risk that some historical information may not be. We will continue to keep this area under review in 2021/22.

### **The IJB assessed the review of adult social care services and held a members' session to discuss it in detail.**

**67.** A national 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.

**68.** The IJB assessed the review during a members' session in April 2021 and is continuing to monitor developments through discussions with partners and stakeholders.

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#### **Good Practice – Members' session on the review of Adult Social Care Services**

The IJB assessed the review of Adult Social Care Services and reported this to the Board through a session held with Board members in April 2021. This session was dedicated to considering how well placed the IJB is to take forward the recommendations highlighted in the review and incorporated a range of breakout sessions with members and senior management from the IJB.

The IJB continues to monitor developments as a result of the review and is actively engaged in discussions around the implementation of the review with partners and stakeholders.

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### **The quarter four performance report shows that out of 25 performance indicators available, 11 are classed as green, 7 as amber and 7 as red.**

**69.** The pandemic is expected to have had a substantial impact on performance measures, particularly for services which have been temporarily suspended, are operating at a reduced level or have had to adapt to new ways of working.

**70.** Due to timing issues and service priorities during the current COVID-19 pandemic, partial quarter four data was presented to the June 2021 Audit and Performance Committee. The IJB has a suite of 45 performance indicators, of the 25 reported on in June 2021, seven indicators are classed as red which is outwith target tolerances. This is two less than the nine reported in the previous quarter.

**71.** Areas of positive performance included the number of weeks for referral to treatment for Children’s Mental Health Services, which has reduced to a mean of 7 weeks. There has been significant pressure on this service during 2020/21 and Q3 reported a mean value of 25 weeks and during the summer of 2020 the longest wait for assessment was 66 weeks. Improvements have been achieved through the implementation of project plans, such as:

- *Team Choice and Partnership Approach (CAPA) Implementation Plan*
- *Development of a Nurse Led Attention Deficit Hyperactivity Disorder (ADHD) Review Clinic Pathway*
- *Development of a Neurodevelopmental Assessment Pathway.*

**72.** The Board has also agreed to support some additional recruitment within the service through the drawdown of earmarked reserves.

**73.** There is are also some signs of improvement in criminal justice indicators such as the percentage of Community Payback Orders attending an induction session within 5 working days of sentence which has improved from 51% to 85% (since quarter three). However, other criminal justice indicators are not being met and this is recognised as an area of significant pressure due to the impact of Covid-19. The IJB is recruiting additional staff, following receipt of additional government funding. More unpaid work placements in the community are now being undertaken following easing of restrictions.

**74.** Areas of poorer performance included number of days lost to delayed discharges. This has increased in every quarter of 2020/21 and was an area of poorer performance in 2019/20. It's reported that the closure of Scottish Courts in March 2020 resulted in lengthy delays with complex cases where Guardianship applications were underway. Across the year, high Covid-19 cases resulted in care homes limiting the number of admissions. There are improvement actions in place to try and address this. Delayed discharges is a key focus as IJB's try to redirect care away from hospital settings and into the community, reducing the costs associated with hospital care and improving outcomes for service users.

**75.** Palliative care deaths in hospital have also deteriorated in both Q3 and Q4 of 2020/21 and are significantly outside the target of 32% (Quarter Four 41.4%). The pandemic is also have considered to have had an impact on this.

**76.** Overall, we have concluded that the IJB has good arrangements in place for managing and reporting performance.

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### **Good Practice – Covid-19 Recovery and Renewal Plan**

The IJB has developed a Covid-19 Recovery and Renewal Plan. This provides evidence of improving services and outcomes, learning from the Covid-19 pandemic and implementing improvement actions to re-build better, more equitable care services for West Dunbartonshire residents. Progress reports with evidence of good practice

and challenges are presented regularly to the Board with updates to continue in 2021/22.

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## **National performance audit reports**

**77.** 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](#).

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Management Commentary</b></p> <p>The 2020/21 management commentary included a significant amount of detailed narrative. This can obscure the key messages for the reader.</p> <p><b>Risk: The accounts are not readily accessible to users</b></p>	<p>Management should review the format and content of the 2021/22 management commentary to make it more accessible for readers of the accounts.</p> <p>Officers should consider the appropriate use of infographics and trend analysis.</p> <p><a href="#">Paragraph 23</a></p>	<p>The response to the Covid-19 pandemic impacted on every service delivered by the HSCP throughout 2020/21 and still continues to shape service delivery. This year's Management Commentary tried to reflect both the positive response as well as the more challenging impacts. The content and layout for the 2021/22 Management Commentary will aim to tell the West Dunbartonshire story in a more reader friendly format.</p> <p><b>Chief Financial Officer and the Head of Strategy and Transformation.</b></p> <p><b>June 2022</b></p>
<p><b>2. Review of Standing Orders</b></p> <p>Standing orders are in place to regulate the procedures and business of the Joint Board.</p> <p>Current standing orders were reviewed in 2015. The review of the standing orders is currently dependent on when the revised Integration Scheme is approved by the Health Board and the Scottish Government.</p>	<p>The IJB should undertake a prompt review of the standing orders following the Health Board and Scottish Government approval of the revised Integration Scheme.</p> <p><a href="#">Paragraph 51</a></p>	<p>The current version of the revised scheme requires formal approval by NHSGGC before submission to the Scottish Government. This can be used as the starting point for a review of Standing Orders.</p> <p><b>Head of Strategy and Transformation</b></p> <p><b>31 March 2022</b></p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>Risk: The current standing orders do not reflect the arrangements of the IJB.</b></p>		

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>Revised financial plans to reflect Covid-19</b></p> <p>Both the 2020/21 budget and the medium-term financial plan were developed prior to the Covid-19 pandemic.</p> <p>There remains a risk that the additional funding may not be sufficient to cover all the additional costs, and lost income, incurred by the IJB.</p>	<p>The Board should ensure that that 2020/21 budget and medium-term financial plan are revisited as there is more certainty around the short, medium and longer-term financial impact of Covid-19 on health and social care services. Contingency plans should also be developed to assist it in responding to any potential shortfall in Scottish Government funding for Covid-19 costs.</p>	<p><b>Partially Complete</b></p> <p>The IJB has earmarked £4.970m of reserves to cover additional costs associated with Covid 19 in 2021/22.</p> <p>A revised medium term financial plan is due to be presented to the Board in November 2021.</p> <p><b>Chief Financial Officer</b> <b>November 2021</b></p>
<p><b>Use of outcome data to shape future plans</b></p> <p>As the IJB continues to gather more data on care pathways and outcomes, it is important to harness this information to drive further progress in shifting the balance of care.</p> <p>There is also the opportunity to share and exchange this data with other IJBs across Scotland to learn from experiences elsewhere.</p>	<p>When developing future plans, the IJB should ensure they consider all available data to inform where they can best direct resources to deliver the improved outcomes for residents.</p>	<p><b>Outstanding</b></p> <p>Management recognises the importance of using care pathways and outcome data to better support strategic service and financial planning.</p> <p>We agreed with management that it was not appropriate to take this action forward in 2020/21 due to the prevailing impact of Covid-19 on service delivery.</p> <p><b>Revised action:</b> Management recognises the importance of data informed planning throughout the HSCP. Work is ongoing to develop and implement service redesign and quality assurance policies and</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>practices which embed the practices of data informed decision making and quality improvement through self-evaluation across the HSCP. This will be evidenced not only in policy development but through an enhanced approach to quality assurance and Best Value.</p> <p><b>Head of Strategy and Transformation</b></p> <p><b>September 2022</b></p>
<p><b>(2018/19) Savings Targets</b></p> <p>The IJB was expected to make savings of £1.216 million in 2018/19. An update on progress against these savings was presented to the August 2018 Board, showing a projected saving of £0.960 million for the year-end. However, no further individual updates were reported throughout the year or at year-end other than within the projected outturn position.</p> <p>There is a risk that the IJB is not achieving its savings targets.</p>	<p>The IJB should continue to improve on its mechanism for monitoring and reporting on its progress against efficiency savings targets on a regular basis</p>	<p><b>Partially Complete</b></p> <p>The IJB was expected to make savings of £2.675 million in 2020/21, including savings carried forward from previous years.</p> <p>The Board received updates on progress against planned savings in each of the financial performance reports, however no further update to the Board was provided on the final savings position.</p> <p><b>Revised action:</b> The Board receives an update on the progress of savings and efficiencies as part of the suite of appendices attached to the regular Financial Performance Reports. After confirmation from the Scottish Government in early February 2021 that all unachieved savings would be covered by Covid-19 funding the year end position was broadly unchanged from the February update. However, this could have been displayed more clearly. In future the savings appendix</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>will form part of the Outturn Report.</p> <p><b>Chief Financial Officer</b></p> <p><b>May 2022</b></p>
<p><b>(2018/19) Best Value</b></p> <p>While there is evidence of elements of Best value being demonstrated by the IJB, there is no mechanism for formal review, and it is not being reported through the Annual Performance Report.</p> <p>Risk: Non-compliance with requirements outlining the content of the Annual Performance Report. Opportunities for continuous improvement are being missed</p>	<p>The IJB should agree a mechanism for undertaking a periodic and evidenced formal review of how it is achieving Best Value. This should be included and reported through the Annual Performance Report.</p>	<p><b>Partially Complete</b></p> <p>Improvements were made to the 2019/20 Annual Performance Report which better demonstrate how the IJB is delivering Best Value.</p> <p>A mechanism for undertaking a regular formal review of Best Value is not yet in place.</p> <p><b>Revised action:</b> Action is required to establish an embedded mechanism to ensure regular and formal reviews of Best Value. This will encompass and seek to improve on established processes and will provide a holistic approach to continuous improvement including self-evaluation; assurance and improvement plans; inspections; appropriate use of the Local Government Benchmarking Framework and the HSCP Audit and Performance Committee</p> <p><b>Head of Strategy and Transformation</b></p> <p><b>September 2022</b></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>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<ul style="list-style-type: none"> <li>Assurances will be obtained from the auditors of NHS Greater Glasgow and Clyde and West Dunbartonshire Council over the completeness, accuracy and allocation of the income and expenditure.</li> <li>Detailed testing of journal entries.</li> <li>Review of accounting estimates</li> </ul>	<p><b>Results:</b> Satisfactory written assurances were received from the external auditors of the council and health board regarding completeness, accuracy and allocation of IJB transactions.</p> <p>Journal entries and accounting estimates were tested, and no management override of control was identified.</p>
<p><b>2. Estimates and Judgements</b></p> <p>The “set aside” figure in the accounts is the Integration Joint Board’s share of the budget for delegated acute services provided by hospitals on behalf of the Joint Board.</p> <p>Since 2019/20, the set aside is calculated using actual spend and activity levels for the year where the information is available, and estimated annual activity where it is not. Any degree of estimation requiring judgement in a material</p>	<p>Review the calculation of the set aside figure in the 2020/21 accounts, including the basis for any estimated activity.</p>	<p><b>Results:</b> The 2020/21 set aside figure was reviewed and audited. In 2019/20, calculation of this figure was revised to reflect actual cost and activity data rather than historical data uplifted for inflation.</p> <p>The corrected set aside value has increased by £4.926 million since 2019/20 representing a 15.78% increase.</p>

Audit risk	Assurance procedure	Results and conclusions
figure, such as the set aside, presents a risk of misstatement in the accounts.		

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>3. Financial Sustainability</b></p> <p>The Joint Board approved its medium-term financial plan covering the period 2020/21 to 2024/25 in March 2020.</p> <p>This set out anticipated income and expenditure for the next five years with indicative financial data to 2029/30. This projected budget gaps in each period to 2024/25 outlining best, likely and worst case scenarios.</p> <p>The Covid-19 pandemic will have a significant impact on the future financial plans of the IJB and presents a risk to the financial sustainability of health and social care services.</p>	<ul style="list-style-type: none"> <li>• Review of Chief Financial Officer's assessment of going concern for the 2020/21 accounts.</li> <li>• Monitor claims submitted to the Scottish Government and the approval and receipt of additional income for Covid-19 costs.</li> <li>• Review of Covid-19 financial tracker.</li> <li>• Review of budget monitoring reports and final outturn position.</li> <li>• Review of the IJB's year-end reserves position including the earmarking of reserves for Covid-19 driven demand.</li> <li>• Monitor progress in developing a revised medium-term financial plan to reflect the impact of Covid-19.</li> </ul>	<p><b>Results:</b> The IJB had an overall surplus of £13.744 million at the year-end.</p> <p>Despite this strong outturn position, there remains risk to financial sustainability in the medium-term. The continuing financial impact of Covid 19 is uncertain. Funding gaps of £3.976 million and £5.679 million are forecast for 2022/23 and 2023/24 respectively.</p> <p>The annual review of the medium-term financial plan has been delayed to November 2021 due to the uncertainty caused by Covid 19.</p>
<p><b>4. 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 Joint Board.</p>	<ul style="list-style-type: none"> <li>• Review progress against strategic objectives reported within WDIJB's 2020/21 Annual Performance Report.</li> <li>• Review quarterly performance reports to assess the impact of Covid-19 on the Joint</li> </ul>	<p><b>Results:</b> The Covid 19 pandemic has presented a range of challenges which the IJB have had to respond to during 2020/21. The management commentary includes good coverage of these challenges.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>There is risk that the pressures caused by the pandemic will impact on the Joint Board's ability to meet its objectives within 2019-2022 Strategic Plan.</p>	<p>Board's performance targets.</p> <ul style="list-style-type: none"> <li>• Monitor progress of Covid-19 recovery planning against the West Dunbartonshire HSCP Covid-19 Recovery and Renewal Plan approved by the Board in September 2020.</li> </ul>	<p>The IJB have a <i>Recovery and Renewal Plan</i> in place with the aim of delivering better services, improving health and reducing inequalities. Progress against this plan is being reported regularly to the Board.</p>
<p><b>5. Risk management</b></p> <p>The Board's risk management policy and strategy was due to be reviewed on 1 April 2020 but has not yet been reviewed and updated.</p> <p>In addition, an annual review of the strategic risk register did not take place in 2020 as is required under the Integration Scheme. The most recent review was a mid-year review presented to the Board in February 2020.</p> <p>Without an up to date risk register, there is a risk that the Board's ability to take decisions to prioritise and manage risks appropriately is affected</p>	<ul style="list-style-type: none"> <li>• Review of the updated strategic risk register and the IJB's Covid-19 risk register.</li> <li>• Review updated risk management policy and strategy, once available.</li> <li>• Review the findings of Internal Audit's report on the IJB's risk management process.</li> </ul>	<p><b>Results:</b> An updated risk management policy and strategy was approved by the Audit and Performance Committee in June 2021. This incorporated the recommendations from Internal Audit's review of the IJB's risk management arrangement – which concluded arrangements were satisfactory.</p> <p>The Strategic Risk Register was subject to an annual review by the Board in February 2021.</p>
<p><b>6. Standing orders</b></p> <p>Standing orders are in place to regulate the procedures and business of the Joint Board. The current standing orders were last reviewed and updated in 2015.</p> <p>There is a risk that the existing standing orders do not reflect the current procedures of the Joint Board.</p>	<ul style="list-style-type: none"> <li>• Review updated standing orders and confirm they accurately reflect the terms of the revised Integration Scheme.</li> </ul>	<p><b>Results:</b> The standing orders have not been updated. Management have taken the decision to review the standing orders when the revised Integration Scheme is implemented.</p> <p>The revised Scheme is expected to be in place in 2021/22 once approved by the Health Board and Scottish Government.</p>

Audit risk	Assurance procedure	Results and conclusions
		Refer <a href="#">recommendation 2</a> <a href="#">Appendix 1</a> .

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\*\*\*- In our Annual Audit Plan for 2020/21 which was presented to the Audit Committee in February 2021, we identified a risk of material misstatement in the financial statements caused by fraud in expenditure. However, we reconsidered this risk taking into account the results of our early audit work and have now rebutted the presumption that a material risk exists from fraud for expenditure.

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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](#)

# West Dunbartonshire Integration Joint Board

## 2020/21 Annual Audit Report

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