

Clackmannanshire and Stirling Integration Joint Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Clackmannanshire and Stirling Integration Joint Board and the Controller of Audit
November 2022

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Key messages

2021/22 annual accounts

- 1 Our audit opinions on the annual accounts of the IJB are unmodified.
- 2 The structure and content of the management commentary in the 2021/22 accounts continued to improve. However, the production of annual performance data was delayed meaning it wasn't available until late in the audit process.

Financial management and sustainability

- 3 The IJB has effective financial management arrangements in place and reported a surplus of £14.035 million for the year. This was largely due to temporary additional funding received from Scottish Government for Covid-19 pressures. The longer-term financial outlook remains challenging.
- 4 Financial management could be improved by aligning the financial reporting of partners to enable a better understanding of costs across the partnership.
- 5 The IJB's medium-term financial plan is based on existing, pre-Covid-19, assumptions. On this basis, a savings requirement of £16-17.5 million is anticipated over the next 5 financial years. Management should update the medium-term financial plan to ensure it is as accurate as possible.

Governance, Transparency and Best Value

- 6 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.
- 7 The organisation's planned review of its governance framework continues to be impacted by the Covid-19 pandemic. Key outstanding areas of focus for the review include the integration scheme and counter-fraud policy.
- 8 The IJB has put in place appropriate arrangements to demonstrate the achievement of Best Value.
- 9 Detailed performance reporting to the board continued during the pandemic. Performance reporting could be improved through the addition of clear performance targets to allow assessment of how the IJB is performing relative to expectation.

Introduction

1. This report summarises the findings arising from the 2021/22 audit of Clackmannanshire and Stirling Integration Joint Board (the IJB).
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan. This was circulated to members in March 2022 and presented to the 31 August 2022 meeting of the Audit and Risk Committee.
3. This report comprises the findings from:
 - the audit of the IJB's 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](#)
 - a review of the arrangements put in place by the IJB to secure Best Value.
4. The global coronavirus pandemic has had a considerable impact on the IJB during 2021/22. This has had significant implications for the services it delivers. We have continued to adapt the way we deliver our audit work to maintain quality and address any additional risks.

Adding value through the audit

5. We 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

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

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

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

- the effectiveness of the IJB's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability, and
- Best Value arrangements.

10. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

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

12. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation.

Auditor Independence

13. 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.

14. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £27,960 as set out in our 2021/22 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

Audit appointment from 2022/23

16. The Accounts Commission is responsible for the appointment of external auditors to local government bodies. External auditors are usually appointed for

a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

17. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Deloitte will be the appointed auditor for Clackmannanshire and Stirling Integration Joint Board. We are working closely with the new auditors to ensure a well-managed transition.

18. A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

19. We would like to thank Board members, Audit and Risk Committee members, Executive Directors, and other staff, particularly those in finance for their co-operation and assistance over the last six years.

1. Audit of 2021/22 annual accounts

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

Main judgements

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

The structure and content of the management commentary in the 2021/22 accounts continued to improve. However, the production of annual performance data was delayed meaning it wasn't available until late in the audit process.

Our audit opinions on the annual accounts are unmodified

20. The IJB's annual accounts for the year ended 31 March 2022 were approved by the Audit and Risk Committee on 16 November 2022. As reported in the independent auditor's report:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the IJB as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

The Covid-19 pandemic had a limited impact on audit evidence

21. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly.

The annual accounts were signed off in line with our agreed audit timetable

22. Submission dates for the annual audit report and audited annual accounts for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19. Audit Scotland has set target dates for 2021/22 which transition to more regular timescales. For 2021/22, the deadline for the audited accounts is 30 November 2022.

23. The unaudited annual accounts were received in line with our agreed audit timetable on 29 June 2022. This allowed us to sign off the annual accounts in line with the revised timescales.

There were no objections raised to the annual accounts

24. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. No objections to the 2021/22 annual accounts have been received.

Overall materiality is £3.535 million

25. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. 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.

26. 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.

27. Our initial assessment of materiality for the annual accounts 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](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£3.535 million
Performance materiality	£2.475 million
Reporting threshold	£0.177 million

Source: Audit Scotland

We have no significant findings to report on the audited annual accounts

28. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit.

29. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Agreement of balances and transactions to year end submissions from Clackmannanshire Council, Stirling Council and NHS Forth Valley.</p> <p>Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Evaluate significant transactions outside the normal course of business.</p>	<p>Our audit work did not highlight any instances of fraud arising from management override of control.</p>

Identified misstatements were adjusted in the audited annual accounts, these were less than our performance materiality and we did not need to revise our audit approach

30. An adjustment was made to the unaudited accounts as a result of amended data being received from Clackmannanshire Council. This decreased the surplus for the year by £0.210 million with an equivalent decrease to debtors within the balance sheet.

31. As a result of updated information, an adjustment to the unaudited accounts was also made in relation to Clackmannanshire Council's contribution and spend in relation to the IJB. As income and expenditure both increased by £0.682 million, there was no impact on the balance sheet.

The unaudited annual accounts did not include non-financial performance data

32. The Management Commentary that accompanies the annual accounts should include a balanced and comprehensive analysis of the IJB's performance for the year.

33. While a section on the financial performance was included, the required analysis of non-financial performance was omitted due to the IJB's separate Annual Performance Report not yet being prepared.

34. A similar situation arose last year and we included a recommendation in our 2020/21 Annual Audit Report. As the delay to performance data occurred again, this recommendation is still applicable.

Recommendation (follow up from prior year)

Continue to improve the process for production of the Management Commentary, in particular the timely inclusion of performance data

Limited progress was made on prior year recommendations

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

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.

Main judgements

The IJB has effective financial management arrangements in place and reported a surplus of £14.035 million for the year. This was largely due to temporary additional funding received from Scottish Government for Covid-19 pressures. The longer-term financial outlook remains challenging.

Financial management could be improved by aligning the financial reporting of partners to enable a better understanding of costs across the partnership.

The IJB's medium-term financial plan is based on existing, pre-Covid-19, assumptions. On this basis, a savings requirement of £16-17.5 million is anticipated over the next 5 financial years. Management should update the medium-term financial plan to ensure it is as accurate as possible.

We have obtained audit assurances over the wider audit dimension risks relating to Financial Management and Sustainability identified in our 2021/22 Annual Audit Plan

36. [Exhibit 3](#) sets out the audit dimension risks relating to Financial Management and Sustainability we identified in our 2021/22 audit. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3**Risks identified from the auditor's wider responsibility under the Code of Audit Practice**

Audit risk	Assurance procedure	Results and conclusions
<p>Financial sustainability</p> <p>The IJB's Medium-Term Financial Plan highlights a budget gap of £16 million to £17.5 million over the next 5 years due to projected demand, cost and funding pressures.</p> <p>The IJB develops annual savings plans to mitigate this, however there remains a risk that services aren't financially sustainable over the longer term.</p>	<p>Review and assess year-end position and the progress and impact in delivering savings.</p> <p>Review and consider the medium-term financial plan and mobilisation plan.</p>	<p>The IJB continues to forecast a challenging medium term financial position, and intends to respond through its Transformation Plan.</p> <p>The recovery from the Covid-19 pandemic adds additional pressure and uncertainty. The impact of this is not currently included within the IJB's forecast.</p> <p>We recommend that the IJB updates its medium-term financial plan as soon as there is more clarity on the financial impacts of Covid-19.</p>

The 2021/22 budget included planned savings and contributions from reserves to address the funding gap

37. The IJB approved its 2021/22 budget in March 2021, with a funding gap of £4.976 million. Plans to address the gap included savings from a redesign of learning disability and mental health services, and medicine optimisations.

38. There were significant changes to the budget during the year due to the allocation of additional funding from Scottish Government. Management reported regular updates to the board on the impact of this additional funding.

The IJB returned a surplus in 2021/22, due to the receipt of temporary additional funding

39. 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.

40. The IJB does not have any tangible assets, nor does it directly incur expenditure. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records.

41. The IJB returned a surplus of £14.035 million for the 2021/22 financial year ([Exhibit 4](#)). It was achieved largely due to the following:

- Additional funding, which covered an approximately £3.6 million budget shortfall. This included £16.819 million of Covid-19 funding allocated in late February 2022, close to the financial year end.
- Underspends due to staffing challenges.

42. The additional funding is temporary, with any unused amount held in reserves. The IJB projects an annual recurring budget deficit. While the immediate financial position is positive, the board still anticipates a significant longer term financial challenge.

Exhibit 4

2021/22 Financial Performance

IJB budget summary		£m
Health Services (NHS Forth Valley)		164.048
Social Care Services (Clackmannanshire Council)		21.647
Social Care Services (Stirling Council)		42.542
Total Net Expenditure		228.237
Funding		242.272
Surplus		14.035
Net increase in Covid-19 Reserves		6.357
Net increase in other earmarked reserves		7.679

Source: Clackmannanshire and Stirling IJB Annual Accounts

Reserves increased to £28.248 million in 2021/22, however recurring budget challenges remain

43. The IJB operates one reserve, a General Fund reserve which is a resource backed reserve to be used to fund future expenditure. The General Fund had a closing balance of £28.248 million as at 31 March 2022. As shown in [\(Exhibit 4\)](#), this was an increase of £14.035 million from the prior year in line with the 2021/22 surplus.

44. In common with many IJBs, Clackmannanshire and Stirling IJB's reserves have increased significantly over the last two years largely due to Covid-19 funding from Scottish Government.

45. The majority of these reserves are earmarked for a specific purpose, for example:

- Covid-19 funding - £12.999 million
- Winter service pressure funding - £3.296 million
- Transformation funding - £1.914 million

46. While some of the reserves are earmarked to offset specific service pressures, they are a finite resource and therefore the recurring budget challenges remain despite the high reserves balance.

47. In September 2022, the Scottish Government commenced discussions with IJBs regarding the possible claw back of reserves to meet future funding pressures. These discussions are on-going, for Clackmannanshire and Stirling Integration Joint Board management currently estimate that £8.0m of Covid-19 reserves will be reclaimed.

Budget monitoring processes are appropriate, but the content of regular budget reporting should be improved

48. Budget monitoring reports were submitted to meetings of the IJB throughout the year. The reports forecast the year end surplus or deficit against budget and give narrative on the financial pressures and areas of uncertainty.

49. While there is detailed narrative on the financial challenges the board is facing, reports could be improved. In particular, it would be appropriate for regular reporting to include the board's actual expenditure on different service.

50. Financial information used to create budget monitoring reports is recorded at partner bodies (NHS Forth Valley and Clackmannanshire and Stirling councils). We highlighted in our 2019/20 and 2020/21 annual audit reports that this was largely based on the reporting styles for each of the three partner bodies, and that this makes understanding the costs across the IJB as a whole more challenging. Budget monitoring reports are largely unchanged in 2020/21 and our recommendation therefore remains relevant.

Recommendation 1

IJB regular financial reports should be updated to detail total expenditure against budget

Recommendation (follow up from prior year)

Align partner financial reporting to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership

A breakeven budget was set for the 2022/23 financial year, however the level of financial challenge is increasing

51. The IJB approved its 2022/23 budget in March, with a breakeven budget requiring the achievement of £2.023 million savings during the year. A savings plan was included alongside the budget, targeting medicine optimisation and demand management as key areas to reduce costs.

52. The budget report also highlighted a number of risks impacting the 2022/23 budget, including:

- Uncertain levels of demand, driven by Covid, but also more widely
- Cost uncertainty, in particular the impact of rising inflation
- Recruitment, retention and resilience of its workforce.

The IJB's medium term plan should be updated

53. The IJB last considered its medium-term plan in September 2021. This projected a £16-17.5 million savings requirement over the next 5 financial years. The September 2021 plan acknowledged that this projection was based on pre-Covid assumptions from its original March 2020 medium-term plan.

54. In our 2019/20 and 2020/21 annual audit reports we highlighted that the medium-term financial plan should be updated to reflect the impact of Covid-19 at the earliest opportunity.

55. The financial risks the board has highlighted in relation to its 2022/23 budget emphasise the importance of the IJB ensuring its medium-term plans are as accurate as possible.

Recommendation (follow up from prior year)

Update the Medium-Term Financial Plan to reflect the impact of Covid-19

Financial systems of internal control operated effectively

56. The IJB does not have its own financial systems and instead relies on partner bodies' financial systems, including ledger and payroll. All IJB transactions are processed through the respective partners' systems and all controls over these systems are within the partner bodies, rather than the IJB.

57. As part of our audit approach, we sought assurances from the external auditor of Stirling Council, Clackmannanshire Council and NHS Forth Valley. These assurances confirmed that there were no weaknesses in the systems of internal controls relevant to the IJB for either council or the health board.

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

58. 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 reviewed the arrangements in place at Stirling Council, Clackmannanshire Council and NHS Forth Valley and found them to be adequate.

59. 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.

4. Governance, transparency and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.

The organisation's planned review of its governance framework continues to be impacted by the Covid-19 pandemic. Key outstanding areas of focus for the review include the integration scheme and counter-fraud policy.

The IJB has put in place appropriate arrangements to demonstrate the achievement of Best Value.

Detailed performance reporting to the board continued during the pandemic. Performance reporting could be improved through the addition of clear performance targets to allow assessment of how the IJB is performing relative to expectation.

We have obtained audit assurances over the wider audit dimension risks relating to Financial Management and Sustainability identified in our 2021/22 Annual Audit Plan

60. [Exhibit 5](#) sets out the audit dimension risks relating to Governance, transparency and Best Value we identified in our 2021/22 audit. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 5**Risks identified from the auditor's wider responsibility under the Code of Audit Practice**

Audit risk	Assurance procedure	Results and conclusions
<p>Performance</p> <p>The national response to the Covid-19 pandemic has significantly affected Clackmannanshire and Stirling Integration Joint Board's normal service provision.</p> <p>The continuing pressures of the pandemic, both operational and financial, result in a risk that Clackmannanshire and Stirling Integration Joint Board will not be able to meet the expectations of its stakeholders.</p> <p>The impact of the pandemic increases the challenge in monitoring, reporting and managing performance.</p>	<p>Understanding the impact of Covid-19 on non-financial performance and the actions being taken to manage and report performance.</p> <p>Assess progress on 2020/21 recommendation for the introduction of performance targets.</p>	<p>Regular performance information has been reported to the board throughout the year and recovery from the Covid-19 pandemic clearly continues to put significant pressure on services.</p> <p>The content of performance reports is largely unchanged and our recommendation that clear performance targets are introduced is still relevant.</p>

Governance arrangements are appropriate, however a planned review of these as been delayed again

61. The IJB made changes to its governance arrangements at the outset of the pandemic in March 2020. These have been detailed in the Annual Governance Statement in the annual accounts. Overall, we consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

62. In our 2019/20 and 2020/21 annual audit report we noted that the IJB intended to update its governance framework, including reviewing the integration scheme. Much of the work was paused at the outset of the pandemic as management focussed on service delivery and this recommendation has not yet been actioned.

Recommendation (follow up from prior year)

As part of the review of the governance framework the IJB should look to update the supporting documents including the integration scheme and counter fraud policy

IJB performance reporting should be updated to include clear performance targets

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

64. 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. As in 2019/20 and 2020/21, production of the IJB's Annual Performance Report was delayed in 2021/22. This is currently planned for publication in November 2022.

65. IJB service performance is monitored by the board through Quarterly Performance Reports. These reports contain a large amount of data on IJB operations, structured around IJB strategic priorities. Data is presented with many comparator months, which allows trends to be identified. However few targets are identified meaning it's not clear how the IJB is performing relative to expectations.

66. This was highlighted in our 2020/21 annual audit report and remains an issue in 2021/22.

Recommendation (follow up from prior year)

Performance reporting could be improved through the addition of clear performance targets to allow assessment of how the IJB is performing relative to expectation

Arrangements are in place to secure Best Value

67. 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.

68. The IJB demonstrates how it is meeting its best value duties through its the progress the partnership is making towards delivering the priorities of its Strategic Improvement Plan and Transformation Plan, and through its financial performance reporting mechanisms.

69. The IJB acknowledges the need to improve its arrangements to provide assurance over the delivery of best value and has included an action within the Governance Statement of the Annual Accounts to address this.

70. Overall, the IJB is taking steps to provide better alignment between its strategic vision, financial planning and delivery of savings. This needs to be sustained in order to demonstrate that the IJB is meeting its best value duties.

71. The IJB reports that elements of its Strategic Improvement Plan were delayed due to the pandemic, including the full delegation of all services that are part of the integration scheme. The Board should work with partners to prioritise delegation of all planned services to the IJB.

Recommendation 2

The Board should work with partners to prioritise delegation of all planned services to the IJB

The IJB has set equalities outcomes for the period 2021/22 to 2024/25 and has embedded equality considerations into its board reporting

72. The Board approved its equalities outcomes for the period 2021/22 to 2024/25 in March 2021, these were linked to an online consultation process. The Board also considered an update on progress in delivering on its equality duties and intends to publish Equality Mainstreaming and Outcomes reports in March 2023 and March 2025.

73. The IJB has demonstrated a commitment to compliance with its equalities duties and reports are routinely assessed against the Board's Fairer Scotland Duty responsibilities.

National performance audit reports

74. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22 we published some reports which may be of direct interest to the IJB as outlined in [Appendix 3](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Content of Finance Reports</p> <p>While there is detailed narrative on the financial challenges the board is facing, reports could be improved. In particular, it would be appropriate for regular reporting to include the board's actual expenditure on different services.</p> <p>Risk – Finance reports may not provide a sufficient overview of IJB financial performance.</p>	<p>IJB regular financial reports should be updated to detail total expenditure against budget</p> <p>Paragraph 49.</p>	<p>The Annual Internal Audit report contained a recommendation to survey IJB members on desired style and format of financial reporting. This management action in response to this recommendation is being taken forward before introducing substantive changes to the IJB Finance Report. This notwithstanding we agree that the recommendation made here is reflective of good practice and will be actioned.</p> <p>IJB Chief Finance Officer February 2023</p>
<p>2. Delegation of Services</p> <p>The IJB reports that elements of its Strategic Improvement Plan were delayed due to the pandemic, including the full delegation of all services that are part of the integration scheme.</p>	<p>The Board should work with partners to prioritise delegation of all planned services to the IJB.</p> <p>Paragraph 71.</p>	<p>Work to agree and implement delegation of all planned services is underway led, on behalf of the IJB, by the Chief Officer. Completion requires ongoing support and commitment from the Chief Executives of the constituent authorities and requires associated decision making in particular by NHS Forth Valley.</p> <p>IJB Chief Officer May 2023</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>Performance Reporting Targets</p> <p>IJB performance reports are detailed, but lack benchmarks or targets to put the data in context.</p> <p>There is a risk that the IJB performance reports do not present a clear picture of IJB performance.</p>	<p>Performance reporting could be improved through the addition of clear performance targets to allow assessment of how the IJB is performing relative to expectation.</p>	<p>In progress</p> <p>The new Strategic Commissioning Plan, under development, will support a refreshed performance reporting style including service focused performance targets, management information as well as benchmarking across services and more widely; this has been place over the past year to better manage performance across discharge planning and community capacity including care at home, care homes and community hospitals. Some recording systems are being replaced to ensure better quality reporting based in better recording. Post-pandemic, the learning from streamlined recording and reporting is being utilised to improve whole systems performance management and comparative analysis.</p> <p>Head of Strategic Planning and Health Improvement June 2023</p>
<p>Management Commentary</p> <p>The structure and content of the management commentary could be improved to make the performance and financial information clearer.</p> <p>There is a risk that the information within the management commentary does not accurately capture</p>	<p>The IJB should review and update the structure and content, including clearer performance and financial information and better highlight the organisational achievements for the year under review.</p> <p>2021/22 Update</p> <p>The structure and content is significantly impacted since</p>	<p>In Progress</p> <p>The style and content of the management commentary will continue to be developed to improve understanding, clarity and triangulation of financial and performance information and alignment to strategic priorities. This in turn assists in demonstrating best value.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>the performance and financial information.</p>	<p>this recommendation was originally raised.</p> <p>However, management should continue to improve their process for production of the Management Commentary, in particular the timely inclusion of performance data.</p>	<p>Earlier availability of the performance information which will be incorporated within the Annual Performance Report will continue to be pursued however this is dependent on both local and national availability of data.</p> <p>This is aimed to be achieved through aligning annual accounts and annual performance report timetable.</p> <p>Chief Finance Officer June 2023</p>
<p>Financial Management</p> <p>The finance teams of NHS Forth Valley, Stirling Council, and Clackmannanshire Council operate independently, use different financial systems, and report separately to the IJB Chief Finance Officer.</p> <p>There is a risk that financial monitoring data is not accurately accounted for.</p>	<p>The IJB should align partner financial reporting to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership.</p> <p>2021/22 Update</p> <p>Financial reporting in 2021/22 is unchanged.</p>	<p>In Progress</p> <p>Work is ongoing to improve financial reporting and produce a more integrated style of financial reporting to the IJB and HSCP Leadership Teams. This has taken longer than anticipated due to complexity of the task and competing demands including increasing Scottish Government requirements for financial returns.</p> <p>IJB Chief Finance Officer September 2023</p>
<p>Financial Sustainability</p> <p>The IJB has a savings requirement of £6.214 million per the 2020/21 budget settlement. Ongoing cost and demand pressures of approximately £19.660 million per year are projected over the next 5 years. These projections were made prior to the impact of Covid-19.</p> <p>The Covid-19 pandemic has introduced further financial</p>	<p>The IJB should update the MTFP to reflect the impacts of Covid-19 at the earliest appropriate opportunity.</p> <p>2021/22 Update</p> <p>The MTFP has not yet been updated for the impact of Covid-19.</p>	<p>In Progress</p> <p>Work to review and update the MTFP is underway and is being aligned to</p> <ul style="list-style-type: none"> • The Scottish Government Resource Spending Review published in May 2022 • The 2023/24 Scottish Draft Budget being published on 15 December 2022

Issue/risk	Recommendation	Agreed management action/timing
<p>challenges. The estimated additional cost of Covid-19 between March 2020 and March 2021 is £11.598 million.</p> <p>There is a risk that the IJB may not be able to deal with future financial challenges and deliver required savings without adversely impacting service delivery.</p>		<ul style="list-style-type: none"> The 2023/2033 IJB Strategic Commissioning Plan to be approved and published in March 2023 <p>The MTFP will take cognisance of both direct and indirect impacts of Covid including the higher levels of service demand and complexity/acuity of care.</p> <p>Chief Finance Officer March 2023</p>
<p>Update of governance documents</p> <p>There are a number of policies and documents that have not been updated.</p> <p>There is a risk that the existing governance documents do not reflect current arrangements.</p>	<p>As part of the review of the governance framework the IJB should look to update the supporting documents including the integration scheme, scheme of delegation and counter fraud policy.</p> <p>2021/22 Update</p> <p>The integration scheme and counter fraud policy have not yet been updated.</p>	<p>In Progress</p> <p>Revised Scheme of Delegation was completed and approved by IJB in March 2023. Review of Financial Regulations and further consideration of counter fraud policy and/or requirement for more overt assurance on counter fraud arrangements from the constituent authorities.</p> <p>Additionally, in relation the Integration Scheme, the IJB will continue to work with constituent authorities to identify if there is a requirement to prepare a revised integration scheme.</p> <p>Chief Finance Officer – Financial Regulations and Counter Fraud June 2023</p> <p>Chief Officer – Integration Scheme March 2023</p>

Appendix 2. Summary of 2021/22 national performance reports and briefings

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

Clackmannanshire and Stirling Integration Joint Board

2021/22 Annual Audit Report

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