

# Fife Integration Joint Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

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

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# Key messages

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## 2021/22 annual accounts

- 1 Our audit opinions on the annual accounts of the IJB are unmodified.
- 2 Identified misstatements of £3.25 million were adjusted in the audited annual accounts.
- 3 There has been progress across our prior year recommendations.

## Financial management and sustainability

- 4 The 2021/22 budget included £14.2 million of savings and £3.8 million of these were unachieved.
- 5 After additional Covid -19 funding the IJB returned an overall surplus of £50 million for 2021/22 and reserves now stand at £80 million.
- 6 There is a forecast underspend on core activities of £7 million for 2022/23 with staff vacancies cited as the main cause.

## Governance, Transparency and Best Value

- 7 Leadership and vision remain strong.
- 8 There has been progress with transformation but pressures on the sector continue to grow.
- 9 Engagement with staff has continued to be good and there is a clear commitment to staff wellbeing.
- 10 A workforce strategy has been developed but vacancies are proving difficult to fill.

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# Introduction

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1. This report summarises the findings arising from the 2021/22 audit of Fife Integration Joint Board (the IJB).
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan presented to the meeting of the Audit and Risk Committee (now Audit and Assurance Committee) on 27 April 2022.
3. This report comprises the findings from:
  - the audit of the Fife 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 continued impact on the IJB and its partner bodies during 2021/22. This has had implications for the services they deliver and their ability to achieve strategic priorities. We considered the risks related to the pandemic as part of our audit planning and did not consider there to be any significant audit risks for 2021/22.

## 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 2](#)) 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. It also includes outstanding actions from last year and the steps being taken to implement them.

## 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 £28,000 (2020/21 £28,000) as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**15.** This report is addressed to 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.

## **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 Azets will be the appointed auditor for the IJB and its constituent bodies. 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.

## **Thank you**

**19.** We would like to thank IJB members and officers, together with finance staff at constituent bodies for their co-operation and assistance over the last six years.

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# 1. Audit of 2021/22 annual accounts

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

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## Main judgements

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

Identified misstatements of £3.25 million were adjusted in the audited annual accounts.

There has been progress across our prior year recommendations.

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## 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 IJB on 25 November 2022. 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 the Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

## The annual accounts were submitted for audit by the statutory date

**21.** The IJB, working with constituent bodies, was able to submit the accounts for audit and place them for inspection in line with regulations with no delay caused by Covid-19.

## We provided our audit opinion in line with our locally agreed audit timetable by the end of November 2022

**22.** Audit Scotland set a target date of 31 October 2022 for the completion of local government audits for 2021/22. However, the extent of delays to the completion of audits in previous years together with continuing Covid-19

restrictions and resourcing issues and prioritisation of constituent body audits (on which the IJB relies) meant that we were unable to commit to this target date at Fife IJB. We agreed a local delivery target of the end of November, which was achieved.

## There were no objections raised to the annual accounts

**23.** Interested persons have the right to inspect and object to the annual accounts of local government bodies in Scotland. 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.

**24.** The IJB complied with this requirement and no objections to the accounts were received.

## Overall materiality is £6.4 million

**25.** The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of any misstatement in the annual accounts. 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, we also determine a lower performance materiality threshold. 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.

**26.** Our initial assessment of materiality was carried out during the planning phase of the audit and following review on receipt of the unaudited annual accounts remains unchanged. Materiality and reporting thresholds are identified in [Exhibit 1](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£6.4 million
Performance materiality	£3.8 million
Reporting threshold	£250 thousand

## We have obtained assurance over the significant risks identified in our audit plan

**27.** [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><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></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 Fife Council and NHS Fife financial reports / ledger / correspondence.</p> <p>Constituent body auditor assurances obtained over:</p> <ul style="list-style-type: none"> <li>• the completeness, accuracy and allocation of income and expenditure to IJB activities included in IJB accounts consolidation schedules.</li> <li>• year-end adjustments and journals.</li> </ul> <p>Review of financial monitoring reports during the year.</p>	<p>We received assurances from constituent body auditors in relation to financial information provided, controls in place and results of testing at constituent bodies.</p> <p>We reviewed the consolidation adjustments made to arrive at figures in the IJB accounts.</p> <p>We reviewed key reconciliations undertaken by the IJB.</p> <p>We did not identify any management override of controls and concluded that the financial position of the IJB was supported.</p>

### Other areas of audit focus

**28.** In addition to the significant risk arising from possible management override of controls, we identified a risk of material misstatement in relation to the accounting for Covid-19 income and expenditure following omissions that were corrected during the previous year's audit. Based on our assessment of the likelihood and magnitude, we did not deem this a significant risk but undertook specific procedures.

**29.** We reviewed the treatment of Covid-19 funding and expenditure, together with transactions between constituent bodies and identified net payments of £3.25 million from NHS Fife to Fife Council that were not properly reflected in the IJB accounts [Exhibit 3](#).

### Significant findings

**30.** 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 one significant finding to report [Exhibit 3](#).

## Exhibit 3

### Significant findings from the audit of financial statements

Issue	Resolution
<p><b>1. Cost of activities commissioned</b></p> <p>Transactions between NHS Fife and Fife Council in relation to funding and reserves were not fully adjusted in the IJB accounts.</p> <p>A reconciliation of payments between constituent bodies to consolidation adjustments was requested which identified net transactions of £3.25 million included as cost of services provided by NHS Fife which should have been disclosed as costs of services provided by Fife Council. IJB contribution income and the operating surplus were unaffected.</p>	<p>The audited accounts were amended.</p> <p><b>Recommendation 1</b></p> <p>(Refer <a href="#">Appendix 1</a>, action plan)</p>

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

**31.** Adjusted misstatements of £3.25 million, identified in [Exhibit 3](#), were below our performance materiality. We have reviewed the nature and causes of these misstatements and concluded that they rose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. We did not need to revise our audit approach.

**32.** There were a number of other minor presentational amendments made to the accounts during the course of the audit including the netting down of debtors and creditors with the council.

### There has been progress across our prior year recommendations

**33.** In our annual audit report for 2020/21 we carried forward 14 recommendations for improvement. There has been progress on many of these recommendations, with 10 now marked as complete, as set out in [Appendix 1](#).

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## 2. Financial management and sustainability

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

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### Main judgements

The 2021/22 budget included £14.2 million of savings and £3.8 million of these were unachieved.

After additional Covid -19 funding the IJB returned an overall surplus of £50 million for 2021/22 and reserves now stand at £80 million.

There is a forecast underspend on core activities of £7 million for 2022/23 with staff vacancies cited as the main cause.

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### The 2021/22 budget included £14.2 million of savings

**34.** On 26 March 2021 the IJB approved a budget for core services of £556 million for 2021/22. This included prior year unachieved savings of £5.5 million and further new savings of £8.7 million (a total of £14.2 million) to close the funding gap.

**35.** The 2020/21 Covid-19 funding position and costs continued to be managed separately from the budget for core services, as part of the Local Mobilisation Plan (LMP) process with the Scottish Government.

### There was an underspend of £5.8 million on core activities but £3.8 million of planned savings (27%) remained unachieved

**36.** At the end of 2021/22, £3.8 million of the £14.2 million savings approved remained unachieved. However, additional Covid-19 funding was provided to compensate for the non-delivery of £2.6 million of these savings and there was an overall underspend on core activities of £5.8 million. This was due in part to positive management action, with some services remaining paused. However, underspends were also incurred due to unintentional staff vacancies in a number of areas.

## Covid-19 costs of £33 million were met from reserves and additional funding

**37.** Covid-19 costs of £33 million for 2021/22 have been reported separately from the costs of core activities in finance reports and form part of the Local Mobilisation Plan arrangements with the Scottish Government.

**38.** These costs were met using £13.7 million of brought forward reserves (held specifically for Covid-19) together with £19.3 million additional Covid-19 funding received in the year. In total the IJB received additional Covid-19 funding of £55 million in 2021/22 with £36 million carried forward in earmarked reserves.

## After additional Covid-19 funding the IJB achieved a surplus of £50 million

**39.** The IJB also received additional funding for specific and other purposes late in the year and much of this also remained unspent.

**40.** Together with an underspend on core services of £5.8 million, this resulted in an overall surplus of £50 million for 2021-22 and increased total reserves to almost £80 million at the 31 March 2022. This is the second year the IJB has returned a surplus and increased the level of reserves ([Exhibit 4](#)).

### Exhibit 4

#### Performance against budget (before additional contributions)

The IJB returned a surplus of £50 million and carried forward £80 million of reserves in 2021/22

IJB budget summary	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Final Budget	529	547	538	597	654	704
Actual spend	538	555	547	604	624	654
Over/ (under) spend before deficit funding	9	8	9	7	(30)	(50)
Overall reserves c/f	0	0	0	0	30	80

Source: Fife IJB Accounts

**41.** Of the £80 million of reserves carried forward almost £36 million is committed for future Covid-19 costs and just over £30 million is committed for other purposes. The remaining £13.4 million is identified as uncommitted.

**42.** Additional funding for core activities was received too late in 2021/22 for it to feature in the budget for 2022/23 but subsequent finance updates indicate

how reserves will be used. Whilst finance updates identify all earmarked reserves, there is little narrative to explain their purpose and it is not always clear when reserves are expected to be used.

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## Recommendation 2

Consider the need for budget and finance reports to include more information on the use of reserves.

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### The 2022/23 budget includes planned delivery of £2.5 million of savings and £1.2 million of uncommitted reserves

**43.** The 2022/23 budget for core services was set on the basis that £2.5 million of previously unachieved savings would now be delivered and £1.2 million of uncommitted reserves could be used.

**44.** The planned use of reserves was approved to compensate for the further delay to delivery of savings from the Total Mobile and MORSE initiatives.

**45.** Expected Covid-19 costs for 2022/23 remained uncertain and continued to be managed as part of the Local Mobilisation Plan reporting process (outwith the budget for core activities).

**46.** Budget gaps for 2023/24 and 2024/25 were identified as £4.5 million and £7.7 million respectively (including £3.2 million of ongoing recurrent Covid-19 costs identified).

**47.** Update of the Medium Term Financial Strategy (MTFS) was deferred to enable the revised Strategic Plan to be reflected later in the year.

### There is a forecast underspend on core activities of £7 million for 2022/23, with staff vacancies cited as the main cause

**48.** The Finance Report to the September 2022 IJB forecasts an underspend on core services of £7 million. Staff vacancies continue to feature in the explanations as a main cause of budget variances. In some cases vacancies mean that costs are higher due to the use of agency and bank staff but overall vacancies are probably the biggest factor in the overall forecast underspend.

**49.** Adult Placements continues to be an area of significant overspend as commissioned packages remain higher than budgeted by around £4 million. The overspend is more than offset by underspends in other service areas with a large underspend in Adult Supported Living due to community support services remaining paused. There are ongoing reviews of care packages but it may be that the budget needs to be further realigned.

**50.** Despite projected underspending, the finance update for September shows that the planned use of uncommitted reserves has increased to £5.5 million. This is to meet new cost pressures and in some cases to build capacity or to fund invest-to-save initiatives.

## **Discussions are ongoing between IJBs and the Scottish Government around the use of Covid-19 reserves**

**51.** Discussions are ongoing between IJBs and the Scottish Government around the use of the balance of Covid-19 funding reflected in reserves. We understand the Scottish Government have indicated that the balance of unspent Covid-19 funding held in reserves will be clawed back. However, it remains unclear how this will be achieved.

## **Systems of internal control operated effectively**

**52.** IJB controls exist to ensure the integrity of information reported to the IJB and included in the Annual Accounts are in accordance with the Integration Scheme.

**53.** We received assurances from constituent body auditors that controls in place were effective and that arrangements for the prevention and detection of fraud and error were appropriate.

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# 3. Governance, transparency and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information

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## Main Judgements

Leadership and vision remain strong.

There has been progress with transformation but pressures on the sector continue to grow.

Engagement with staff has continued to be good and there is a clear commitment to staff wellbeing.

A workforce strategy has been developed but vacancies are proving difficult to fill.

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## Leadership and vision remain strong

**54.** Following a period of interim management arrangements in 2020/21 permanent appointments were made to heads of service posts within the Health and Social Care Partnership (HSCP) and a new management structure was introduced in July 2021.

**55.** The Chief Officer's intention with the new management structure is to better develop user focused care pathways by ensuring that staff who need to work together from across the partner organisations are part of the same team.

**56.** The Senior Leadership Team (SLT) have established an extended leadership team and are working to establish a 'Team Fife' culture to support a vision of being amongst the best performing HSCPs by 2025. This is known as 'Mission 2025'.

## There has been progress with transformation but pressures on the sector are growing

**57.** There is a transformation governance board supporting the Senior Leadership Team and a Project Management Office is now in place.

**58.** There has been continued progress with transformation projects and transformation updates have been provided to the IJB. However, updates do not currently include financial information or forecast savings.

**59.** Financial planning has never been as important or as challenging and the IJB are in the process of updating the Medium Term Financial Strategy (MTFS) which will follow the completion of the revised Strategic Plan.

**60.** The revised MTFS will need to reflect the ongoing Covid-19 pressures identified as part of the LMP process and further identify and model pressures affecting the sector.

**61.** It will be important that savings identified in the MTFS are deliverable and the IJB will need to work with its partners to ensure the revised MTFS is robust.

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### **Recommendation 3**

**Ensure that financial plans and strategies fully reflect pressures and that savings identified remain deliverable.**

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#### **Engagement with staff has continued to be good and there is a clear commitment to staff wellbeing**

**62.** Communication and engagement continue to be good with weekly briefings and regular meetings of the Local Partnership Forum (LPF). A LPF annual report has again been produced for 2021/22.

**63.** There is a clear commitment to staff wellbeing which features in the weekly Director's Briefings to staff and is a standing item on LPF agendas. There have been a number of practical initiatives available to staff and funds are held in an earmarked reserve for ongoing initiatives.

**64.** Staff wellbeing will be increasingly important to the delivery of service during this period of ongoing pressure and change. Reducing sickness absence rates amongst council services, which have been running at around 14% during 2021/22, will also help reduce costs.

#### **A workforce strategy has been developed but vacancies are proving difficult to fill**

**65.** A health and social care workforce strategy has been developed and submitted to the Scottish Government. It identifies a growing issue with staff vacancies and the challenges of recruiting in a number of areas. Issues which are likely to have an ongoing impact on service delivery and waiting times for some time.

**66.** Recruitment is recognised not just as a problem for the HSCP's own workforce but also as a problem for its care partners in the independent sector. A collaborative approach to addressing issues is recognised.

## **The revised Integration Scheme was approved and further improvements have been made to governance arrangements**

**67.** The revised Integration scheme was approved by constituent bodies and the Scottish Government in March 2022. The revised scheme is clearer on responsibilities for strategic direction (IJB) and operational delivery (constituent bodies). It also provides greater flexibility around the committee structure supporting the IJB.

**68.** Revised committee arrangements with refreshed terms of reference have been introduced which has further helped clarify roles. The IJB's governance manual has also been updated following the approval of the revised integration scheme.

## **Risk management continues to improve**

**69.** There have been further improvements to risk management arrangements with a clear delineation of strategic and operational risks and a clarification of risk ownership. Work on a revised shared risk appetite / policy statement and strategy is ongoing.

**70.** Arrangements meant that the Audit and Assurance Committee may seek clarification from other committees on aspects of risk management, in addition to highlighting any issues with arrangements to the full IJB. The IJB and its committees may probe areas of operational risk in their oversight roll.

## **There have been improvements to wider participation and engagement arrangements**

**71.** The HSCP has established a participation and engagement team to help ensure that service users and stakeholders are consulted and involved in service redesign. Work on an updated Participation and Engagement Strategy is underway.

## **Collaborative approaches are being fostered and there has been increasing use of technology**

**72.** Collaborative approaches to care are being fostered with joint working initiatives such as the Care at Home Collaborative, which brings together 15 care at home providers to better help service users in a return to their own homes.

**73.** Over the Covid-19 period good use has been made of digital solutions such as 'Near Me' to facilitate service delivery. The partnership is also making more use of sensor technology as part of assessment processes and there is use of geographic information systems to better plan service delivery.

## **An internal review of compliance with the best value framework was undertaken and an annual performance report produced**

**74.** 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 and monitoring progress towards their strategic objectives.

**75.** The IJB approved a best value framework in 2019 and took a position statement in 2020. There was no review in 2021 and we made a recommendation in our 2020/21 AAR in relation to coverage of best value in the annual performance report.

**76.** A review against the best value framework was taken to the Finance Performance and Scrutiny Committee in July 2022 and coverage in the Annual Performance Report has improved. There remains scope for the better use of performance information to demonstrate value for money and continuous improvement.

## **National Care Service**

**77.** The Scottish Government has now published the National Care Service (Scotland) Bill in support of its vision of further social care reform. Although the legislation lays down a framework for reform, there is still much to be decided about what the National Care Service will look like and this will be determined through an ongoing co-design process.

**78.** The proposals are for a new national body the 'National Care Service' accountable to Scottish Ministers and at a local level care boards to replace integration authorities. Care Boards will be accountable to the NCS for the delivery of social care.

## **National performance audit reports**

**79.** 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 2](#).

# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Cost of activities commission</b></p> <p>The cost commissioned activities in the IJB accounts not been adjusted for payments between constituent bodies.</p>	<p>Ensure that payments between constituent bodies are reconciled to consolidation adjustments made when producing the IJB accounts.</p> <p><a href="#">Paragraph 42.</a></p>	<p>Reconciliation of payments between constituent bodies and consolidation adjustments to be undertaken as part of closedown in 2022/23.</p> <p>Audrey Valente 30/6/2023</p>
<p><b>2. Use of reserves</b></p> <p>Planned use of reserves was not part of the budget setting report for 2022/23. Finance updates identify all earmarked reserves but there is little narrative to explain their purpose and it is not always clear when reserves are expected to be used.</p>	<p>Consider the need for budget and finance reports to include more information on the planned and actual use of reserves.</p> <p><a href="#">Paragraph 42.</a></p>	<p>Changes will be considered for future reports.</p> <p>Audrey Valente 31/3/2023</p>
<p><b>3. Financial pressures and identified savings</b></p> <p>Financial planning has never been as important or as difficult. It will be increasingly important that pressures are properly modelled and that forecast savings are deliverable.</p>	<p>Ensure that financial plans and strategies fully reflect pressures and that savings identified remain deliverable.</p> <p><a href="#">Paragraph 42.</a></p>	<p>The updated MTFs and budget for 2023/24 will include known pressures and deliverable savings.</p> <p>Audrey Valente 31/3/2023</p>

<b>b/f 1. Supporting Working Papers</b>	Ensure that working papers provided in respect of changes in funding and budgets are complete and properly supported.	<b>Complete</b>
<b>b/f 2. Performance information in the management commentary</b>	Make better use of performance information to support the strategic story in the management commentary.	<b>Ongoing</b> Revised action: Further discuss with heads of service how best to link the strategic story with performance indicators for the 2022/23 management commentary. Responsible officer: Fiona McKay / Audrey Valente Revised date: 30/6/2023
<b>b/f 3. Annual Governance Statement</b>	Continue to refine the Annual Government Statement through a focus on significant weaknesses with clear linkage to actions and time scales.	<b>Complete</b>
<b>b/f 4. Constituent body contributions</b>	Make it clearer in budget setting reports how contributions have been uplifted.	<b>Complete</b>
<b>b/f 5. Best Value reporting</b>	Consider fuller coverage of Best Value responsibilities in the annual performance report.	<b>Complete</b>
<b>b/f 6. Budget setting</b>	Budgets should be set by the IJB at activity level in line with strategic priorities.	<b>Ongoing</b> Revised action: The resource transfer will be reanalysed as service expenditure for 2023/24 budget report. Work to realign budgets will continue. Responsible officer: Audrey Valente Revised date: 31/3/2023
<b>b/f 7. Finance reports</b>	Improve finance reports by analysing expenditure fully across services, explaining changes in budgets, and including activity information and unit costs.	<b>Ongoing</b> Changes in budgets are now covered in finance reports. Revised action: Resource transfer line in finance reports to

be analysed as a cost of service.

Work with constituent bodies to further improve the use of activity information in budget monitoring reports.

Responsible officer: Audrey Valente

Revised date: 31/3/2023

<b>b/f 8. Operational financial management</b>	Consider the need for more detailed review of financial management arrangements in areas of service overspend.	<b>Complete</b> The CFO is not formally responsible for operational financial management but will continue to work with service heads and constituent bodies to improve arrangements.
<b>b/f 9. Savings plans</b>	Detailed plans should be developed for the delivery of the redesign and transformation initiatives in the Medium Term Financial Strategy.	<b>Complete</b>
<b>b/f 10 Medium Term Financial Strategy</b>	Update the MTFS to take account of the impact of Covid 19.	<b>Complete</b>
<b>b/f 11. Governance arrangements</b>	Ensure that the revised governance arrangements are clear on operational management responsibilities.	<b>Complete</b>
<b>b/f 12. Transformation plans</b>	Ensure that transformation initiatives are reviewed and revised to reflect the impact of Covid-19	<b>Complete</b>
<b>b/f 13. Performance reporting</b>	Improve periodic performance reporting through the inclusion of concise summaries and clearer conclusions.	<b>Ongoing</b> Revised action: Development session will explore with members improvements required. Responsible officer: Fiona McKay Revised date:31/3/2023

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**b/f 14. Emergent good practice**

Undertake a review of the emergent good practice identified by Health and Social Care Scotland and assess the suitability of initiatives for Fife.

**Complete**



# Appendix 2. 2021/22 performance reports and briefings

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## 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](#)

# Fife Integration Joint Board

## 2021/22 Annual Audit Report

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