Annual Audit Report

West Dunbartonshire Integration Joint Board– year ended 31 March 2024

September 2024

Audit and Performance Committee

West Dunbartonshire Integration Joint Board

16 Church Street

Dumbarton
G82 1QL

17 September 2024

Forvis Mazars

100 Queen Street

Glasgow

G1 3DN

Dear Committee Members and Controller of Audit,

Annual Audit Report – Year ended 31 March 2024

We are pleased to present our Annual Audit Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 27 June 2024.

We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07816 354 994 or via tom.reid@mazars.co.uk.

Yours faithfully

T. Reid

Tom Reid (Audit Director)

Forvis Mazars LLP

Contents

Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Accounts Commission has appointed us as external auditor of West Dunbartonshire Integration Joint Board (the IJB) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with Part VII of the Local Government (Scotland) Act 1973, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to the IJB are prepared for the sole use of the IJB and made available to Audit Scotland, the Accounts Commission, and the Controller of Audit. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

Executive summary

Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from Part VII of the Local Government (Scotland) Act 1973 and, as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the IJB's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have completed our audit in respect of the financial statements for the year ended 31 March 2024.

We have the following conclusions:

Audit opinion
We have issued an unqualified opinion, without modification, on the financial statements. Our audit opinion is included in the draft auditor's report in Appendix B.

Matters on which we report by exception
We are required by the Accounts Commission to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.
We have nothing to report in respect of these matters

Executive summary (continued)

Conclusions from our audit testing and audit opinion (continued)

Other information
We are required to report on whether the other information (comprising of Management's Commentary, Statement of Responsibilities and the unaudited parts of the Remuneration Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated.
No inconsistencies have been identified and we have issued an unmodified opinion in this respect.

Wider powers
Section 101 of the Local Government (Scotland) Act 1973 requires us to give any person interested, the opportunity to question us about the accounting records of the IJB and to consider any objection made to the accounts. We confirm that no such correspondence from electors has been received.

Management Commentary and Annual Governance Statement
We are required to report on whether the information given in the Management Commentary and Annual Governance Statement is consistent with the financial statements; and has been properly prepared in accordance with the statutory guidance issued under the Local Government in Scotland Act 2003 and Delivering Good Governance in Local Government Framework 2016.
We have no matters to report in respect of the Management Commentary and Annual Governance Statement.

Executive summary (continued)

Best Value and Wider Scope conclusions

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in Audit Scotland’s Code of Audit Practice 2021 and sits alongside Best Value requirements detailed the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 audit and allows us to use a risk-based approach to report on our consideration of the IJB’s performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the IJB’s performance.

The Code’s wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

It remains the responsibility of the IJB to ensure proper financial stewardship of public funds, it complies with relevant legislation and establishes effective governance of their activities. The IJB is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the IJB, appropriate to the nature of the IJB and the services and functions that it has been created to deliver.

Wider Scope

We have identified risks in arrangements to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that the IJB has in place.

Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.

Best Value

We anticipate having no risks in arrangements to report in relation to the arrangements that the IJB has in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail on our Best Value work is provided in section 8 of this report including any significant risks identified.

02

Status of the audit

Status of our audit

Our audit work is complete and there are no matters of which we are aware that would require modification of our audit opinion.

Status

High - Likely to result in a material adjustment or a significant change to disclosures in the financial statements.

Medium - Potential to result in a material adjustment or a significant change to disclosures in the financial statements.

Low - Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 27 June 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at £5,107k using a benchmark of 2% of gross revenue expenditure at surplus/deficit level. Our Performance materiality was set at £3,575k.

Based on the final financial statement figures and other qualitative factors, the final overall materiality we applied was £5,447k, final performance materiality: £3,813k, and final clearly trivial threshold was £163k.

04

Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant findings

Management override of controls

Description of the risk

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

How we addressed this risk

We addressed this risk through performing the below procedures:

- we reviewed the key areas within the financial statements where management has used judgements and estimation techniques and considered whether there was evidence of unfair bias;
- we tested the appropriateness of adjustments made in preparing the financial statements;
- we considered and tested any significant transactions outside the normal course of business or otherwise; and
- we examined any accounting policies that varied from The Code of practice on Local Authority Accounting in the United Kingdom (the Code).

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Qualitative aspects of the IJB's accounting practices

We have reviewed the IJB's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the IJB's circumstances.

We received the unaudited annual report and accounts from the IJB on 27 June 2024. These were of good quality.

Significant matters discussed with management

During our audit we did not identify any significant matters to discuss with management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Significant findings (continued)

Wider responsibilities – statutory reporting

The 1973 Act allows any persons interested to inspect the accounts to be audited and the underlying accounting records of the IJB. The act also allows any persons interested to object to the accounts. No such objections have been raised.

We are required to notify the Controller of Audit when circumstances indicate that a statutory report may be required.

- Section 102(1) of the 1973 Act allows us to prepare a report to the Commission about the IJB’s accounts; matters that have arisen during the audit that should be brought to the attention of the public; or the performance of the IJB in their duties relating to Best Value and community planning.
- Section 102(3) of the 1973 Act allows us to make a special report to the Commission if an item of account is contrary to law; there has been a failure on someone’s part to bring into account a sum which ought to have been brought into account; a loss has been incurred or deficiency caused by the negligence or misconduct of a person, or by the failure of a body to carry out a duty imposed on them by any enactment; or a sum which ought to have been credited or debited to one account of a body has been credited or debited to another account and the body has not taken, or is not taking, steps to remedy the matter.
- Section 97A of the 1973 Act allows us to undertake or promote comparative and other studies to make and publish recommendations for the securing by local government bodies of Best Value, improving economy, efficiency and effectiveness in the provision of services by local government bodies and improving the financial or other management of local government bodies.

We confirm that a statutory report is not required.

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Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of the IJB's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the IJB's internal controls, we are required to communicate to the Audit and Performance Committee any significant deficiencies in internal controls that we identified during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the IJB's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not identified any deficiencies in IJB's internal controls as at the date of this report.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit and Performance Committee.

We have not identified any significant deficiencies in the IJB's internal controls as at the date of this report.

Other observations

We also record our observations on the IJB's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We have no such observations to report.

Internal control conclusions (continued)

Other observations (continued)

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by the Audit and Performance Committee and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Related parties' transactions – Register of interest

Officers could not provide annual declaration of interest forms for the IJB's Board members. All senior officers who attend Board meetings, did however, complete declaration of interest forms.

Potential effects

The IJB may not be fully aware of Board member's interests leading to incorrect or incomplete disclosure of related party transactions in the annual accounts.

Recommendation

The IJB should establish procedures to ensure that all IJB Board members complete and submit annual declarations of interest on a timely basis.

2023/24 update

Complete. The Chief Financial Officer, working with the Standards Officer, put in place processes for the completeness of returns and publication of same on the Health and Social Care Partnership website. We received all declaration of interest forms for 2023/24.

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Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £163k.

We identified no misstatements, adjusted or unadjusted, above our reporting threshold as at the date of this report.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 27 June 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Summary of misstatements (continued)

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- **Management commentary**

  - Updating link to annual performance report.

- **Significant accounting policies -** Amendments made to ensure compliance with the 2023/24 Code of Practice on Local Authority Accounting:

  - The Code now applies the amended IAS 1 Presentation of Financial Statements reporting standard. This sets out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. The financial statements were updated to ensure compliance with the amended standard.

- **Prior year restatement**

  - Details of the restatement and impact on the Summary of Reserves Movements was disclosed. The analysis of earmarked reserves has been updated to reflect the intended use of the reserve more accurately. This is a disclosure restatement and has no impact on the primary financial statements.

There were also adjustments to the annual report and accounts for other minor disclosure, consistency or presentational matters.

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- **Provisions**

The unaudited accounts included a provision of £439k (22/23: £289k) in the balance sheet for unrecovered charges for specific social care delegated services. We recommended in 2022/23 that officers amend the short-term debtors balance to show it net of the bad debt provision. Officers decided not to make this adjustment on the basis that by presenting the balance as a provision the IJB is recognising the uncertainty associated with it and improving visibility to the reader of the accounts. The IJB is indemnifying the Council, as legal owners of the debt, and it has uncertainty about the recoverability of the debt. We have accepted the IJB’s accounting treatment because the amount disclosed is not material and an alternative accounting treatment would have no impact on total net assets recorded in the balance sheet.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

07

Wider scope

Commentary on Wider Scope

Overall Summary

Commentary on Wider Scope

Wider scope summary

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in the Code of Audit Practice 2021 and sit alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 audit and allow us to use a risk-based approach to report on our consideration of the IJB's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the IJB's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

Overall summary by reporting criteria

We have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
Financial management	27	No	No	No
Financial sustainability	31	Yes – see risk 1 on page 32	Yes – see recommendation 1 on page 34	Yes – see recommendation 1 on page 34
Vision, leadership and governance	36	No	No	No
Use of resources to improve outcomes	41	No	No	No

Commentary on Wider Scope

Financial management

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

Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial management culture	The IJB has in place a financial management process from budgeting to financial reporting. The Medium-Term Financial Plan (MTFP) is aimed at forecasting income and expenditure for a five-year period; currently running from 2022/23 to 2026/27. This looks at historical trends and the outlook of both partners (NHS Greater Glasgow and Clyde and West Dunbartonshire Council). It also includes sensitivity analysis to produce best case, worse case and likely case financial projections. The annual budget setting process begins with needs assessment, a consideration of the progress of the MTFP and other budget assumptions for the year. The draft revenue budget is approved by the Board based on the funding offers from the partners, alongside specific funding streams from the Scottish Government, agreed savings, efficiency programmes and application of reserves where appropriate. The Board closely monitors the progress of the delivery of its approved savings programmes, through budget monitoring processes, the Senior Management Team and the Project Management Office. The IJB is also committed to responding to challenges, by reviewing its governance frameworks, continuing to engage with stakeholders, managing risk, and investment in its workforce.	The IJB has demonstrated, through its arrangements, a robust financial management culture in budgeting, monitoring, reporting and engagement of key stakeholders. The financial management team are sufficiently skilled and with the required capacity to deliver effective financial management of the resources of the IJB. The IJB achieved financial balance in the year, through utilisation of its reserves. Its unearmarked reserves however remain below the 2% level set in its reserves policy.	No significant risks identified.

Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Accountability	The Integration Joint Board prepares a Quarterly Performance Update Report which is presented to the Audit and Performance Committee. Officers also presented Financial Performance Update Reports to the Board during 2023/24 to update members on the IJB's position against budget and the progress of savings programmes. The reports provide sufficient detail for Board members to effectively scrutinise the IJB's finances. Savings plans are reported along with the Financial Performance Update Report and provide members with a detailed analysis of the progress of the savings programmes and IJB's position against the budget. The IJB monitors the progress of the delivery of its savings options and programmes against the budget through direct reviews by the Senior Management Team and Project Management Office. The IJB recorded an overall deficit on its provision of services of £7.5m in 2023/24 and a net overspend £1.731m which was partially funded by planned drawdown of earmarked reserves of £3.866m and recovery planning measures of £1.932m. The IJB has not achieved its policy of holding 2% of its total budget in unearmarked reserves for 2023/24, which now amount to £3.5m.	In our judgement, there is effective and appropriate budget monitoring and reporting arrangements in place. The IJB has also demonstrated accountability to the members of the public by routinely engaging communities on its activities and in the budget setting process. The IJB's website includes the schedule of meetings and the agenda, reports, and minutes of previous meetings of the Board and Audit and Performance Committee. Agenda and other reports are sent out in advance of meetings to also allow members of the public access to these. Board and Audit and Performance Committee meetings are live streamed and audit minutes are available. There has been an improvement in transparency of the activities and decision making of the IJB.	No significant risks identified.

Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption	The IJB does not have its own policies for fraud and corruption. It follows the policies of its partner bodies, including their arrangements for managing fraud and corruption. Specifically, the IJB has a code of conduct for its Board members covering their general conduct, registration and declaration and interest, and lobbying amongst others. This is published on the IJB website. The IJB also has its own Local Code of Good Governance. As a partner body, West Dunbartonshire Council has a robust anti-fraud policy that guides the actions of its employees (including IJB employees), contractors and members of the public. In addition, the Council has a dedicated fraud team trained to investigate claims in procurement, tenancy, social care, insurance amongst others. It has a dedicated whistleblowing channel with adequate for employees under the Public Interest Disclosure legislation The NHS Greater Glasgow and Clyde (NHSGGC) also has a staff Code of conduct that provides instructions to staff in maintaining strict ethical standards in the conduct of NHS business. This covers acceptance of gifts and hospitality, register of staff interest, contracts and agreements, acceptance of fees, whistleblowing etc. The Board also have a fraud policy that is reviewed annually as part of its review of Corporate Governance. NHSGGC also has a Fraud Response Plan and is supported by a counter fraud team.	Both partners of the IJB (WDC and NHSGGC) have arrangements in place to prevent and detect fraud, error and other irregularities, bribery and corruption. All staff of the IJB who deliver services at both partner bodies have access to all the relevant policy documents and take part in the respective trainings aimed at increasing staff awareness. West Dunbartonshire Council’s participation in the National Fraud Initiative (NFI) Scotland, further strengthens its anti-fraud and other irregularities programmes. NHSGGC also takes part in NFI.	No significant risks identified.

Commentary on Wider Scope

Financial sustainability

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

Financial sustainability

Significant risks

We have outlined below the significant risks in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

	Significant Risk in Arrangements Identified	Work undertaken and the results of our work
1	**Financial sustainability** The IJB's medium to long-term financial plan projects significant budget gaps in future years. The IJB faces significant financial challenges, including inflation, pay awards, prescribing costs exceeding funding allocations, and demographic pressures. It also has the ongoing challenge of identifying and delivering savings which do not adversely impact service delivery. These challenges put the IJB's medium to longer term financial sustainability at risk.	**Work undertaken** We reviewed the IJB's financial performance and updates to its financial planning throughout the year, including the implications for general reserves balances. We reviewed the IJB's achievement of planned recurring and non-recurring savings. **Results of our work** For the 2023/24 financial year, the IJB delivered Health and Social Care services amounting to £252.39m against funding contributions of £244.86m, resulting in an overall deficit on the provision of services of £7.53m. The deficit was partially funded by a drawdown of earmarked reserves of £3.87m and other recovery plan measures amounting to £1.93m thus resulting in a net overspend of £1.73m. The unearmarked reserves for 2023/24 have reduced to £3.5m which is below 2% of total budget. This means that the current policy of striving to hold 2% of total budget in unearmarked reserves has not been achieved by the IJB. Officers presented regular financial performance reports to the Board to update members on the IJB's position against budget and the progress of savings programmes. The IJB continues to face challenges and costs pressures in delivering its services with a budget gap of £10.84m for 2024/25 closed through projected savings options, superannuation savings, management adjustment and reserve applications agreed in the budget. It is projecting cumulative budget gaps of £4.94m for 2025/26 and £15.44m for 2026/27. See recommendation 1 on page 34.

Financial sustainability (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial planning	The Board approved the IJB's Medium Term Financial Plan (MTFP) in March 2022. The MTFP sets out the IJB's forecast income and expenditure for the five-year period from 2022/23 to 2026/27. The IJB based future projections, beyond the first year, on historical trends and the outlook of its council and NHS partners. Throughout 2023/24, the IJB continued to demonstrate its commitment towards financial governance in delivering its strategic outcomes. The IJB identified a potential funding gap for 2024/25 of £10.84m which it planned to address through an application of earmarked reserves (£2.15m), a range of savings options (£1.11m) and management actions (£3.88m) and employers superannuation savings (£3.70m). The MTFP currently shows a Cumulative Budget Gap of £4.94m for 2025/26 and £15.44m for 2026/27 after measures to balance the budget have been factored in.	The Medium Term Financial Plan (MTFP) underpins the Strategic Plan and is also integral to the delivery of the priorities of the IJB. With the current public sector funding pressures on the IJB and its partner organisations, the IJB should ensure its financial planning and resource allocation is regularly reviewed to support its annual budget process. The Medium Term Financial Plan was last refreshed as part of the 2022/23 Revenue Budget Exercise and approved by the Board on 21 March 2022. The IJB acknowledged that the plan was not refreshed, as planned, as part of the 2023/24 budget setting process. This was due to the delay in funding decisions by partner bodies and the impact of Covid recovery on service demand.	**Financial sustainability** There is a risk to the longer-term financial sustainability of the IJB. See page 34 for further information and our recommendations made to the IJB.

Financial sustainability (continued)

Identified risks in financial sustainability arrangements and recommendations for improvement

As a result of our work we have identified risks in the IJB's financial sustainability arrangements. These identified risks have been outlined in the table below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action; see Appendix E for further details.

	Financial sustainability risks identified	Recommendation for improvement	IJB response and implementation timescale
1	**Financial sustainability – Level 2** The IJB's medium to long-term financial plan projects significant budget gaps in future years. The IJB faces significant financial challenges, including demographic pressures, inflation, pay awards, prescribing costs exceeding funding allocations and the extent to which partner organisations choose to pass on funding. It also has the ongoing challenge of identifying and delivering savings which do not adversely impact service delivery. These challenges put the IJB's longer term financial sustainability at risk.	The IJB should routinely refresh its Medium Term Financial Plan to reflect the current environment it is operating in and provide a clear plan to its use of savings and other transformational options in addressing its challenges. As part of this process, the IJB should continue working with its partners to agree actions that will help reduce cost pressures and ensure it is delivering its strategic outcomes.	**Management's response** The IJB and Management acknowledge the benefit of regular updates to the MTFP. It also recognises the challenge of one-year budget settlements that don't reflect significant financial pressures, mainly public sector pay and demographics. Work is ongoing to update the current MTFP for the November IJB, including a range of scenarios via sensitivity analysis. As transformational change programmes gather pace, financial assumptions on savings will be reflected. **Responsible officer** Chief Officer and Chief Financial Officer **Implementation date** November 2024 and annual refresh from March 2026.

Financial sustainability (continued)

Follow up of previously-reported recommendations

In November 2023 we reported 1 recommendation to the IJB to address risks identified from our Wider Scope audit for financial sustainability. As part of our work in 2023/24, we followed up the progress made by the IJB against the recommendations made and determined whether the risk(s) remained during the year.

	Financial sustainability finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusions reached
1	**Financial sustainability– Level 2** The financial performance report to the September 2023 Board meeting included updated financial projections with budget gaps of: • £3.9m in 2023/24 • £12.3m in 2024/25 • £16.0m in 2025/26. There is a risk to the longer-term financial sustainability of the IJB.	**Recommendation:** The IJB should refresh its MTFP to ensure it has a clear plan for how it will use service redesign, transformation and savings to address its financial challenges. **Management Response:** The IJB and the HSCP Senior Management Team have recognised the risk to financial sustainability (prior to the COVID-19 Pandemic) as demand and cost for services outstrips "flat-cash" or below inflation funding allocations. The IJB has approved investment from reserves and core budget to fund additional support to drive forward service improvement and service re-design to deliver savings and support financial sustainability. Progress on our major re-design programmes are monitored through our Programme Management Office (PMO), Informal Members Sessions and the IJB. **Implementation timescale:** The MTFP will be refreshed alongside the 24/25 Budget setting in March 24.	**Progress against the recommendation** We reviewed The Medium-Term Financial Plan (MTFP) and other Board and committee papers during the year. The MTFP was last refreshed as part of the 2022/23 Revenue Budget exercise and approved by the Board on the 21 March 2022. The 2024/25 Revenue Budget has an identified funding gap of £10.84m and indicative budget gaps of £4.94m and £10.50m for the 2025/26 and 2026/27 financial years respectively after consideration of budget balancing measures. The IJB has measures in place to address its financial challenges including scrutiny of financial performance reports at every Board meeting, informed by budget monitoring processes led by the Senior Management Team and the PMO. The IJB did not achieve its policy of holding unearmarked reserves of 2% of approved budget in 2023/24. However, it demonstrated its commitment to replenishing reserves by unearmarking a range of reserves to increase unearmarked reserves to 1.68% at year end.	**Conclusions** Ongoing. The risks remains in 2023/24, see page 34 for updated risk and recommendation.

Commentary on Wider Scope

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Clarity of plans to implement the vision	The IJB's Strategic Plan- Improving Lives Together covers 2023- 26 and remains current. The plan is aligned to the strategic priorities of the partner bodies. The plan presents clearly the strategic outcomes of Caring communities, Safe and thriving communities, Equal communities and Healthy communities. The strategic plan is supported by a clear Delivery framework (2023-26) which details all the actions the IJB will take over the years covered by the strategic plan to achieve the strategic outcomes. The strategic plan also provides the framework that will allow the IJB to monitor progress of the implementation of its strategic priorities and enhance current performance reporting arrangements. The IJB has continued the preparation, approval and publishing of its Annual Performance Report (APR) as required under the Public Bodies (Joint working) (Scotland) Act 2014.	The IJB's delivery plan (2023-26) clearly provides a road map for the achieving the priorities of the strategic plan. The delivery plan is clear on the actions the IJB and its partners will take to implement its vision and how results will be measured.	No significant risks identified.

Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Strategy and priorities	The IJB's strategic plan for 2023 to 2026 "Improving Lives Together" consists of four strategic outcomes: • Caring communities • Safe and thriving communities • Equal communities • Healthy communities. The strategic plan sets out how the IJB will work with its partners and people to achieve its strategic outcomes. The plan is aligned with West Dunbartonshire Council's strategic plan and shares some of the Council's vision and priorities. At the Board meeting of 20 August 2024, it was reported that the Integration Scheme between West Dunbartonshire Council and NHS Greater Glasgow and Clyde was still to be finalised. The Integration Scheme sets out the arrangements for how health and social care integration is planned, delivered and monitored within the local partnership area. The IJB presented its new draft integration scheme to the Council for comment in October 2023 and NHSGGC's Corporate Management Team in summer 2024. This work is approaching a conclusion, and the final draft will be consulted on.	The Strategic plan sets out clear priorities for the improvement of the lives of the communities served by the IJB. Approval of the revised Integration scheme, will help further support achievement of the IJB's strategic objectives by provided an updated framework for how the IJB will work with its partners.	No significant risks identified.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Governance arrangements	The IJB has an established Audit and Performance Committee that supports the Board in its responsibilities with issues of risk, controls, performance and governance and associated assurance through a process of constructive challenge and continuous improvement across the partnership. There is a strong system of internal controls which is intended to manage risks to a reasonable level and support the delivery of the Board’s policies, aims and objectives. The IJB also place reliance on the systems of internal controls instituted and operated by its partner bodies. The Board continues to be supported by several committees and management groups including the Senior Management Team, Strategic Resilience Group, and Clinical and Care Governance. The Board comprises six voting members, three non-executive directors of NHS Greater Glasgow and Clyde and three local councillors from West Dunbartonshire Council who sit regularly to deliberate and approve decisions on reports and updates. During the year, the Board adopted a Risk Appetite Statement to strengthen its risk management.	In our judgement, the IJB has robust and effective arrangements in place to allow for effective scrutiny and challenge.	No significant risks identified.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Financial and performance information	The 2023-2026 strategic plan revises and refines the IJB's approach to strategic planning and performance reporting. Performance reports are presented quarterly to the Audit and Performance Committee which thereafter feeds into the Board papers. The reports summarise the progress made by the IJB over the preceding quarter or year (Annual Performance Report), the challenges and people implications (if any), financial and procurement implications, and includes a risk analysis. These reports are published on the IJB's website and available to the public. Officers also presented regular financial performance reports to Board meetings.	The IJB's financial and performance reports provide sufficient details to allow effective scrutiny of the IJB's performance.	No significant risks identified.

Commentary on Wider Scope

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Resources deployed to improve strategic outcomes	The IJB reports how it is using its resources to improve strategic outcomes through: • quarterly and annual public performance reports • financial performance reports to the Board • the medium-term financial plan. Workforce and organisational development plans are linked to the strategic plan. While the workforce challenges remain, the Senior Management Team have put in measures to manage and mitigate the associated risks. The Audit and Performance Committee receives absence updates and with actions being taken by the IJB and partner bodies. In addition, regular budget and performance monitoring reports to the board provides detailed review of resource utilisation and management as well as risk mitigating actions.	The IJB recognises the risk associated with developing and delivering sufficient workforce capacity and is considering alternative strategies for how it can best use its resources to improve outcomes. The IJB is currently implementing some of the internal audit recommendations from a review of workforce planning arrangements.	No significant risk identified.
Needs of service users being met	The IJB reports publicly on how it is meeting the needs of its users, through the Annual Performance Report. It uses the Scottish Government's core integration indicators (which allow comparison nationally and by IJB) performance against its strategic priorities (which all have a service user focus) and Care Inspectorate gradings of services, children's homes and care homes. The Performance Framework monitors the IJB's progress against a suite of performance measures, as outlined in the Strategic Plan. Development work continues to refine the performance information reported and ensure alignment with local and national developments.	The IJB provides members and the public with clear information on service improvements. The needs of users which results from consultations, are included in the evaluation of services delivery and quality. This has been achieved by improving the quality of the IJB's Equalities Impact Assessments.	No significant risks identified.
Arrangements to deliver continuous improvements in priority services	We have reviewed the IJB's arrangements to deliver continuous improvements in priority services in the Best Value section of this report (Section 8).	See page 44	No significant risks identified.

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Best Value

Best Value

Best Value summary

Under the Code of Audit Practice, the audit of Best Value is fully integrated within our annual audit work. We are required to report on how the IJB demonstrates and reports that it has Best Value arrangements in place, to secure continuous improvement.

Best Value (continued)

Overall summary by reporting criteria

We have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
Best Value	46	No	No	No

Best Value (continued)

Overall commentary on the Best Value reporting criteria

The IJB has a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs are expected to have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

The IJB prepares a Best Value Statement which is reviewed and updated on an annual basis. This statement considers the IJB position in relation to ten key Best Value prompts, prepared by Audit Scotland.

The questions cover areas including:

- consideration of the responsible parties for securing Best Value
- how delivery assurances are measured
- whether there is sufficient partners buy-in on the longer term vision of the IJB
- how value for money is demonstrated in decision making
- whether there is a culture of continuous improvement
- whether identified improvements actions which have been prioritised are those that are likely to have the greatest impact.

The last update was reviewed by the Senior Management Team on 26 January 2024 and reported to the Audit and Performance Committee on 19 March 2024. Several changes were made to the 2023/24 Best Value Statement to reflect updates to strategic planning, financial pressures, the improvement process and quality control.

The Board of the IJB is the key decision making body accountable for securing Best Value in the IJB. Its membership includes six voting members from both partner bodies. The Board is supported by the Audit and Performance Committee, Project Management Office as well as Senior Management Team to ensure effective reporting in accordance with the law and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In ensuring effective monitoring and accountability, the IJB board meets six times per year, with regular financial and performance reporting. All agenda, papers and minutes are published on the IJB's website and made available to the public, while complaints received from the public are also regularly reported to the Board and investigated to demonstrate openness and transparency.

The IJB work closely with its partners, West Dunbartonshire Council and NHSGGC to ensure the agreed IJB strategic plan meets its objectives and long term vision. The partners have made significant input into the IJB strategic plan by providing value added comments, attending strategic needs assessment workshops and completing relevant surveys.

Internal audit carried out a Best Value assurance review as part of its 2023/24 audit plan and reported its findings in November 2023. The audit focused on the IJB's processes and in procedures relating to Best Value and areas of higher risk. Internal audit's overall opinion for the review was satisfactory with one amber issue identified for the IJB to ensure it regularly reviews and reports on its Best Value arrangements. Management has accepted this recommendation and agreed actions in response.

Our wider scope work has not identified any significant weaknesses in the governance and accountability of the IJB or its use of resources. The IJB has assessed its Best Value arrangements and identified areas for improvement.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope and Best Value ratings

Appendix A: Draft management representation letter

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

XX September 2024

Dear Tom Reid,

West Dunbartonshire Integration Joint Board - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Integration Joint Board (the IJB) for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022, and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the IJB you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter (continued)

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Board and Audit and Performance committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the IJB's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the IJB in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the IJB have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The IJB has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter (continued)

Fraud and error

I acknowledge my responsibility as Chief Financial Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the IJB involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the IJB's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the IJB's related parties and all related party relationships and transactions of which I am aware.

Charges on assets

All the IJB's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The IJB has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Appendix A: Draft management representation letter (continued)

Impacts of Russian Forces entering Ukraine
I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the IJB, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 5 to the financial statements fairly reflects that assessment.

Covid-19
I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 5 to the financial statements fairly reflects that assessment.

Brexit
I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Going concern
To the best of my knowledge there is nothing to indicate that the IJB will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Performance related allocations
I confirm that I am not aware of any reason why the IJB’s funding allocation limits would be changed.

Annual Governance Statement
I am satisfied that the Annual Governance Statement (AGS) fairly reflects the IJB’s risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Annual Report
The disclosures within the Annual Report and the Remuneration Report fairly reflect my understanding of the IJB’s financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements
We confirm that there are no uncorrected misstatements.

Appendix A: Draft management representation letter (continued)

Wider scope and best value arrangements

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on our wider scope and best value arrangements.

Yours faithfully,

Chief Financial Officer

Appendix B: Draft audit report

Independent auditor’s report to the members of West Dunbartonshire Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of West Dunbartonshire Integration Joint Board (“the IJB) for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the [Council/body] as at 31 March 2024 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 2023/24 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.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the IJB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the IJB. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Appendix B: Draft audit report (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the IJB's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.
These conclusions are not intended to, nor do they, provide assurance on the IJB's current or future financial sustainability. However, we report on the IJB's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement
We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Financial Officer and the Audit and Performance Committee for the financial statements
As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements, that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the [insert job title of proper officer] is responsible for assessing each year the IJB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the IJB operations.

The Audit and Performance Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the IJB;
- inquiring of the Chief Financial Officer and Chief Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the IJB;

Appendix B: Draft audit report (continued)

- inquiring of the Chief Financial Officer and Chief Officer concerning the IJB's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the IJB's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Appendix B: Draft audit report (continued)

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid
Audit Director
For and on behalf of Forvis Mazars LLP

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

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Appendix C: Confirmation of our independence (continued)

Fees for work as the IJB's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit and Performance Committee on 27 June 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 fees	2022/23 fees
Auditor remuneration	£35,650	£33,630
Pooled costs	£1,300	£0
Contribution to PABV costs	£7,610	£6,400
Audit support costs	£0	£1,280
Sectoral cap adjustment	(£11,200)	(£9,840)
Total fees	**£33,360**	**£31,470**

Fees for other work

We confirm that we have not undertaken any non-audit services for the IJB in the year.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Chief Financial Officer that the IJB will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix D: Other communications (continued)

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of the IJB's arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented. We will obtain written representations from management, and where appropriate Audit and Performance Committee, confirming that: a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Wider scope and Best Value ratings

We need to gather sufficient evidence to support our commentary on the IJB's arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the IJB and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

Contact

Forvis Mazars

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