

# North Lanarkshire Integration Joint Board

2023/24 Annual Audit Report



Prepared for North Lanarkshire Integration Joint Board and the Controller of Audit  
September 2024



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# Key messages

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## 2023/24 annual accounts

- 1 Audit opinions on the annual accounts of the North Lanarkshire Integration Joint Board ('the IJB') are unmodified i.e. the financial statements and related reports are free from material misstatement.
- 2 One adjustment has been made to the primary financial statements during the course of the audit in relation to incorrect recognition of income and expenditure transactions that were incorrectly recorded in the IJB accounts.

## Financial management

- 3 The IJB has appropriate and effective financial management arrangements in place. The IJB reported a deficit on the provision of services of £22.422 million. This reflected expenditure towards planned use of reserves of £41.132 million and an underlying underspend against budget of £18.710 million.
- 4 As at 31 March 2024, the IJB held reserves of £75.524 million (2023: £97.946 million) of which £26.074 million was held for contingency. While there is regular detailed reporting to members on the IJB's financial performance, there is an opportunity to enhance the reporting to provide greater clarity of the underlying IJB budget and performance against budget during the year.

## Financial sustainability

- 5 The IJB has a medium-term and longer-term financial plan in place which reflect the financial challenges and uncertainty facing the organisation. The IJB has forecast a budget gap of £22.856 million over the next two years.
- 6 The IJB has developed its longer-term financial plan and has contingency reserves in place to support financial resilience over the medium term. However, further work is required to transform services to address longer term financial challenges

## Vision, leadership, and governance

- 7 Governance arrangements are appropriate and operate effectively and there is effective scrutiny, challenge and informed decision making
- 8 Recruitment is underway for a new Chief Officer and Chief Finance Officer who are due to leave the organisation in late 2024.

## Use of resources to improve outcomes

- 9** The IJB has appropriate arrangements in place for securing Best Value.
- 10** IJB performance has been mixed with a reduction in emergency readmissions rate but an increase in delayed discharge rate in 2023/24.

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# Introduction

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**1.** This report summarises the findings from the 2023/24 annual audit of the North Lanarkshire Integration Joint Board ('the IJB'). The scope of the audit was set out in an Annual Audit Plan agreed with the IJB in March 2024 and presented on 22 May 2024 meeting of the Performance, Finance and Audit Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of the IJB's annual accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#):
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.
- conclusions on the IJB's arrangements for meeting its Best Value duties.

**2.** This report is addressed to the board of 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

**3.** John Boyd has been appointed by the Accounts Commission as auditor of the IJB for the period from 2022/23 until 2026/27.

**4.** The audit team would like to thank Councillors, Performance, Finance and Audit Committee members, senior management, and in particular those staff involved in the preparation of the annual accounts for their cooperation and assistance in this year and we look forward to working together constructively over the course of the remainder of the five-year appointment.

## Responsibilities and reporting

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

**6.** My responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 the Code of Audit Practice 2021, and supplementary guidance, and International Standards on Auditing in the UK.

**7.** Weaknesses or risks identified are only those which have come to my attention during my team's normal audit work and may not be all that exist. Communicating these does not absolve management of the IJB from its responsibility to address the issues raised and to maintain adequate systems of control.

**8.** This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

## **Auditor Independence**

**9.** The audit team comply with the Financial Reporting Council's Ethical Standard. The audit team have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £33,360 as set out in the 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**10.** The annual audit adds value to the IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

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# 1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

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## Main judgements

Audit opinions on the annual accounts of the IJB are unmodified.

One adjustment has been made to the primary financial statements during the course of the audit in relation to incorrect recognition of income and expenditure transactions that were incorrectly recorded in the IJB accounts.

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## Audit opinions on the annual accounts are unmodified

**11.** The board approved the annual accounts for the IJB for the year ended 31 March 2024 on 25 September 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- 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 was prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014
- the Management Commentary and Annual Governance Statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## Overall materiality was assessed on receipt of the annual accounts as £16.3 million

**12.** Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.



**13.** Our initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

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## Exhibit 1

### Materiality values

Materiality level	Amount
Overall materiality	£16.3 million
Performance materiality	£12.225 million
Reporting threshold	£0.815 million

**14.** The overall materiality threshold for the audit of the annual accounts of the IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

**15.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting our overall risk assessment and no significant history of material misstatements.

**16.** It is my responsibility to request that all misstatements, other than those below the reporting threshold are corrected. However, the final decision on making the correction lies with those charged with governance.

## Significant findings and key audit matters

**17.** Under ISA (UK) 260, we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

**18.** The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those judged to be of most significance.

**19.** The significant findings are summarised in [Exhibit 2](#).

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## Exhibit 2

### Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<p><b>1. Incorrect recognition of income and expenditure transactions undertaken by North Lanarkshire Council</b></p> <p>In the delivery of services, North Lanarkshire Council generates income through charges to customers. In the unaudited IJB accounts, the IJB had recognised these as service income (£5.303 million) and corresponding commissioning expenditure with the Council. The transactions are those undertaken by North Lanarkshire Council in the operational delivery of services and not transactions applicable to the IJB and therefore should not be included in the IJB accounts.</p> <p>The IJB accounts should only reflect the transactions specifically relating to the strategic commissioning of health and social care services from the partner bodies and the associated funding from the partners.</p>	<p>Officers have updated the accounts to appropriately remove the service income of £5.303 million and corresponding expenditure of £5.303 million from the financial statements to ensure that these are free from material misstatement.</p> <p>The IJB should ensure that in preparing future annual accounts, both the financial and non-financial information reflects the strategic commissioning role of the IJB. While the operational delivery of services through the health and social care partnership are relevant to the organisation, it is important that the accounts appropriately balance this with the core focus and purpose of the IJB.</p> <p><b>Recommendation 1</b> (Refer <a href="#">Appendix 1</a>, action plan)</p>

## Audit work responded to the risks of material misstatement identified in the annual accounts

**20.** The audit team obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risk of material misstatement to the financial statements we identified in the 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 3 Significant risk of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's</p>	<ul style="list-style-type: none"> <li>• Agreement of balances and transactions to North Lanarkshire Council and NHS Lanarkshire financial reports / ledger / correspondence.</li> <li>• Assurances will be obtained from the auditors of NHS</li> </ul>	<p>Through our audit procedures performed we have not identified any indication of material misstatement in the financial statements through fraud or error caused by management override of controls.</p>

Audit risk	Assurance procedure	Results and conclusions
ability to override controls that otherwise appear to be operating effectively.	<p>Lanarkshire and North Lanarkshire Council over the completeness, accuracy and allocation of income and expenditure.</p> <ul style="list-style-type: none"> <li>• Review of significant adjustments at year-end where we consider there to be greatest risk of material misstatement through management override of controls.</li> <li>• Review of financial monitoring reports during the year.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements</li> <li>• Evaluate any significant unusual transactions outside the normal course of business.</li> </ul>	

**There was one misstatement to the financial statement which has been adjusted for in the final accounts. There were a number of presentational adjustments to the draft financial statements.**

**21.** Other than the corrected misstatement detailed as a significant finding in Exhibit 2, the audit identified no misstatements above the reporting threshold.

**22.** The audit team identified a number of presentational misstatements. These have been predominantly corrected by the IJB. Those uncorrected differences have been reported to officers who do not consider material to the user of the accounts and we consider them trivial. These were primarily in relation to ensuring the Management Commentary and annual accounts focused on the IJB's strategic commissioning role rather than the operational detail of the services undertaken by the partner bodies: NHS Lanarkshire and North Lanarkshire Council.

## **The unaudited annual accounts were received in line with the agreed audit timetable**

**23.** The unaudited annual accounts were received in line with the agreed audit timetable on 19 June 2024. The unaudited accounts and supporting working papers were of a good standard.

## **The IJB has made good progress on prior year recommendations**

**24.** The IJB has made good progress in implementing the agreed prior year audit recommendations. Actions taken by officers to resolve prior year recommendations are detailed in [Appendix 1](#).

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## **Recommendation 1**

In the preparation of the annual accounts, the IJB should review the presentation of both financial and non-financial information to ensure this reflects the organisation's role as a strategic commissioning body. While the operational delivery of services is relevant to the IJB it is important that the annual accounts maintain a focus on the strategic role of the IJB.

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## 2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

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### Conclusion

The IJB has appropriate and effective financial management arrangements in place. The IJB reported a deficit on the provision of services of £22.422 million. This reflected expenditure towards planned use of reserves of £41.132 million and an underlying underspend against budget of £18.710 million.

As at 31 March 2024, the IJB held reserves of £75.524 million (2023: £97.946 million) of which £26.074 million was held for contingency. While there is regular detailed reporting to members on the IJB's financial performance, there is an opportunity to enhance the reporting to provide greater clarity of the underlying IJB budget and performance against budget during the year.

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### The 2023/24 budget included planned savings and contributions from reserves to address the funding gap

**25.** The IJB approved its 2023/24 budget in March 2023. The initial budget for 2023/24 was £564.325 million, being £367.926 million of funding from NHS Lanarkshire and £196.399 million from social care funding. The budget excludes hosted services and we would encourage the IJB to have a complete understanding of costs when arriving at budget to understand the full cost incurred by the IJB and improve the transparency of financial performance information during the year.

### While the IJB reported a deficit on the provision of services of £22.422 million, this included planned expenditure against reserves of £41.132 million and an underspend against underlying budget in 2023/24

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

**27.** The IJB reported a deficit on the provision of services of £22.422 million ([Exhibit 5](#)). The outturn position reflected an underlying underspend against budget of £18.710 million and the planned use of reserves carried forward of

£41.132 million. The funding provided by NHS Lanarkshire included funding received in year from the Scottish Government, for which the IJB was unable to commission services in year due to staffing and other pressures at the health board. The funds have been carried forward for spend in 2024/25.

**28.** The IJB reserves decreased by £22.422 million as a result of the deficit for the year reducing overall reserves to £75.524 million (2023: £97.946 million). This predominantly reflected the application of earmarked reserves in the year and the IJB increased its unearmarked (contingency) reserve by £9.423 million to £26.074 million increasing the IJB's resources to respond to unforeseen costs.

**29.** The increase in unearmarked reserves was in line with the IJB's reserves policy and financial strategy.

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## Exhibit 5

### Performance against budget

IJB budget summary	Budget £m	Actual £m	Variance £m
Net Expenditure	821.009	807.807	13.208
Funding contribution from NHS Lanarkshire	(584.910)	(590.418)	5.508
Funding Contribution from North Lanarkshire Council	(194.967)	(194.967)	-
<b>Total Net Expenditure</b>	<b>41.132</b>	<b>22.422</b>	<b>18.710</b>
Expenditure financed through planned use of Earmarked Reserves	41.132	41.132	-
Residual balance to increase unearmarked reserves	-	(18.710)	(18.710)

Source: North Lanarkshire IJB Accounts 2023/24

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## Budget processes were appropriate arrangements are appropriate but there is scope to improve the clarity

**30.** Detailed budget monitoring reports were submitted to the IJB throughout the year. The outturn to date and projected year-end outturn position were clearly stated in these reports, including regular updates to highlight significant movements during the year. There were a number of changes in the year to the underlying budget through additional allocations received from NHS Lanarkshire as part of Scottish Government funding.

**31.** There is an opportunity to enhance budget setting and monitoring arrangements. The original budget paper presented to the IJB in March reported NHS Lanarkshire financial allocation of £367 million. However, this was revised in subsequent budget monitoring updates to £558 million reflecting elements of hosted services not included in the original budget. We would encourage officers to review the initial budget and budget monitoring papers to provide more explicit position of the IJB's budget and performance (Refer [Appendix 1](#), action plan follow up point 1)

### **North Lanarkshire IJB has appropriate financial control arrangements in place**

**32.** North Lanarkshire IJB does not have its own financial systems and instead relies on partner bodies' financial systems. All financial transactions are therefore processed under the partner bodies' internal controls.

**33.** As part of our audit approach, we sought assurances from the external auditor of NHS Lanarkshire and North Lanarkshire Council. Neither the health board nor council auditors reported any significant weaknesses that could result in a risk to the annual accounts of the IJB.

### **Informed by work carried out by internal audit throughout the year, the IJB have concluded that they can place a reasonable level of assurance over the adequacy and effectiveness of the partnership's framework of governance, risk management and internal control arrangements for the year ending 31 March 2024.**

**34.** Internal audit provides the Joint Board with independent assurance on risk management, internal control and corporate governance processes. North Lanarkshire IJB's internal audit function is carried out on a joint basis by the Chief Auditors of NHS Lanarkshire and North Lanarkshire Council, who have now completed their 2023/24 audit work.

**35.** Based on the audit work undertaken directly on behalf of the IJB and being informed by internal audit, work undertaken independently by each respective internal audit function with North Lanarkshire Council and NHS Lanarkshire, the NHS Lanarkshire Chief Internal Auditor and the North Lanarkshire Council Chief Officer of Audit and Risk are able to conclude that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire IJB's framework of governance, risk management and internal controls.

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

**36.** In the public sector there are specific fraud risks, including those relating to payments and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery, and corruption.

**37.** The IJB has adequate arrangements in place to prevent and detect fraud or other irregularities.

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



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# 3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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## Conclusion

The IJB has a medium-term and longer-term financial plan in place which reflect the financial challenges and uncertainty facing the organisation. The IJB has forecast a budget gap of £22.856 million over the next two years.

The IJB has developed its longer term financial plan and has contingency reserves in place to support financial resilience over the medium term. However, further work is required to transform services to address longer term financial challenges

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**The IJB has a medium-term and longer-term financial plan in place which reflect the financial challenges and uncertainty facing the organisation. The IJB has forecast a budget gap of £22.856 million over the next two years.**

**39.** 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.

**40.** The IJB forecast a budget gap of £22.856 million over the next two years. The IJB are working with NHS Lanarkshire and North Lanarkshire Council to redesign services and implement efficiency savings to achieve financial balance.

**The IJB reviewed its reserves strategy during the year to increase contingency reserves to provide financial resilience while the organisation implements actions to address financial challenges**

**41.** The IJB recognise that these actions to address budget gaps may take time to implement, and to mitigate this risk to the IJB, contingency reserves are in place to meet immediate cost pressures and allow measures to be identified and implemented to be sustainable. Reflecting the financial challenges facing the organisation, the IJB revisited its reserves strategy. During the year the IJB increased contingency reserves by £9.423 million hold a balance of £26.074 million as at 31 March 2024.

**The IJB has developed its longer term financial plan and has contingency reserves in place to support financial resilience over the medium term. However, further work is required to transform services to address longer term financial challenges**

**42.** The IJB is required to make efficiency savings to maintain financial balance. The IJB's longer term financial plan was agreed in March 2024 and identifies the operational and financial pressures facing the organisation over the period to 2033/24. These include: service demand, contractual costs, pay and, other cost pressures.

**43.** The financial sustainability approach considers a range of interventions to address the financial challenges. The IJB ambitions are set out in the Strategic Commissioning Plan and further detailed in the Programme of Work. The key aspects underpinning the IJB's efficiency programme are:

- Efficiencies
- Service redesign
- Shifting the balance of care
- Service prioritisation and reduction
- Prescribing efficiencies
- Realistic care / realistic medicine
- Early intervention and prevention.

**44.** While the IJB has built up contingency reserves to support its financial resilience over the medium term, the organisation faces significant challenges over the coming years. The IJB recognises the challenges and has a range of initiatives working with NHS Lanarkshire and North Lanarkshire Council to address these. However, these are still in their relative infancy and the IJB faces difficult decisions around the services it can provide in the coming years.

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# 4. Vision, leadership, and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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## Conclusion

Governance arrangements are appropriate and operate effectively and there is effective scrutiny, challenge and informed decision making

Recruitment is underway for a new Chief Officer and Chief Finance Officer who are due to leave the organisation in late 2024.

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## **Governance arrangements are appropriate and operate effectively and there is effective scrutiny, challenge and informed decision making**

**45.** The IJB has well established governance arrangements with the IJB Board supported through the Performance, Finance and Audit Committee.

**46.** From review of committee and Board papers and through attendance at committee meetings throughout the year we have found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members.

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

**48.** The IJB's Strategic Plan defines its vision and the Strategic Commissioning Plan clearly outlines its priorities and strategy for delivering this over the next three years.

**49.** The long-term vision for North Lanarkshire HSCP was set out in the original Strategic Plan 2016/2026. While this remains relevant, the IJB's Strategic Commissioning Plan 2023/26 compliments this, setting out the IJB's commitment to achieve long-term ambitions. The Strategic Commissioning Plan recognising the importance of partnership working to support the transformational change to improve health and wellbeing in the area.

**50.** The Strategic Commissioning Plan is underpinned by the IJB's Medium and Longer Term Financial plans.

### **Recruitment is underway for a new Chief Officer and Chief Finance Officer who are due to leave the organisation in late 2024.**

**51.** The Chief Officer and Chief Finance Officer are both due to leave the IJB in late 2024. The Chief Officer is the Accountable Officer for the IJB and has day to day operational responsibility to monitor delivery of integrated services, with oversight from the IJB. The Chief Finance Officer has responsibility for the IJBs financial arrangements including the preparation of the annual accounts.

**52.** The IJB is undertaking a recruitment campaign for these positions and it will be important that the IJB ensure that there is support in place to support the transition to new senior officers.

### **The Health and Social Care Partnership received university status during the year**

**53.** The North Lanarkshire Health and Social Care Partnership, is the partnership arrangement between NHS Lanarkshire and North Lanarkshire Council which helps deliver the integrated services between the bodies. The partnership supports the operational delivery of services. In November 2023, Glasgow Caledonian University (GCU) granted university status to both North and South Health and Social Care Partnerships. This recognises the partnership's commitment of delivering innovation, compassionate care and partnership relationships across Lanarkshire.

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# 5. Use of resources to improve outcomes

Public sector 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.

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## Conclusion

The IJB has appropriate arrangements in place for securing Best Value

IJB performance has been mixed with a reduction in emergency readmissions rate but an increase in delayed discharge rate in 2023/24.

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## The IJB has appropriate arrangements in place for securing Best Value

**54.** The IJB's Strategic Commission Plan 2023-26 sets out the five organisations five key priorities:

- Do the right thing first time
- Increased focus on prevention, early intervention and tackling inequalities
- Improve mental health and wellbeing
- Develop and support a workforce for the future; and
- Support people through a whole family approach.

**55.** The IJB's Programme of Work links to these priorities. This has been compiled following consultation and engagement with stakeholders including North Lanarkshire Council and NHS Lanarkshire and it aligns to both partner organisations strategic plans.

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

**57.** The progress made by the health and social care partnership on the key strategic commissioning intentions and the key performance indicators are reported regularly to the IJB.

**IJB performance has been mixed with a reduction in emergency readmissions rate but an increase in delayed discharge rate in 2023/24.**

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

**59.** The Annual Performance Report reflects on the improvements made and innovative practices achieved throughout the year. The IJB's annual performance report was published in October 2023. The reports acknowledges the ongoing collaborative work undertaken with service users, carers, families, and communities to improve on performance. The report recognises the significant challenges facing the IJB.

**60.** Performance reports cover the six ministerial steering group performance measures. Performance in 2023/24 against these measures has been mixed. The annual performance report highlights areas of performance improvement during the period including the emergency admission and readmission (within 28 days of discharge) rates. However, the report highlights areas where performance has inclined including delayed discharge rates and the proportion of care services graded "good" or "better" in Care Inspectorate reviews.

**61.** The IJB continues to work with NHS Lanarkshire and North Lanarkshire Council to ensure resources are focused on addressing areas of underperformance in the context of local and national financial and non-financial challenges.

# Appendix 1. Action plan 2023/24

## 2023/24 recommendation

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Presentation of financial and non-financial information in the annual accounts</b></p> <p>In the unaudited accounts, the Management Commentary and financial statements contained information on the operational activity of the health and social care partnership rather than that of the strategic commissioning activity of the IJB.</p> <p>Risk – There is a risk that the Management Commentary and notes to the accounts do not reflect the functions and activities of the IJB as a strategic commissioning body.</p>	<p>While the 2023/24 annual report and accounts have been updated to reflect ensure focus of the activities of the IJB and ensure they are free from material misstatements, during the production of future accounts, the IJB should review the presentation of both financial and non-financial information to ensure this reflects the organisation's role as a strategic commissioning body.</p> <p><a href="#">Paragraph 19</a></p>	<p><b>Accepted</b></p> <p>Recommendation will be taken forward and reflected in 2024/25 annual accounts.</p> <p>Chief Finance Officer</p> <p>June 2025</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation and agreed action	Progress
<p><b>b/f 1. Financial performance reports 2022/23 AAR</b></p> <p>The IJB performance monitoring reports provide detailed operational financial</p>	<p>As a Strategic commissioning body the IJB should ensure that its financial performance reports retain a holistic view of the IJBs financial performance as a whole and</p>	<p><b>Work in progress</b></p> <p>The IJB have revised financial monitoring reports to provide an overview of the delivery of services and overall funding aligned to the</p>

Issue/risk	Recommendation and agreed action	Progress
<p>performance information over IJB activity at North Lanarkshire Council and NHS Lanarkshire. However, there is an opportunity to enhance the current financial reporting to provide an overview of the overarching IJB performance.</p> <p>Risk – There is a risk that budget monitoring reports focus on operational financial challenges and lose focus on wider overarching financial performance of the IJB.</p>	<p>continue to align to the reserves strategy and financial strategy.</p> <p>Agreed action:</p> <p>The financial reports will be further defined to give an overview in the delivery of services against the overall funding aligned to the Strategic Commissioning Plan and Medium Term Financial Plan/Long Term Financial Plan including earmarked reserves. It will also include progress in respect of any future saving plans. Individual detailed reports including priorities and outcomes will also be presented to the IJB as agreed within the programme of works.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: March 2024</p>	<p>Strategic Commissioning Plan and Medium Term Financial Plan.</p> <p>However, as reflected in the unaudited accounts (see recommendation 1) the reports provide detail around the financial and operational performances of each of the partner bodies in the delivery of the underlying services. There is an opportunity to further develop the reporting and scrutiny to reflect the overarching strategic role of the IJB as a commissioning body rather than the operational focus of the partners in delivery of health and social care partnership activity.</p> <p>Chief Finance Officer</p> <p>March 2025</p>
<p><b>b/f 2. Longer Term Financial Plan 2022/23 AAR</b></p> <p>A medium term financial plan has been developed which reflects the impact of Covid19 and the Strategic Commissioning Plan 2023/26. However, the IJB does not have a longer term financial plan in place.</p> <p>Risk – There is a risk that as the IJB faces significant financial and operational challenges and services are transformed, that decisions around these are not aligned to longer term financial plans</p>	<p>The IJB should develop a longer term financial plan to demonstrate the longer term financial sustainability and help support longer term strategic planning and decision making.</p> <p>Chief Finance Officer will work towards producing a longer term financial plan which will be reflective of the information known to date. Future amendments will be necessary to align the long term plan to the pending formation of the National Care Service and the</p>	<p><b>Implemented</b></p> <p>The IJB have now implemented a longer term financial plan. While this contains a number of key assumptions and limitations around known information, it provides an overarching basis of the financial strategy for the IJB.</p>



Issue/risk	Recommendation and agreed action	Progress
to support financial sustainability.	continuing uncertainty around future funding.  Responsible officer: Chief Finance Officer Agreed date: March 2024	

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# North Lanarkshire Integration Joint Board

## 2023/24 Annual Audit Report

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