

# East Dunbartonshire Integration Joint Board

2017/18 Annual Audit Report



 AUDIT SCOTLAND

To the members of East Dunbartonshire Integration Joint Board and the Controller of Audit  
21 September 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

# Contents

---

Key messages	4
Introduction	5
Part 1 Audit of 2017/18 annual accounts	7
Part 2 Financial management and sustainability	11
Part 3 Governance, transparency and value for money	17
Appendix 1 Action plan 2017/18	22
Appendix 2 Significant audit risks identified during planning	30
Appendix 3 Summary of national performance reports 2017/18	33

---

# Key messages

---

## 2017/18 annual report and accounts

- 1** The revised financial statements of East Dunbartonshire Integration Joint Board for 2017/18 give a true and fair view of the state of its affairs and of its net expenditure for the year.
- 2** Whilst this is the case, the unaudited financial statements misrepresented the financial position of the IJB as a £0.94 million surplus when £2 million of reserves had been used to fund the services. The revised financial statements now correctly disclose the £1.1 million deficit on delivering services in the year.
- 3** The quality of the unaudited financial statements was disappointing with improvements identified through last year's audit being disregarded. The financial statements were updated and are now of an acceptable standard.
- 4** We have issued an unqualified Independent Auditor's Report on the East Dunbartonshire Integration Joint Board Annual Accounts for 2017/18.

## Financial management and sustainability

- 5** The IJB has appropriate and effective budgetary processes arrangements in place which provide timely and reliable information for monitoring financial performance. However, additional information on the achievement of savings targets would provide more transparency.
- 6** The IJB incurred a deficit of £1.1 million, with the budget for 2018/19 anticipating further use of reserves. This is not a sustainable position beyond the short term.
- 7** The IJB now holds reserves of £2.1 million, which is below its strategic target of £3.1 million. Balancing the budget by using reserves is not sustainable in the medium term.
- 8** The IJB has implemented a medium term financial plan, but a long term (5 years and over) financial plan has yet to be developed.
- 9** Key controls within the main financial systems of both partners bodies were operating satisfactorily.

## Governance, transparency and value for money

- 10** The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.
- 11** Improvements could be made to the transparency of the IJB, specifically with the accessibility of Performance, Audit & Risk Committee papers.
- 12** The annual performance report was deficient in several respects. It did not include any evidence to demonstrate how Best Value is being delivered.

# Introduction

1. This report is a summary of our findings arising from the 2017/18 audit of East Dunbartonshire Integration Joint Board, hereby referred to as the 'IJB'.

2. The scope of our audit was set out in our Annual Audit Plan presented to the February 2018 meeting of the Performance, Audit & Risk Committee. This report comprises the findings from:

- an audit of the IJB's annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2017/18 have been:

- obtaining service auditor assurances from the auditors of NHS Greater Glasgow and Clyde (NHSGGC) and East Dunbartonshire Council (EDC)
- an audit of the IJB's 2017/18 annual accounts including issuing an independent auditor's report setting out our opinions
- consideration of the four audit dimensions.

4. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

- 5.** The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
- 6.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice (2016), supplementary guidance, and International Standards on Auditing in the UK.
- 7.** As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. In doing this, we aim to support improvement and accountability.
- 8.** The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist.
- 9.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.
- 10.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £24,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

### **Adding value through the audit**

- 11.** Our aim is to add value to IJB by increasing insight into, and offering foresight on financial sustainability, risk and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.
- 12.** This report is addressed to both the board 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).
- 13.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2017/18 annual accounts



### Main judgements

**In our opinion East Dunbartonshire IJB's financial statements give a true and fair view and were properly prepared.**

**Whilst this is the case, the unaudited financial statements misrepresented the financial position of the IJB as a £0.94 million surplus when £2 million of reserves had been used to fund the services. The revised financial statements now correctly disclose the £1.1 million deficit on delivering the services in the year.**

**The quality of the unaudited financial statements was disappointing with improvements identified through last year's audit being disregarded. The statements were updated and are now of an acceptable standard.**

**We have issued an unqualified Independent Auditor's Report on the East Dunbartonshire IJB's Annual Report and Accounts for 2017/18.**

### Audit opinions on the annual accounts

**14.** The annual accounts for the year ended 31 March 2018 were approved by the Performance, Audit & Risk Committee on 21 September 2018. We reported within our independent auditor's report that in our opinion:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

**15.** Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

### Submission of annual accounts for audit

**16.** We received the unaudited annual accounts on 11 June 2018 in line with our agreed audit timetable. Assurances over the hosts relevant governance arrangements were provided by each host, as part of the accounts preparation process. Information on year-end balances were provided by the IJB to NHSGGC by the pre-agreed timetable for NHS consolidation purposes.

**17.** Upon receipt of the 2017/18 unaudited annual accounts we identified a number of errors, the majority of which were the same as the errors we found during the audit of the 2016/17 annual accounts. This was due to the fact that the 2016/17 unaudited annual accounts had been used to produce the 2017/18 unaudited annual accounts instead of the 2016/17 audited annual accounts. As a result, financial disclosures had not been updated correctly in the 2017/18 unaudited annual accounts leading to a large number of changes being required throughout

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

the unaudited annual accounts. As this is our third year of our appointment, the reduction in the quality of the unaudited annual accounts is disappointing.



#### [Recommendation 1 \(refer appendix 1, action plan\)](#)

**18.** The working papers provided with the unaudited annual accounts were of an adequate standard and finance staff provided good support to the audit team which helped ensure the audit process ran smoothly.

### Risks of material misstatement

**19.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process, wider dimension risks, how we addressed these and our conclusions. These risks had the greatest effect on the overall audit strategy, the allocation of staff resources to the audit and directing the efforts of the audit team.

### Materiality

**20.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

**21.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. We assess the materiality of uncorrected misstatements, both individually and collectively. The assessment of materiality was recalculated on receipt of the unaudited financial statements and is summarised in [Exhibit 2](#).

## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality	£1.568 million
Performance materiality	£0.941 million
Reporting threshold	£16,000

Source: Audit Scotland 2017/18 Annual Audit Plan

### How we evaluate misstatements

**22.** We identified one area of material misstatement regarding the disclosure of the IJB's deficit, which is discussed in [Exhibit 3](#) Significant findings from the audit in accordance with ISA 260

**23.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.


**24.** The findings include our views about significant qualitative aspects of the board's accounting practices including:



- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Accounting policies</li> <li>• Significant financial statements disclosures</li> <li>• The impact on the financial statements of any uncertainties</li> <li>• Misstatements in the annual report and accounts</li> </ul> | <ul style="list-style-type: none"> <li>• Accounting estimates and judgements</li> <li>• Timing of transactions and the period in which they are recorded</li> <li>• The effect of any unusual transactions on the financial statements</li> <li>• Disagreement over any accounting treatment or financial statements disclosure</li> </ul> |
|---|--|

## Exhibit 3

### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Reserves netted against expenditure</b></p> <p>The unaudited statements misrepresented the financial position of the IJB as a £0.94 million surplus when £2million of reserves had been used. The revised statements now correctly disclose the £1.1 million</p> <p>Expenditure on Adult Services and Children and Criminal Justice Services was significantly understated in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>This presentation was misleading and not in compliance with accounting guidance.</p>	<p>The financial statements were updated to reflect the Gross Expenditure of services, resulting in a £1.1 million deficit in the CIES. The transfer between General Fund and Earmarked reserves was appropriately disclosed within the Movement in Reserves Statement (MIRS).</p>
<p><b>2. Hospital acute services (set aside)</b></p> <p>The “set aside” budget is the IJB’s share of the budget for delegated acute services provided by large hospitals, on behalf of the IJB.</p> <p>As per the previous financial year, a notional figure for the ‘set aside’, has been agreed with NHSGGC and included in the NHSGGC &amp; IJB annual accounts. The budget and actual expenditure reported for the “set aside” are equal. The figure is based on 2015/16 activity levels for hospital inpatient and day case activity, as provided by NHS National Services Scotland’s Information Services Division, adjusted to reflect 2017/18 costs.</p> <p>The set aside value disclosed in the accounts (£17.4 million) may not accurately reflect the actual hospital use in 2017/18.</p>	<p>The Comprehensive Income and Expenditure Account in the annual accounts correctly includes the set aside costs.</p> <p>This is a transitional arrangement which was agreed by the Scottish Government. Therefore, this disclosure has been accepted for 2017/18.</p> <p> <a href="#">Recommendation 2 (refer appendix 1, action plan)</a></p>

25. Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

## Good practice in financial reporting

**26.** In the main, the annual accounts reflect good practice as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018).

## Follow up of prior year recommendations

**27.** We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

**28.** In total, six agreed actions were raised in 2016/17. Of these:

- one has been fully implemented
- five are not actioned or have only partly been actioned.

**29.** Overall the IJB has made little progress in implementing these actions. For those actions not yet implemented, revised responses and timescales have been agreed with management in [Appendix 1](#).

# Part 2

## Financial management and sustainability



### Main judgements

The IJB has an established budgeting and budget monitoring process. Budget monitoring reports provide good quality information to facilitate scrutiny and challenge by members, however additional information on the achievement of savings targets would provide more transparency.



The IJB incurred a deficit of £1.1 million, with the budget for 2018/19 anticipating further use of reserves. The IJB now holds reserves of £2.1 million, which is below its strategic target of £3.1 million. Balancing the budget by using of reserves is not sustainable in the medium term.

The IJB has implemented a medium term financial plan up to 2021, but a long term financial plan has yet to be developed. In 2018/19 the IJB needs to make savings of £4.6 million, £1.7 million if this is considered high risk.

Key controls within the main financial systems of both partner bodies were operating satisfactorily.

### Financial management

**30.** Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. It is the Board's responsibility to ensure that its financial affairs are conducted in a proper manner.

**31.** As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several factors, including whether:

- the Chief Finance & Resources Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

**32.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff. All funding and expenditure is incurred by partner bodies and processed in their accounting records. The Chief Finance & Resources Officer was

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

in post throughout the accounting year and is responsible for ensuring that appropriate financial services are available to the IJB and the Chief Officer.

**33.** The IJB board formally approved the 2017/18 budget in June 2017. This comprised of contributions from EDC and NHSGGC of £51.7 million and £79.6 million respectively, with £17.4 million of funding set aside. This budget assumed a savings target of £5.1 million for the year, with £4.6 million being identified at the time of approval. With £5.3 million of brought forward reserves, there was sufficient capacity to absorb the anticipated savings gap for 2017/18.

**34.** The Board is responsible for scrutinising financial and operational performance and ensuring that prompt corrective actions are taken where appropriate. To discharge this duty, it needs timely and comprehensive budget monitoring information, including projections of the year end position. Five budget monitoring reports were reported to meetings of the Board during 2017/18. These reports identify the projected year-end outturn at the start of the year was a breakeven position although an increasing year-end overspend was projected throughout the year with the actual overspend at the year-end reflected in the annual accounts (£1.1 million).

**35.** Budget monitoring reports provide good quality information to facilitate scrutiny and challenge by members on the financial position of the IJB. The opportunity for comprehensive scrutiny could be further enhanced by combining performance reporting with financial reporting.

**36.** Currently, performance reporting and budget reporting are considered separately at meetings of the Joint Board and Performance, Audit & Risk Committee respectively. Having embedded financial and performance reporting, the IJB should take the opportunity to combine these to ensure that members have clear sight of the impact of variances against budget in terms of service performance.



#### [Recommendation 3 \(refer appendix 1, action plan\)](#)

**37.** Although the IJB has good budget monitoring arrangements in place, improvements could be made by combining performance and budget reporting.

### Financial performance in 2017/18

**38.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance and Resources Officer. All funding and expenditure for the IJB is incurred by partners' bodies and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the Board.

**39.** The financial outturn is analysed in [Exhibit 4](#). Reserves have been utilised to cover the deficit of £1.1 million. The underspend within health services has been apportioned between earmarked and contingency funds. The Integration Scheme states that where a deficit is projected during the year, that a financial recovery plan must be agreed by all partners.

**40.** A financial recovery plan for 2018/19 was developed and approved by the Board in May 2018.

## Exhibit 4

### Performance against budget

IJB budget objective summary	Budget £m	Actual £m	Variance £m
NHS Greater Glasgow & Clyde	99.7	98.8	(0.9)
East Dunbartonshire Council	51.9	53.9	2.0
Total Net Expenditure/Deficit	151.6	152.7	1.1
Movement in Reserves to reflect deficit:			
- Earmarked reserves from health services			(0.7)
- Surplus from health services			(0.2)
- Deficit from care services			2.0

Source: East Dunbartonshire IJB Final Outturn Report 2017/18

**41.** The 2017/18 Financial Outturn Report was presented to the Board meeting in June 2018 and highlights the main reasons for the £1.1 million deficit as follows:

- £0.46 million underspend in relation to health services was primarily due to Oral Health Directorate. This surplus arose as a result of staff turnover and vacancies across the service. This saving has been allocated to earmarked reserves to be allocated in future years to a planned equipment replacement programme with primary care oral health services.
- £1.35 million overspend in Adult Social work budget. This was a result of demand pressures from children transitioning into adult learning disability and mental health services as well as some pressure in relation to care at home services for older people as the demands from this care group continue to rise.
- £0.67 million overspend in Children and Criminal Justice Services this is primarily due to residential and fostering placements for Children. This was due to a combination of additional demands and restrictions on places within our in-house residential provision being held during the year in the expectation that a number of Asylum Seeking children will be placed within East Dunbartonshire. This required the purchase of additional external placements to support children requiring residential care.

### Efficiency savings

**42.** The IJB is required to make efficiency savings to maintain financial balance. In 2017/18 the IJB was expected to make efficiency savings of £5.1 million. However, the Financial Performance – Budget Outturn 2017/18 report which was presented to the Board in June 2018 does not provide details of the final efficiency savings achieved for the year.

**43.** Based on the proposed settlement from NHSGGC and EDC, it is anticipated that £4.6 million of savings will be required during 2018/19 and which have been identified. However, we noted that £1.7 million of these identified savings have the highest risk factor. Failure to achieve these savings may have serious implications to the delivery of core services for 2018/19 as there are no contingency reserves available. It is therefore crucial that the Board receive detailed efficiency savings

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.

updates on a regular basis. The financial sustainability of the IJB should be a core focus during 2018/19.



[Recommendation 4 \(refer appendix 1, action plan\)](#)

## Financial Planning

**44.** At the May 2018 Board meeting, the Chief Finance & Resources Officer recommended that the IJB rejects the 2018/19 financial settlement offered by EDC based on the insufficient level of funding to deliver services. The Board raised concerns regarding the shift of balance of care from acute and institutional settings to services delivered within the community, and the impact this has on the budget of the IJB. Although the offer from EDC to underwrite any IJB overspends using EDC's reserves, the IJB considered this to be a short-sighted view. At the June 2018 Board meeting it was agreed the funds currently earmarked within the IJB reserves for transformational activity would be replaced by a commitment from EDC to support this activity going forward, thus allowing these earmarked reserves to be recategorised as general fund reserves. These funds would then be used to balance the 2018/19 budget.

**45.** The budget allocation to the IJB was agreed at the June 2018 Board meeting (£51.9 million from EDC and £77.2 million from NHSGGC which excludes the set aside for acute hospital sites), which identified a £4.6 million funding gap.

**46.** In our 2016/17 Annual Audit Report we highlighted the importance of a medium to long term financial plan to support longer term planning for the IJB. This was included as an action point in our report and the IJB agreed to develop this as part of its Strategic Plan 2018-2021, which was approved by the Board in April 2018. Although the IJB has made improvements by implementing a medium term financial plan, a long term (5 years and over) financial plan has yet to be developed. We acknowledge that longer term financial planning is challenging due to the IJB's reliance on uncertain financial settlements from partners. The action point from 2016/17 has been carried forward for implementation in 2018/19.



[Recommendation 5 \(refer appendix 1, action plan\)](#)

## Reserves strategy

**47.** The reserves policy of the IJB was approved at the Board meeting on 11 August 2016. The integration scheme and the reserves policy set out the arrangements between the partners for addressing and financing any overspends or underspends. Both documents highlight that underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity, or be carried forward to fund capacity in future years of the Strategic Plan. Alternatively, these can be returned to the partner bodies in the event of a windfall saving.

**48.** As a result of the deficit in 2017/18, reserves have fallen by £1.1 million. The IJB is forecasting that all of the remaining General Fund balance (£1 million) and the Earmarked Reserves of £1.1 million will be used to balance the 2018/19 budget. Going forward the IJB's financial position is precarious with no safeguards against unexpected costs.

**49.** The IJB's reserves policy provides for a minimum of 2% of net expenditure (£152.7 million in 2017/18) to be held in reserves which equates to approximately £3.1 million for the IJB. Following the expected £2 million drawdown in 2018/19, the closing reserves position will be £2.1 million which is below the minimum level, resulting in breach of the reserves policy. A breakdown of reserves of the IJB can be found in [Exhibit 5](#). As noted in paragraph 40, a financial recovery plan for 2018/19 was developed and approved by the Board in May 2018 which

demonstrates that plans are in place to return to compliance with the reserves policy.

## Exhibit 5

### Summary of Reserves

Reserves	2016/17 £m	2017/18 £m
<b>Earmarked Reserves 2017/18</b>		
Scottish Govt. Funding – SDS	0.106	0.102
Mental Health project	0.036	0.036
Delayed Discharge	0.029	-
Service Redesign / Transformation	1.704	1.666
Keys to Life Funding	0.011	0.006
Autism Funding	0.019	-
Police Scotland – CPC Funding	0.005	-
Integrated Care / Delayed Discharge Funding	0.523	0.523
Oral Health Funding	0.138	0.600
<b>Earmarked Reserves for 2018/19</b>		
Primary Care Cluster funding	-	0.198
<b>General Reserve</b>		
Contingency	2.660	0.957
<b>Total Reserves</b>	<b>5.231</b>	<b>4.087</b>

Source: East Dunbartonshire IJB Financial Performance – Budget Outturn 2017/18

**50.** The CIPFA Local Authority Accounting Panel (LAAP) bulletin 99 provides guidance on the establishment and maintenance of reserves. It recognises that “earmarked” reserves are a valid way to meet known or predicted requirements. The IJB should ensure that where funds are earmarked for a specific purpose to support service transformation and delivery, that these are used timeously to deliver the intended service benefits. If not, they should not be classified as earmarked balances.



[Recommendation 6 \(refer appendix 1, action plan\)](#)

**51.** We can conclude that with the drawdown of reserves anticipated in future years there is uncertainty over the financial sustainability of the IJB. The projected use of earmarked reserves to balance the 2018/19 budget puts at risk the pace of transformational change.

## Systems of internal control

**52.** The IJB does not have any financial systems of its own. All financial transactions of the IJB are processed through the financial systems of NHSGGC and EDC. The key financial systems it relies upon include general ledger, trade payables, trade receivables and payroll.

**53.** As part of our audit approach we sought assurances from the external auditors of NHSGGC and EDC (in accordance with ISA 402) and confirmed that the key controls within the main financial systems of both partner bodies were operating satisfactorily and that no significant risks were identified.

## Workforce planning

**54.** The IJB currently relies on the workforce plans of its partner bodies. The IJB is in the process of creating a Workforce and Organisational Development Plan for 2018-2021. A draft report was presented to the Board meeting in March 2018 and formally approved.

**55.** The Organisational Plan has been created to support both the delivery of the strategic plan and the development of the workforce. The current plan has four main themes, which are Developing our Culture, Values and Behaviours, Service Improvement, Integration and Leadership.

**56.** Within the development plan there is a workforce action plan to aid the delivery of the plan, however there are no owners or dates for completion included within the document, which will make the timely implementation of these actions challenging.



### [Recommendation 7 \(refer appendix 1, action plan\)](#)

**57.** Regular updates on workforce planning are presented to meetings of the Board during the year, including the minutes of meetings of the East Dunbartonshire Staff Forum whose membership includes staff from health and social care services and trade union officials.



# Part 3

## Governance, transparency and value for money



### Main judgements

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



**Improvements could be made to the transparency of the IJB, specifically with the accessibility of Performance, Audit & Risk Committee papers.**

**The IJB published its annual performance report. However, it does not include evidence to demonstrate how the IJB's Best Value duties are being delivered.**

### Refreshed Strategic Plan

**58.** The Board approved the 2016-2019 Strategic Commissioning Plan in March 2016. In recognition of the plan entering its third and final year, a refreshed plan for 2018-2021 was approved by the Board in March 2018. The strategic plan outlines eight key priorities to be delivered over the next three years. These are:

- Promote positive health and wellbeing, preventing ill-health and building strong communities
- Enhance the quality of life and supporting independence for people, particularly those with long-term conditions
- Keep people out of hospital when care can be delivered closer to home
- Address inequalities and support people to have more choice and control
- People have a positive experience of health and social care services
- Promote independent living through the provision of suitable housing accommodation and support
- Improve support for carers enabling them to continue in their caring role
- Optimise efficiency, effectiveness and flexibility

**59.** The refreshed strategic plan aims to build on the experiences of the first two years of integration and reflects changes in national and local policies.

### Governance arrangements

**60.** The integration scheme between EDC and NHSGGC sets out the IJB's responsibilities for the management and delivery of health and social care services in East Dunbartonshire. The IJB's governance arrangements and procedures are regulated by its Scheme of Delegation.

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

**61.** Standing Orders for the IJB were approved when it was established in July 2015. Schemes of Delegation clarify the functions delegated by EDC and NHSGGC to the IJB. These delegate operational management of services to the IJB's Chief Officer.

**62.** The integration scheme also sets out the key governance arrangements. The Board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the IJB and for monitoring the adequacy of these arrangements. The Board comprises a wide range of service users and partners including three elected councillors nominated by EDC and three non-executive directors nominated by NHSGGC.

**63.** The IJB's Chief Officer provides overall strategic and operational advice and is directly accountable to the Board for all of its responsibilities. The Chief Officer is accountable to both the Chief Executive of EDC and the Chief Executive of NHSGGC. The Chief Officer also provides regular reports to both partners which include national and local developments in relation to the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014.

**64.** The Board is supported by the Performance, Audit & Risk Committee, two Locality Planning Groups, a Clinical and Care Governance Group and the Strategic Planning Group. The Board and each of the groups met on a regular basis throughout the year. We reviewed Board minutes and Performance, Audit & Risk Committee minutes to ensure they are fulfilling their responsibilities. We also periodically attend meetings of the Performance, Audit & Risk Committee. Additionally, we attend selected Board meetings to observe how they perform and we concluded that these meetings are well attended and demonstrate an appropriate level of discussion and scrutiny.

**65.** The Clinical and Care Governance Group reports through the Chief Officer to the Board on a regular basis. The membership reflects the professional groups, including nursing, medical, social work and primary care colleagues. The role of the Clinical and Care Governance Group is to consider matters relating to Strategic Plan development, governance, risk management, service user feedback and complaints, standards, education, learning, continuous improvement and inspection activity.

**66.** Following the Local Elections in May 2017, the voting members from EDC changed. Seminars and training schemes were arranged to ensure an appropriate level of knowledge was obtained by each new member.

**67.** It was noted during planning, the financial regulations make reference to section 105 of the 1973 act when referencing the audit and publications timetable, when this should be the Local Authority Regulations 2014. In addition upon review of the Scheme of Delegation, it does not state who approves the audited financial statements. Based on the 2016/17 audit it should be updated to state that this is the responsibility of the IJB Performance, Audit & Risk Committee.



[Recommendation 8 \(refer appendix 1, action plan\)](#)

## Transparency

**68.** Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**69.** Full details of the Board meetings held by the IJB are available through the EDC website where access is given to partnership board papers and minutes of meetings. However, other committee/ group papers, such as the Performance, Audit & Risk Committee, are not publicly available. Although minutes are documented within the Board meeting minutes, these do not provide enough detail to allow stakeholders to obtain a full understanding on the matters discussed at these meetings. This was raised as an action point in our 2016/17 Annual Audit

Report, and it was agreed that a review of arrangements for supporting the website would be carried out. It was also agreed that this review would include arrangements for the regular publishing of reports for standing committee. As there has been no improvement in the publishing of minutes, this action point will be carried forward to 2018/19.



#### [Recommendation 9 \(refer appendix 1, action plan\)](#)

**70.** We feel that improvements can be made to the transparency of the IJB, specifically in relation to the accessibility of Performance, Audit & Risk Committee papers.

### Internal audit

**71.** Internal audit provides the IJB Board and Accountable Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

**72.** The internal audit function is carried out by the internal auditors at both EDC and NHSGGC. As part of our routine planning process we carry out an early assessment of the internal audit function to determine whether it has sound documentation standards and reporting procedures in place and complies with the requirements of Public Sector Internal Audit Standards (PSIAS). A review of the adequacy of the respective internal audit functions was carried out by the external auditors of the host bodies from which an assessment was made in relation to the IJB. We concluded that it operates accordance with PSIAS and has sound documentation standards and reporting procedures in place.

**73.** In 2016/17 we reported that the internal auditors of NHSGGC do not share copies of individual internal audit reports with the IJB or attend meetings of the IJB's Performance, Audit & Risk Committee. It has been noted that the internal auditors of NHSGGC remain unwilling to provide audit reports to the IJB Performance, Audit & Risk Committee. This action point will therefore be carried forward to 2018/19.



#### [Recommendation 10 \(refer appendix 1, action plan\)](#)

**74.** To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2017/18 we placed formal reliance on internal audit's work in Homecare follow up and Carefirst payments. We also considered internal audit report findings as part of our wider dimension work including Social Work contract monitoring.

### Standards of conduct and arrangements for the prevention and detection of bribery and corruption

**75.** The Board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of Devolved Public Bodies. In August 2016 the Board agreed to adopt the template Code of Conduct for Integration Joint Boards which had been produced by the Scottish Government.

**76.** Based on our review of these arrangements we concluded that the IJB has effective arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record in this report.

### Other governance arrangements

**77.** The Scottish Government issued a Public Sector Action Plan on Cyber Resilience in November 2017. This requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate. As set out above, the IJB does not have any of its own systems so relies on the ICT

arrangements in the partner bodies. The interim audit reports by the external auditors of NHSGGC and EDC noted that the partner bodies are on target to secure the Cyber Essentials and Cyber Essentials Plus accreditations respectively by October 2018 in accordance with the Scottish Government target.

**78.** The new General Data Protection Regulation (GDPR) came into force on 25 May 2018. Superseding the Data Protection Act 1998, the regulation introduced new and significantly changed data protection concepts pertaining to the processing of personally identifiable information.

**79.** Our review of Board papers and minutes identified that no papers have been presented in relation to GDPR, although there is a position statement on IJB's website. This implies that the IJB does not consider itself to be a controller of personal information, and is therefore reliant on its constituent partners, EDC and NHSGGC, for compliance with GDPR. As a minimum, we expect the IJB to formally to consider and report on its own responsibilities regarding GDPR in order to assess whether it is a controller of personal information and if so, identify and appoint a Data Protection Officer.



[Recommendation 11 \(refer appendix 1, action plan\)](#)

## Value for money and performance management

**80.** Local government bodies, including Integration Joint Boards, have a statutory duty to make arrangements to secure Best Value, through the continuous improvement in the performance of their functions. The characteristics of a Best Value organisation are laid out in Scottish Government Guidance issued in 2004.

**81.** While there is evidence of elements of Best Value being demonstrated by the IJB, there is no mechanism for formal review. Mechanisms and reporting arrangements should be implemented to provide assurance, to the Chief Officer and the Board, that partners have arrangements in place to demonstrate that services are delivering Best Value. This was raised as an action point in our 2016/17 Annual Audit Report and is included in [appendix 1](#) as an outstanding action.

**82.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end (i.e. before 31 July 2018). The Board has received reports throughout the year on the proposed annual performance report for 2017/18, the final version of which was published on the IJB's website ahead of the statutory deadline. Our review of the annual performance report noted that, while it covers the majority of the key areas set out in the guidance, it does not provide details on how the IJB is delivering Best Value.



[Recommendation 12 \(refer appendix 1, action plan\)](#)

**83.** The Board is provided with quarterly performance reports to update on progress against the proposed targets and measures, with narrative to describe progress and actions for improvement. We are satisfied with the format and the content of these reports which provide an adequate level of information to Board members.

**84.** Of the 25 national core indicators reported, at the end of 2017/18, 7 performance indicators were demonstrating improved performance, 11 maintained levels of performance and 7 were showing negative performance against prior year.

---

Value for money is concerned with using resources effectively and continually improving services.

---

## National performance audit reports

**85.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18 we published some reports which are of direct interest to the Board as outlined in [Appendix 3](#). Processes are in place to ensure that all national performance reports and their impact are considered by the Board.

## Health and Social Care Integration performance audit

**86.** Audit Scotland, as part of a series of reports, has undertaken a national study to examine the impact of the integration of health and social care services. The report is due to be published in November 2018 and will reflect on leadership and collaboration, integrated finances and strategic planning.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Quality assurance review</b></p> <p>The quality of the draft 2017/18 unaudited accounts submitted for audit were of a lower than expected standard.</p> <p><b>Risk</b></p> <p>More audit time is spent identifying typographical and other errors and the audit fee may be increased as a result.</p>	<p>Prior to submission for audit, the IJB should carry out a quality assurance review of the unaudited accounts to identify and eliminate errors.</p> <p><a href="#">Paragraph 17</a></p>	<p>Limited finance capacity to support the production of the Financial Accounts for 2017/18. Finance Structure to be enhanced to provide capacity to support partnership priorities.</p> <p>Chief Finance &amp; Resources Officer</p> <p>April 2019</p>
2	<p><b>Hospital acute services (set aside)</b></p> <p>The total Joint Board expenditure includes “set aside” costs for hospital acute services. The figure is an estimate, based on 2015/16 activity levels.</p> <p><b>Risk</b></p> <p>In future years the sum set aside recorded in the annual accounts will not reflect actual activity levels.</p>	<p>NHSGGC and the IJB should prioritise revised processes for planning and performance management of delegated hospital functions and associated resources in 2017/18.</p> <p><a href="#">Exhibit 3</a></p>	<p>Work is underway across NHSGGC with representation from partnership CFO’s, Acute Heads of Finance, Senior Finance representatives from the NHS Board and the SG to develop a financial framework for the set aside budget which links performance in the usage of acute services to financial performance to ensure compliance with the legislation. A framework is set to be in place by the 1 April 2019 for the financial year 2019/20. This is dependent on the NHSGG&amp;C and agreement across the other partnerships on the model to be implemented.</p> <p>NHSGGC, SG, IJB CFO’s</p> <p>April 2019</p>
3	<p><b>Budget and performance monitoring arrangements</b></p> <p>Budget and performance monitoring arrangements are currently reported separately to the Board which means that it can be challenging to link the</p>	<p>The IJB should seek to combine these to ensure that members have clear sight of the impact of variances against budget in terms of service performance.</p> <p><a href="#">Paragraph 36</a></p>	<p>A performance framework is in development for the IJB and consideration will be given to the options for aligning the financial performance for the partnership with that of the overall performance.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>impact of budget variances on service performance.</p> <p><b>Risk</b></p> <p>There is a risk that members are not fully sighted on the impact of budget variances on service performance.</p>		<p>Chief Finance &amp; Resources Officer</p> <p>December 2018</p>
4	<p><b>Efficiency savings</b></p> <p>There is no formal mechanism in place to identify and report on whether savings targets are being met and how these are being achieved. In addition, savings identified for 2018/19 include £1.7 million that is considered as high risk and may not material.</p> <p><b>Risk</b></p> <p>Savings are not being delivered in accordance with decisions taken by the Board.</p>	<p>The IJB should develop a formal mechanism to demonstrate how planned efficiency savings are being met as well as the risk status and implications should these savings not be met.</p> <p><a href="#">Paragraph 43</a></p>	<p>The progress on achievement of efficiencies for 2017/18 was reported as part of the financial monitoring reports. This has continued for 2018/19.</p> <p>Chief Finance &amp; Resources Officer</p> <p>Complete</p>
5	<p><b>Long term financial plans</b></p> <p>There are no long term financial plans in place which demonstrate how the IJB will secure the financial sustainability of its services in the future.</p> <p><b>Risk</b></p> <p>The IJB is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>We recommend that a long term financial strategy (5 years and over) supported by clear and detailed financial plans (3 years and over) is prepared. This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary. Plans should set include scenario planning (best, worst, most likely).</p> <p><a href="#">Paragraph 46</a></p>	<p>The financial plan aligned to the Strategic Planning timescales. Limited information available from partner agencies on future financial settlements to the partnership which are dependent on SG future financial settlements. A high level 5 year plan is to be developed.</p> <p>Chief Finance &amp; Resources Officer</p> <p>December 2018</p>
6	<p><b>Review of earmarked reserves</b></p> <p>There is £3.13 million allocated as earmarked reserves. From our review we identified a few instances where reserves were being earmarked despite not meeting the criteria.</p> <p><b>Risk</b></p> <p>Unearmarked reserves do not represent a suitable level of</p>	<p>The IJB should undertake a thorough review of its earmarked reserves to ensure they have been earmarked for known or predicted requirements.</p> <p><a href="#">Paragraph 50</a></p>	<p>Reserves are earmarked where monies are provided for a specific purpose from the SG. These are directed to meet partnership strategic priorities and are reviewed on a regular basis.</p> <p>Chief Finance &amp; Resources Officer</p> <p>Complete</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
	contingency to mitigate the impact of unexpected events.		
7	<p><b>Workforce action plan</b></p> <p>A draft workforce plan was approved by the Board in March 2018. Although there is a workforce action plan listing areas of improvement, it lacks of action owners and timescales for completion.</p> <p><b>Risk</b></p> <p>With a lack of targets and ownership, the completion of these actions will be at risk.</p>	<p>The IJB should ensure that the workforce action plan is updated with appropriate owners and achievable target deadlines included.</p> <p><a href="#">Paragraph 56</a></p>	<p>Workforce action plan is monitored through the Workforce Co-Ordination Group with 6 monthly updates to the IJB on progress. Action plan will be refined to incorporate specific individuals and timescales.</p> <p>Head of People and Change December 2018</p>
8	<p><b>Financial regulations</b></p> <p>The financial regulations refer to incorrect legislation in relation to the audit and publication timetable, and the Scheme of Delegation does not declare whose responsibility it is to sign the audited financial statements.</p> <p><b>Risk</b></p> <p>Inappropriate legislation may be referred to and confusion from the lack of clarity within the Scheme of Delegation on the signing of the financial statements.</p>	<p>The IJB should update their regulations on a regular basis to ensure these are compliant with legislation.</p> <p><a href="#">Paragraph 67</a></p>	<p>A review of the financial regulations for the partnership will be progressed.</p> <p>Chief Finance &amp; Resources Officer March 2019</p>
9	<p><b>Transparency</b></p> <p>Although minutes and papers for each Board meeting are available through the IJB website, other committee/group papers are not publicly available.</p> <p><b>Risk</b></p> <p>Service users, member and staff have difficulty in accessing information.</p> <p>The IJB's status as leader in health and social care is diluted.</p>	<p>The IJB should enhance transparency by publishing papers submitted to standing committees and groups. Where papers include confidential information, these can be withdrawn or redacted as appropriate.</p> <p><a href="#">Paragraph 69</a></p>	<p>The website for the IJB was developed during 2017/18, the publishing of papers for the Performance, Audit &amp; Risk Committee to be incorporated on the website.</p> <p>Head of Administration October 2018</p>
10	<p><b>Internal Audit</b></p> <p>The internal auditors of NHSGGC do not share copies</p>	<p>The IJB should review internal audit arrangements to ensure that all internal audit reports affecting the IJB are presented</p>	<p>NHSGGC have appointed new internal auditors. Discussions underway as part of appointment to review</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>of individual internal audit reports with the IJB or attend meetings of the IJB's Performance, Audit &amp; Risk Committee</p> <p><b>Risk</b></p> <p>Board members may be unable to properly discharge their governance responsibilities.</p>	<p>to the IJB's Performance, Audit &amp; Risk Committee.</p> <p><a href="#">Paragraph 73</a></p>	<p>arrangements for reporting to IJB's.</p> <p>Chief Finance &amp; Resources Officer/Chief Internal Auditor</p> <p>December 2018</p>
11	<p><b>GDPR</b></p> <p>The IJB has not formally considered and reported on its own responsibilities regarding GDPR in order to assess whether it is a controller of personal information and if so, whether it needs to identify and appoint a Data Protection Officer.</p> <p><b>Risk</b></p> <p>The IJB is in breach of GDPR legislation and is not taking responsibility for the safeguarding of personal data.</p>	<p>The IJB should formally consider and report on its responsibilities in relation to GDPR to ensure it is not in breach of relevant legislation.</p> <p><a href="#">Paragraph 79</a></p>	<p>Responsibilities of the IJB are limited to information pertaining to the business of the IJB. Personal data in respect of service users and staff remain the responsibility of the respective partner agencies. A Records Management Plan (RMP) is under development and will be presented to the keeper in early 2019. A report will be presented to the IJB on the RMP which will include clarification on the responsibilities of the IJB.</p> <p>Chief Finance &amp; Resources Officer</p> <p>January 2019</p>
12	<p><b>Demonstrating best value</b></p> <p>Although it was agreed that the annual performance report would include a section for best value, this has not been included within the 2017/18 report.</p> <p><b>Risk</b></p> <p>The IJB is not able to demonstrate that it is meeting its best value obligations.</p>	<p>The IJB should develop an approach to demonstrate that it is meeting its best value duties and report on this accordingly.</p> <p><a href="#">Paragraph 82</a></p>	<p>Review to be progressed of the partnership performance against the SG's Best Value framework. Remit of the Performance, Audit &amp; Risk Committee extended to include consideration of key performance issues.</p> <p>Chief Finance &amp; Resources Officer</p> <p>March 2019</p>
<b>Follow up of prior year recommendations</b>			
b/f	<p><b>Hospital acute services (set aside)</b></p> <p>Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating</p>	<p>NHSGGC and the IJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions</p>	<p>Work is underway across NHS GG&amp;C with representation from partnership CFO's, Acute Heads of Finance, Senior Finance representatives from the NHS Board and the Scottish Government to</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>as required by legislation and statutory guidance.</p> <p>A notional figure has been agreed and included in the annual report and accounts. This is based on 2014/15 activity levels uprated to reflect the 2016/17 price basis and therefore does not reflect actual hospital use.</p> <p>This is a transitional arrangement for 2016/17 agreed by the Scottish Government.</p> <p><b>Risk</b></p> <p>In future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>and associated resources in 2017/18.</p>	<p>develop a financial framework for the set aside budget which is more meaningful within the integration agenda and links performance in the usage of unscheduled acute care to financial performance and ensure compliance with the spirit of the legislation. Regular progress reports are provided within CFO/ Health Board Liaison meetings with a framework set to be in place by 1<sup>st</sup> April 2018 ahead of the 2018/19 financial year.</p> <p>Chief Finance and Resources Officer</p> <p>April 2018</p> <p><b>Audit update:</b></p> <p>The Scottish Government consented to transitional arrangements being extended to 2017/18 so the accounting treatment applied within 2017/18 is in accordance with the guidance.</p> <p>This has been raised as issue in 2017/18 action plan above.</p>
b/f	<p><b>Medium to long term financial plans</b></p> <p>There are no medium to long term financial plans in place to demonstrate how the IJB will secure the financial sustainability of its services in the future.</p> <p><b>Risk</b></p> <p>The IJB is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>We recommend that a long term financial strategy (5 years +) supported by clear and detailed financial plans (3 years +) is prepared. This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary. Plans should set out scenario plans (best, worst, most likely).</p>	<p>A financial plan for the partnership is in development with detailed projections of the requirements over the next 5 years alongside expected financial settlements from each partner agency to support the partnership deliver on its strategic objectives. This will form a key part of the Strategic Plan for 2018-2021 and will be presented for approval at a future meeting of the IJB. Expected to be in place by 1<sup>st</sup> April 2018.</p> <p>Chief Finance and Resources Officer</p> <p>April 2018</p> <p><b>Audit update:</b></p> <p>Although the IJB have made improvements by implementing a medium term financial plan, there is still no</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
			<p>financial planning long term (5 years and above).</p> <p>This has been raised as issue in 2017/18 action plan above.</p>
b/f	<p><b>Internal Audit</b></p> <p>The internal auditors of NHSGGC do not share copies of individual internal audit reports with the IJB or attend meetings of the IJB's Performance, Audit &amp; Risk Committee</p> <p><b>Risk</b></p> <p>Board members may be unable to properly discharge their governance responsibilities.</p>	<p>The IJB should review internal audit arrangements to ensure that all internal audit reports affecting the IJB are presented to the IJB's Performance, Audit &amp; Risk Committee.</p>	<p>The appointment of a Chief Internal Auditor for the partnership will provide a platform for ongoing discussions with NHS Board Internal Audit function on the presentation of reports of interest to the ED Partnership. Further representation will be made to the NHS Board on more detailed information being presented to the partnership on areas of interest that require oversight by the partnership Performance, Audit &amp; Risk Committee.</p> <p>Chief Finance and Resources Officer</p> <p>December 2017</p> <p><b>Audit update:</b></p> <p>It was confirmed that the internal auditors of NHSGGC are still unwilling to provide full copies of internal audit reports to the IJB Performance, Audit &amp; Risk Committee. The contract for Internal Audit at NHSGGC is currently being re-tendered and the new contract will contain a clause that notes that full copies of these reports must be made available in the public domain.</p> <p>This has been raised as issue in 2017/18 action plan above.</p>
b/f	<p><b>Transparency</b></p> <p>Although minutes and papers for each Board meeting are available through the Council, other committee/group papers are not publicly available.</p> <p><b>Risk</b></p>	<p>The IJB should enhance transparency by publishing papers submitted to standing committees and groups. Where papers include confidential information, these can be withdrawn or redacted as appropriate.</p>	<p>The establishment of a website specific for the HSCP has only recently been put in place. A review of arrangements for supporting the website is underway and part of this will include arrangement for the regular publishing of report for standing committee.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>Service users, member and staff have difficulty in accessing information.</p> <p>The IJB's status as leader in health and social care is diluted.</p>		<p>Head of Administration</p> <p>December 2017</p> <p><b>Audit update:</b></p> <p>Although the website for the IJB has been established, there are still no agendas and reports for other committees publicly available.</p> <p>This has been raised as issue in 2017/18 action plan above.</p>
b/f	<p><b>Public accessibility</b></p> <p>A number of public sector organisations broadcast meetings live on the web and/or make recordings of meetings available via their websites.</p> <p><b>Risk</b></p> <p>The Joint Board is seen as remote from its stakeholders.</p>	<p>A part of the commitment to openness and transparency the Joint Board should consider whether greater public engagement could be achieved through promotion of public attendance at meetings and/or the use of technology to reach a wider audience.</p>	<p>The partnership has recently developed a communications plan which was approved by the Board in August 2017. We are actively engaging with service users and carers as part of the development of the next iteration of the Strategic Plan and encouraging involvement in all levels of partnership planning including attendance at Board meeting and involvement in locality planning groups.</p> <p>Head of Strategic Planning &amp; Performance</p> <p>April 2018</p> <p><b>Audit update:</b></p> <p>Increased public engagement has underpinned the creation of the Strategic Plan which was approved in March 2018.</p> <p>Dates of future meetings are documented in the agenda of each committee meeting.</p> <p><b>Action closed</b></p>
b/f	<p><b>Best Value</b></p> <p>The IJB should have arrangements in place to demonstrate that it is delivering Best Value in the provision of services.</p> <p><b>Risk</b></p> <p>Opportunities for continuous improvement are missed.</p>	<p>The IJB should undertake a periodic and evidenced formal review of its performance against the Scottish Government Best Value framework.</p>	<p>The partnership will undertake a formal review of its performance against the Scottish Government's Best Value Framework.</p> <p>Chief Finance &amp; Resources Officer</p> <p>April 2018</p> <p><b>Audit update:</b></p> <p>There is currently no formal best value framework in place to demonstrate that the IJB is</p>



**No.**    **Issue/risk**

**Recommendation**

**Agreed management  
action/timing**

---

meeting its statutory duty to deliver best value.

This has been raised as issue in 2017/18 action plan above.

---

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the Code of Audit Practice 2016.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries</p> <p>Review of accounting estimates</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p><b>2 Risk of fraud over expenditure</b></p> <p>The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure.</p> <p>The expenditure of the IJB is processed through the financial systems of East Dunbartonshire Council (EDC) and NHS Greater Glasgow &amp; Clyde (NHSGG&amp;C). There is a risk that non IJB related expenditure is incorrectly posted to IJB account codes.</p>	<p>Obtain assurances from the auditors of East Dunbartonshire Council and NHSGG&amp;C over the accuracy, completeness and appropriate allocation of the IJB ledger entries.</p> <p>Carry out audit testing to confirm the accuracy and correct allocation of IJB transactions, and that they are recorded in the correct financial year.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p><b>3 Hospital Acute Services (Set Aside)</b></p> <p>The “set aside” budget is the Integration Joint Board’s share of the budget for delegated acute services provided by large hospitals on behalf of the Joint Board.</p> <p>The budget and actual expenditure reported for the “set aside” were equal in</p>	<p>Engaged with officers to ensure that a robust mechanism has been developed to quantify set aside income and expenditure.</p> <p>Monitored Scottish Government guidance on the treatment of set aside in the 2017/18 financial statements to establish whether the</p>	<p>The Scottish Government issued guidance in late 2017/18 which permitted IJBs and health boards to continue with transitional arrangements which was to take 2015/16 activity data compiled by ISD and uprate this for 2017/18 costs. This is the approach that has been taken in 2017/18.</p> <p>See <a href="#">Exhibit 3</a></p>

Audit risk	Assurance procedure	Results and conclusions
<p>2016/17: the amount set aside was based on 2014/15 activity levels and provided by NHS National Services Scotland's Information Services Division.</p> <p>There is a risk that the income and expenditure of the Joint Board is misstated in 2017/18 due to the lack of current activity information.</p> <p>There is a risk that the sum set aside recorded in the annual accounts will not reflect actual hospital use in the 2017/18 accounts</p>	<p>financial statements are compliant.</p>	

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

<p><b>4 Financial Management and Sustainability</b></p> <p>Based on the current 2017/18 budget monitoring (for the period to 30 November 2017) there is a projected overspend of £2.6 million. This is mainly due to overspends in Adult Social Care and Children's &amp; Criminal Justice services. The IJB also needs to identify a further £0.5 million of savings.</p> <p>In addition, there are no medium to long term financial plans in place to demonstrate how the IJB will secure the financial sustainability of its services in the future.</p> <p>There is a risk that the IJB may not be able to generate sufficient efficiencies and cost savings to bridge the funding gap and that the IJB is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>We checked budget monitoring is robust and accurately reflects the financial position.</p> <p>Confirmation of agreement of funding and balances with host bodies.</p>	<p>The IJB incurred a deficit on provision of services of £1.1 million in 2017/18. This was due to £2 million overspends in Adult Social Care and Children &amp; Criminal Justice services, with a £0.9 million underspend in health services.</p> <p>Reserves of £2 million are anticipated to be used to balance the 2018/19 budget, effectively using all of the general reserve, with the additional £1 million being reclassified from earmarked reserve.</p> <p>There is no plan in place to demonstrate how the IJB plan to manage the medium to long term financial risks and to generate future reserves.</p> <p>See recommendation 5 above.</p>
<p><b>5 Transparency</b></p> <p>Although minutes and papers for each Board meeting are available through the EDC website, other committee/group papers are not publicly available.</p> <p>Service users, members and staff may have difficulty in accessing information and there is a risk that the IJB's status as</p>	<p>A website specific for the IJB has recently been established which can be accessed through the EDC website. A review of arrangements for supporting the website is underway and part of this will include arrangement for the regular publishing of reports for standing committee.</p>	<p>Although the website for the IJB has been established, there are still no agendas and reports for other committees publicly available.</p> <p>See recommendation 9 above.</p>











Audit risk	Assurance procedure	Results and conclusions
<p>leader in health and social care is diluted.</p>		
<p><b>6 Best Value</b></p> <p>The statutory duty of Best Value applies to all public bodies in Scotland. Currently the Joint Board does not have systems and processes in place to ensure that it is able to demonstrate Best Value in service provision.</p> <p>There is a risk that the IJB is unable to demonstrate that it delivering Best Value.</p>	<p>The IJB will undertake a formal review of its performance against the Scottish Government's Best Value Framework.</p>	<p>There is currently no formal approach in place to demonstrate the delivery of Best Value.</p> <p>See recommendation 12 above.</p>



# Appendix 3

## Summary of national performance reports 2017/18



		Apr	
		May	
Common Agricultural Policy Futures programme: further update		Jun	 Scotland's colleges 2017
		Jul	 NHS workforce planning
Self-directed support: 2017 progress report		Aug	
Equal pay in Scottish councils		Sept	
Transport Scotland's ferry services		Oct	 NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		Nov	
		Dec	
		Jan	
Early learning and childcare		Feb	
Managing the implementation of the Scotland Acts		Mar	

### Reports relevant to Integration Joint Boards

[Self-directed support: 2017 progress report](#) – August 2017

[NHS in Scotland 2017](#) – October 2017

# East Dunbartonshire IJB

## 2017/18 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)