



Final report to the Performance and Audit Committee and the Controller of Audit on the 2017/18 audit

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Introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Performance and Audit Committee of the Integration Joint Board (IJB) for the 2017/18 audit. The scope of our audit was set out within our planning report presented to the Committee in March 2018.

This report summarises our findings and conclusions in relation to:

- The audit of the **financial statements**; and
- Consideration of the **four audit dimensions** that frame the wider scope of public sector audit requirements as illustrated in the following diagram. This includes our consideration of the Board's duty to secure best value.



Introduction (continued)

The key messages in this report – financial statements audit

I would like to draw your attention to the key messages of this paper in relation to the audit of the financial statements:

Conclusions from our testing

- The significant risks, as identified in our audit plan, related to:
 - completeness and accuracy of income; and
 - management override of controls.
- A summary of our work on the significant risks is provided in the dashboard on page 9.
- We have identified no audit adjustments from our procedures to date.
- The management commentary and annual governance statement comply with the statutory guidance and proper practice and are consistent with the financial statements and our knowledge of the IJB. The good practice note issued in April 2018 states that “*the narrative in the management commentary and annual governance statement should be consistent with the accounting information in the financial statements*”. While no inconsistencies have been identified, please refer to our good practice recommendations on page 14 for areas where we feel the presentation of the Management Commentary and Governance Statement can be improved.
- The auditable parts of the remuneration report have been prepared in accordance with the relevant regulation.
- Based on our audit work, we expect to issue an unmodified audit opinion.

Insights

- We have utilised Spotlight, Deloitte’s patented analytics tool, to perform analytics on the IJB-related journal entries posted in the Council and NHS ledgers in the year to profile the journal population which has helped us identify journals of audit interest, such as journals posted on non-business days or journals with key words. No issues were noted from this testing.
- Other insights obtained through our audit work have been collated into an action plan for improvement on pages 36-39.

Status of the audit

- The audit is substantially complete subject to the completion of the following principal matters:
 - finalisation of our internal quality control procedures;
 - finalisation of the annual accounts;
 - receipt of signed management representation letter; and
 - our review of events since 31 March 2018.

Introduction (continued)

The key messages in this report – audit dimensions

The following two pages set out the key messages of this paper in relation to the four audit dimensions:

Financial sustainability

The IJB has achieved short-term financial balance in 2017/18 with an underspend of £968k. The 2018/19 budget forecast indicates that significant efficiencies need to be found to ensure financial balance.

In the medium-term, the IJB is faced with an extremely challenging financial position, as reported within the refreshed 2018-21 Strategic Plan, which states that this period will be extremely challenging for the IJB as it seeks to balance increasing demand against diminishing resources brought about by the national financial context. While the Strategic Plan sets out that a 10 year indicative plan will be developed, there is still no medium- or longer-term financial strategy in place. We have recommended that the medium- to longer-term financial strategy be progressed to enable visibility over the future years' budget gaps and how the IJB intends to address these gaps. This should include scenario planning for a worst, baseline, and best case scenario in line with "Scotland's public finances: a follow-up audit (June 2014)". This is discussed further on page 20.

Operationally, the IJB are performing well as a partnership in several areas. However, increased focus must be given to developing an integrated budget, incorporating the set aside budget, rather than viewing it as two separate budgets from South Ayrshire Council (SAC) and NHS Ayrshire and Arran Health Board (NHS A&A). It is also important that future funding from the partner bodies is agreed in advance of the start of the financial year to ensure sufficient lead in time to implement any changes required.

The **2017/18 final outturn** position reported an underspend against a revised budget of **£0.968m (0.5%)**. This has been carried forward and added to the **reserves** balance to be used in future. There is no guidance as to the minimum levels of reserves that should be held, but they are in line with the Strategic Commissioning Plan.

£0.563m of the reserves balance has been earmarked for use on specific projects in the future, mainly for Technology Enable Care (TEC) £0.299m and Aids and Adaptations £0.078m. The remaining **£0.405m** is uncommitted and provides a contingency fund to cushion the impact of unexpected events or emergencies.

The **2018/19 budget** indicates that significant efficiencies need to be found for both the Council commissioned services (**£3.257m**) and for NHS commissioned services (**£1.652m**). The IJB acknowledges the significant financial risk of achieving a balanced position at a time of increasing demand for services. In addition, the lack of a confirmed funding position from NHS Ayrshire and Arran at the start of the financial year increases this risk.

Financial Management

The IJB reported a small underspend at the year-end, which had been regularly reported to the Board throughout the year in the management accounts produced quarterly. We are therefore satisfied that the IJB has a sound budgetary control system in place.

The IJB relies on the financial systems of both the Council and NHS and no material weaknesses have been identified from our work on the systems of either organisation.

Introduction (continued)

The key messages in this report – audit dimensions (continued)

Governance and transparency

We have reviewed the governance arrangements, the level of scrutiny, challenge and transparency of decision making and the quality and timeliness of financial and performance reporting. Following up on the recommendation raised in our 2016/17 annual audit report, we note that the board and other committee minutes adequately detail scrutiny and challenge by the members.

The current governance and reporting arrangements for the Lead Partnership arrangements is not as clear as for those areas under the direct control of the IJB. We have therefore recommended that these be reviewed to ensure that complete and consistent information is provided to the Board to allow it to fulfil its governance responsibilities effectively.

We have also recommended that increased training is provided to IJB members to ensure they fully understand their roles and responsibilities and they are provided with sufficient support in areas where they don't have the required level of knowledge.

We have no concerns around the arrangements with internal audit. We have reviewed the assurance provided to the Board by internal audit and considered the impact of these on our audit approach.

Having reviewed the processes in place at the IJB, and having identified no issues during our audit testing, we are satisfied that there are appropriate arrangements in place for securing best value.

Value for Money

The IJB had a performance management framework in place, with performance regularly considered by management, and the Board. Reporting is clearly linked to strategic objectives and national outcomes; however, improvements could be made to how the IJB shows that spending makes a difference in these areas.

While we are satisfied that the performance is discussed within the Management Commentary in the Annual Report and management have introduced plans to address areas where progress has not been satisfactory, there are areas that can be improved in line with the Good Practice Notes issued by Audit Scotland, which are discussed in more detail on slide 14.

Our audit explained

Timeline 2017/18

Area dimensions

In accordance with the 2016 Code of Audit Practice, we have considered how you are addressing the four audit dimensions:

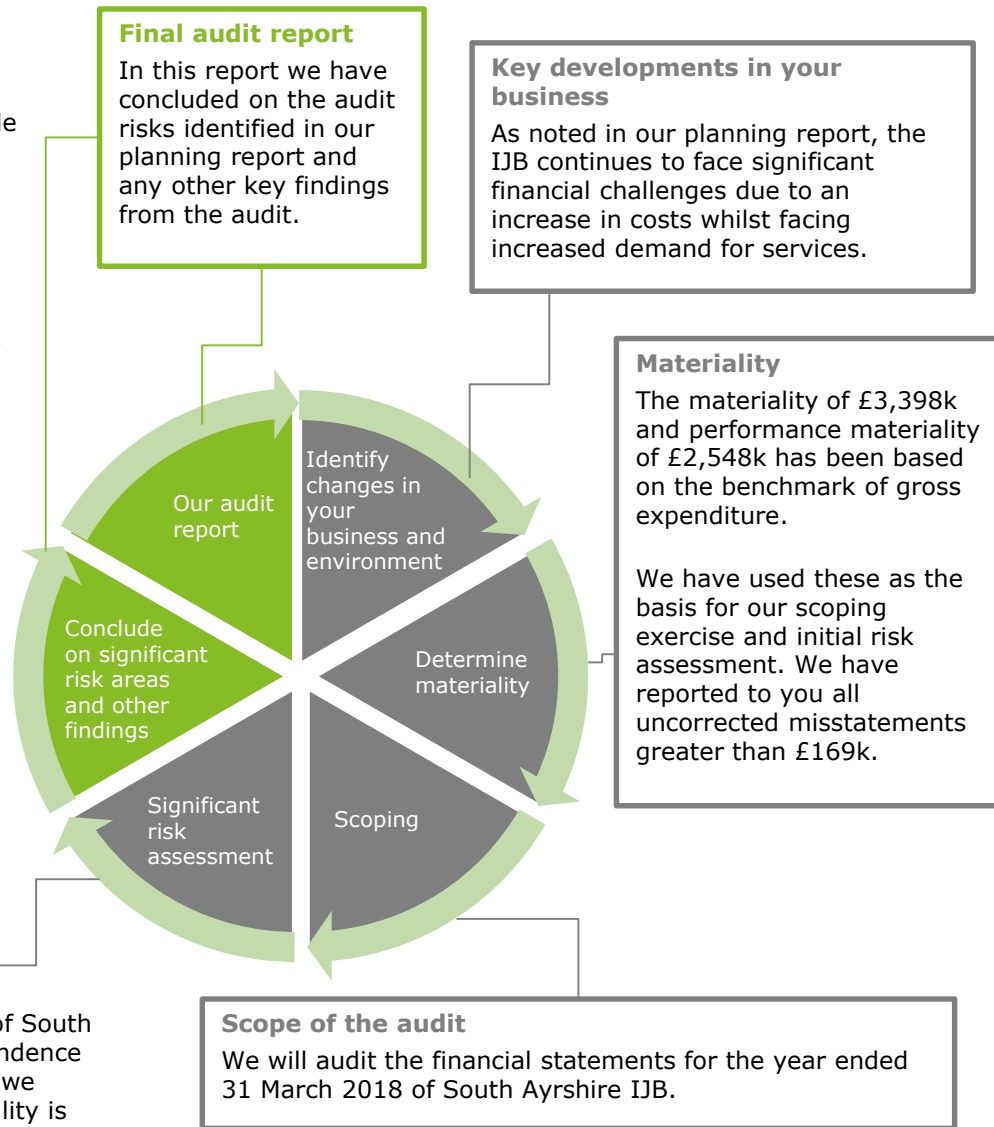
- Financial sustainability
- Financial management
- Governance and transparency
- Value for money

Significant risks

Our risk assessment process is a continuous cycle throughout the year. Page 9 provides a summary of our risk assessment of your significant risks.

Quality and Independence

We confirm we are independent of South Ayrshire IJB. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.



November 2017 – February 2018
Meetings with management and other staff to update understanding of the processes and controls.

March 2018
Presented planning paper to the Performance and Audit Committee

June – August 2018
Review of draft accounts, testing of significant risk and performance of substantive testing of results.







March 2018
Year end

26 Sept 2018
Performance and Audit Committee meeting and accounts sign off

Financial statements audit



Significant risks Dashboard

Risk	Material	Fraud risk	Planned approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Slide no.
Completeness and accuracy of income			D+I	Satisfactory		Satisfactory	10
Management override of controls			D+I	Satisfactory		Satisfactory	11

Overly prudent, likely to lead to future credit



Overly optimistic, likely to lead to future debit.

D+I: Testing of the design and implementation of key controls

Significant risks (continued)

Risk 1 – Completeness and accuracy of income

Risk identified

ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in income recognition, evaluate which types of income, income transactions or assertions give rise to such risks.

The main components of income for the IJB are contributions from its funding partners, namely South Ayrshire Council and NHS Ayrshire and Arran. The significant risk is pinpointed to the recognition of this income, being completeness and accuracy of contributions received from the Council and the Health Board.



Key judgements and our challenge of them

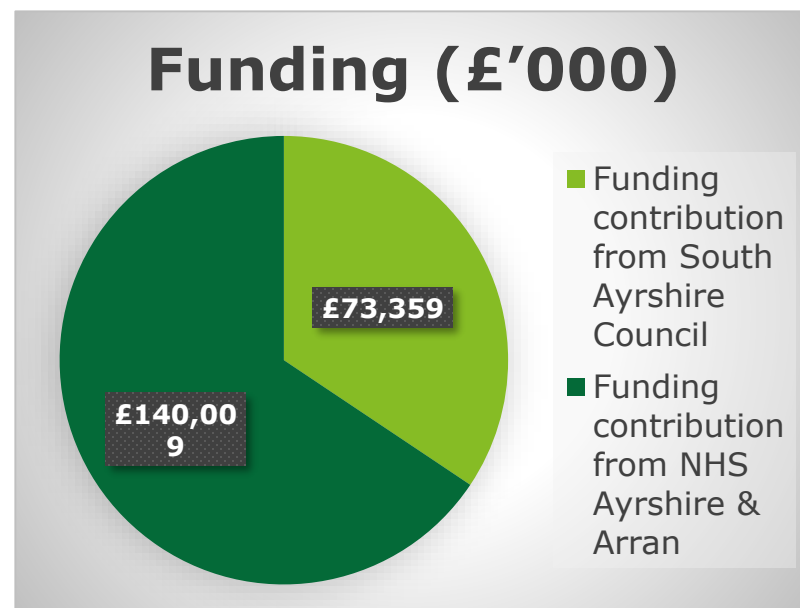
The year end underspend position of the IJB of £968k was due to slippages in projects, e.g. underspend of £513k against the Integrated Care Fund. The underspend is split between South Ayrshire Council (£220k) and NHS Ayrshire & Arran (£748k).



Deloitte response

We have performed the following:

- tested the income to ensure that the correct contributions have been input and received in accordance with that agreed as part of budget process and that any additions/reductions have been appropriately applied;
- tested the reconciliations performed by the IJB at 31 March 2018 to confirm all income is correctly recorded in the ledger;
- confirmed that the reconciliations performed during 2017/18 have been reviewed on a regular basis; and
- assessed management's controls around recognition of income.



Deloitte view

We have concluded that income has been correctly recognised in accordance with the requirements of the Local Authority Code of Audit Practice.

Significant risks (continued)

Risk 2 - Management override of controls



Risk identified

In accordance with ISA 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Board's controls for specific transactions.

The key judgments in the financial statements are those which we have selected to be the significant audit risks around recognition of income. This is inherently the areas in which management has the potential to use their judgment to influence the financial statements.

Deloitte view

We have not identified any significant bias in the key judgements made by management.

The control environment is appropriate for the size and complexity of the Board.

Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- the IJB's results throughout the year were projecting to stay within budget and this was closely monitored with confidence that the IJB would be able to meet its overall financial targets.
- senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Significant transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Journals

We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We performed design and implementation testing of the controls in place for journal approval. We have used Spotlight data analytics tools to test a sample of IJB journals posted through the Council and NHS ledgers, based upon identification of items of potential audit interest.

Accounting estimates

In addition to our work on key accounting estimates discussed above, our retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements has been completed with no issues noted.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report. The revisions to ISA (UK) 700 have changed the form and content of audit report, including how different sections are presented.



Our opinion on the financial statements

Our opinion on the financial statements is unmodified.



Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performance and to ensure that they are fair, balanced and reasonable.

Our opinion on matters prescribed by the Controller of Audit are discussed further on page 13.

Your annual report

We welcome this opportunity to set out for the Performance and Audit Committee our observations on the annual accounts. We are required to provide an opinion on the remuneration report, the annual governance statement and whether the management commentary has been prepared in accordance with the statutory guidance.

	Requirement	Deloitte response
Management Commentary	The Management Commentary comments on financial performance, strategy and performance review and targets. Deloitte note that the Management Commentary has been prepared in line with issued guidance. The commentary included both financial and non financial KPIs and made good use of tables. The Council also focusses on the strategic planning context.	<p>We have assessed whether the Management Commentary has been prepared in accordance with the statutory guidance and have included recommendations for clear presentation in the good practice guide in the next slide.</p> <p>We have also read the Management Commentary and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We have identified that there is no explicit reporting of non-financial performance indicators. We also recommend that data be presented in the form of statistics or graphical/tabular form where possible in order to allow the reader to understand the movements and scale of information more clearly. Please refer to the good practice note assessment on slide 14 for further detail on areas to improve.</p>
Remuneration Report	The remuneration report has been prepared in accordance with the 2014 Regulations, disclosing the remuneration and pension benefits of the Chief Officer.	We have audited the disclosures of remuneration and pension benefit and pay bands and confirmed that they have been properly prepared in accordance with the regulations.
Annual Governance Statement	The Annual Governance Statement reports that the IJB's governance arrangements provide assurance, are adequate and are operating effectively.	We have assessed whether the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the regulations. No exceptions noted.

Your annual report (continued)

Audit Scotland has issued a series of Good Practice notes to highlight where annual reports can be improved. A Good Practice note covering IJB's was published in April 2018 from a review of the 2016/17 annual accounts of IJBs and all IJBs were encouraged to use the findings to assess and enhance their own disclosures to ensure they provide high quality information to stakeholders in their annual accounts.

We have provided below some extracts which should be considered by the Board in drafting future annual reports.

Management commentary

The following areas for improvement were identified when reviewing the Board's annual report:

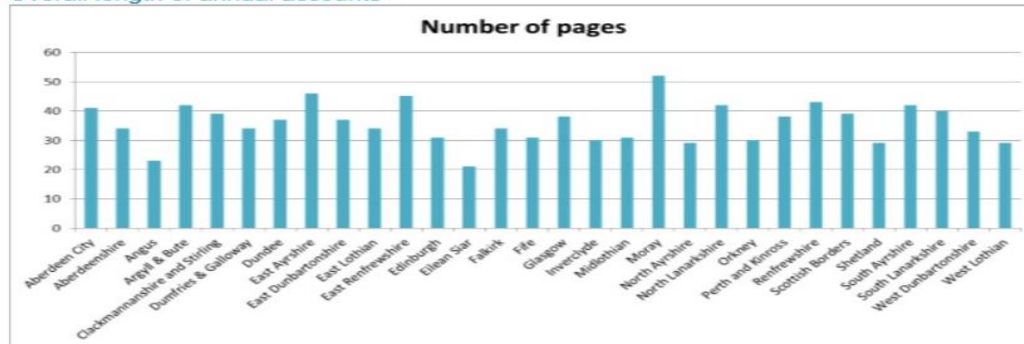
- Non-financial KPIs considered relevant should be included – while there is discussion on the non-financial KPIs there is no explicit mention of examples of specific KPIs;
- The annual report should be reviewed in its entirety to identify areas where tabular, graphical or pictorial information (supported by narrative) may improve the accessibility of the document, for example:
 - i. geographic and demographic information;
 - ii. performance against targets (and averages) and financial information;
 - iii. organisation structures and governance arrangements.
- Outline the mitigating actions to manage the impact of the principal risks and uncertainties;
- Critical judgements and major sources of estimation uncertainty should be explained in the management commentary (rather than just disclosed in the notes);
- Significant changes between years (figures/risks/uncertainties) should be flagged up and explained in the notes to the accounts;

- There is scope to reduce the level of detail disclosed to ensure the main messages are not lost; and
- Use of case studies can be an effective way to engage the user and to highlight performance developments and actions to address issues – this is applicable to both the management commentary and the governance statement. Case studies can be used to highlight how improvements have been made towards improving national outcomes in the year; for example, how improvements have been made to the national indicator "Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated" which has improved from 74% in 2015/16 to 85% in 2017/18 (compared to national average of 74%).

Governance statement

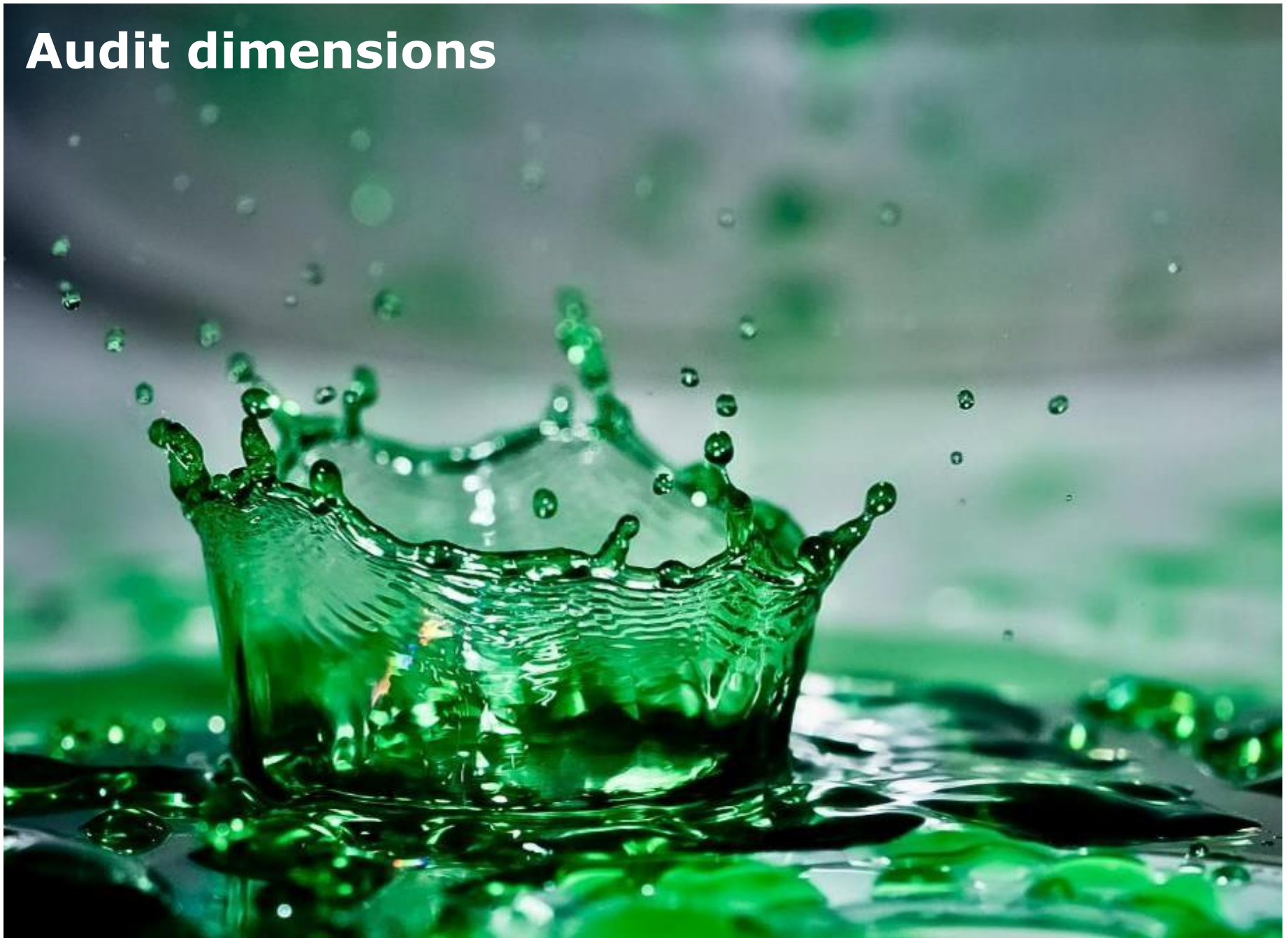
- An action plan should be included which outlines key issues arising in the year, what is to be done, by whom, and timescale for completion; and
- The annual governance statement should follow up on any issues from previous years.

Overall length of annual accounts



From the analysis of the length of all IJB annual accounts for 2016/17, South Ayrshire IJB's annual accounts are at the higher to mid end of the scale. However, as noted above, there is scope to include additional information to reflect best practice, which could replace the non-material disclosures currently included.

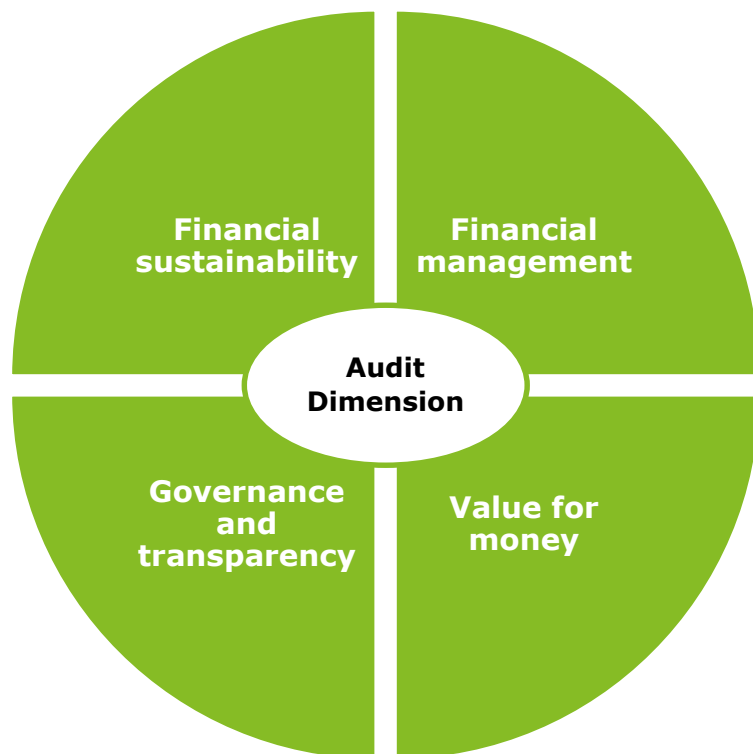
Audit dimensions



Audit dimensions

Overview

Public audit in Scotland is wider in scope than financial audit. This section of our report sets out our findings and conclusion on our audit work covering the following area. Our report is structured in accordance with the four audit dimensions, but also covers our specific audit requirements on best value and specific risks as summarised below.



Best Value (BV)

It is the duty of the IJB to secure BV as prescribed in the Local Government (Scotland) Act 1973.

We have considered the Board's duty to secure BV as part of the governance arrangements considered as part of the audit dimensions work.

Specific risks (SR)

As set out in our Annual Audit Plan, Audit Scotland had identified a number of specific risks (SRs) faced by the public sector which we have considered as part of our work on the four audit dimensions.

SR 1 – EU Withdrawal

SR 2 – New Financial Powers

SR 3 – Ending public sector pay cap

SR 4 – Cyber security risk

SR 5 – Openness and transparency

Audit dimensions (continued)

Financial sustainability

Audit dimension

As part of the annual audit of the financial statements, we have considered the appropriateness of the use of the going concern basis of accounting. Going concern is a relatively short-term concept looking forward 12 to 18 months from the end of the financial year. Financial sustainability interprets the requirements and looks forward to the medium (two to five years) and longer term (longer than five years) to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered



- The financial planning systems in place across the shorter and longer terms.
- The arrangements to address any identified funding gaps.
- The affordability and effectiveness of funding and investment decisions made.
- Workforce planning.

Deloitte response



From our work in 2016/17, we recommended that the IJB create a medium to longer term financial strategy. We have reviewed the work of the IJB and how this is driving the IJB's plans to achieve long-term financial sustainability. We have also reviewed the service redesign plans prepared by or directed to be prepared by the IJB.

Deloitte view

In the short-term, the IJB has achieved short-term financial balance in 2017/18 with an underspend of £968k. The 2018/19 budget forecast indicates that significant efficiencies need to be found for both the services commissioned from the Council (£3.257m) and for NHS commissioned services (£1.652m).

In the medium-term, the IJB is faced with an extremely challenging financial position, as reported within the refreshed 2018-21 Strategic Plan, which states that this period will be extremely challenging for the IJB as it seeks to balance increasing demand against diminishing resources brought about by the national financial context. While the Strategic Plan sets out that a ten year indicative plan will be developed, we note that there is still no medium or longer term financial plan/strategy in place; we recommend that this be progressed as a matter of urgency to enable visibility over the future years' budget gaps and how the IJB intends to address these gaps. This should include scenario planning for a worst, baseline, and best case scenario in line with "Scotland's public finances: a follow-up audit (June 2014)".

Operationally, the IJB are performing well as a partnership in several areas. However, increased focus must be given to developing an integrated budget, incorporating the set aside budget, rather than viewing it as two separate budgets from the SAC and NHS A&A. It is also important that future funding from the partner bodies is agreed in advance of the start of the financial year to ensure sufficient lead in time to implement any changes required.

Audit dimensions (continued)

Financial sustainability (continued)

Short-term financial position

For **2017/18**, the IJB approved an initial balanced budget of £167.7m (2016/17: £164.1m), excluding expenditure relating to Lead Partnership and the set aside budget. This relied on the use of reserves of £1.279m which were carried forward from 2016/17. During the year, changes were made to the budget. The final position of the IJB was a marginal underspend of £968k (£220k relating to services commissioned from the Council and £748k relating to services commission from the NHS). No additional funding was required from either the Council or NHS to achieve this final position.

An indicative balanced budget for **2018/19** of £211.726m was reported to the IJB in June 2018. The balanced budget includes an assumption that the IJB will achieve efficiency savings of £4.706m from the Council based on unavoidable service cost pressures and demographic pressures. The NHS has opted to fund specific cost pressures along with a general efficiency target of 1%.

NHS Ayrshire and Arran confirmed its delegated budget in June 2018 and a final IJB budget for 2018/19 is in the process of being drafted ahead of the next IJB meeting.

Note that at present, the IJB budget is still monitored against "SAC" and "NHS A&A" managed budgets, rather than a genuine pooled budget for the IJB as a whole.

In addition, the set aside budget is not fully integrated into the IJB budget process; the original budget setting process at the beginning of 2017/18 looks only at Health and Social Care Partnership (HSCP) budgets rather than the IJB budgets, the technical difference being that the IJB is broadly speaking a commissioning body whereas the HSCP is a provider. The set aside amounts and lead partnership budget amounts are not included in the budget given that these are not areas under the operational control of HSCP, hence why they are only shown in the final budget outturn at the year-end, and hence why they do not give rise to any variances. Note that going forward

	2017/18 budget (£'000)	2017/18 revised budget (£'000)	2017/18 actual (£'000)	2018/19 draft budget (£'000)
Council managed budget	70,860	73,359	73,139	71,465
NHS managed budget	96,848	99,378	98,630	99,456
Lead Partnerships (net position)		19,170	19,170	19,344
Set Aside budget		21,461	21,461	21,461
Total	167,708	213,368	212,400	211,726

in 2018/19 these amounts will be included in the budget monitoring process to reflect an IJB rather than an HSCP position.

In 2017/18, the South Ayrshire share of the set aside resource was £21.461m. However, due to recurring budget pressures as a consequence of increased activity within acute hospital services, no element of the set aside resource has been used to facilitate the movement in the balance of care towards community based services. As is the case across Scotland, the IJB should continue to work to resolve funding issues around shifting the balance of care between hospitals and communities.

The IJB recognise that this is a significant financial risk of achieving a balanced position at a time of increasing demand for services. In addition, the lack of a confirmed funding position from NHS Ayrshire and Arran at the start of the financial year increases this risk. It is critical that the IJB has confirmed funding in advance of the start of the year to have savings plans agreed early to ensure that it has sufficient lead in time to implement any changes required.

Audit dimensions (continued)

Financial sustainability (continued)

Reserves

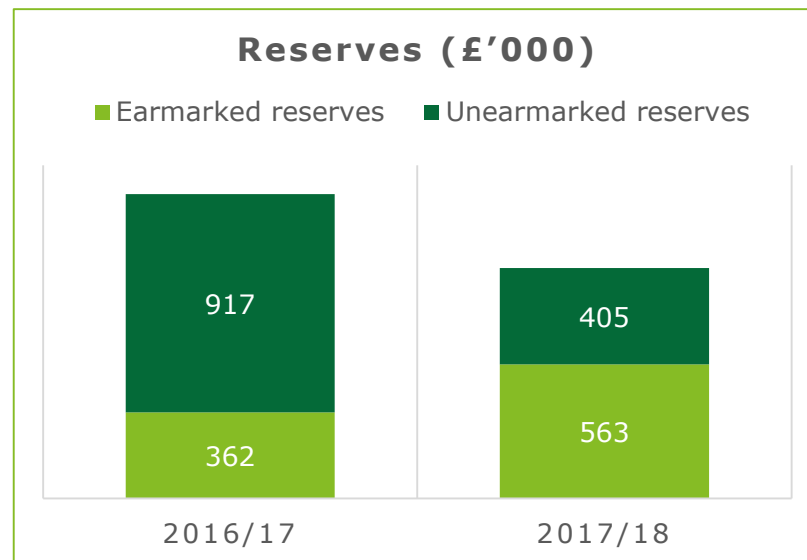
Due to the unique arrangements for IJBs, South Ayrshire only has nominal reserves, which are attributed to underspends arising in the year. In accordance with the reserves policy, these are held for two main purposes:

- **Earmarked** – to earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- **Unearmarked** – to provide a financial planning balance to plan ahead to meet the costs of potential commitments which may occur in the short to medium-term. This is regarded as a key part of the IJB's risk management framework.

Total reserves for 2017/18 of £0.968m represent 0.5% of expenditure for the year. The movement in earmarked and unearmarked reserves over the last three years is illustrated on the right.

The £563k of earmarked funding is to be used on the following:

- £0.299m Technology Enabled Care;
- £0.044m Physiotherapy;
- £0.078m Aids and Adaptations;
- £0.023m Continuation of Carer's Act Post;
- £0.037m Continuation of Learning Disability and Mental Health review posts;
- £0.069m Alcohol and Drug Partnership; and
- £0.013m Self Directed Support development.



Audit dimensions (continued)

Financial sustainability (continued)

Medium to long-term financial sustainability

In the 2016/17 annual audit report we recommended that a medium to longer term financial strategy be developed to include sensitivity analysis and scenario planning. A section has been included in the refreshed 2018-21 Strategic Plan under 'Resource Overview' which briefly touches on the position to 2020/21. This mentions that the next few years will be very challenging for the IJB given increasing demand for services and the fact that funding is falling in real terms. Indicatives budgeted expenditure based on 2017/18 as a baseline have also been included in Appendix 4 to the Plan which estimates total future years' expenditure of £573,815k over the next 3 years.

However, this Plan is too brief and doesn't include the required level of detail for a financial plan. In particular it doesn't set out what the future years' anticipated funding gaps are based on a worst case, best case, and baseline scenario are. Given the significant demand pressures and reducing funding (in real terms), we recommend that a medium to longer term financial plan be prepared; this should include several key elements in line with "Scotland's public finances: a follow-up audit (June 2014)", as follows:

- Costs – a clear understanding of the business model and the cost of individual activities within it;
- Savings options – evidence-based options for achieving savings;
- Savings details – details of one-off and recurring savings;
- Scenario planning – scenario planning to outline best, worst and most likely scenarios of the financial position and the assumptions used;
- Demand – an analysis of levels of service demand and projected income;
- Funding shortfalls – any income or funding shortfalls and how to deal with these;

- Strategy links – clear links to the corporate strategy, CPP objectives and other relevant strategies such as workforce and asset management; and
- Risks & timescales – the risks and timescales involved in achieving financial sustainability.

Best Practice examples

In our 2016/17 annual report, we provided the Board with some case study data where Deloitte has been involved in cost reduction work with a number of NHS bodies in England. We recommended that the Board reviews these case studies and considers them as opportunities for improvement going forward as potential areas for cost reduction.

From our experience, public sector bodies that have successfully delivered and sustained transformational change have tended to focus on six key requirements, which is discussed further on pages 28. The overarching aspect throughout a transformation programme is having strong leadership that believes in and can drive transformational change.

We have also provided some real life examples of work done in other health and local government bodies to demonstrate how some of these six key requirements can be applied in practice, as discussed on pages 29-30.

Audit dimensions (continued)

Financial management

Audit dimension

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

Areas considered

- Budgetary control system.
- Systems of internal control.
- Financial capacity and skills.
- Arrangements for the prevention and detection of fraud.

Deloitte response

We have reviewed the budget and monitoring reporting to the Board during the year to assess whether financial management and budget setting is effective.

The final outturn for 2017-18 was an in-year underspend of £968k, compared to budget. £563k of this balance has been carried forward within reserves and earmarked against future expenditure, largely for Technology Enabled Care (TEC). The remaining general reserve has been carried forward to assist in managing high cost low volume expenditure and unexpected costs in 2018/19.

Deloitte view

The IJB reported a small underspend at the year, which had been regularly reported to the Board throughout the year in the management accounts produced quarterly. One area for improvement that we have identified is in relation to the contents of the budget monitoring reporting to the Board: this should include greater transparency/visibility on how savings/efficiencies are achieved. For example, savings reported in the Q4 FMR are not in sufficient detail and only indicate the areas of non-recurring savings. It would be useful to include narrative on areas of recurring savings that have been identified in the period. Apart from this one area for improvement, we are satisfied that the IJB has a sound budgetary control system in place.

The IJB relies on the financial systems of both the Council and NHS and no material weaknesses have been identified from our work on the systems of either organisation.

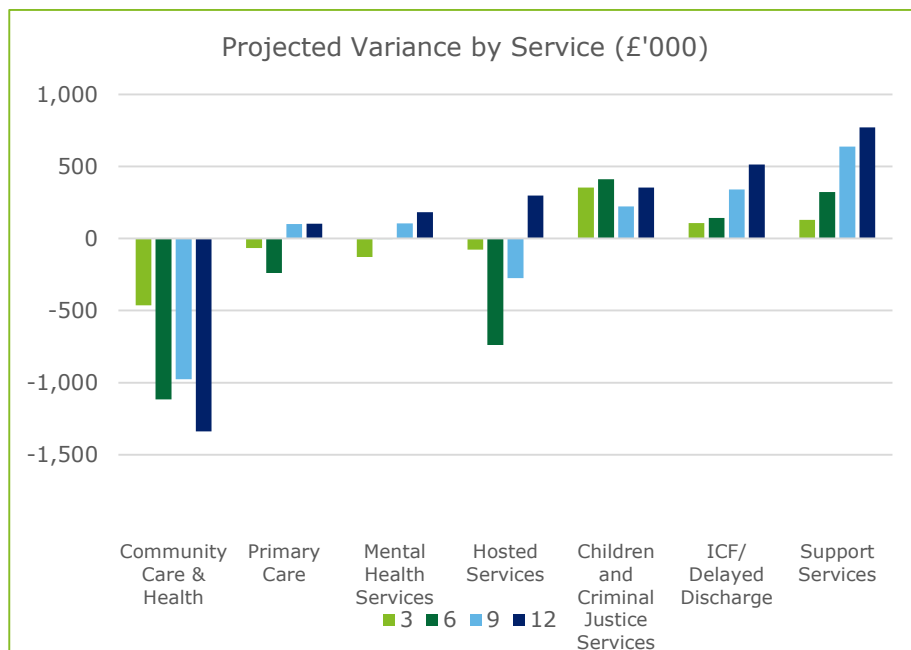
Audit dimensions (continued)

Financial management

Budgetary control systems

The IJB has sound financial planning and management arrangements in place. Senior management and board members regularly review progress. The Board reviews financial performance each quarter.

The finance team is led by the Chief Finance Officer who also has the role of Assistant Director of Finance at NHS A&A. He is experienced in NHS finance roles for a number of years and has sufficient status to be able to deliver good financial management. His team, with support from the Council, also provides finance and accounting support to the IJB. We have not identified any issues with the financial skills, capacity and capability of the finance team. This is an area that the IJB should monitor closely in view of the transformation programme and the key role that finance play.



Financial performance

Variances were reported to the Board throughout the year, with a final report being presented on 27 June 2018. The overall variance is a combination of under and overspends on expenditure. The final position reported a total underspend of £968k. The expenditure variances can be analysed further as follows:

- **Community Care and Health** – final overspend of £1.3m. This was largely as a result of an overspend in social care due to demand exceeding the 850 places budgeted in the year for older people's services care home places. In addition, there was an overspend in in-house homecare costs as a result of vacancies and sickness absence requiring cover by other members of staff. An overspend was also reported in Biggart Hospital in the first part of the year but was eliminated in later months following the implementation of a new care model.
- **Hosted Services** – final underspend of £0.3m. This was largely as a result of Technology Enabled Centre (TEC) initiative, where there was a delay in the procurement, testing and implementation of the new technologies. This has been carried forward to 2018/19 as part of earmarked reserves.
- **Children's and Criminal Justice Services** – final underspend of £0.4m. There was a small underspend of £0.1m in relation to child disability care packages. In addition, an underspend of £0.24m has arisen as a result of additional funding for Health Visiting being received in the year, but were unable to recruit.
- **Integrated Care Fund (ICF)/ Delayed Discharge** – final underspend of £0.5m, caused by slippage on projects and in recruitment to posts.
- **Support Services** – final underspend of £0.7m. £0.2m of funding from the Scottish Government for the Carers Act and War Pensions was not utilised in full. In addition, an underspend of £0.3m was due to an underspend on Direct Payments and Self Directed Support, the latter being carried forward to 2018/19. A further underspend of £0.3m was achieved as a result of vacancy control measures.

Audit dimensions (continued)

Financial management

Systems of internal financial control

We have evaluated the IJB's key financial systems and internal control to determine whether they are adequate to prevent misstatements in the annual accounts. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

As auditors of both the Council and NHS Board, we have also obtained assurance from our work undertaken as part of these audits regarding the systems and internal controls used to produce the transactions and balances recorded in the IJBs financial statements.

No material weaknesses have been identified from our audit work performed.

Fraud and irregularity

We have reviewed the IJBs arrangements for the prevention and detection of fraud and irregularities. Overall we found the arrangements, which are closely linked to the arrangements in place at each partner bodies, to be operating effectively.

Audit dimensions (continued)

Governance and transparency

Audit dimension

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.

Areas considered



- Governance arrangements
- Performance and Audit Committee
- Scrutiny, challenge and transparency on decision making and financial and performance reports
- Quality and timeliness of financial and performance reporting
- Accountable officers' duty to secure Best Value

Deloitte response



We have reviewed the financial and performance reporting to the Board during the year, as well as minutes of the IJB and Performance and Audit Committee meetings to assess the effectiveness of the governance arrangements. Our attendance at these meetings also inform our work in this area.

We have also considered the arrangements in place for securing effective governance and engagement. Our audit work in 2016/17 recommended that board minutes should better reflect the challenge and scrutiny provided by the members at committee meetings therefore we have followed up on the progress made on this point.

Deloitte view

We have reviewed the governance arrangements, the level of scrutiny, challenge and transparency of decision making and the quality and timeliness of financial and performance reporting. Following up on our recommendation raised in our 2016/17 annual audit report, we note that board and other committee minutes adequately detail scrutiny and challenge by the members.

The current governance and reporting arrangements for the Lead Partnership arrangements is not as clear as for those areas under the direct control of the IJB. We have therefore recommended that these be reviewed to ensure that complete and consistent information is provided to the Board to allow it to fulfil its governance responsibilities effectively.

We have also recommended that increased training is provided to IJB members to ensure they fully understand their roles and responsibilities and they are provided with sufficient support in areas where they don't have the required level of knowledge. In addition, we also recommend that the quality/length of reports be reviewed to assess whether there is scope to make them more understandable for members.

We have no concerns around the arrangements with internal audit. We have reviewed the assurance provided to the Board by internal audit and considered the impact of these on our audit approach.

Having reviewed the processes in place at the IJB, and having identified no issues during our audit testing, we are satisfied that there are appropriate arrangements in place for securing best value.

Audit dimensions (continued)

Governance and transparency (continued)

Leadership and vision

Vision: Working together for the best possible health and wellbeing of our communities.

The second full Strategic Plan was approved by the Board in June 2018. This notes that all of the work being taken forward continues to be done within the context of a challenging financial and operational environment which will require transformational change in order to achieve the Board's objectives.

Decision making is transparent and subject to both scrutiny and challenge. In our 2016/17 annual report, we recommended that board minutes should better reflect the challenge and scrutiny provided by the members at committee meetings. We have followed up on the progress made on this point and conclude that meeting minutes are now a lot more detailed in terms of documenting scrutiny and challenge by the board members.

From a review of the 2017/18 reporting, we noted that it can take up to 6 weeks after the month end before the Board receives monitoring reports, therefore we would recommend that the timelines be reviewed to see if this can be shortened to allow more timely information. We have seen a move in other bodies to reporting on a more risk based approach, with higher risk areas being reported more regularly and lower risk areas less frequent. This can help with the management workload and allow Board members to receive more up to date reports on areas more critical for decision making and action.

The voting membership for the Board comprises four elected members from the SAC and four non-executive directors from the NHSS. As a result of the local government elections in May 2017, there have been some changes to the IJB membership in the year. We consider there to be sufficient diversity to provide effective balance and scrutiny in leadership. However, there is concern that

members who have no previous healthcare experience may find the reports difficult to understand and we recommended that appropriate training be provided for members as well as how the quality of reports can be improved.

From our discussion with a sample of Board members, concern was expressed about the governance and reporting arrangements for those areas that were being led by one of the other Ayrshire IJBs or NHS Ayrshire and Arran as part of the Leadership arrangement. We noted that the level of detail provided to the Board is not equivalent to the areas under their direct control. We therefore recommend that the reporting arrangements are reviewed to ensure that complete and consistent information is provided to Board members to allow them to fulfil their governance responsibilities effectively.

Internal Audit

South Ayrshire Council's Acting Chief Internal Auditor provides the Internal Audit function for South Ayrshire IJB. Internal Audit concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the framework of governance, risk management and control in the year to 31 March 2018. The objectives of internal control have been substantially met. In line with Deloitte's established arrangements, we have not placed any specific reliance on the work performed by Internal Audit.

On the basis of the audit work undertaken during the year, the Acting Chief Internal Auditor is able to conclude that a reasonable level of assurance can be provided over the framework of governance, risk management and control and that adequate controls were in place, and were operating throughout the IJB in 2017/18.

Audit dimensions (continued)

Value for money

Audit dimension

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



Areas considered

- Value for money in the use of resources.
- Link between money spent and outputs and the outcomes delivered.
- Improvement of outcomes.
- Focus on and pace of improvement.

Deloitte response



From our 2016/17 audit work we concluded that the performance management framework put in place by the IJB was integral to delivery of quality and effective management, governance and accountability.

During 2017/18 we have reviewed how the IJB is addressing areas where targets are not being met, and also how the implementation of strategic change is impacting on how the IJB's performance is measured and reported.

Deloitte view

The IJB has a performance management framework in place, with performance regularly considered by management, and reported to the Board in six-monthly Partnership Performance Reports. Reporting is clearly linked to strategic objectives; however, improvements could be made to how the IJB shows that spending makes a difference in these areas.

We are satisfied that the performance is appropriately discussed within the Management Commentary in the Annual Accounts and management have introduced plans to address areas where progress has not been satisfactory. However, improvements can be made in line with the Audit Scotland issued Good Practice Notes, which are detailed on page 14.

Audit dimensions (continued)

Value for money (continued)

Performance Management

The IJB has embedded a performance management culture throughout the Partnership. It has created a wider range of performance information to manage services and target improvements for the people of South Ayrshire. This is supported by its performance management systems which analyse data, track progress and identify actions.

Regular 6-monthly Partnership Performance Reports and an Annual Performance Report are issued to the Performance and Audit Committee, IJB members, operational managers, and are made publicly available via the website. Included within the performance reporting are 23 national indicators in line with 15 National Health and Wellbeing Outcomes issued by the Scottish Government, which allows for benchmarking against peers to support change and improvement.

Note that while performance reporting is touched on in the Annual Report, there are no examples of key performance indicators in the management commentary. This could be improved by including examples of areas where the IJB is performing particularly well compared to its peers, and examples of areas that need improving, i.e. indicators that have scored as areas of 'major concern'.

The 2017/18 Annual Performance Report is in draft form and does not include all of the final indicators, which will be ready for reporting to the Performance and Audit Committee on 26 September 2018.

Example of national indicators in which the IJB have performed well compared to their peers are:

- Percentage of adults able to look after their health very well or quite well: 94% (nationally: 93%);
- Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated: 85% (nationally: 74%).

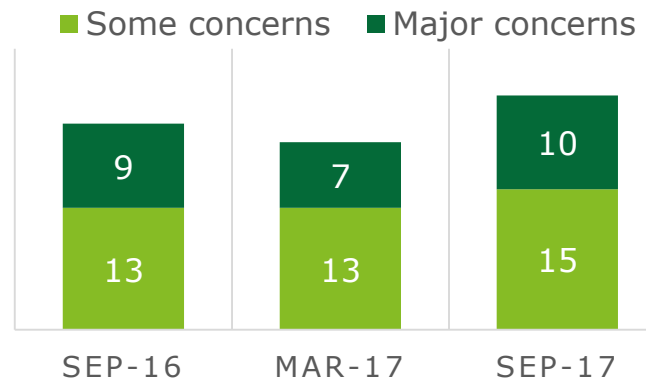
Examples of areas in which the IJB have indicators scoring as 'major concern' areas are:

- Readmission to hospital within 28 days (per 1,000 population): 115 (nationally: 97); and
- Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency: 29% (nationally: 23%)

We note that between the 6-monthly Partnership Performance Report issued March 2017 and September 2017 that there has been an increase in the number of 'major concern' indicators from 7 to 10, which are grouped as: Adults and Older People (5), drug and alcohol related admissions/deaths (3), and delayed discharges (2).

The Partnerships Annual Report 2017/18 sets out how the IJB intends to address each area. In particular, there is a focus on trying to refocus resources from the acute hospital sector to the community sector.

PERFORMANCE INDICATORS - OVERVIEW

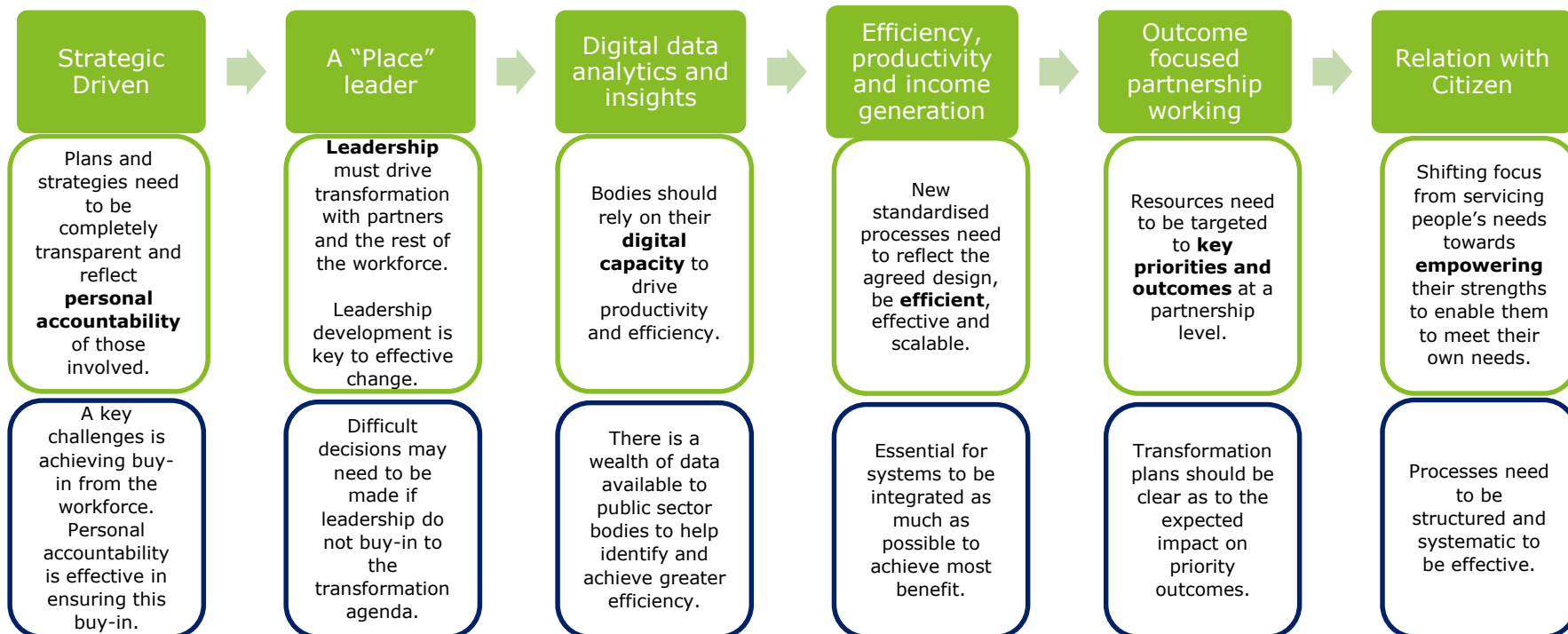


Audit dimensions (continued)

Sharing best practice

In our 2016/17 annual report, we provided the Board with some case study data where Deloitte has been involved in cost reduction work with a number of NHS bodies in England. We recommended that the Board reviews these case studies and considers them as opportunities for improvement going forward as potential areas for cost reduction.

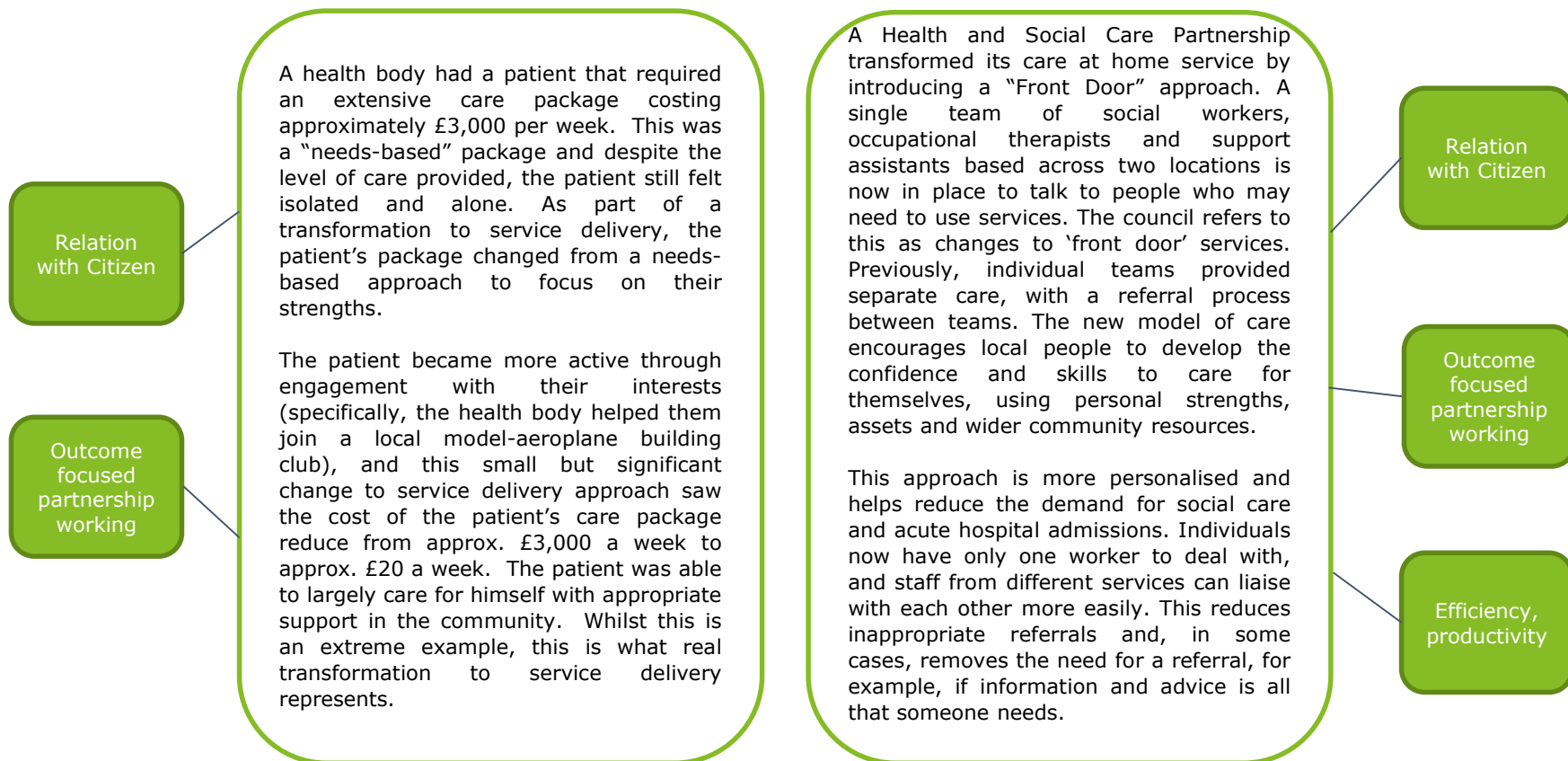
From our experience, public sector bodies that have successfully delivered and sustained transformational change have tended to focus on the following six key requirements. The overarching aspect throughout a transformation programme is having strong leadership that believes in and can drive transformational change.



Audit dimensions (continued)

Sharing best practice (continued)

Below are some real life examples of work done in other health bodies to demonstrate how some of these six key requirements can be applied in practice.



Audit dimensions (continued)

Sharing best practice (continued)

Strategic
Driven –
shift in
culture.

Monetary incentives can help achieve a shift in culture. Currently, there are incentives and systems in place that result in money being funnelled towards hospitals. Investment in early detection and prevention requires a change. One example of such change took place in Spain in 1999 (known as the **Alzira Model**). They shifted towards long-term capitated budgets which incentivised the health care system to keep people out of hospital and to deliver effective services as cost-efficiently as possible. Reimbursement was only received by the healthcare system that provides the care to the patient, therefore the provider is incentivised to maintain and drive up the quality of care to encourage patient loyalty. Benefits which were evidenced from this model included a 27% decrease in cost per capita, 34% reduction in hospital readmissions within 3 days, 54% reduction in average A&E waiting times, average length of stay reduced by 20%, 91% patient satisfaction and 93% staff satisfaction.

A Health and Social Care Partnership invested in its digital capacity to collect and process data so it can better predict chronic health issues occurring amongst patients. This investment has allowed the partnership to reduce its acute care costs as less expensive and more effective health care can be provided upfront to address potential chronic health risks predicted by the data.

A police force, in partnership with its local health body, used data to reduce acquisitive crime rates. Data identified a pattern of acquisitive crime peaking on the weekends, and the police force determined that this was largely driven by the fact that methadone prescriptions in the area were issued every Friday. A programme was implemented to stagger the prescriptions throughout the week, leading the acquisitive crime rates levelling out and becoming more manageable.

Digital data
analytics
and
insights

Audit dimension (continued)

Specific risks

In accordance with our Audit Plan, we have considered the specific risks identified by Audit Scotland as part of our audit as follows:

Risk identified	Response
EU Withdrawal	<p>The UK is expected to leave the European Union (EU) on 29 March 2019, followed by a transition period to the end of 2020. There are still a lot of uncertainties surrounding the terms of the withdrawal agreement but the outcome will inevitably have significant implications for devolved governments in Scotland and for Scottish public sector bodies.</p> <p>Given the scale of the potential implications and possible timescales for implementing changes, it is critical that public sector bodies are working to understand, assess and prepare for the impact on their organisation. This is likely to include consideration of three areas:</p> <p>Workforce: the extent to which potential changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.</p> <p>Funding: the extent to which potential changes to funding flows including amounts anticipated under existing EU funding programmes, are likely to affect the finances of the organisation and the activity that such funding supports.</p> <p>Regulation: the extent to which potential changes to regulation across a broad range of areas currently overseen at an EU level are likely to affect the activity of the organisation.</p> <p>The uncertainty around the EU withdrawal is being considered by the Council and NHS. NHS A&A is taking part in a national exercise with the Scottish Government's health workforce directorate to assess the potential impact on the workforce. The Council is much less reliant on EU nationals, but will continue to monitor any potential impact as the details develop.</p> <p>Funding and regulation of the IJB is devolved to the Scottish Government and EU withdrawal is not expected to have major impacts in these areas.</p>
New financial powers	<p>The Scottish Parliament's new financial and social security powers and responsibilities from the 2012 and 2016 Scotland Acts are fundamentally changing the Scottish public financials. The Scottish Government will publish its medium-term financial strategy in 2018 in response to recommendations in the Budget Process Review Group final report, and has made a number of other commitments to improve financial management and help Parliamentary scrutiny of decisions.</p> <p>As a result of this, there is an expectation that public bodies will be seen before subject committees of the Parliament more often. The IJB should therefore use this as an opportunity to make comment within their annual reports beyond the compliance requirements to clearly articulate their achievements against outcomes and future plans.</p>

Audit dimensions (continued)

Specific risks (specific risks)

Risk identified	Response
<p>Ending public sector pay cap</p>	<p>The 2018/19 budget includes pay awards which have been aligned to the thresholds set out by the Cabinet Secretary in the Stage 1 debate on 31 January 2018.</p> <p>It has been agreed by Scottish Government that any additional costs of the pay increase in excess of 1% will be met by central funding for the NHS, whilst there is no confirmation that the Scottish Government will meet the additional cost for the Council.</p>
<p>Cyber security risk</p>	<p>The IJB do not have a specific cyber security policy in place as they use the ITC strategy of both the NHS Ayrshire and Arran and South Ayrshire Council.</p> <p>Both the NHS and Council have passed the Scottish Government's Cyber Essentials Pre-assessment which contained some remedial actions which are common across all boards.</p>
<p>Openness and transparency</p>	<p>From our audit work, we are satisfied that the IJB is appropriately open and transparent in its operations and decision making.</p> <p>The IJB follow the council's guidance and very little is held back. All meetings are public, and therefore minutes and agendas are available online. As discussed further on page 14, there is, however, scope for improvements in the level of detail reported in relation to areas where the IJB is not the Lead Partner and the consistency of information for both NHS and Council commissioned services should be reviewed.</p>

Appendices



Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Performance and Audit Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK and Ireland) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report
- Our internal control observations
- Other insights we have identified from our audit

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the IJB.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan and the supplementary "Briefing on audit matters" circulated separately.

This report has been prepared for the Performance and Audit Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.



for and on behalf of Deloitte LLP
Glasgow

14 September 2018

Audit adjustments

Corrected misstatements

- No corrected misstatements have been identified from our audit work performed

Uncorrected misstatements

- No uncorrected misstatements have been identified from our audit work performed

Disclosure misstatements

- Auditing standards require us to highlight significant disclosure misstatements to enable Performance and Audit committees to evaluate the impact of those matters on the financial statements. We have noted no material disclosure deficiencies in the course of our audit work.

A verbal update will be provided to the Performance and Audit Committee if anything arises from any outstanding work before the financial statements are signed.

Action plan

Follow up of 2016/17 Recommendations

Area	Recommendation	Management response	Responsible person	Target date	Progress to date
Financial Management	Create a medium to longer term financial strategy, which should include sensitivity analysis and scenario planning.	Work has commenced on a Strategic Plan. A medium-term financial plan will be included which will consider alternative service options.	Senior Manager – Planning & Performance, and Director of Finance	31 March 2018	<i>Not implemented</i> – while we note that the refreshed 2018-21 Strategic Plan briefly discusses indicative budgets for the next three years to 2020/21, there is insufficient detail. See page 20 for details of key elements that should be included in a medium to longer term financial strategy.
Governance	Board meeting minutes should better reflect the challenge and scrutiny provided by the members at committee meetings.	Minute content will be changed in the future to provide a summary of the debate, challenge and scrutiny that took place against individual agenda items.	Senior Manager – Planning & Performance	13 September 2017	<i>Implemented</i> – from our review of Board and Performance and Audit Committee minutes, we can confirm that there is adequate documentation of scrutiny and challenge by the members.

Action plan

Current Year Recommendations for improvement

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
Budgeting Process (page 18)	At present, the IJB budget is still monitored against "SAC" and "NHS A&A" managed budgets, rather than a genuine pooled budget for the IJB as a whole. As is the case across Scotland, the IJB should continue to work to resolve funding issues around shifting the balance of care between hospitals and communities.	Management accepts this finding and recommendation. Information on the joint budget is presented, however we accept this should be used more effectively for planning and commissioning issues as well as for operational control.	Rob Whiteford (Chief Finance Officer)	01/04/19	High
Financial Planning (page 18)	The lack of a confirmed funding position from NHS Ayrshire and Arran at the start of the financial year increases the risk of failing to achieved a balanced position. It is critical that the IJB has confirmed funding in advance of the start of the year to ensure that it has sufficient lead time to implement any changes required.	The NHS budget was agreed on the 25 th March 2017 for 2017/18. Whilst the 2018/19 budget was not agreed until the 25 th June 2018 the IJB was clear on the material aspects of the likely settlement much earlier. The late budget agreement did not adversely impact on local planning.	Rob Whiteford (Chief Finance Officer)	31/03/19	Medium

Action plan

Current Year Recommendations for improvement (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
Experience of Members (page 25)	There is concern that members who have no previous healthcare or council experience may find the reports difficult to understand and we recommended that appropriate training be provided for members, and to look at how to improve the quality of reports.	Management accepts this finding and recommendation. IJB workshops and briefing sessions will be used to get direct feedback and enhance understanding of reports.	Rob Whiteford (Chief Finance Officer)	31/12/18	Medium
Governance and Reporting Arrangements (page 25)	For those areas led by one of the other IJBs or NHS Ayrshire and Arran, the level of detail provided to the Board is not equivalent to the areas under their direct control. We therefore recommend that the reporting arrangements are reviewed to ensure that complete and consistent information is provided to Board members to allow them to fulfil their governance responsibilities effectively.	Management agree with this recommendation. Comprehensive information on set aside and hosted/lead services was included in the Financial Monitoring Report presented to the public board on 12 th September 2018. A briefing session for IJB members on this subject specifically is scheduled for the 10 th October 2018.	Rob Whiteford (Chief Finance Officer)	10/10/18	Medium

Action plan

Current Year Recommendations for improvement (continued)

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
Review of Annual Report (page 14)	In line with the Good Practice Note issued in April 2018, a review of the annual report should be performed regularly to ensure that all information is up to date. This is a point to note in the preparation of accounts in future.	Management accepts this finding and recommendation. We will undertake regular reviews of the annual report in future.	Bill Gray (Senior Manager – Planning & Performance)	30/04/19	Medium
Financial management – reporting on savings (page 21)	Budget monitoring reporting to the Board should include greater transparency/ visibility on how savings/ efficiencies are achieved. Savings reported in the Q4 FMR are not in sufficient detail and only indicate the areas of non-recurring savings (exceptions) which need to be focused on making permanent for 2018/19.	Management accepts this finding and recommendation. Information on efficiencies was included in the Board papers of the 12th September 2018 and will be included regularly in the future.	Rob Whiteford (Chief Finance Officer)	Ongoing and commenced	Medium

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity or group.

We have also asked the Board to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified the risk of fraud in recognition of income and management override of controls as a key audit risk for your organisation.

During course of our audit, we have had discussions with management, internal audit and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements

We have reviewed the paper prepared by management for the Performance and Audit Committee on the process for identifying, evaluating and managing the system of internal financial control.

Deloitte view:

From our year-end audit procedures and discussions with management, we have noted no cause for concern around the fraud arrangements in place.



Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2017/18 is £24,000 as detailed in our Audit Plan.</p> <p>No non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its board and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>



Events and publications

Our publications and insights to support the IJB

Publications

The State of the State 2017-18

Citizens, government and business

This year's report finds the UK government amid the complex challenge of leaving the EU. Inevitably, this early phase of EU exit is taking place under intense media scrutiny and passionate political debate. But while EU exit issues may dominate headlines, the public services face more local challenges as they address rising demand, budget restraint and renewed levels of concern about social inequality.

The State of the State 2017-18 explores government through three lenses – the citizen lens, the public sector lens and the business lens.

Download a copy of our publication here:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/state-of-the-state.html>



Sharing our informed perspective

We believe we have a duty to share our perspectives and insights with our stakeholders and other interested parties including policymakers, business leaders, regulators and investors. These are informed through our daily engagement with companies large and small, across all industries and in the private and public sectors.

Recent publications relevant to the local authorities are shared opposite:

Perspectives: Do you have a digital mindset?

Accelerating health and care integration

Digital technology is helping to transform the way citizens interact with service providers across all other service industries. The time is now ripe for changing the relationship between health and social care commissioners and providers and service users.

Read the full blog here:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/do-you-have-a-digital-mindset.html>

Article: Public sector transformation

Five lessons from the private sector

An analysis of private sector global companies, including high-tech start-ups, manufacturers, banks, retailers and insurance firms, reveal five valuable lessons for the public sector.

Read the full article here:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/public-sector-transformation.html>



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