

Western Isles Integration Joint Board

2018/19 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Western Isles Integration Joint Board and the Controller of Audit

4 September 2019

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.

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Key messages

2018/19 annual report and accounts

- 1 Our audit opinions on the annual report and accounts are all unqualified.

Financial management and sustainability

- 2 The IJB recorded an overspend of £0.2 million in 2018/19 which consists of £1.0 million overspend on healthcare services offset by a £0.8 million underspend on social care services.
- 3 The 2019/20 budget identifies a funding gap of £3.6 million and includes an ambitious savings target of £1.8 million. The target includes high risk and non-recurrent plans to achieve the savings.
- 4 A medium term financial plan is in place but longer term financial plans are still to be developed.

Governance, transparency and value for money

- 5 The Strategic Plan has been refreshed and partners share a central vision, however the number of deliverables is confusing.
- 6 There is a shift in the balance of care but a reinvestment in community services from acute care has not been achieved yet.
- 7 Recruitment and retention of social care staff remains a significant challenge for the IJB.
- 8 Performance arrangements are effective however performance is mixed, with just over half of measures exceeding or around the Scottish average. In particular, for 2018/19 bed days lost to delayed discharge in Western Isles was the highest in Scotland.

Introduction

1. This report is a summary of our findings arising from the 2018/19 audit of Western Isles Integration Joint Board (the IJB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit Committee meeting on 6 February 2019. This report comprises the findings from our main elements of work in 2018/19 including:
 - an audit of the IJB's 2018/19 annual accounts including issuing an independent auditor's report setting out my opinion
 - 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

Adding value through the audit

3. We add value to the IJB, through audit, by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
 - reporting our findings and conclusions in public
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

4. 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.

Responsibilities and reporting

5. 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. 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. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

8. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

9. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

11. 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 2018/19 audit fee of £25,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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 in due course.

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 2018/19 annual accounts



Main judgements

Our audit opinions on the annual report and accounts are all unqualified.

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

14. Audit opinions on the annual accounts were unqualified.
15. The annual accounts for the year ended 31 March 2019 were approved by the IJB on 26 September 2019. Due to postal delays we did not receive the signed annual accounts until 1 October 2019. The target of 30 September for the independent auditor's report being signed by the appointed auditor was not met.
16. We reported within the independent auditor's report that:
 - 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.
17. 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.

Annual accounts were submitted on time and the audit was well-supported

18. We received the unaudited annual accounts on 24 June 2019 in line with our agreed audit timetable. The working papers provided with the unaudited annual accounts were of a good standard and finance staff provided good support to the audit team which helped ensure the audit process ran smoothly.

We identified and addressed risks of material misstatement

19. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

We revised our planned materiality values on the basis of the unaudited accounts

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 report and accounts was carried out during the planning phase of the audit and on receipt of the unaudited annual accounts we recalculated materiality based on 1% of actual gross expenditure as summarised in [Exhibit 2](#).

Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£0.7 million
Performance materiality	£0.42 million
Reporting threshold	£21,000

There are no significant findings from the audit

22. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. There are no significant findings from the audit in accordance with ISA 260
23. There were no material adjustments to the unaudited annual accounts arising from our audit.

Reasonable progress has been made with prior year recommendations

24. Two of the three recommendations from last year are now complete and one is in progress. For the action not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management and sustainability



Main judgements

The IJB recorded an overspend of £0.2 million in 2018/19, which consists of £1.0 million overspend on healthcare services offset by a £0.8 million underspend on social care services.



The 2019/20 budget identifies a funding gap of £3.6 million (5.7%).

The 2019/20 budget includes an ambitious savings target of £1.8 million which includes high risk and non-recurrent savings.

A medium term financial plan is in place but longer term financial plans are still to be developed.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning.

Financial management reports are clear and frequent

25. Board members receive monthly financial monitoring reports via email, as well as a quarterly report presented at the Board Meeting. The financial monitoring reports are clear and concise, outlining expenditure against budget for the range of health and social care services described within the IJB's Strategic Plan.

The 2018/19 budget was approved in March 2018 and a gap is to be met by £1.0 million savings and £0.4 million of reserves

26. An indicative budget for 2018/19 was approved by the IJB in March 2018. This identified a funding gap of £1.4 million (2.3% of net expenditure in the year) to be met by £1.0 million savings proposals and the use of £0.4million unallocated reserves. A tracker system of specific savings projects was maintained; £272,000 of these savings (27%) were rated as high risk.

The 2018/19 outturn was an overspend of £1.0 million on healthcare offset by a £0.8 million underspend on social care.

27. As detailed in Exhibit 3, the IJB was forecasting a small overspend in its financial reporting to period 10. This assumed the achievement of all projected cash savings. The audited accounts at the year end disclosed an overspend on the provision of services for the year of £0.2 million.

Exhibit 3

Financial Monitoring reports showing projected outturn for over/ (under) spends

July 2018 (period 4)	(0.296)	<1%
October 2018 (period 7)	0	0
December 2018 (period 9)	0.047	<1%
January 2019 (period 10)	0.004	<1%
Accounts at March 2019	0.214	<1%

Source: Financial Monitoring Reports taken to IJB

- 28.** As detailed in Exhibit 3, the IJB initially forecast an underspend of £0.3 million at period 4, which changed to an overspend of £0.05 million at period 9. The audited accounts at the year-end disclose an overspend of £0.2 million on the provision of services for the year.
- 29.** The accounts deficit comprises of an overspend on core health services (£1.0 million) and an underspend on core social care services (£0.8 million). The overall deficit of £0.2 million reduces the reserves balance to £5.8 million.
- 30.** The underspend on social care services is due to underspends on Home Care (£0.3 million), Residential Care (£0.4 million) and Adult Care and Support services (£0.3 million) offset by an overspend on Commissioning and Partnership Services (£0.2 million). The overspend on health services arises primarily from overspends on mental health acute placements and mainland placements (£0.8 million) and acute medical wards (£0.2 million).

90% of efficiency savings were achieved in 2018/19

- 31.** The IJB achieved 90% (£0.9million) of the planned efficiencies during the year. The savings not achieved were identified as high risk during the budget-setting process.

The 2019/20 budget includes an ambitious savings target of £1.8 million

- 32.** The IJB agreed the 2019/20 budget in March 2019. The 2019/20 budget identifies a funding gap of £3.6 million (5.7%). The Financial Plan assumes the use of £0.9 million from reserves, efficiency savings of £1.8 million and an increase in CNES funding of £0.9 million; effectively the Scottish Government flexibilities made available to Local Authorities to vary IJB allocations was not used. Efficiency savings plans have been developed but the target is 80% higher than in 2018/19. Savings proposals include:

- Set aside efficiencies target (£0.2 million)
- Opportunistic savings on CNES pay budgets (£0.5 million)
- Management efficiencies (£0.1 million).

A significant proportion of savings targets are high risk/ non-recurrent

33. £1.2 million (62%) of 2019/20 savings plans are identified as high risk and may not be achieved in their entirety. The IJB is increasingly reliant on non-recurring savings. In 2018/19, 69% of savings in the financial efficiency plan were recurring however in 2019/20 only 33% (£0.6 million) of planned efficiencies are recurring.

The host bodies have sound systems of internal control

34. The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Financial Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounts. Satisfactory arrangements are in place to identify this income and expenditure and report this to the IJB.
35. As part of our audit approach we sought assurances from the external auditor of NHS Western Isles and CNES (in accordance with ISA 402) and confirmed there were no significant weaknesses in the systems of internal controls for both the health board and the Comhairle.

Internal audit arrangements are effective

36. The work of internal audit provides the IJB and the Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.
37. The IJB's internal audit function is carried out by the internal audit department of CNES. During our planning stage, we carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
38. In 2018/19 we did not place any formal reliance on internal audit reviews, however we did consider their work throughout the year for any potential impact on our work. There were no issues identified by internal audit that have had an impact on our audit of the IJB's annual accounts.

The host bodies have sound arrangements for the prevention and detection of fraud and error

39. The IJB uses the financial systems of CNES and NHS Western Isles and so arrangements for the prevention and detection of fraud, bribery and corruption in respect of the financial systems is the responsibility of these organisations.
40. We have received assurances from the auditors of NHS Western Isles and CNES (in accordance with ISA 402) that there are no issues of concern.

A medium term financial plan has been developed but longer term financial plans are still to be developed.

41. In March 2019, the Board approved a medium-term Financial Plan for the period 2019-22. A detailed analysis of costs and demands was undertaken. In addition, scenario planning looked at a range of options around each assumption to establish best case, worst case and probable outcomes. For each element the most probable scenario, based on information currently available, has been used. Taking into account costs, demands and estimated changes to funding using the five-year outlook for the Scottish budget, the Financial Plan estimates a funding gap of £5.4m by 2021/22 and a cumulative savings target of £8.9m across the three years.

42. The Plan outlines that closing the funding gap in the last two years will depend on the delivery of savings from four related activities:

- The identification of cash-releasing efficiency savings through workforce planning
- The identification of cash-releasing efficiency savings that can be delivered through transformation programmes
- The optimisation of income
- The use of balances to invest in strategic priorities.

43. The Financial Plan outlines that measures designed to align establishment to resource and reshape the IJB's workforce will generate the majority of the cash-releasing efficiency savings required. However, there are significant vacancy rates across most professional groups and in some services. Both the Strategic Plan and the Workforce Strategy set out a plan for investment in additional staffing across primary and community care.

44. We have previously recommended the IJB should have a long-term financial strategy, covering at least five years, setting out a range of possible scenarios.



Recommendation 1

The IJB should further develop its longer-term Financial Plan.

An investment strategy is in place and the IJB has unearmarked reserves

45. The IJB approved its revised investment strategy in February 2019. The current level of reserves is £5.8 million. This includes £1.5 million (2.5% of net expenditure) in unearmarked reserves, to meet unforeseen contingencies.

46. The investment strategy outlines that £2.2 million of IJB reserves are to be applied in 2019/20 (including £0.9 million in support of the 2019/20 budget), reducing to £0.8 million in 2020/21.

47. Over half of the IJB's earmarked reserve balance is to be invested in support of infrastructure. £2.3 million will be invested over the period 2019-2022 in a new Lewis residential care campus providing care across a 52-bed care home and 50 extra care housing flats.

Part 3

Governance, transparency and value for money



Main judgements

The Strategic Plan has been refreshed and partners share a central vision however the number of deliverables is confusing.



The IJB has undertaken a self-evaluation review based on recommendations in the Strategic Group for Health and Community Care report.

There is a shift in the balance of care but a reinvestment in community services from acute care has not been achieved yet.

Recruitment and retention of social care staff remains a significant challenge for the IJB.

Performance arrangements are effective however performance is mixed, with just over half of measures exceeding or around the Scottish average. In particular, for 2018/19 bed days lost to delayed discharge in Western Isles was the highest in Scotland.

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

Governance arrangements are appropriate

48. The Integration Scheme sets out the governance arrangements for membership of the IJB. The Western Isles Integration Joint Board consists of four local authority elected members, four health board non-executive directors and representatives from trade unions, third sector bodies, patients and service users, and professionals across health and social care.
49. The Board has established an integrated corporate management team (ICMT) and senior management team (SMT). The ICMT is chaired on an alternating basis by the NHS Western Isles and CNES chief executives. Membership of the SMT extends beyond integration joint board delegated services with representation from NHS acute and secondary services.
50. In 2017/18 we reported that following a review of the adequacy and effectiveness of the Board's local governance arrangements, a number of action points were identified. These included development sessions; the opportunity for members to highlight their development needs and shadowing/learning tailored to these needs.
51. The IJB is supported by an Audit Committee. Our observations at committee meetings throughout the year has found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members.

52. The IJB is working to improve transparency and accessibility

- 53.** The IJB has acknowledged that publication of Board papers and minutes of meetings is uneven and key public-facing documents are missing from the IJB's website. Key information such as audit committee papers, Board papers, meeting dates, and the annual accounts are missing from the website. Board membership details and contact information are also out of date.
- 54.** While members of the public are permitted to attend IJB meetings, the lack of information on the Board's website makes it very difficult for people to access the meetings.
- 55.** The IJB has reviewed its website and plans to publish all missing documentation in 2019/20. They also plan to develop agreed protocols to ensure effective systems are in place for the publication of IJB documents and meeting information.
- 56.** Following its development day session in June 2018, the Board also agreed a number of recommendations to improve transparency and accessibility. These included commitments to:
- strengthen links between the IJB and Locality Planning Groups (LPGs)
 - hold annual meetings between the Chair and Vice Chair of the IJB and the five LPG Chairs
 - make better use of IJB members when undertaking workshops or sessions with local stakeholder groups.

IJB members' declarations of interests are out-of-date

- 57.** In 2017/18 we raised with officers that the register of IJB members' interests was out-of-date and work needed to be done ensure members' interests were being recorded and updated regularly.
- 58.** No improvements have been made in 2018/19. Only six members of the IJB have submitted declarations of interests in the past two years, and seven members' interests have never been declared.
- 59.** The IJB need to implement measures to ensure the register of interests is maintained and members make annual declarations of interest.



Recommendation 2

The IJB should implement measures to ensure the register of interests is maintained and members make annual declarations of interest.

The IJB and its partners share a central vision however the number of deliverables is confusing

- 60.** The Public Bodies (Joint Working) (Scotland) Act 2014, requires that all HSCPs develop a Strategic Plan that sets out their intentions and priorities.
- 61.** The IJB's original Strategic Plan 2016-19 was a statement of intent setting out the vision and direction of travel for the partnership over a three-year cycle. The Plan identified three strategic priorities linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. Within the three priorities, there were twelve priority areas giving rise to twenty-five key deliverables detailing the actions planned to make the changes happen.

62. A refresh of the Strategic Plan agreed by the IJB in March 2018 retained the existing action points and added a transformational statement for each area of service as a guide to future or anticipated reform. The IJB noted that further work would be undertaken to fill out the plan, including transformational statements from each service area and the further development of KPI's.
63. The different sets of outcomes and priorities are supported by a number of plans and strategies, but it is not clear how individual plans and strategies contribute to the achievement of key deliverables in the Strategic Plan.
64. Whilst we recognise that a range of improvement activity is taking place across the IJB, it needs to be clearer about how this activity makes a difference to the outcomes the IJB and its partners want to achieve. All partners share the central vision, but the number of deliverables is confusing. The IJB needs to clearly set out what achieving its intended outcomes looks like in the short, medium and long term.



Recommendation 3

The IJB needs to set out in more detail what achieving its intended outcomes looks like, with milestones over the short, medium and long term.

The IJB has undertaken a self-evaluation based on recommendations in the Strategic Group for Health and Community Care report

65. In November 2018, Audit Scotland published its review of Health and Social Care Integration in Scotland. That review was considered by the Ministerial Strategic Group (MSG) for Health and Community Care which developed a number of specific proposals in light of the Audit Scotland recommendations. The MSG also requested that each health board, local authority and integration joint board should undertake a self-evaluation of their progress in relation to those proposals.
66. Western Isles IJB's self-evaluation rated 13 of the 22 local proposals as 'established' with the remaining 9 classed as 'partly established'. The 9 proposals classed as 'partly established' include:
- Relationships and partnership working with the third and independent sectors must improve, and
 - Statutory partners must ensure appropriate support is provided to IJB S95 Officers.

There is a shift in the balance of care but a reinvestment in community services from acute care has not been achieved yet

67. The February 2019 Ministerial Strategic Group's review of progress of integration recommended that delegated hospital budgets and set aside requirements must be fully implemented in 2019/20. The Scottish Government Medium Term Financial Framework includes an assumption of efficiencies from hospital care and 50% reinvestment in the community.
68. The funding contribution of £38.6 million from NHS Western Isles includes £6.7 million (£5.7 million 2017/18) in respect of set aside resources relating to acute hospital and other services. The set aside budget includes those areas not managed directly by the IJB, but the budget falls under the remit of the IJB. This includes Acute Nursing (medical and rehabilitation wards together with

A&E) and pharmacy (drugs prescribed on wards or community areas within the IJB).

- 69.** One of the over-arching goals of the IJB's Strategic Plan is to shift resources from hospitals and care homes to community based settings. The IJB Plan anticipated a reduction in hospital expenditure from £6 million in 2016/17 to £4 million in 2018/19. The 2018/19 accounts include hospital expenditure of £6.7 million, some £2.7 million more than anticipated.
- 70.** The IJB acknowledge that although there has been a shift in the balance of care, they have not enacted any marked changes to bed capacity within Western Isles hospital (other than psychiatric beds). The IJB has an appetite for whole system planning and has instigated work on the orthopaedic pathway and established several working groups that span hospital and community interests.

Recruitment and retention of social care staff remains a significant challenge for the IJB

- 71.** The IJB faces an ageing workforce and is unable to fill a large number of vacant posts. Through 2018/19 10% of funded social care posts were vacant and 14% of those in post were 60+ years old. Home care services face the most severe workforce challenges with vacancy rates of 18% in addition to 19% of the workforce in post being over 60.
- 72.** High levels of vacancy put additional strain on existing staff and increase costs through the need to use agency staff. The high percentage of older members of staff indicates that the IJB needs to address succession planning within their Workforce Strategy.
- 73.** The IJB approved its Workforce and Organisational Development Strategy in June 2016, covering the initial period 2016/17, with a view to developing a longer-term plan moving towards 2020. The strategy has not been refreshed since 2016 and recruitment and retention of social care staff remains a significant risk on the IJB's strategic risk register.
- 74.** There are six objectives in the current Workforce Strategy, including recruitment and retention, that the IJB is working towards delivering by 2020. The IJB should assess their performance against the objectives and produce a refreshed Workforce Strategy.



Recommendation 4

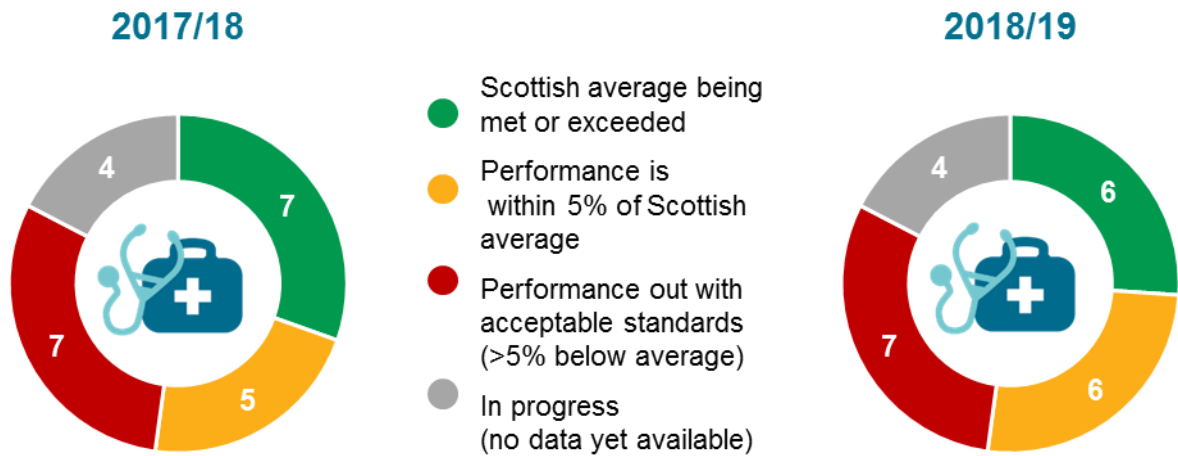
The IJB should assess their performance against current workforce objectives and produce a refreshed Workforce Strategy.

Performance arrangements are effective, but performance is mixed

- 75.** The IJB receives performance exception reports every six months. These reports highlight performance indicators that have been marked as red or amber and identify the corrective action that has been taken.
- 76.** The IJB's performance against the 23 National Core Integration Indicators, as reported in the 2018/19 Annual Report is based on the most up-to-date position at the end of March 2019 (where data is available) and is summarised in Exhibit 4.

Exhibit 4

Overall performance against National core integration standards



Source: Western Isles IJB Annual Reports

77. The IJB's performance against national standards is mixed with just over half exceeding or around the Scottish average. Performance has deteriorated slightly (with one indicator slipping below the Scottish average) and the IJB continues to face a number of challenges in delivering performance targets. Exhibit 4 shows 7 targets (37%) categorised as red and outwith target. Those standards more than 25% outwith target are:

- Emergency admission rate (per 100,000 population)
- Rate of emergency bed days for adults (per 100,000)
- The number of days people (75+) spend in hospital when they are ready to be discharged (rate per 1000)

78. Work is ongoing by the IJB to reduce numbers of A&E attendances and the Annual Report records that the IJB has developed an effective out of hours system, with community unscheduled-care nurses working with GPs to reduce overnight admission to hospital. However, the Annual Report also records that the level of emergency hospital activity for older people is the highest in Scotland.

79. Bed days lost to delayed discharge is an area where Western Isles has shown a significant deterioration in performance and for 2017/18 was the highest in Scotland. The refreshed Strategic Plan records a commitment for the IJB to become more radical in shifting resources from supporting people to stay in hospital to supporting people to live in the community.

80. The Ministerial Steering Group (MSG) monitor performance at a local level against nationally prescribed indicators but targets are determined locally. The national indicators are: unplanned admissions; occupied bed days for unscheduled care; A&E performance; delayed discharges; end of life care; and supporting people at home. Target performance against the MSG standards for 2019/20 has been set by the IJB as:

- To achieve a 3% reduction in unplanned hospital admissions
- To achieve a 12% reduction in unplanned bed days

- To maintain A&E performance
- To reduce delayed discharges by 5% (against a 2018/19 baseline)
- To increase the percentage of the last six months of life spent in the community by 5%
- The proportion of the 65+ population living at home will be maintained against the baseline position.

EU Withdrawal arrangements by the partner organisations are reasonable

- 81.** As the IJB does not directly incur expenditure or employ its own staff, it is heavily dependent on the preparations of NHSWI and CNES to mitigate the risks associated with EU withdrawal. The IJB is fully participating in the resilience arrangements of the health board and the council.
- 82.** We have taken assurance from the conclusions reported by the external auditors of NHSWI and CNES that both bodies are making reasonable preparations for EU withdrawal. On this basis, we have no specific risks to highlight.

National performance audit reports

- 83.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19 we published some reports which are of direct interest to the board as outlined in [Appendix 3](#).
- 84.** Audit Scotland's 2018 report "Health & Social Care Integration: Update on Progress" was discussed at the December 2018 Board meeting.

Appendix 1

Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Long-term financial planning</p> <p>The IJB's financial strategy should cover at least five years and should set out the risks and liabilities, any assumptions made about income and the implications for affordability.</p> <p>In addition, the current Financial Plan does not link to either the Strategic Plan or the Workforce Strategy.</p> <p>Risk – The IJB does not have a clear view of its long-term financial position relative to its overall aims and strategic objectives.</p>	<p>The Financial Plan should be further developed over a five year period and link to other plans and strategies to promote the transformational change necessary to close future funding gaps.</p>	<p>The IJB has a three financial strategy which runs from 2019/20 through to 2021/22. We will now model longer-term projections across a five year horizon, undertaking a new sensitivity analysis and scenario planning.</p> <p>This work will be the responsibility of the Chief Finance Officer, with input from the Chief Officer. It will be complete by February 2020.</p>
2.	<p>Register of interests</p> <p>The IJB's register of members' interests is incomplete and the majority of members have not declared interests since 2017.</p> <p>Risk – The IJB's decision-making process is not transparent if members' interests are not declared.</p>	<p>The IJB should implement measures to ensure the register of interests is maintained and members make annual declarations of interest.</p>	<p>IJB members will be reminded to inform the IJB Business Manager of any changes in their circumstances, and the IJB Business Manager will undertake to maintain an active register of interests, refreshed on an annual basis.</p> <p>A current register of interests will be in place by December 2019.</p>
3.	<p>Strategic planning</p> <p>It is not clear how individual plans contribute to the achievement of key deliverables in the Strategic Plan. The number of deliverables is confusing, and no clear link has been made between the Strategic Plan and supporting plans.</p> <p>Risk – The IJB is not clear about how the range of</p>	<p>The IJB needs to set out in more detail what achieving its outcomes looks like and milestones over the short, medium and long term.</p>	<p>Rather than developing a new strategic plan in 2018, the IJB published a companion 'refresh' document. However, Audit opinion is that it is confusing as to how strategic objectives will be delivered. As such, a new single implementation plan will be developed which will describe the strategic objectives, key deliverables, implementation timelines, outcomes and any</p>

improvement activity taking place across the IJB, is making a difference to the outcomes the IJB and its partners want to achieve.

supporting information or documentation.

This exercise will be undertaken by the Chief Officer and the implementation plan will be in place by December 2019.

4. **Workforce challenges**

The IJB faces an ageing workforce and is unable to fill a large number of vacant posts. This puts additional pressure on existing staff and increases costs through the use of agency staff.

Risk – The IJB may struggle to deliver services within budget if it cannot fill vacancies and does not have effective succession planning.

[The IJB should assess their performance against current workforce objectives and produce a refreshed Workforce Strategy.](#)

Work will be undertaken to build on staff feedback and other performance information to assess performance against existing objectives. This will be in place by December 2019 and will be overseen by the Chief Officer.

A refreshed workforce plan will also be developed by the Chief Officer, supported by HR leads across the Comhairle and Health Board. This will be in place by February 2020.

Follow up of prior year recommendations

b/f **Provision of financial information from the Comhairle**

The IJB should review its financial monitoring arrangements and work with partner organisations to ensure that timely and accurate information is available.

Complete

Regular review meetings between the CFO and Head of Exchequer were held. Reporting in year has been amended to take into consideration any unspent transfers of funds from NHS to Comhairle as they occur.

b/f **Financial monitoring report improvement**

Financial monitoring reports should be reviewed to ensure that they include reliable financial projections.

Complete

A new monitoring regime was introduced with performance being reviewed by finance officers, Integrated Corporate Management Team and the Board.

Refer to the above recommendation.

b/f **Long term financial planning**

We recommend that a longer-term financial strategy (5 years +) is prepared. This should include scenario planning (best, worst, most likely).

Ongoing

In March 2019, the Board approved a medium-term Financial Plan for the period 2019-22. We recommend that a longer-term financial strategy (5 years +) is prepared.

Refer to recommendation 1 in this action plan.

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 report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Management override of controls</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 to change the position disclosed in the financial statements.</p>	<ul style="list-style-type: none"> • Obtain assurances from the auditors of Western Isles Council and NHS Western Isles over the completeness, accuracy and allocation of the income and expenditure. • Detailed testing of significant adjustments at year end. • Obtain assurances from the auditors of CNES and NHSWI over the completeness, accuracy and allocation of the income and expenditure. Agree balances and transactions to CNES and NHSWI financial reports / correspondence. 	<p>Results: We obtained relevant assurances from the auditors of CNES and NHSW. We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>Conclusion: We did not identify any incidents of management override of controls.</p>

Appendix 3

Summary of national performance reports 2018/19

		 2018/19 Reports	
Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

Reports relevant to Integration Joint Boards

[Local government in Scotland: Challenges and performance 2018](#) – April 2018

[Councils' use of arm's-length organisations](#) – May 2018

[Children and young people's mental health](#) – September 2018

[NHS in Scotland 2018](#) – October 2018

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

Western Isles IJB

2018/19 Annual Audit Report

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