

# Shetland Islands Integration Joint Board

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Shetland Islands Integration Joint Board and the Controller of Audit  
December 2023

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# Key messages

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## 2022/23 annual accounts

- 1 Audit opinions on the 2022/23 annual accounts are unmodified.
- 2 The unaudited annual accounts were received in line with the agreed audit timetable but there were issues with the supporting papers.
- 3 There is scope to improve performance reporting within the annual accounts.

## Financial management and sustainability

- 4 Budget monitoring and reporting arrangements are appropriate.
- 5 The IJB's 2022/23 budget outturn was impacted by increased locum and agency staffing costs.
- 6 A medium-term financial plan exists, but this needs to be updated to reflect the cost pressures and saving targets.

## Vision, leadership and governance, and use of resources to improve outcomes

- 7 Governance arrangements are appropriate and support effective scrutiny, challenge and decision making, although some public information is out of date.
- 8 The IJB has arrangements in place for securing Best Value but has not yet completed and reported on its revised self-assessment framework.

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# Introduction

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1. This report summarises the findings from the 2022/23 annual audit of Shetland Islands Integration Joint Board (IJB) and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.
2. The scope of the audit was set out in our annual audit plan presented to the meeting of the IJB Audit Committee on 4 May 2023. This report comprises significant matters arising from an audit of the IJB's 2022/23 annual accounts and conclusions on wider scope areas, as set out in the [Code of Audit Practice 2021](#).
3. We would like to thank management and staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

## Adding value through the audit

4. We aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources. We do this by sharing intelligence and good practice and by identifying and providing insight on significant risks and making clear recommendations for improvement.

## Responsibilities and reporting

5. The IJB has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2021](#), and supplementary guidance and International Standards on Auditing in the UK.
7. This report contains an agreed action plan at [Appendix 1](#), setting out specific recommendations, the responsible officers, and dates for implementation. 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 of its responsibility to address the issues we raise and to maintain adequate systems of control.

## Auditor Independence

We can confirm that we comply with the Financial Reporting Council's Ethical Standard and that we have not undertaken any non-audit related services. We are not aware of any relationships that could compromise our objectivity and independence.

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# 1. Audit of 2022/23 annual accounts

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

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Audit opinions on the 2022/23 annual accounts are unmodified

The unaudited annual accounts were received in line with the agreed audit timetable but there were issues with the supporting papers

There is scope to improve performance reporting within the annual accounts

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## Audit opinions on the annual accounts are unmodified

8. The Board approved the IJB annual accounts for the year ended 31 March 2023 on 7 December 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## The unaudited annual accounts were received in line with the agreed audit timetable, but there were issues with the supporting papers

9. The unaudited annual accounts were submitted for audit by the end of June 2023, in line with legislative requirements. The accounts received were in line with expect format, however there were issues with the initial working papers provided, including the reconciliation of partner ledger information to the accounts and evidence to support management commentary disclosures. Revised working papers were provided by officers during the audit fieldwork which evidenced the accounts disclosures.

## Recommendation 1

Working papers used in the preparation of the annual accounts should be subject to quality review and retained as evidence for audit review

**10.** Regulation 11 of The Local Authority Accounts (Scotland) Regulations 2014 requires local government bodies to publish on its website its signed audited annual accounts by 31 October each year. We acknowledge that the failure to meet this deadline was due to the availability of resources to complete the 2022/23 audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. We are identifying ways to work more efficiently to expedite the 2023/24 audits whilst at the same time maintaining high standards of quality.

### Overall materiality was assessed as £1.3 million

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

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

### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£1.3 million
Performance materiality	£1 million
Reporting threshold	£0.065 million

**13.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75 per cent of overall materiality, reflecting the scale of previous year's adjustments, the extent of estimation in the accounts and the planned testing in proportion to the scale of the organisation.

## Our audit identified and addressed the risks of material misstatement

14. [Exhibit 2](#) sets out the significant and non-significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 2

#### Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Agreement of balances and transactions to Shetland Islands Council and NHS Shetland financial reports/ ledger /correspondence</p> <p>Auditor assurances will be obtained from the auditors of Shetland Islands Council and NHS Shetland over controls which ensure completeness, accuracy and allocation of income and expenditure.</p> <p>Review of year-end consolidation of expenditure reports from Shetland Islands Council and NHS Shetland, including examining any significant adjustments.</p>	<p><b>Results:</b> Balances and transactions in the partner ledgers were consistent with the IJB's accounts.</p> <p>Assurances were obtained from the auditors of NHS Shetland and Shetland Islands Council over the completeness, accuracy and allocation of income and expenditure. No issues were identified.</p> <p>Year-end adjustments were reviewed as part of the reconciliation of balances and transactions. No issues were identified.</p> <p><b>Conclusion:</b> Audit work found no errors or other accounting treatment that would indicate management override of controls.</p>

#### Other non-significant risks of material misstatement

<p><b>2. Year-end reserves position and Covid 19 clawback</b></p> <p>Shetland IJB holds an earmarked reserve balance for Covid-19 funding carried-forward from 2021/22 totalling £2.284 million. Scottish Government have outlined arrangements to enable Covid reserve balances to be</p>	<p>Verify clawback values to Shetland IJB working papers, NHS Shetland audited accounts, budget monitoring reports or schedules.</p> <p>Review accounting treatment against accounting requirements agreed with Scottish Government and confirm this is adequately</p>	<p><b>Results:</b> Working papers to support Covid-19 reserve balances were obtained and reviewed, and accounting treatment considered.</p> <p><b>Conclusion</b></p> <p>Covid-19 specific expenditure during the year was less than expected and a balance of £150,000 remains in earmarked reserves at 31</p>
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Audit risk	Assurance procedure	Results and conclusions
<p>returned through NHS Board allocations back to the Scottish Government. Shetland IJB has indicated that all the funding will be spent in 2022/23 and the clawback amount will be £nil</p> <p>The clawback amount was determined based on period 8 expenditure and may be further adjusted because of actual Covid19 expenditure in 2023.</p>	<p>disclosed in Shetland IJB's 2022/23 Annual Accounts.</p>	<p>March 2023. The IJB has yet to clarify with the Scottish Government whether these can be applied for other purposes.</p> <p>(Refer Exhibit 3 and <a href="#">Appendix 1</a> action plan)</p>

## Significant findings and key audit matters

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

**16.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

**17.** We have one key matter to report from the audit, as detailed in Exhibit 3. Our audit also identified other presentation and disclosure issues which were discussed with management. These were all adjusted in the audited annual accounts and none were significant enough to require to be separately reported under ISA260.



## Exhibit 3

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

Issue	Resolution
<p><b>1. Covid-19 reserves</b></p> <p>In January 2023, the Scottish Government wrote to all IJB chief officers, notifying them of their intention to claw back unspent Covid-19 funding at 31 March 2023 from IJBs through reduced health board allocations for 2023/24. Shetland IJB were projecting full utilisation of funding therefore no reduction was made to NHS Shetland's 2023/24 allocation. However, the IJB accounts include a balance of £150,000 earmarked Covid-19 reserves due to an underspend at year end. The accounts do not include any disclosure around potential repayment of funding. The specific balance is below our materiality threshold for the audit.</p> <p>In September 2023 the Scottish Government wrote again to all IJB Chief Officers inviting proposals for repurposing of specific ringfenced reserve balances held, however it is not clear whether the Covid-19 balance would fall under this scope.</p> <p>The IJB has not yet engaged with Scottish Government to clarify whether this surplus funding can be retained and applied for other purposes.</p>	<p>The audited financial statements do not include disclosure to recognise the potential return of £150,000 surplus Covid-19 funding as at 31 March 2023.</p> <p>The IJB should engage with NHS Shetland/ Scottish Government to clarify whether the £150,000 unspent covid-19 funding should be returned or can be applied for other purposes. We understand that other IJBs have obtained confirmation that underspends can be carried forward into the next financial year without further adjustment to 2022/23 funding and, on this basis, have determined this is not a misstatement.</p> <p>(refer <b>Recommendation 2</b>, <a href="#">Appendix 1</a>, action plan)</p>

## There are no unadjusted misstatements in the accounts

**18.** It is our responsibility to request that all misstatements, other than those below our reporting threshold are corrected, although the final decision on making the correction lies with those charged with governance. We have no unadjusted misstatements to report.

## There is scope to improve performance reporting within the annual accounts

**19.** The management commentary in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

**20.** The commentary in the 2022/23 annual accounts includes a performance overview section which sets out performance reporting arrangements and links to the annual performance report. However, it does not provide a high-level

summary of performance for the year. The operational review section of the commentary documents key highlights in delivery of the IJB's programme for shifting the balance of care, but it would benefit from more focus and balance in reporting, including recognition of poorer performing areas and plans to address these. Officers plan to review the content and format of the management commentary as part of the production of the 2023/24 annual accounts.

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### **Recommendation 3**

The format and content of the management commentary in the annual accounts should be reviewed to ensure that it includes focused and balanced reporting of performance for the year.

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### **Prior year recommendations have been progressed but are still to be fully completed**

**21.** Shetland IJB has made some progress in implementing the audit recommendations identified by Deloitte, Shetland IJB previous external auditor, but some are ongoing or still to be fully completed. For actions not yet complete, responses and timescales have been agreed with management, and are set out in [Appendix 1](#). We will review progress on these ongoing and outstanding actions as part of our 2023/24 audit.

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## 2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively. Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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### Conclusion

Budget monitoring and reporting arrangements are appropriate

The IJB's 2022/23 budget outturn was impacted by increased locum and agency staffing costs

The IJB has appropriate financial control arrangements in place

A medium-term financial plan exists, but this needs to be updated to reflect the cost pressures and saving targets

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### The IJB approved a revised budget of £67.6 million for 2022/23

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

**23.** The IJB approved a balanced budget of £58.2 million for 2022/23 on 24 March 2022. This included an estimated set aside budget of £5.2 million. Subsequent adjustments during the year increased the budget to £67.6 million. This included a planned draw on reserves of £3 million. The key changes to the budget related to the finalisation of pay awards and additional Covid-19 funding from the Scottish Government.

### Budget monitoring and reporting arrangements are appropriate

**24.** The IJB meets monthly and the Audit Committee quarterly. Comprehensive budget monitoring reports are presented to each meeting of the IJB. These contain detail on the year-to-date financial position, forecast outturn for the year and, progress in delivering savings and update on financial risks of the in-year

financial plan. The information is provided at timely intervals throughout the year which enables scrutiny from members.

### The IJB's 2022/23 budget outturn was impacted by increased locum and agency staffing costs

**25.** The year-end outturn for IJB commissioned services was an overspend of £2.8 million at 31 March 2023.

**26.** The IJB incurred an overspend of £1.4 million against budget (4) after additional funding of £1.4 million provided by Shetland Islands Council. The Health and Social Care Partnership which delivers services on behalf of the IJB struggled to recruit and retain health and social care professionals resulting in increased locum and agency staffing costs. In last year's annual audit, it was acknowledged that further engagement was required with partners on an integrated joint workforce plan to support service delivery (refer [Appendix 1](#)).

#### Exhibit 4 Performance against budget

IJB budget summary	Budget £m	Actual £m	Variance £m
NHS Shetland	37.606	37.603	0.003
Shetland Islands Council	29.976	31.411	(1.435)
Corporate Services	0.033	0.033	-
<b>Total Net Expenditure</b>	<b>67.615</b>	<b>69.047</b>	<b>(1.432)</b>

Source: 2022-23 annual accounts

### The IJB has appropriate financial control arrangements in place

**27.** The IJB is reliant on the systems of internal control (including those relating to IT) of its partner bodies: NHS Shetland and Shetland Islands Council. All IJB transactions are processed through the respective partners' systems and all controls over those systems are within the partner bodies rather than the IJB.

**28.** As part of our audit approach, we sought assurances from the external auditors of NHS Shetland and Shetland Islands Council. These assurances confirmed there were no significant weaknesses in the systems of internal control for either NHS Shetland or the Council that impact on the IJB.

## **Internal audit concluded that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2022/23**

**29.** The IJB internal audit function is currently outsourced and delivered by Audit Glasgow, part of Glasgow City Council's internal audit function. Audit Glasgow presented their Annual Audit Report to the June 2023 Audit Committee. The report concluded that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2022/23.

**30.** The 2023/24 budget includes saving targets, for the first time, of £1.6 million. 2023/24 is the first year that Shetland Islands Council and NHS Shetland have proposed funding payments to the IJB that are net of savings targets. The balanced budget of £60.4 million is reliant on the delivery of £1.6 million savings during the year. Any shortfall in savings or overspends on operational budgets will need to be met at year-end by the relevant funding partner, in line with the Integration Scheme.

**31.** Savings targets and projects identified in the 2023/24 budget approved by the IJB on 27 April 2023 are included within Improvement Plans and relevant 2023/24 IJB Directions. Projects have been categorised into high, medium and low risk in terms of likelihood of achievement. While these projects will provide the basis for longer term redesign, the IJB has noted it is unlikely they will deliver full year savings in 2023/24.

## **A medium-term financial plan has been developed which shows a recurring balanced budget. However, the plan does not reflect existing cost pressures and saving targets**

**32.** The medium-term financial plan 2022-2027 (MTFP) provides the financial framework for the delivery of the IJB's Strategic Commissioning Plan. The plan was presented to IJB on the 17 February 2022. The current MTFP recognises financial challenges exist for partner bodies however it has not been updated to reflect existing cost pressures and savings targets.

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## **Recommendation 4**

The current projections in the medium-term financial plan should be updated to reflect the ongoing budget increases and implementation of the saving targets.

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# 3. Vision, leadership and governance

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

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The IJB has a clear strategic vision that is supported by its partners.

Governance arrangements are appropriate and support effective scrutiny, challenge and decision making, although some public information is out of date.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate.

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## The IJB has a clear strategic vision that is supported by its partners

**33.** The Public Bodies (Joint Working) (Scotland) Act 2014 places a legal duty on councils and health boards to review Integration Schemes at least every 5 years to consider whether any changes are necessary or desirable. The Integration Scheme for the IJB was last updated in 2021 and states the: 'IJB Vision is that by 2025 everyone is supported in their community to live longer; healthier lives and we will have reduced health inequalities.'

**34.** Within the Strategic Commissioners Plan 2022-2025, there are strategic priorities to improve outcomes

- To prevent poor health and wellbeing and intervene at an early stage to prevent worsening outcomes.
- To prevent and reduce the avoidable and unfair differences in health and wellbeing across social groups and between different population groups.
- To demonstrate best value in the services that we commission and the ways in which we work.
- To shift the balance of care towards people being supported within and by their communities.

- To meaningfully involve communities in how we design and develop services and to be accountable to their feedback.

**35.** The IJB provides services as set out in its Integration Scheme. The Strategic Plan priorities aim to give direction to the services provided and commissioned by the IJB and are based on its engagement with its partners and other key stakeholders together with consideration of national outcomes.

### **Governance arrangements are appropriate and support effective scrutiny, challenge and decision making, although some public information is out of date**

**36.** In making our assessment of the IJB's governance arrangements we considered the:

- structure and conduct of board and committee meetings.
- overall arrangements to ensure appropriate standards of conduct including compliance with the Standing Financial Instructions and Standing Orders
- arrangements for the prevention and detection of fraud, error, bribery and corruption
- reporting of performance and whether this is fair, balanced and understandable.

**37.** The IJB met remotely and regularly during 2022/23, with the Audit Committee meeting three times. The papers presented to the Board and the Audit Committee are published timeously on the IJB's section of Shetland Islands Council's website.

**38.** There is evidence from several sources which demonstrates the IJB's commitment to openness and transparency. Webcasts of board and audit committee meetings, along with papers and minutes, are available through Shetland Islands Council's website along with core governance documents covering administration arrangements, strategies and annual reports. However, some of the published information on the website such as the members register of interests is out of date.

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## **Recommendation 5**

The content available through the Health and Social Care Partnership website should be regularly reviewed to ensure it is up to date.

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

**39.** Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

**40.** The IJB depends on arrangements in place at its partner bodies. We reviewed the arrangements in place at NHS Shetland and Shetland Islands Council through consideration of the work by partner body auditors and found them to be appropriate.

## **Climate change arrangements are the responsibility of the IJB's partner bodies**

**41.** The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

**42.** The IJB as a public body listed in the Climate Change (Duties of Public Bodies; Reporting Requirements) (Scotland) Order 2015 is required to report annually on compliance with climate change duties. The annual performance report by the IJB highlights that functions of climate change have not been delegated to the IJB and remain the responsibility of its partner bodies, Shetland Islands Council and NHS Shetland. The partner bodies climate change arrangements are detailed in the 2022/23 Annual Audit Reports of the respective bodies.



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# 4. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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The IJB has arrangements in place for securing Best Value but has not yet completed and reported on its revised self-assessment framework

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## **The IJB has arrangements in place for securing Best Value but has not yet completed and reported on its revised self-assessment framework**

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

**44.** In response to a previous audit recommendation, the IJB introduced a structured self-assessment of its governance arrangements, committee and Board performance. Feedback was sought in March 2022 from outgoing board members and was supplemented by induction feedback from incoming members during the summer. The output of this assessment was reported to the Audit Committee in September 2022 and used to inform the content of future training and development for committee members.

**45.** The IJB has since developed a set of self-assessment questions to help assess its performance around five key themes:

- Thriving leadership, collaborative relationships and engagements
- Understanding finances, budgets and financial planning
- Beneficial approach, strategic planning and continuous improvement
- Effective governance, accountability and assurance
- Robust meetings, information and induction processes.

**46.** This framework will be used as the basis of future self-assessments of the IJBs arrangements for securing Best Value.

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## Recommendation 6

An organisational self-assessment against the Best Value characteristics should be undertaken and reported to the Board annually

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### **IJB performance arrangements are effective with indicators and targets kept under review**

**47.** The IJB is provided with planning and performance updates on a quarterly basis to provide assurance that this system is working effectively and supports improvements. An Internal audit of Performance Information and Scrutiny Arrangements was published in March 2023. The audit was generally positive and identified some areas for improvement aligned to the Joint Strategic Commissioning Plan. Recommendations are currently being implemented.

### **Reported data for 2022/23 shows performance remains high relative to other IJBs**

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

**49.** Key performance targets are monitored throughout the year with the Annual Performance Report being presented to the IJB on 29 June 2023. The report details the IJB's performance in the year against the core suite of integration indicators linked the Scottish Government's National Health and Wellbeing Outcomes, alongside Local Government Benchmarking Framework indicators.

**50.** Performance relative to last year has dropped for 11 of 19 reported national integration indicators, however the IJB ranked in the top quartile for 17 indicators when compared with other IJBs. The longer-term performance data in the report highlights that performance against 17 of the national indicators was better than the 2015/16 base year.

# Appendix 1. Action plan 2022/23

## 2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Annual accounts working papers</b></p> <p>The accounts received were in line with expect format, however there were issues with the initial working papers provided, including the reconciliation of partner ledger information to the accounts and evidence to support management commentary disclosures. Revised working papers were provided by officers during the audit fieldwork which evidenced the accounts disclosures.</p> <p>Risk – Working papers do not support the audit of the financial statements.</p>	<p>Working papers used in the preparation of the annual accounts should be subject to quality review and retained as evidence for audit review.</p> <p><a href="#">Paragraph 9.</a></p>	<p>In line with the audit recommendation, the revised working papers which were produced for the 2022/23 audit will be used as a template for future years.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Agreed date:</b> June 2024</p>
<p><b>2. Covid-19 reserves</b></p> <p>The Scottish Government informed IJBs during 2023 of the intention to clawback unspent Covid-19 funding. The IJB projected full utilisation of Covid-19 reserves during 2022/23 however £150,000 was underspent at year-end and is included within reserves.</p> <p>Risk – £150,000 of earmarked reserves cannot</p>	<p>The IJB should engage with NHS Shetland/ Scottish Government to clarify whether the £150,000 unspent covid-19 funding should be returned or can be applied for other purposes.</p> <p><a href="#">Exhibit 3</a></p>	<p>Clarification will be sought from the Scottish Government regarding the unspent Covid-19 funding and if it can be applied for other purposes.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Agreed date:</b> January 2024</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>be applied to future expenditure.</p>		
<p><b>3. Performance reporting in the annual accounts</b></p> <p>The management commentary in the annual accounts does not provide a high-level summary of performance for the year. It would benefit from more focus and balance in reporting, including recognition of poorer performing areas and plans to address these.</p> <p>Risk –annual accounts narrative does not provide readers with balanced analysis of IJB performance during the year.</p>	<p>The format and content of the management commentary in the annual accounts should be reviewed to ensure that it includes focused and balanced reporting of performance for the year.</p> <p><a href="#">Paragraph 20.</a></p>	<p>The performance section of the Management Commentary will be reviewed and updated to provide a more fair, balanced and understandable analysis of the IJB’s performance.</p> <p><b>Responsible officer:</b> Chief Officer</p> <p><b>Agreed date:</b> June 2024</p>
<p><b>4. Medium-term financial plan</b></p> <p>The proposed 2023/24 partner funding payments, and the Directions issued to partners makes assumptions around savings targets. However, these targets are unlikely to deliver full year savings. In addition, the ongoing cost pressures experiences in service delivery have not been recognised in the forward projections.</p> <p>Risk – Delivery of services in line with Directions is unachievable with existing resources.</p>	<p>The current projections in the medium-term financial plan should be updated, along with the Directions, to reflect ongoing cost pressures and planned delivery of savings programmes.</p> <p><a href="#">Paragraph 32.</a></p>	<p>We will work in partnership with colleagues at the Council and NHS to refine 3-year plans based upon both local and Government directions on service commissioning plans. All three organisations have a duty to breakeven and ensure best value in local service delivery.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Agreed date:</b> June 2024</p>
<p><b>5. Core IJB documentation</b></p> <p>The IJB makes core governance documentation publicly available through Shetland Islands Council</p>	<p>The content available through the Health and Social Care Partnership website should be regularly reviewed to ensure it is up to date.</p>	<p>Content available through the Health and Social Care Partnership website is reviewed and updated for known changes. In line with</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>website, however some of this documentation has not been updated to reflect the current arrangements.</p> <p>Risk – the IJB’s governance arrangements are not transparent.</p>	<p><a href="#">Paragraph 38.</a></p>	<p>the audit recommendation, a regular review will be undertaken to ensure it is up to date.</p> <p><b>Responsible officer:</b> Chief Officer</p> <p><b>Agreed date:</b> June 2024</p>
<p><b>6. Best value self-assessment</b></p> <p>The IJB last reported on its self-assessment of governance arrangements, committee and Board performance in September 2022. The self-assessment framework to assess performance against Best Value characteristics has been extended but is still to be assessed and reported.</p> <p>Risk – The IJB is not meeting its statutory duties in relation to Best Value.</p>	<p>An organisational self-assessment against the Best Value characteristics should be undertaken and reported to the Board annually.</p> <p><a href="#">Paragraph 46.</a></p>	<p>Self-assessment is being reported to IJB Audit committee in November 2023 and will be repeated every 12 months. Recommendations are included within the summary report, and planning for seminars and development sessions throughout the year will follow.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Agreed date:</b> November 2023</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>2.1 Financial Sustainability</b></p>	<p>The IJB should consider the options available to it to enhance community engagement in the budget setting process, to ensure that community views are taken into account when allocating resources to drive improvement in outcomes.</p>	<p><b>Ongoing</b></p> <p>Community engagement related to specific improvement work is ongoing which includes changes to service and finance considerations. HSCP officers linking with NHS Shetland and Shetland Islands Council engagement re budget setting.</p> <p><b>Responsible officer:</b> Chief Officer</p>

Issue/risk	Recommendation	Agreed management action/timing
<b>2.2 Financial Sustainability</b>	The IJB should ensure it is involved in the reviews of the Council and NHS workforce plans and receives reporting on how these workforce plans will meet the IJB's needs.	<p><b>Ongoing</b></p> <p>3 year joint workforce plan developed in line with Scottish Government guidance presented to IJB in September 2022. The workforce plans are subject to annual evaluation by all partners as adjustments to incorporate commissioning decisions and the impacts arising from delivering the medium-term financial plan.</p> <p><b>Responsible officer:</b> Chief Officer</p>
<b>3.1 Governance and Transparency</b>	The IJB should invite the Council and NHS to have a joint training session in order to ensure there is clarity over roles and responsibilities within the IJB, Council and NHS, and how to embed this across their respective bodies.	<p><b>Ongoing</b></p> <p>Joint development seminars have happened throughout the year – invitation is extended for all appropriate/relevant sessions. New suite of development sessions to be planned following self-assessment and a similar process will be followed.</p> <p><b>Responsible officer:</b> Chief Officer</p>
<b>3.2 Governance and Transparency</b>	As part of the development of an Engagement and Community Strategy, the IJB should seek the views of the local community and other stakeholders as to how open and transparent it is perceived to be and any improvements which would be welcome in that area.	<p><b>Ongoing</b></p> <p>Participation and Engagement strategy due for review by end 2023/24. IJB is engaging with NHS and SIC colleagues around place based engagement to maximise opportunity for involvement and minimise impact of “consultation fatigue”. Plan to include gathering views on openness and transparency in engagement planned for spring 2024 collaboratively with NHS.</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p><b>Responsible officer:</b> Chief Officer</p> <p><b>Agreed date:</b> June 2024</p>
<p><b>3.3 Governance and Transparency</b></p>	<p>The IJB needs to have annual self-assessments of governance arrangements, committee and Board performance. The IJB should agree a structured self-assessment and review programme</p>	<p><b>Complete</b></p> <p>Self-assessment completed March 2022.</p> <p>Annual June-July period, reporting in Sept/Oct going forward to fit with board business and member calendars to avoid conflict with winter planning, given small system support team.</p>
<p><b>3.4 Governance and Transparency</b></p>	<p>The IJB needs to adopt a formal, ongoing approach to development. The IJB needs to carry out a skills gap analysis as part of the annual self assessment of committees and the IJB, work in conjunction with the Board to develop training plans for them (specific to committees/Members' needs), assess the effectiveness of all training provided and track and report attendance at training by the Board. The IJB should specifically consider a joint development programme with the NHS and Council to improve understanding and integration.</p>	<p><b>Complete</b></p> <p>Self-assessment completed March 2022.</p> <p>Induction and training programme developed based on feedback from self-assessment with ongoing delivery. Annual assessment process used to refresh.</p>

# Shetland Islands Integration Joint Board

## 2022/23 Annual Audit Report

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