



# East Renfrewshire Health and Social Care Partnership Integration Joint Board

2015/16 Annual Audit  
Report for members and  
the Controller of Audit

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (<http://www.audit-scotland.gov.uk/about-us/audit-scotland>)

Brian Howarth, Assistant Director, Audit Scotland is the Engagement Lead for East Renfrewshire Health and Social Care Partnership Integration Joint Board Integration Joint Board for the 2015/16 year.

This report has been prepared for the use of East Renfrewshire Health and Social Care Partnership Integration Joint Board Integration Joint Board and no responsibility to any member or officer in their individual capacity or any third party is accepted.

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# Key messages

## Audit of financial statements

- The published accounts represent the nine months since the IJB was established to 31 March 2016.
- We have issued an unqualified independent auditor's report on the 2015/16 financial statements. The accounts have been prepared in accordance with relevant accounting regulations and guidance.

## Financial position & sustainability

- We conclude that the IJB's immediate financial position is secure, subject to plans to close the NHS financial savings gap in 2016/17. In the absence of medium-term planning, in the NHS and Local Government as well as in the IJB, the medium to long term financial sustainability is uncertain.
- There was an underspend of £1.141 million in 2015/16 against budget and related to services provided by both East Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board. Of the £1.141 million underspend, £0.869 million was planned for and is in earmarked reserves.

## Governance & transparency

- Effective governance arrangements are in place.
- We obtained audit assurance over the accuracy and completeness of financial transactions processed by partner bodies.

## Best Value

- In August 2016 the Board approved the updated Strategic Plan which covers the three years from 2016 to 2019.
- An annual performance report has been published which provides details of progress against performance targets set out in the Strategic Plan.

# Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of East Renfrewshire Health and Social Care Partnership Integrated Joint Board (the IJB).
2. The management of the IJB is responsible for:
  - preparing financial statements which give a true and fair view
  - implementing appropriate internal control systems
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
5. [Appendix I](#) lists the audit risks that we identified in the Annual Audit Plan we issued in March 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work. [Appendix II](#) lists the reports we issued to the IJB during the year. A number of national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at [Appendix III](#), include recommendations for improvements.
6. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers considered the issues and agreed to take steps to address them. The IJB should ensure it has a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of the IJB will continue to be Audit Scotland, and Dave McConnell will replace Brian Howarth as the appointed auditor.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# Audit of the 2015/16 financial statements

<b>Audit opinion</b>	<ul style="list-style-type: none"><li>• We have completed our audit and issued an unqualified independent auditor's report.</li></ul>
<b>Going concern</b>	<ul style="list-style-type: none"><li>• The financial statements were prepared on the going concern basis.</li><li>• There is increased financial risk for the IJB which had to set its interim 2016/17 budget in advance of NHS Greater Glasgow &amp; Clyde approving its budget and has outstanding savings gaps which are yet to be fully bridged. However, we do not feel this or any other events or conditions cast significant doubt on the IJB's ability to continue as a going concern.</li></ul>
<b>Other information</b>	<ul style="list-style-type: none"><li>• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of this information.</li></ul>

## Submission of financial statements for audit

10. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the IJB are prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
11. The IJB put arrangements in place to provide information to its partners for their group accounts, per an agreed timetable. This was particularly important for NHS Greater Glasgow & Clyde which is required to submit audited accounts by 30 June. This included details of balances held at the year-end, the transactions in the year and other information including assurances needed for the governance statements.
12. We received the unaudited financial statements of the IJB on 13 June 2016, in accordance with the agreed timetable. The working papers were of a good standard and finance staff provided good support to the audit team which assisted the delivery of the audit by the deadline.

## Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit,

were outlined in our Annual Audit Plan presented to the Performance and Audit Committee on 16 March 2016.

14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
15. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice.
16. During the planning phase of our audit we identified a number of risks and reported these to you in our Annual Audit Plan along with the work we proposed doing in order to obtain appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified and how we addressed each risk.
17. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

## Materiality

18. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. We assess the materiality of uncorrected misstatements, both individually and collectively.
19. We summarised our approach to materiality in our Annual Audit Plan. We revised our planning materiality for 2015/16 on receipt of the unaudited accounts to £700,000 (1% of gross expenditure of £70.2 million).
20. We also set a lower level, known as performance materiality, when defining our audit procedures. This is determined to ensure that uncorrected and undetected audit differences do not exceed our materiality level. Performance materiality was set at £350,000 (i.e. 50% of materiality).
21. We report all misstatements greater than £7,000.

## Evaluation of misstatements

22. The audit did not identify any monetary errors, which we need to bring to the attention of those charged with governance. Some minor presentational items in the unaudited accounts were discussed with management and changes made to the audited statements.

## Significant findings from the audit

23. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
  - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
  - Significant difficulties encountered during the audit.
  - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
  - Written representations requested by the auditor.
  - Other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.
24. There are no significant matters that require to be communicated to those charged with governance in accordance with ISA 260.

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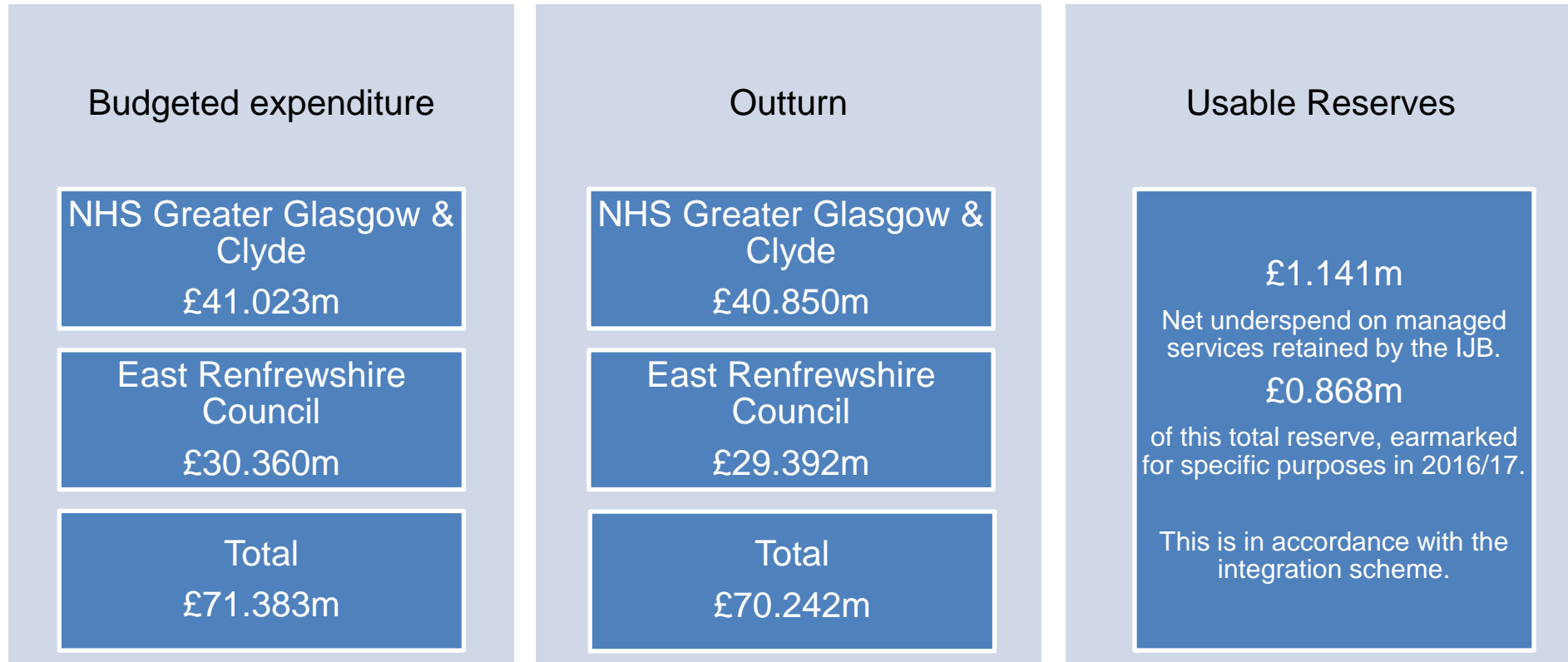
## Future accounting and auditing developments

### Code of Audit Practice

- 25. A new Code of Audit Practice (the Code) applies to public sector audits for financial years starting on or after 1 April 2016. It replaces the previous Code issued in May 2011. The new Code outlines the objectives and principles to be followed by auditors.
- 26. The new Code increases the transparency of our work by making more audit outputs available on Audit Scotland's website. Audit Scotland will now publish all key audit outputs (annual audit plan, annual audit report and other significant audit outputs) on the Audit Scotland website for all audited bodies. This is irrespective of whether the body meets in public or makes documents available to the public.



# Financial position and sustainability



The figures above represent the net costs of services managed by the IJB for the period 27 June 2015 to 31 March 2016.

## Financial performance 2015/16

27. Actual net expenditure of £70.2 million was incurred by the IJB in 2015/16, resulting in an underspend of £1.141 million which has been agreed by both bodies and retained by the IJB, as illustrated in Table 1.
28. The budgeted net expenditure was increased by £3.6 million during the year to £71.4 million. The majority of the increase in the expenditure budget related to additional allocations from the health board for specific health improvement programmes.

**Table 1: Summary of financial performance (27 June 2015 to 31 March 2016)**

Partnership budget objective summary	Budget (£m)	Actual (£m)	Variance (£m)
<b>Net Expenditure</b>	71.383	70.242	1.141
NHS Greater Glasgow & Clyde	41.023	40.850	
East Renfrewshire Council	30.360	29.392	
<b>Total Net Expenditure</b>	71.383	70.242	(1.141)
<b>Surplus (from ERC to be retained by the IJB)</b>			<b>(0.109)</b>
<b>Surplus (from NHSGG&amp;C to be retained by the IJB)</b>			<b>(0.163)</b>

Partnership budget objective summary	Budget (£m)	Actual (£m)	Variance (£m)
<b>Surplus retained as earmarked reserves</b>			<b>(0.869)</b>

Source: East Renfrewshire Health and Social Care Partnership Integration Joint Board Annual Accounts 2015/16

29. East Renfrewshire Council and NHS Greater Glasgow & Clyde approved that a general underspend of £0.272 million will be retained by the IJB to meet the cost of relevant future expenditure.
30. At 31 March 2016 the IJB had £0.869 million of earmarked reserves ring-fenced for use for a specific purpose in 2016/17, including Learning Disability Specialist Services (£0.375 million), Barrhead Health and Care Centre (£0.104 million), Integration Learning and Development Function (£0.070 million), Community Capacity Building (£0.080 million) and Children and Families (£0.240 million).

## Financial sustainability

31. Financial sustainability means that the IJB has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:
- spending is being balanced with income in the short term
  - long-term financial pressures are understood and planned for.

## Financial planning

32. The IJB allocates the resources it receives from the health board and council in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2015/16 budget provided for the IJB.
33. Delays to the agreement of the Scottish Government's financial plans meant that the IJB budget for 2016/17 was not formally set at the beginning of the financial year. The council budget was set on 24 February 2016. This provided confirmation around the council element of the IJB funding for 2016/17. The health board budget was formally approved on 28 June 2016. During the intervening period the IJB set an interim working budget in May 2016, based on assumed funding from the health board.
34. This meant that for the first few months of 2016/17 the IJB did not update their strategic plan and were unable to carry out the planned due diligence on its 2016/17 budget. There was therefore uncertainty with the extent that the IJB could develop and implement its Strategic Plan objectives.
35. The interim budget agreed in May 2016 was £137.377 million (council £61.538 million and health board £75.839 million). Following receipt of formal notification of the IJB's 2016/17 funding from the health board in July 2016, the final budget was presented to the Board in August 2016 and total net expenditure increased to £142.874 million, comprising of contributions from the council and health board of £61.539 million and £81.335 million respectively.

This includes the IJB's £3.62 million share of the increased investment by the Scottish Government.

### Action Plan No. 1

36. The financial report presented to the Board in August 2016 identified that the IJB has a savings target for 2016/17 of £1.152m relating to the NHS GGC budget contribution to the partnership. This target will be difficult to achieve as 91% of the controllable budget relates to pay. Taking into account for 2016/17 a £0.205m turnover to date, £0.163m free reserve brought forward and current year agreed savings of £0.309m, this leaves a savings target shortfall of £0.475m in the current year, with proposals being developed to meet the recurring savings gap of £0.843m. For 2016/17 non-recurring support has been agreed with our partner NHS GGC to bridge this gap. The level of savings required may impact on the IJB's ability to deliver the existing outcomes identified in the Strategic Plan.
37. If savings plans are insufficient to deliver a break even position in 2016/17 then the IJB will need to consider how to address this taking account of the options set out in the Integration Scheme. With significant pressures on the IJB's budget, it is important that budget monitoring continues to be presented on a timely basis so that a financial recovery plan can be developed and agreed in time for actions to be successful.

### Action Plan No. 2

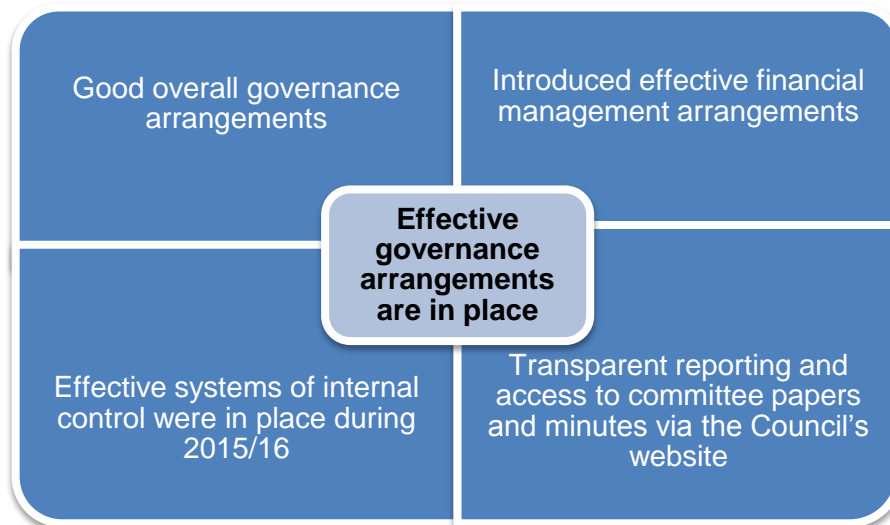
38. In the local government overview report in March 2016, Audit Scotland set out some key questions, which can apply across the Scottish public sector. These questions provide a framework for our assessment of financial planning and means that we are encouraging public sector bodies to move to longer term financial planning based on detailed financial plans covering a minimum period of three years that set out the implications of different levels of income spending and activity based on scenario planning. The development of financial planning within the IJB will depend on this approach being developed in the NHS and Local Government



## Conclusion on financial sustainability

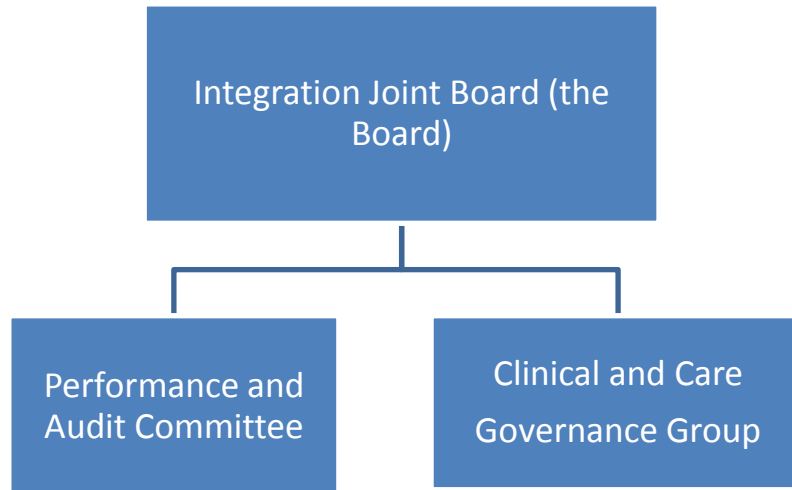
39. Overall we conclude that the IJB's immediate financial position is secure, subject to plans to close the NHS financial savings gap in 2016/17. In the absence of medium-term planning, in the NHS and Local Government as well as in the IJB, the medium to long term financial sustainability is uncertain.

# Governance and transparency



40. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with Board members drawn from a wide range of backgrounds.
41. The integration scheme between East Renfrewshire Council and NHS Greater Glasgow & Clyde sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures.
42. The Board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the IJB and for monitoring the adequacy of these arrangements.
43. The Board is supported by a Chief Officer who provides overall strategic and operational advice to, and is directly accountable to the Board for all of its responsibilities. The Chief Officer is also accountable to both the Chief Executive of East Renfrewshire Council and the Chief Executive of NHS Greater Glasgow & Clyde. The Chief Officer provides regular reports to both the council and the health board. The Chief Financial Officer is responsible for financial management including budget monitoring reports. Both the Chief Officer and the Chief Financial Officer were appointed in 2015 and these appointments were ratified at the Board meeting in August 2015.
44. The Board is responsible for the management and delivery of health and social care services in East Renfrewshire, and is supported by the Performance and Audit Committee and the Clinical and Care Governance Committee, as illustrated at Exhibit 1.
45. The Board and the Performance and Audit Committee each met on a regular basis throughout the year. The Clinical and Care Governance Group held their first meeting in May 2016. We review Board minutes and Performance and Audit Committee minutes to ensure they are fulfilling their responsibilities. We also attend the meetings of the Performance and Audit Committee.

### Exhibit 1: Committees and Groups at East Renfrewshire Health and Social Care Partnership



46. Standing Orders for the IJB were approved when it was established in June 2015. A Scheme of Delegation is in place which clarifies the functions delegated by East Renfrewshire Council and NHS Greater Glasgow & Clyde. These delegate operational management of services to the Chief Officer. We concluded that the IJB has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.
47. A Clinical and Care Governance Group has been established which will report to the Chief Officer and ultimately to the Board. The membership reflects the professional groups within the IJB including nursing, medical, social work and primary care colleagues.

48. The role of the Clinical and Care Governance Group is to consider matters relating to Strategic Plan development, governance, risk management, service user feedback and complaints, standards, education, learning, continuous improvement and inspection activity.
49. We concluded that the IJB has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.

### Financial management

50. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the Chief Financial Officer has sufficient status to be able to deliver good financial management
  - standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
  - reports monitoring performance against budgets are accurate and provided regularly to budget holders
  - monitoring reports do not just contain financial data but are linked to information about performance
  - IJB members provide a good level of challenge and question budget holders on significant variances.
51. The Chief Financial Officer was appointed on 19 August 2015 and is responsible for ensuring that appropriate financial services are available to the Board and the Chief Officer.

52. We reviewed the standing financial instructions and standing orders, which were created on the formation of the IJB. These were approved by the Board and we consider these to be comprehensive.
53. Delegated baseline budgets for 2015/16 were subject to due diligence and comparison to actual expenditure in previous years and these are subject to Board scrutiny.
54. Financial monitoring of the IJB budget is reported in an agreed format to the Board, and externally to NHS Greater Glasgow & Clyde and East Renfrewshire Council. The Board is provided with regular finance reports during the year. The Performance and Audit Committee reviewed performance reports. Projections of the year end position are included in the budget monitoring reports. These provide information on any adjustments to the baseline budgets, together with forecast outturn for the year and reasons for variances. Income and expenditure is analysed in accordance with the joint services provided by the IJB.
55. Within the reports, under/overspends are attributed to the relevant partner body. The Board has responsibility for carrying out detailed scrutiny of the financial and operational performance and ensuring that prompt corrective actions are taken where appropriate.
56. Legislation empowers the IJB to hold reserves. The integration scheme and the reserves policy set out the arrangements between the partners for addressing and financing any overspends or underspends. It highlights that underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity, or be carried forward to fund capacity in future years of the Strategic Plan.
57. Where there is a forecast overspend the partner bodies must agree a recovery plan to balance the budget.
58. We attended Performance and Audit Committee meetings during the 2015/16 financial year and found that they provide a good level of challenge and raise queries on service performance issues.

## Conclusion on financial management

59. We have concluded that the IJB has introduced effective financial management arrangements and these are developing as new legislation and guidance emerges.

## Internal control

60. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
61. The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All financial transactions of the IJB are processed through the financial systems and ledgers of the partner bodies, East Renfrewshire Council and NHS Greater Glasgow & Clyde. Satisfactory

arrangements are in place to identify this income and expenditure and to consolidate and report this financial information to the Integration Joint Board.

62. As part of our audit approach we sought assurances from the external auditor of NHS Greater Glasgow and Clyde and East Renfrewshire Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal controls for the health board and no weaknesses in the internal controls in East Renfrewshire Council, with the exception of the newly implemented Care Finance system. The auditor's 2015/16 Key Controls Report to East Renfrewshire Council makes several recommendations that management have agreed to address during 2016/17.

## Internal audit

63. Internal audit provides the Board and Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes. Internal audit services are provided to the IJB by the East Renfrewshire Council. We carried out a review of the adequacy of the internal audit function at East Renfrewshire Council and concluded that internal audit operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
64. The IJB's Chief Internal Auditor provided an annual report on the IJB and concluded that, *"the IJB had adequate and effective internal controls in place proportionate to its responsibilities in the year*

*ended 31 March except for HSCP (health and social care payments) to providers."*<sup>1</sup> This conclusion was based on the Chief Internal Auditor's audit work carried out at East Renfrewshire Council that related to the IJB and by reviewing reports issued by the NHS Greater Glasgow & Clyde's internal auditor.

## Arrangements for the prevention and detection of fraud and other irregularities

65. Arrangements are in place to ensure that suspected or alleged frauds or irregularities are investigated by one of the partner bodies internal audit sections. Since the IJB does not directly employ staff, it has been agreed that investigations will be carried out by the internal audit service of the partner body where any fraud or irregularity originates. Within NHS Greater Glasgow & Clyde, there are also arrangements in place to use the Counter Fraud Services of the NSS.
66. We concluded that the IJB had effective arrangements in place for fraud detection and prevention during 2015/16.

## Arrangements for maintaining standards of conduct and the prevention and detection of corruption

67. The Board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of

<sup>1</sup> ER IJB Internal Audit Annual Report 2015/16



Devolved Public Bodies. In August 2015 the Board agreed to adopt the template Code of Conduct for Integration Joint Boards which had been produced by the Scottish Government.

available on the Council's website in the section titled 'Health and Care'.

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

## Transparency

69. The IJB is committed to ensuring that a wide range of partners including Community Planning Partners, third sector, independent sector and communities have an opportunity to become engaged, involved and are able to contribute to the success of the IJB. The Strategic Plan and local planning arrangements enable wider partners to engage in, and support the delivery of the Strategic Plan. The Integration Scheme sets out the requirement for the consultation and engagement of key groups.
70. The Board includes members from East Renfrewshire Council, NHS Greater Glasgow & Clyde, and representatives from health and social care professions, including GPs, employees, unpaid carers, service users, and the third sector.
71. The Board receives regular financial and performance monitoring reports, which are clear and concise. Information about the services provided by the IJB, access to committee papers and minutes for both the Board and the Performance and Audit Committee are

## Best Value

72. Integration authorities are required to contribute towards nine national health and wellbeing outcomes. These high level outcomes seek to measure the quality of health and social care services and their impact on, for example, allowing people to live independently and in good health, and reducing health inequalities. This signals an important shift from measuring internal processes to assessing the impact on people using health and social care services.
73. The Strategic Plan has adopted the nine national wellbeing outcomes, together with the six additional outcomes for children and criminal justice. The Board approved the Strategic Plan on 19 August 2015 which is predominantly based on the previously approved targets and actions set out in strategic plans already produced during the previous Community Health & Care Partnership (CHCP). This is a logical process to adopt as it reflects the fact that East Renfrewshire has had in place integrated working via the CHCP and collaboration within the Community Planning Partnership for a number of years.
74. The updated Strategic Plan took longer than anticipated to finalise due to delays in receiving confirmation of funding from the health board. The Board approved the Strategic Plan in August 2016 which covers the three years from 2016 to 2019.
75. Although the publication of the performance report is not a statutory requirement until 2016/17, a year end Organisational Performance Report has been produced. This report highlights the IJB's main

achievements and progress against the Strategic Plan targets in 2015/16. The Performance Report also includes a section on Best Value and sets out the progress made during 2015/16 against best value characteristics and areas for further development in 2016/17.

76. The Integration Scheme sets out that the council and health board, through the Chief Officer, will develop a joint Workforce Development and Support Plan and Organisational Development strategy in relation to staff delivering integrated services (except for NHS acute hospitals services), taking account of existing workforce development policies and procedures of both parties, and rationalising these in partnership with other integration authorities within the same the health board area.
77. Overall, we concluded that the IJB has arrangements for securing Best Value and continuous improvement.

### National performance audit reports

78. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the Board. These are outlined in [Appendix III](#) accompanying this report.
79. The IJB has processes in place to ensure that all national performance reports and their impact on the IJB are considered by the Board and the Performance and Audit Committee, as appropriate.

# Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

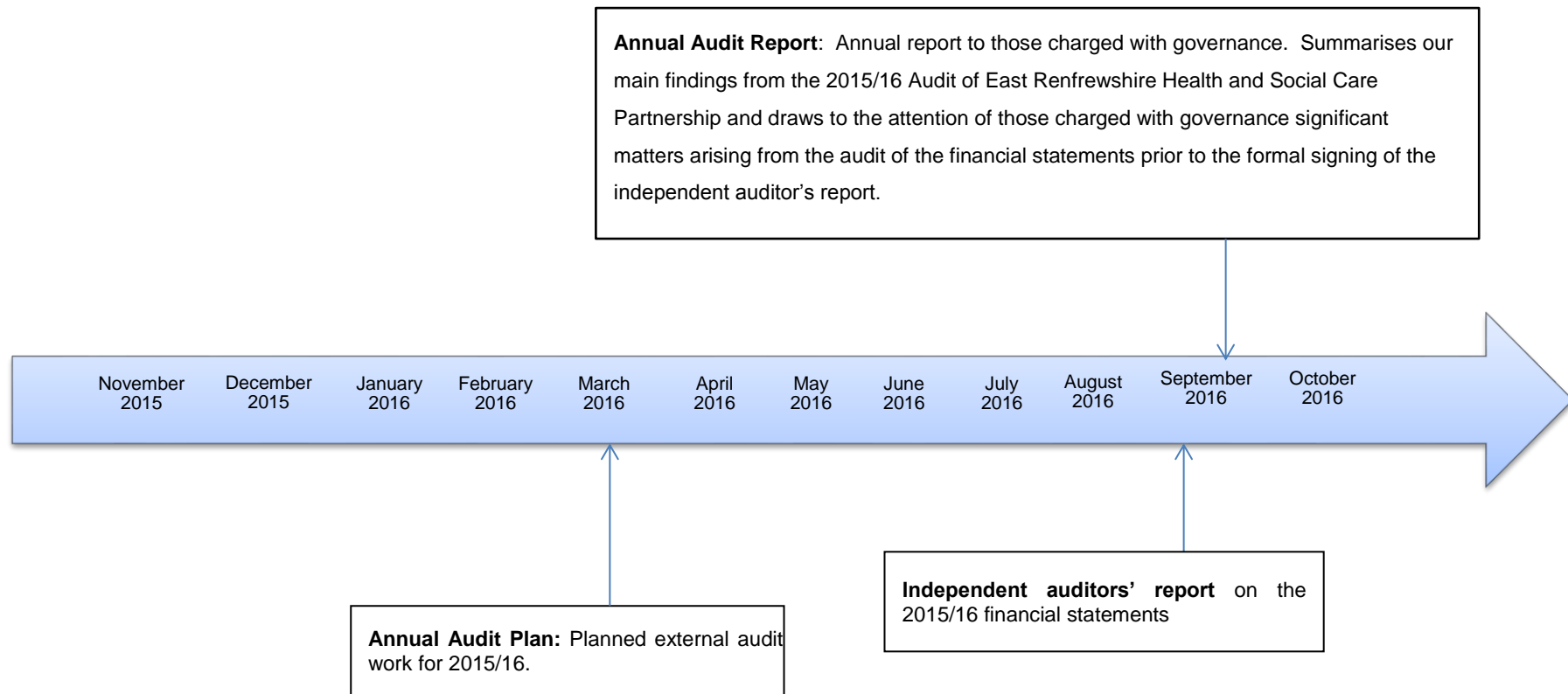
Audit Risk	Assurance procedure	Results and conclusions
<b>Risk of material misstatement in the financial statements</b>		
<p><b>Financial statements:</b> Financial statements for the IJB are being prepared for the first time in 2015/16. As further guidance emerges on the subject, uncertainties at present include</p> <ul style="list-style-type: none"> <li>• The application of IFRAC guidance to the financial statements layout and accounting entries</li> <li>• New staff/team are preparing the accounts</li> <li>• Preparation and allocation of senior officer costs/ board members/ pension costs in the remuneration report</li> <li>• Development of a management assurance framework to support the governance statement.</li> <li>• Agreement of balances / transactions/ outturn positions with host organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Clarification of account timescales and processes.</li> <li>• Review the draft financial statements in line with FReM and confirm appropriateness of draft accounts.</li> <li>• Early agreement and testing of transactions and balances by the respective external audit teams of ERC and NHS Greater Glasgow and Clyde.</li> </ul>	<p>Financial statements were prepared in accordance with the Code and in accordance with timescales.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p><b>Risk:</b> There is a risk that processes for the presentation and preparation of the financial statements are not fully established and procedures are not fully embedded to enable agreement of all transactions and balances between each body.</p>		
<p><b>Management assurances</b> - IJB income and expenditure is processed through the existing systems of East Renfrewshire Council and NHS Greater Glasgow and Clyde and maintained on their respective ledgers. Therefore, the Chief Financial Officer must have adequate assurance that information received from each of these bodies is accurate and complete.</p> <p><b>Risk:</b> There is a risk that the assurance framework to support the governance statement is not adequate.</p>	<ul style="list-style-type: none"> <li>• We will seek ISA402 assurances from each host body auditor, covering the appropriate systems and including results of controls and substantive testing.</li> <li>• We will consider the assurances provided and any impact of issues on our audit approach.</li> </ul>	<ul style="list-style-type: none"> <li>• The governance statement reflected the position of the IJB.</li> <li>• The year end position of the Board has been accurately reflected.</li> <li>• Satisfactory consideration has been given to issues raised by Internal Audit.</li> <li>• Satisfactory written assurances were received from the external auditors of the council and health board regarding accuracy, allocation and cut-off of IJB transactions.</li> </ul>
<p><b>Management override of controls</b> - 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. ISA 240 states that audit procedures should be responsive to risks related to management</p>	<ul style="list-style-type: none"> <li>• Detailed testing of journal entries.</li> <li>• Review of accounting estimates.</li> <li>• Evaluation of any significant transactions that are outside the normal course of business.</li> </ul>	<p>Our audit procedures did not identify any instances of management override of controls.</p>

Audit Risk	Assurance procedure	Results and conclusions
override of controls.		
<p><b>Historic overpayments on Learning Disability scheduled payments</b> – Previous years identified overpayments in respect of Learning Disability scheduled payments.</p> <p><b>Risk:</b> There is a risk that previous years' issues with scheduled payments are repeated leading to misstatements.</p>	<p>We will identify and test the key controls in the Care Finance system as part of the East Renfrewshire Council audit.</p>	<p>We reported in our 2015/16 Key Controls report to East Renfrewshire Council (host of the Care Finance system) several recommendations which the IJB has agreed to implement in 2016/17.</p>
<p><b>Treatment of budget area over/underspends</b> - The treatment of any over/underspends must be agreed in advance by the IJB, local authority and health board.</p> <p><b>Risk:</b> There is a risk that the proposed treatment of under/overspends is not appropriately agreed and accounted for correctly in the year end accounts.</p>	<p>We will confirm appropriateness of treatment of over/underspends in line with the Integration Scheme and agreements between the local authority, health board and IJB.</p>	<ul style="list-style-type: none"> <li>• Email confirmation has been provided that confirms agreement from parties for the treatment of the underspend.</li> <li>• Position of underspend was regularly reported to the Board throughout the financial year.</li> <li>• The Reserves Strategy, approved in March 2016, fully set out the circumstances in which reserves can be created, and the governance arrangements around their use.</li> <li>• The treatment in the accounts of the underspend is accounted for correctly.</li> </ul>
<p><b>Part year operation of IJB</b> – The Integration Scheme sets out that in the event of the IJB being established part way through 2015/16,</p>	<p>We will agreed and verify the accuracy of the basis of estimation used.</p>	<p>There were no issues found with the basis of estimation of part year operation based on full-year reporting from host bodies.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>the payment to the IJB will be that portion of the budget covering the period from establishment to 31 March 2016.</p> <p><b>Risk:</b> There is a risk that the apportionment of full-year budget and costs recorded in the local authority and health board financial ledgers is not accurate.</p>		
<p><b>Accruals</b> - In 2014/15 the NHS Greater Glasgow and Clyde external auditors identified issues with accruals and an absence of supporting information.</p> <p><b>Risk:</b> There is a risk that expenditure notified by NHS Greater Glasgow and Clyde is overstated due to errors in accruals and this has the effect of under/overstating the IJB's accounts.</p>	<p>We will seek ISA402 assurances from the auditor of NHSGC&amp;C over the transactions recorded in the NHSGG&amp;C ledger, recognising this area as a risk of material misstatement.</p>	<p>There were no issues reported in the NHSGG&amp;C assurance.</p>

# Appendix II: Summary of East Renfrewshire HSCP IJB local audit reports 2015/16



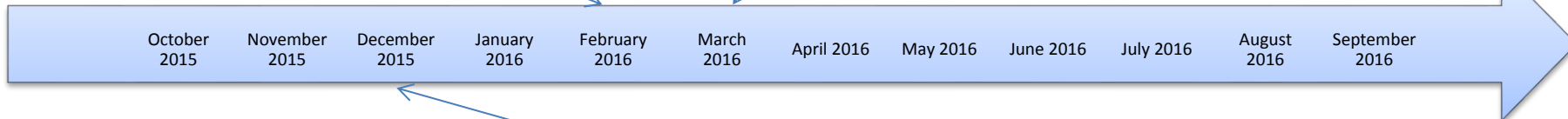
# Appendix III: Summary of Audit Scotland national reports 2015/16

## Reshaping care for older people – impact report (February 2016):

This report looked at the extent to which care for older people has shifted towards communities and away from hospitals and care homes. The report considered whether the Change Fund was helping to improve care for older people in ways that can be sustained. It also examined the challenges facing organisations that deliver services for older people and how well they are meeting them.

## Changing models of health and social care report (March 2016):

This report says that transformational change is required to meet the Scottish Government's vision to shift the balance of care to more homely and community-based settings. NHS boards and councils need to significantly change the way they provide services and how they work with the voluntary and private sectors.



**Health and Social Care Integration (December 2015):** This report reviewed the progress made to establish new integration authorities, which will be responsible for planning joint health and social care services and managing budget totalling over £8 billion by 1 April 2016. The report highlights that significant risks must be addressed if a major reform of health and social care is to fundamentally change how services are delivered and improve outcomes for the people who use them.



## Appendix IV: Action plan

No.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1	35	<p><b>Budget Approval</b></p> <p>Due to delays obtaining the NHS budget, the IJB set an interim 2016/7 budget using indicative figures. The initial budget was not indicated until July and agreed in August.</p> <p><b>Recommendation</b></p> <p>Continue to develop a close working relationship with partner bodies to minimise any delays in future budget setting, that might affect delivery of strategic plan initiatives or result in a reduced period to achieve savings.</p>	<p>The timing of NHS financial planning and associated partnership budget contributions is a national issue.</p> <p>We continue to raise this through a number of fora both locally and nationally.</p> <p>The CFO continues to develop relationships with peers including our partners.</p>	<p>Chief Financial Officer</p> <p>31 March 2017</p>

No.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
2	37	<p><b>Saving Targets</b></p> <p>Saving Targets - The August 2016 budget update presented to the Board reported a projected in year savings target shortfall of £0.475m for 2016/17 against the NHSGGC budget contribution to the partnership, to be met through non-recurring support from our partner NHSGGC, subject to achieving the full recurring savings of £0.843m in year 2017/18. In the report the Chief Financial Officer highlights that the level of savings required could impact on service delivery and future outcomes as identified in the Strategic Plan.</p> <p><b>Recommendation</b></p> <p>The level of savings required for 2016/17 may impact on the IJB's ability to deliver the existing outcomes identified in the Strategic Plan. If savings plans are insufficient to deliver a break even position in 2016/17 then the IJB will need to consider how to address this taking account of the options set out in the Integration Scheme.</p>	<p>The budget update report to the IJB in August 2016 identifies a recurring balance of £843k savings to find and sets out our approach to achieve this. The report also identifies non-recurring support confirmed from NHSGGC for 2016/17.</p> <p>The budget update for October 2016 and subsequent reports to the IJB will identify plans to achieve savings on a recurring basis and also address likely future savings challenges.</p>	<p>Chief Financial Officer</p> <p>31 March 2017</p>