



Integration Joint Board
Audit and Risk Committee

9th September 2019

This Report relates to
Item 9 on the Agenda

Annual Accounts 2018/19

(Paper presented by Katy Lewis)

For Approval

Approved for Submission by	Katy Lewis, Chief Finance Officer
Author	Katy Lewis, Chief Finance Officer
List of Background Papers	Not Required
Appendices	Appendix 1 – Annual Accounts 2018/19 Appendix 2 – Letter of Representation to Auditors

SECTION 1: REPORT CONTENT

Title/Subject: Annual Accounts 2018/19
Meeting: IJB Audit and Risk Committee
Date: 9th September 2019
Submitted By: Katy Lewis, Chief Finance Officer
Action: For Approval

1. Introduction

1.1 This report presents the annual accounts for the IJB for the 2018/19 financial year.

2. Recommendations

2.1 **The IJB Audit and Risk Committee is asked to:**

- **Approve the submission of the Integration Joint Board's audited Annual Accounts for the financial year ended 31st March 2019 to the Integration Joint Board at its meeting on 25th September 2019 for final approval.**

3. Background

3.1 The annual accounts for the Integration Joint Board reflect a breakeven outturn position for the 2018/19 financial year as previously reported to the Board at its meeting on 29th May 2019. The Chief Finance Officer has a requirement to prepare accounts for the IJB. The IJB also has delegated responsibility for approving the draft accounts to the IJB Audit and Risk Committee prior to consultation.

3.2 All figures presented have been reviewed by external audit review during July/August 2019, with audited accounts planned to be presented for approval and sign off at the Integration Joint Board on the 25th September 2019 following the audit scrutiny.

3.3 The purpose of this report is to ensure compliance with the Local Authority Accounts (Scotland) Regulations 2014, which state that the Proper Officer (under Section 95 of the Local Government (Scotland) Act 1973) shall ensure that the draft accounts are submitted to the Integration Joint Board by no later than the 30th June following the relevant financial year end.

4. Main Body of the Report

4.1 Local Authority Accounts (Scotland) Regulations 2014, state that the Proper Officer (under Section 95 of the Local Government (Scotland) Act 1973) shall ensure that

the unaudited accounts are submitted to the Council by no later than the 30th June following the relevant financial year end.

- 4.2 The Integration Joint Board unaudited Annual Accounts for financial year 2018/19 are being presented to this meeting to ensure compliance with the above requirements. The accounts will then be submitted to Grant Thornton, the IJB External Auditors, prior to the statutory deadline of 30th June 2019.
- 4.3 The IJB's financial performance was reported to the meeting on 29th May 2019. These accounts present the financial performance in a different format which is required to comply with International Financial Reporting Standards and proper accounting practice.
- 4.4 Following the submission of the unaudited accounts, the working papers supporting the accounts were provided to the external auditors, who will then undertake the statutory audit of the accounts starting from early July 2019.
- 4.5 To comply with the Local Authority Accounts (Scotland) Regulations 2014, the unaudited accounts were made available for public inspection for a 3 week period from 1st July to 21st July 2019. No comments were received through this process.
- 4.6 The Integration Joint Board unaudited Annual Accounts for financial year 2018/19 were presented to and approved by the IJB Audit and Risk Committee on 24th June 2019 to ensure compliance with the above requirements. The accounts were then submitted to Grant Thornton, the IJB External Auditors prior to the statutory deadline of 30th June 2019.
- 4.7 Collaboration and consultation has taken place with the NHS and Council's finance team to prepare these accounts.
- 4.8 The accounts have been reviewed in accordance with the latest best practice guidance as issued through Local Authority Scotland Accounts Advisory Committee (LASAAC) who has issued additional guidance on accounting for the Integration of Health and Social Care.
- 4.9 Following review of the accounts by Grant Thornton, a clean audit option has been given.
- 4.10 The final draft version of the accounts is included at **Appendix 1** to this paper.
- 4.11 A copy of the draft letter of representation is attached at **Appendix 2**. This will be presented for approval and sign off at the IJB meeting on 25th September 2019.

5. Conclusions

- 5.1 The IJB Audit and Risk Committee has a requirement to scrutinise and review the annual accounts and approve submission to the Integration Joint Board for approval prior to the 30th September 2019.

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

6. Resource Implications

6.1. The accounts set out the financial position for the IJB for 2018/19.

7. Impact on Integration Joint Board Outcomes, Priorities and Policy

7.1. The Financial Plan has a key role in supporting the delivery of the Strategic Plan.

8. Legal & Risk Implications

8.1. None identified.

9. Consultation

9.1. Consultation with Finance and Information Manager for Council, Deputy Director of Finance NHS and other senior finance team members across NHS and Council.

10. Equality and Human Rights Impact Assessment

10.1. As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment.

11. Glossary

IJB	-	Integration Joint Board
LASAAC	-	Local Authority Scotland Accounts Advisory Committee

DUMFRIES AND GALLOWAY INTEGRATION
JOINT BOARD

Annual Report and Financial Statements

For the Year Ended
31 March 2019



DUMFRIES AND GALLOWAY
Health and Social Care

DRAFT UNAUDITED ACCOUNTS

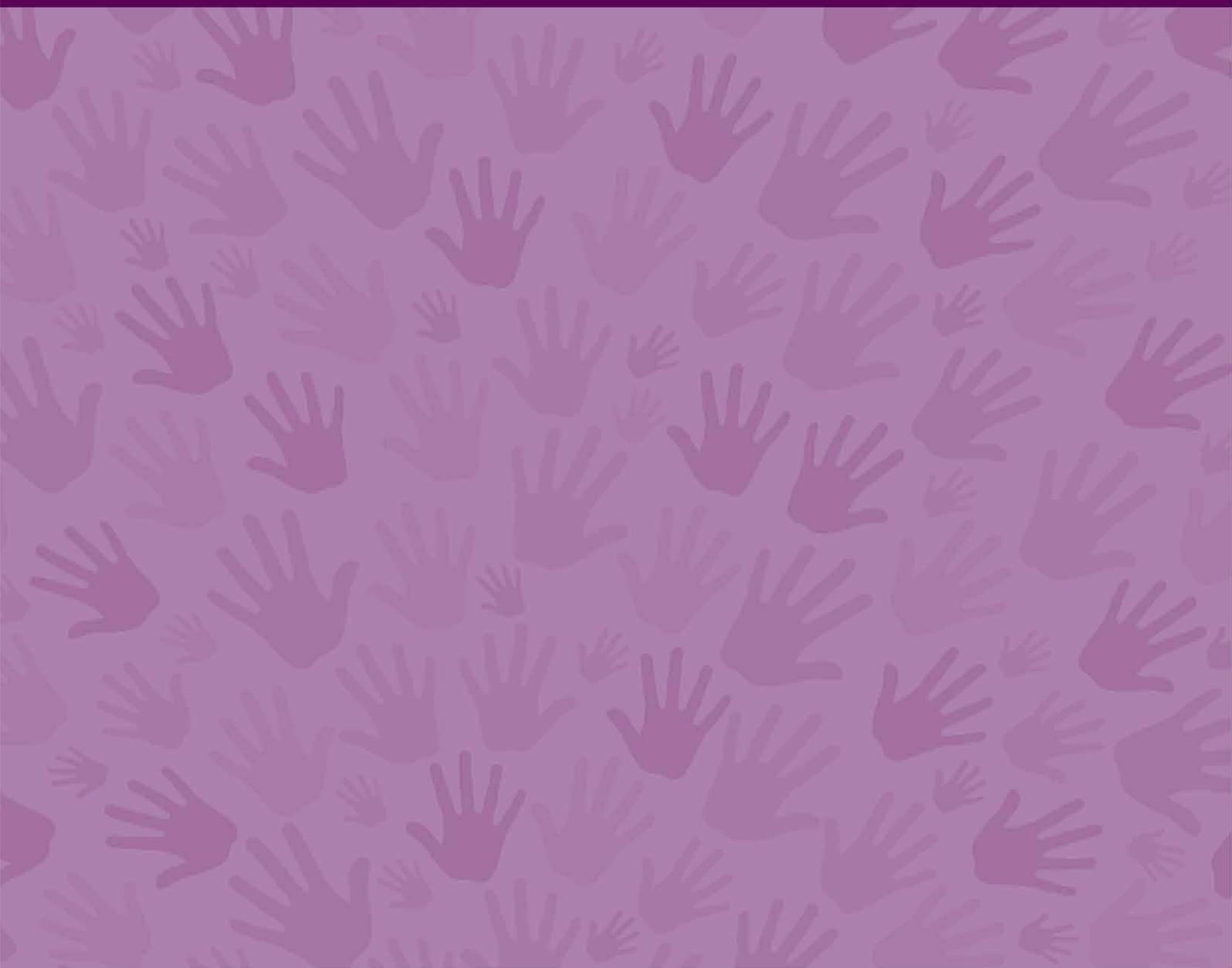


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Section 1: Management Commentary

Introduction

This Management commentary provides an overview of the key messages in relation to the objectives and strategy of Dumfries and Galloway Integration Joint Board (the IJB) and its financial performance for the year ended 31st March 2019. It also provides an indication of the issues and risks which may impact upon the finances of the IJB in the future.

The IJB was established as a body corporate by order of the Scottish Ministers on 3 October 2015 as part of the establishment of the framework for the integration of Health and Social Care in Scotland under the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB has responsibility for the strategic planning and delivery of a defined range of health and adult social care services for the residents of Dumfries and Galloway.

Within Dumfries and Galloway, a unique model has been taken forward with all Acute services delegated to the IJB reflecting the co-terminosity of its Council and NHS boundaries. This has allowed a whole system approach to planning and delivery of services for an area of 2481 square miles and a population of 148,790. Dumfries and Galloway shares a border with South Ayrshire, Lanarkshire, Borders and Cumbria as per the map below.



Both Dumfries and Galloway Council and NHS Dumfries and Galloway, as the parties to the Integration Scheme have nominated 5 voting members for the IJB. The Council nominated Elected Members and the Health Board Non-Executive Directors. The Chair of the IJB in 2018/19 is a Health Board Non-Executive and the Vice-Chair a Council nominee.

The IJB has appointed a Chief Officer and a Chief Finance Officer to support its purpose and delivery of objectives along with a number of other non-voting Representative Advisory Members. These Representatives are chosen from the Third Sector, the Independent Sector, Carers, Services Users, and Council and NHS Board staff.

Three Sub-Committees of the IJB have been established. These are:

- Performance and Finance Committee
- Clinical and Care Governance Committee
- Audit and Risk Committee

Purpose and Objectives of the IJB

The main purpose of integration is to improve the wellbeing of families, communities and people who use Health and Social Care services, particularly those whose needs are complex and involve support from Health and Social Care at the same time.

The IJB has approved the following vision for the Health and Social Care Partnership as part of its approved Strategic Plan for 2016-19: *“Making our communities the best place to live active, safe and healthy lives by promoting independence, choice and control.”*

The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB Strategic Plan sets out a number of strategic objectives and policy priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Needs Assessment, all designed to ensure a direction of travel by the Partnership consistent with national objectives. The Partnership’s agreed strategic objectives are as follows:

- Enabling people to have more choice and control
- Supporting Carers
- Developing and strengthening communities
- Making the most of well-being
- Maintaining safe, high quality care and protecting vulnerable adults
- Shifting the focus from institutional care to home and community based care
- Integrated ways of working
- Reducing health inequalities
- Working efficiently and effectively
- Making the best use of technology

The Public Bodies (Scotland) Act 2014 places a legislative requirement on integration authorities to review their strategic plans at least once in every relevant period (the current relevant period is 2016-19). The IJB has formally considered the position and agreed to retain its existing plan after seeking the views of its Strategic Planning Group (SPG) on the effectiveness of the arrangements for carrying out the integration functions and whether the integration authority should prepare a replacement Strategic Plan.

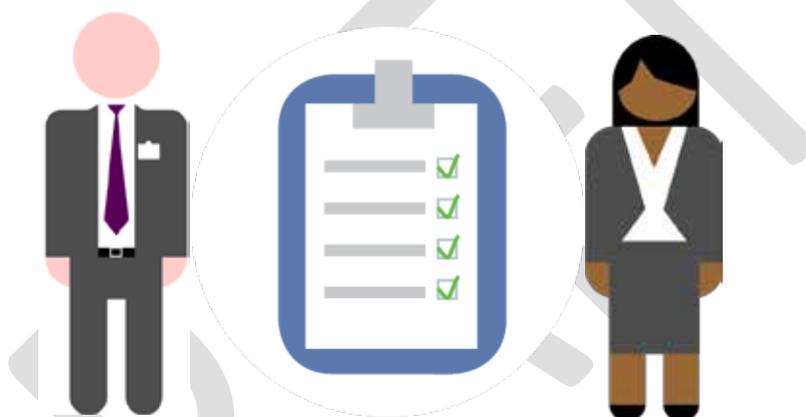
The IJB, having undertaken formal processes in regard to both the above through 2017/18, made the decision at their meeting on the 5th April 2018 to retain their current Strategic Plan. Consultation on the development of the next Strategic Commissioning Plan will commence during 2019/20.

Operational Delivery

The operational delivery of the IJB purpose and objectives is passed back to Dumfries and Galloway Council and NHS Dumfries and Galloway who in turn delegate the operational delivery to the Health and Social Care Partnership. This is led by the Chief Officer, supported by 6 General Managers covering:

- Community Health and Social Care Services
- Acute and Diagnostic services
- Mental Health Services
- Women and Children's Health
- Facilities and Clinical Support
- Information Management and Technology (IM&T)

Other staff reporting directly to the Chief Officer provide strategic planning, performance and business support services to the Partnership.



2019/20 Financial Planning

The IJB, like many others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increasing demand for services. A Financial Plan has been developed for 2019/20 with the objective that the IJB operates within the resource available. The Financial Plan reflects the agreement with Dumfries and Galloway Council on the level of additional investment by the Scottish Government into Social Care and the funding delegated by NHS Dumfries and Galloway from the Health budget.

The IJB has approved an ambitious agenda for change aimed at:

- Better integrating care and support to improve people's experience of Health and Social Care and support.
- Changing our primary approach to one of prevention and early intervention, shifting our focus away from 'crisis management'.
- Developing partnership approaches to care delivery that enable people to retain as high a level of independence as possible and have greater choice and control over their own lives.
- Reducing inequalities in Health and Social Care.

Financial Statements

The financial statements for 2018/19 are set out on pages 26-28 of the accounts and incorporate financial and other information as required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Statement of Accounting Policies included on pages 26-35 explains the basis for the recognition, measurement and disclosure of transactions and other events in the Financial Statements, to ensure that they present a 'true and fair view' of the IJB's financial performance. An explanation of each of the financial statements which follow and their purpose is shown at the top of each statement.

Financial Performance 2018/19

The IJB delivered a balanced financial position for 2018/19. The IJB carried forward reserves of £6.8m into 2018/19 relating to the balance of the Social Care Fund and Integrated Care Fund, as set out below. At the 31st March 2019, these had increased to £8.4m, including the balance of the Primary Care Transformation and Mental Health Action 15 funding. In addition to this, the new allocation of Alcohol and Drugs Partnership funding for 2018/19 of £0.5m has also been carried forward in its entirety due to the late allocation during in-year. These are ringfenced allocations and are fully committed and remain set aside for the purposes they were originally allocated to. The IJB has no general reserves.

	31/03/18	31/03/19
Social Care Fund	£3.5m	£4m
Integrated Care Fund	£3.3m	£3.1m
Primary Care Improvement Fund	£0m	£0.7m
Mental Health Action 15	£0m	£0.1m
Alcohol and Drugs Partnership	£0m	£0.5m
TOTAL	£6.8m	£8.4m

The IJB can retain these reserves for 2019/20, with the use of these reserves to support management of pressures within social care and development and transformation of new services across the partnership to support the Strategic Plan aims.

Additional resources were provided in-year to the IJB from the NHS Board totalling £1.814m to support the overspend in the Health element of the delegated budget. The Integration Scheme sets out the arrangements for management of any overspend or underspends. The respective partners (NHS and Council) are required to contribute additional resources dependent upon which area the overspend arose. This arrangement will be reviewed in the next update of the Integration Scheme. The review of the Integration Scheme will commence in 2019/20 and will be finalised by March 2021.

Financial Outlook and Key Risks

The IJB faces ongoing service and cost pressure arising from a range of factors. Both of the Parties to the IJB are facing challenges in meeting the demands for services within the finances available; this will have a direct consequence on the funding provided to the IJB. Within the IJB, the major risk to managing the financial position arises from demographic pressures and the consequent changes to demands for health and social care. The significant growth anticipated in the number of older people and their need for suitable services requires innovative solutions to allow services to be provided within the funding available and the ability of the partnership to transform services to help meet this demand. Increasingly, workforce sustainability pressures are becoming more challenging across both Acute and Primary Care services and whilst the increasing medical locum bill reflects the challenges around recruitment of medical staff, this is something which is a risk across all staff groups.

The Financial Plan, as agreed, reflects a significant saving challenge of £19.5m based on the resources allocated from the NHS Board and Local Authority with an opening gap of £6.85m after identifying savings of £12.65m, with a number of significant risks in the position.

Key Financial Risks and Uncertainties

The management of financial risks during 2019/20 will continue to be critical for the IJB and there are already a number of further risks emerging that have not all been reflected in the financial position but we must acknowledge as an IJB. The key financial risks in this position are as follows:

- Continuing increasing costs of medical locums which are being targeted through savings plan but remain a current risk.
- The risk of further GP resignations from vacancies across General Practice with increased cost to NHS Boards.
- Increased cost of New Medicines Fund and ongoing Scottish Medicine Consortium (SMC) approvals throughout the year beyond the level identified in the Financial Plan.
- Delivery of elective waiting times improvement required beyond any additional funding identified at the current level.
- Risks around radiology service due to vacancies and service pressures.
- General nursing vacancies across the DGRI, but specifically related to the newly established emergency care centre and a range of pressures across the partnership in nursing.
- Increased growth of referrals outwith the region across Scotland and into NHS England providers.
- Increasing demand and assessed need putting pressure on existing Health and Social Care staff resources and on available care provision.
- Lack of capacity both within residential and care at home settings requiring alternative models to be developed.
- Sustainability of the social care market due to financial and workforce pressures.
- Need to develop new models of care to meet projected social care demographic increases alongside the running of current models.

Analysis of Performance

Section 42 of the 2014 Public Bodies (Joint Working) (Scotland) Act requires that Performance Reports be prepared by the Partnership. The framework and flow of reporting have been previously agreed by Dumfries and Galloway IJB. Performance reports are available on our website here: <https://dghscp.co.uk/performance-and-data/our-performance/>

As required by the Act, the IJB have reviewed their Strategic Plan and made the decision to retain the existing plan with some minor refreshing and updating of figures. The decision to retain the Strategic Plan makes the new 'relevant period' from April 2018 to April 2021.

A performance report is produced annually for the IJB. The indicators include the core suite of 23 national indicators, public accountability measures for the NHS and Local Authority relating to the delegated functions of the partnership and additional locally derived measures. The latest published information for these indicators relates to 2017/18 and will be updated in the final version of the accounts if published in appropriate timeframe (expected end July 2019).

The Ministerial Strategic Group for Health and Community Care requested that partnerships report a further 6 indicators, on a quarterly basis. In addition, the IJB is moving from quarterly performance reports to a six month interim report and has improved and developed its performance management reporting moving forward in discussion with its Board members.

Suite of 23 National Indicators: Outcome Indicators		DGHSCP	Scotland
NI - 1	Adults able to look after their health very well or quite well	93%	93%
NI - 2	Adults supported at home who agreed that they are supported to live as independently as possible	85%	81%
NI - 3	Adults supported at home who agreed that they had a say in how their help, care, or support was provided	80%	76%
NI - 4	Adults supported at home who agreed that their Health and Social Care services seemed to be well co-ordinated	83%	74%
NI - 5	Adults receiving any care or support who rated it as excellent or good	85%	80%
NI - 6	People with positive experience of the care provided by their GP practice	86%	83%
NI - 7	Adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	86%	80%
NI - 8	Carers who feel supported to continue in their caring role	40%	37%
NI - 9	Adults supported at home who agreed they felt safe	87%	83%
NI - 10	Staff who say they would recommend their workplace as a good place to work	N/A*	N/A*
NI - 11	Premature mortality rate per 100,000 persons	381	425
NI - 12	Emergency admission rate (per 100,000 population)	12,103	11,492
NI - 13	Emergency bed day rate (per 100,000 population)	127,272	107,921
NI - 14	Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	86	98
NI - 15	Proportion of last 6 months of life spent at home or in a community setting	89%	89%
NI - 16	Falls rate per 1,000 population aged 65+	17	22
NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	81%	82%
NI - 18	Percentage of adults with intensive care needs receiving care at home	65%	61%
NI - 19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	618	805
NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	24%	22%
NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	N/A*	N/A*
NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	N/A*	N/A*
NI - 23	Expenditure on end of life care, cost in last 6 months per death	N/A*	N/A*

Source: Core-Suite-of-Integration-Indicators_Standard_Jun2019 based on data for 2018/19, from ISD

For more information about these indicators, see link below:

<https://www2.gov.scot/Resource/0047/00473516.pdf>

*N/A = information not available as still under development by Scottish Government

Ministerial Steering Group Indicators						
	Unplanned admissions (12 months average)	Unplanned bed days (12 months average)	A&E attendances (12 months average)	Delayed discharge bed days	Last 6 months of life (Acute setting)	Balance of care (Home unsupported)
Target at April 2019	1,400	11,230	3,863	1,182 (1,004 stretch)	8.7%	97.30%
Result at May 2019	1,483	11,323	3,716	1,260	8.3%	97.36%
Aim	Reduce	Reduce	Reduce	Reduce	Reduce Acute hospital	Increase home setting
Result	Above desired trajectory	Above desired trajectory	On track	Above desired trajectory	On track	On track

Source: Integration_Performance_Indicators_v1.17 May 2019, from ISD

For more information, see indicators E1 – E6 in the IJB Performance Handbook at link below:
<http://www.dg-change.org.uk/wp-content/uploads/2018/04/Performance-Handbook-20180406-1.pdf>

Every six months, Area Committees are provided with a Locality Performance Report that enables Health and Social Care services in each locality to be accountable to their local community, in accordance with the Scheme of Integration. The format of these reports was refreshed in 2018 and first reported in April 2019.

A review of annual performance of the IJB is published each year by the 31st July – see link here - <https://dghscp.co.uk/performance-and-data/our-performance/>.

This report is primarily for the public and is followed up by a public review of performance. Communication of performance to the public includes web materials, animated infographics, social media and live streaming the public review.

.....
Julie White
Chief Officer
Dumfries and Galloway Integration Joint Board

.....
Andy Ferguson
Chair
Dumfries and Galloway Integration Joint Board

.....
Katy Lewis ACMA
Chief Finance Officer
Dumfries and Galloway Integration Joint Board

25th September 2019

Section 2: Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Dumfries and Galloway Integration Joint Board, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure that the Financial Statements are prepared in accordance with legislation and so far as compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Dumfries and Galloway Integration Joint Board at its meeting on 25th September 2019.

Signed on behalf of Dumfries and Galloway Integration Joint Board.

.....
Andy Ferguson
Chair

25th September 2019

Responsibilities of the Chief Finance Officer

The Chief Finance Officer, as S95 Officer, is responsible for the preparation of the IJB's Financial Statements which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*), are required to present a true and fair view of the financial position of the IJB at the accounting date and its transactions for the period.

In preparing these Financial Statements, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice and legislation.
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Dumfries and Galloway Integration Joint Board at the reporting date and the transactions of Dumfries and Galloway Integration Joint Board for the year ended 31 March 2019.

.....
Katy Lewis ACMA
Chief Finance Officer
Dumfries and Galloway Integration Joint Board

25th September 2019

Section 3: Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by external auditors to ensure it is consistent with the financial statements.

Integration Joint Board Membership

The voting members of the IJB are nominated by the parent organisations: Dumfries and Galloway Council and NHS Dumfries and Galloway. There are 5 voting members from each parent organisation. The table below shows the details of the voting members for 2018/19. Where no date is indicated, they were a member for the full year.

Name	Parent Organisation	To/From
Councillor Andy Ferguson	Dumfries and Galloway Council	
Councillor Ian Carruthers	Dumfries and Galloway Council	
Councillor Jane Maitland	Dumfries and Galloway Council	
Councillor Tommy Sloan	Dumfries and Galloway Council	
Councillor Ros Surtees	Dumfries and Galloway Council	
Penny Halliday	NHS Dumfries and Galloway	
Lesley Bryce	NHS Dumfries and Galloway	
Grace Cardozo	NHS Dumfries and Galloway	
Laura Douglas	NHS Dumfries and Galloway	
Lorna Carr	NHS Dumfries and Galloway	To 31/10/18
Nick Morris	NHS Dumfries and Galloway	From 01/11/19

The Chair of the IJB for 2018/19 was Penny Halliday who also holds the role of Vice-Chair of the NHS Board. This role was passed to Councillor Andy Ferguson from 3 April 2019. Penny Halliday was nominated by the NHS Board to revert to the Vice-Chair role.

The IJB does not pay allowances or remuneration to the voting board members. Voting board members are remunerated by their parent organisation. Voting board members receive expenses from their parent organisation. The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members, therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of the IJB

The IJB does not employ any staff in its own right; however, specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The pay arrangements for Chief Officer have been determined by the NHS employer, with arrangements for NHS staff determined under national arrangements. The pay arrangements for NHS senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to Scottish Government Health and Social Care Directorates guidance, determined by the local NHS Remuneration Sub-Committee who ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the NHS Board.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

Total 2017/18 £	Senior Employees	Salary, Fees and Allowances £	Other Benefits £	Total 2018/19 £
95,469	Mrs J White Chief Officer	100,011	0	100,011
79,820	Mrs K Lewis Chief Finance Officer	84,783	0	84,783

Remuneration for the Chief Officer and Chief Finance Officer reflects their total salary for both their roles within the IJB and also their NHS responsibilities, with remuneration also disclosed in the NHS Board accounts. Due to the integrated model in Dumfries and Galloway, no arbitrary apportionment of the remuneration between the two roles has been made with full remuneration disclosed.

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis, there are no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB, however, has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the total contributions during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In-Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18 £	For Year to 31/03/19 £		Difference From 31/03/18 £000	As at 31/03/19 £000
Mrs J White Chief Officer	14,225	13,701	Pension	2	27
			Lump sum	2	62
Mrs K Lewis Chief Finance Officer	11,893	11,615	Pension	3	30
			Lump sum	3	71
Total	26,118	25,316	Pension	5	57
			Lump Sum	5	133

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£75,000 - £79,999	0
0	£80,000 - £84,999	1
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	0
0	£100,000 - £104,999	1

.....
 Julie White
 Chief Officer
 Dumfries and Galloway Integration Joint Board

.....
 Andy Ferguson
 Chair
 Dumfries and Galloway Integration Joint Board

25th September 2019

Section 4: Annual Governance Statement

This statement sets out the framework within which the IJB has put in place proper arrangements (known as the governance framework) for the governance of the IJB's affairs. The governance framework facilitates the effective exercise of the IJB's functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal financial control are in place.

Scope of Responsibility

Dumfries and Galloway IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The IJB also has a duty under the Local Government Act 2003 to make arrangements to secure 'Best Value', through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

In discharging this overall responsibility, the IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The IJB complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on *"The Role of the Chief Financial Officer in Local Government 2010"*. The IJB's Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The IJB internal audit service complies with the requirements of the United Kingdom Public Sector Internal Audit Standards 2013:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

The IJB uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records. The operational delivery of services within the NHS Dumfries and Galloway and Dumfries and Galloway Council, on behalf of the IJB, is covered by their respective internal audit arrangements.

The Audit and Risk Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. The IJB has appointed a Chief Internal Auditor who has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the Public Sector Internal Audit Standards (PSIAS).

Voting Members and officers of the IJB are committed to the concept and delivery of sound governance and the effective delivery of IJB services.

This statement explains how the IJB has complied with the Framework and also meets the requirements of The Local Authority Accounts (Scotland) Regulations 2014 which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's policies, objectives and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been developed within Dumfries and Galloway IJB for the period ended 31 March 2019 and up to the date of approval of this statement of accounts.

The Governance Framework

In relation to the development of its governance arrangements during 2015/16, the IJB has established a Strategic Planning Group as required by regulation to shape and influence the development of strategic plans, to provide views on any 'significant decision' being considered by the IJB and to provide support and comment within the Partnership on the development of policies across the full range of delegated functions. This has been reviewed and continues to be an effective mechanism around the review and scrutiny of the Strategic Plan. During 2017/18 a review of Strategic Plan was undertaken and the Board decided to retain the existing plan with the next update of the plan during to commence during 2019/20.

The Audit and Risk Committee was established, comprising both voting and non-voting members to consider, scrutinise and review Audit and Risk matters, including these financial statements.

A Clinical and Care Governance Committee and a Performance and Finance Committee have also been established and have been operational since the establishment of the IJB.

A Performance and Finance Committee was also established during 2017/18 and monitors in detail financial and performance data including IJB financial savings

plans. This committee met 4 times during 2018/19 and had developed as a committee during this time.

The Clinical and Care Governance Committee provides assurance to the IJB of the quality and safety of the services commissioned via the IJB. The CCGC ensures that quality monitoring and governance arrangements are in place for the range of delegated functions.

The IJB has developed a range of governance related documents including: Standing Orders, Scheme of Delegation, Complaints Policy, Freedom of Information, and Risk Management Strategy. A Register of Members Interests has been established for IJB Members and IJB Members have been invited to sign the Code of Conduct for Members of Devolved Public Bodies. The IJB now has its own governance support separate from the NHS and Council following the successful training of an individual to undertake this role on behalf of the IJB.

The 4 Area Committees have a scrutiny role with regard to the implementation of the locality plans, the now developed performance reporting framework reflects this approach, with regular reports presented to the committees every six months. These reports have been refined during 2018/19 to meet the requirement of the committee.

The Chief Officer has undertaken a review of governance arrangements for the partnership and is working with the Chief Executive and Chair of the NHS, Chief Executive and Leader of the Local Authority and Chair and Vice Chair of the IJB to agree arrangements locally.

Audit Scotland issues a report on progress with Health and Social integration during 2018/19 with a further review issued through the Ministerial Steering Group on key actions which partnerships were required to progress. Scottish Government issued a self assessment template to be completed by partnerships and this was progressed locally following a workshop with Audit Scotland. The Partnership is currently finalising the associated action plan in relation to our Self Assessment.

During 2018/19 the IJB agreed three key strategic risks which were developed through the Health and Social Care Senior Management Team.

The 3 risks identified are as follows:

1. Failure to develop an adequate and effective Strategic Plan
2. Sufficiency or stability of resource to meet the needs set out in the Strategic Plan
3. Failure to make progress against the nine National Health & Wellbeing Outcomes

The risk register and risk strategy are key areas for review for 2019/20.

Over the course of 2018/19, the following weaknesses in our internal controls are worthy of highlight:

- A large Care Home, commissioned by the Health and Social Care Partnership, was subject to an unannounced inspection and a Large Scale Investigation in March 2019 which led to a moratorium on future referrals pending the outcome of a follow up inspection to determine that the service was compliant with key

Health and Social Care Standards. A multi-disciplinary Service Improvement Team was established to support the service and develop an integrated Improvement Plan to address the findings of the inspection.

The care home was subject to regular contract monitoring visits and supported to identify and use best practice from other services to enable a phased withdrawal of the moratorium and provide the Partnership with assurance regarding compliance with the key Health and Social Care Standards.

- The Health and Social Care Partnership has received the findings of a Significant Case Review which highlighted a range of actions across the Partnership to address weaknesses in the delivery of social care and escalation processes within the Partnership. The Significant Case Review has been presented at the Chief Officers Group for Public Protection and an action plan developed to address weaknesses highlighted.
- The challenge of Delayed Discharges across the Partnership has led to significant weaknesses in delivery of our ambition to support individuals in the right place, at the right time, every time. The lack of a balance of demand and capacity in the care at home market alongside the challenges of recruitment have led to a renewed focus on our approach to managing flow across the Partnership.

Internal Financial Control

The IJB's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. The Board uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records.

Development and maintenance of the systems is undertaken by the NHS Dumfries and Galloway and Dumfries and Galloway Council as part of the operational delivery of the Health and Social Care Partnership. In particular the system includes:

- Comprehensive budgeting systems.
- Setting targets to measure financial and other performance.
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets.
- Formal project management disciplines, as appropriate.

The Deputy Director of Finance, NHS Dumfries and Galloway and the Head of Finance and Procurement, Dumfries and Galloway Council have provided assurances that the charges for the services commissioned reflect the income and expenditure recorded in their financial systems and that they are complete and accurate reflecting appropriate charges.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the

Partners of the Integration Board are continually seeking to improve the effectiveness of its systems of internal control.

The main objectives of the IJBs internal control systems are:

- To ensure adherence to policies and directives in order to achieve the organisation's objectives.
- To safeguard assets.
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records.
- To ensure compliance with statutory requirements.

The system of financial control is reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual report and other reports.

Review of Effectiveness

The review of effectiveness of the governance framework including the system of internal controls is informed by the work of the H&SCSMT within the IJB who have responsibility for the development and maintenance of the governance environment, the annual report by the Chief Internal Auditor, and also by reports/comments made by external audit and other review agencies and inspectorates.

The Chief Internal Auditor reports directly to the IJB Audit and Risk Committee on all audit matters with the right of access to the Chief Officer, Chief Finance Officer and the Chair of the Audit and Risk Committee.

In addition to regular reports to the IJB Audit and Risk Committee, the Chief Internal Auditor prepares an annual report for the Audit and Risk Committee. Internal Audit aims to give reasonable assurance on the IJB's systems of internal control using a risk based programme of work.

Assurance

Subject to the above, and on the basis of the assurance provided, we consider that the governance and internal control environment operating during 2017/18 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

.....
Julie White
Chief Officer
Dumfries and Galloway Integration Joint Board

.....
Andy Ferguson
Chair
Dumfries and Galloway Integration Joint Board

25th September 2019

Section 5: Independent Auditors Report

Independent auditor's report to the members of Dumfries and Galloway Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Dumfries and Galloway Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance sheet as at 31 March 2019 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 3 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Chief Finance Officer and Dumfries and Galloway Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Dumfries and Galloway Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

.....
Joanne Brown (for and on behalf of Grant Thornton UK LLP)
110 Queen Street
Glasgow
G1 3BX

September 2019

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Section 6: Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2017/18 £000		Note	2018/19 £000
	Expenditure		
350,117	Health and Social Care	8	368,075
113	Operational Costs	5	119
350,230	Cost of services		368,194
(352,746)	Partners Funding Contributions	6	(369,810)
(2,516)	(Surplus)/deficit on provision of services and total comprehensive income and expenditure		(1,616)

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not required to be provided in these annual accounts.

The in- year underspend reflects the carry forward of specific funding provided to the IJB from the partner organisations through the Social Care Fund (£0.5m), the Primary Care Improvement Fund (£0.6m), Mental Health Action 15 Funding (£0.1m), Alcohol and Drugs Partnership Funding (£0.5m) offset by reduction in the Integrated Care Fund (£0.1m). This was a planned underspend with agreement of these carry forwards confirmed with the partner organisations, will all funds ringfenced and committed into future years.

Section 7: Movement in Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movement in Reserves during 2018/19

	General Fund £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2018	6,811	0	6,811
Total comprehensive Income and Expenditure	1,616	0	1,616
Increase or (Decrease) in 2018/19	1,616	0	1,616
Closing Balance at 31 March 2019	8,427	0	8,427

Movement in Reserves during 2017/18

	General Fund £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2017	4,295	0	4,295
Total comprehensive Income and Expenditure	2,516	0	2,516
Increase or (Decrease) in 2017/18	2,516	0	2,516
Closing Balance at 31 March 2018	6,811	0	6,811

Section 8: Balance Sheet as at 31 March 2019

The Balance Sheet shows the value of the IJB's assets and liabilities as at the Balance Sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

2017/18 £000		Note	2018/19 £000
6,811	Current Assets Short Term Debtors	7	8,427
0	Current Liabilities Short Term Creditors		0
6,811	Net Assets		8,427
6,811	Usable Reserves – General Fund	9	8,427
0	Unusable Reserves		0
6,811	Total Reserves		8,427

.....

Katy Lewis ACMA
Chief Finance Officer
Dumfries and Galloway Integration Joint Board

25th September 2019

Section 9: Notes to the Financial Statements

Note 1: Accounting policies

i. General principles

The Financial Statements summarise the IJB's transactions for the 2018/19 financial year and its position at the year end of 31 March 2019.

The Dumfries and Galloway IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historic cost convention has been adopted.

ii. Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down

iii. Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Dumfries and Galloway Council and NHS Dumfries and Galloway. Expenditure is incurred as the IJB commissions' specified Health and Social Care services from the funding partners for the benefit of service recipients in Dumfries and Galloway.

iv. Cash and cash equivalents

The IJB does not operate a bank account or hold cash. Instead the funding partners utilise, as directed by the IJB, the amount of funding due to the IJB to pay for services. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The balance of funding due to or from

each funding partner as at 31st March is represented as a debtor or creditor on the IJB's Balance Sheet.

v. Offsetting of Debtors and Creditors

The IJB and the funding partners have confirmed that there is a 'right of offset', and that there is an intention to allow settlement of balances to be undertaken on a net basis. On this basis the IJB's financial statements present the balances due to and from the funding partners on a net basis rather than as separate creditors and debtors. The offsetting of debtors and creditors by the IJB primarily relates to the funding contributions due from the funding partners and the commissioning expenditure that the IJB is committed to paying the funding partners for. Details of the net balances due to or from the funding partners are disclosed in Note 10: Related Parties.

vi. Employee benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The Board therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges for the Chief Officer and Chief Finance Officer from the employing partner are treated as employee costs.

vii. Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

viii. Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

ix. Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Dumfries and Galloway and Dumfries and Galloway Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

x. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the IJB.

xi. VAT

The IJB is not registered for VAT and as such the VAT is settled or recovered by the partner agencies.

The VAT treatment of expenditure in the IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it. Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

Note 2: Accounting Standards issued not adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards that would have a significant impact on the annual accounts.

Note 3: Critical Judgements and Estimation uncertainty

The Financial Statements include some estimated figures and critical judgements. Estimates are made taking into account the best available information, however actual results could differ from the assumptions and estimates used.

Note 4: Events after the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 24th June 2019 and signed on the 25th September 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st

March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 5: Expenditure and Income Analysis

2017/18 £000		2018/19 £000
58,628	Services Commissioned from Dumfries & Galloway Council	62,514
291,489	Services Commissioned from NHS Dumfries & Galloway	305,561
86	Employee Benefits Expenditure	91
3	Insurance and Related Expenditure	3
24	Auditor Fee: External Audit Work	25
(352,746)	Partners Funding Contributions	(369,810)
(2,516)	(Surplus)/deficit on the provision of services	(1,616)

Note 6: Partners Funding Contributions

2017/18 £000		2018/19 £000
60,077	Funding Contribution from Dumfries & Galloway Council	62,975
292,669	Funding Contribution from NHS Dumfries & Galloway	306,835
0	Other Non-ringfenced grants and contributions	0
352,746	Partners Funding Contributions	369,810

The funding contribution from the NHS Board shown above includes no funding for 'set aside' resources relating to Acute hospital and other resources as the NHS has delegated all strategic and operational responsibility to the IJB for all Acute hospital budgets which are included in the funding contributions agreed. The Council contributions shown include Resource Transfer but are net of Social Care Fund spend which transfers from the NHS.

The funding contributions from the partners shown above include all funding provided to partners from the Social Care Fund and Integrated Care Fund and any specific funding provided to the partner agencies for service provision.

Note 7: Short Term Debtors

2017/18 £000	Debtor	2018/19 £000
3,289	NHS Dumfries and Galloway	4,445
3,522	Dumfries and Galloway Council	3,982
6,811	Total Short Term Debtors	8,427

Note 8: Segmental Analysis

Segmental analysis, as required under IFRS has been reported for each service group commissioned by the IJB.

2017/18 £000	Service	2018/19 £000
13,916	Adult Social Work, Children & Families, Addictions	13,972
224	Adults with Addiction/Substance Misuse	224
104	Children & Families	101
17,915	Older People	17,160
5,166	People with Physical Disability	5,543
19,671	People with a Learning Disability	21,990
1,632	People with Mental Health Need	1,367
0	Strategic Planning	2,157
58,628	Services Commissioned from Dumfries & Galloway Council	62,514
107,242	Acute & Diagnostics Directorate	114,042
6,339	E Health	4,956
14,864	Facilities & Clinical Support	16,507
21,032	Mental Health Directorate	21,546
100,732	Primary & Community Care	105,562
20,861	Resource Transfer/ Social Care Fund/ Strategic Planning	22,630
20,419	Women & Children's Directorate	20,318
291,489	Services Commissioned from NHS Dumfries & Galloway	305,561
350,117	Health and Social Care	368,075

Note 9: Movement in reserves

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

The tables below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

Current Year	Balance at 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000
Integrated Care Fund	3,289	(131)	0	3,158
Primary Care Improvement Plans	0	0	659	659
Action 15 - Mental Health	0		124	124
Alcohol and Drug Partnerships	0		504	504
Social Care Fund	3,522	0	460	3,982
Total Earmarked	6,811	(131)	1,747	8,427
Contingency	0	0	0	0
General Fund	6,811	0	1,616	8,427

Prior Year	Balance at 31 March 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31 March 2018 £000
Integrated Care Fund	2,222	0	1,067	3,289
Social Care Fund	2,073	0	1,449	3,522
Total Earmarked	4,295	0	2,516	6,811
Contingency	0	0	0	0
General Fund	4,295	0	2,516	6,811

Note 10: Related parties

The IJB has related party relationships with NHS Dumfries and Galloway and Dumfries and Galloway Council. In particular, the nature of the partnership means that the IJB may influence, and be influenced by, its partners.

Both the NHS and Local Authority provide a range of services to the IJB for corporate support, including finance, human resources, admin and corporate services. These services are provided free of charge as services in kind. The following tables provide additional information on the related party transactions.

2017/18 £000	Transactions with NHS Dumfries and Galloway	2018/19 £000
(292,669)	Funding Contributions received from the NHS Board	(306,835)
291,489	Expenditure on Services Provided by the NHS Board	305,561
86	Key Management Personnel: Non-Voting Board Members	90
27	Support Services	28
(1,067)	Net Transactions with NHS Dumfries & Galloway	(1,156)

Notes

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer and the Chief Finance Officer.

As at 31/03/18 £000	Balances with NHS Dumfries and Galloway	As at 31/03/19 £000
3,289	Debtor balances: Amounts due from the NHS Board	4,445
0	Creditor balances: Amounts due to the NHS Board	0
3,289	Net Balance with NHS Dumfries & Galloway	4,445

2017/18 £000	Transactions with Dumfries and Galloway Council	2018/19 £000
(60,077)	Funding Contributions received from the Council	(62,974)
58,628	Expenditure on Services Provided by the Council	62,514
(1,449)	Net Transactions with Dumfries & Galloway Council	(460)

As at 31/03/18 £000	Balances with Dumfries and Galloway Council	As at 31/03/19 £000
3,522	Debtor balances: Amounts due from the Council	3,982
0	Creditor balances: Amounts due to the Council	0
3,522	Net Balance with Dumfries & Galloway Council	3,982

Note 11: Contingent Liabilities

A review of potential contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2019.

DRAFT

Section 10: Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

A&E

Accident & Emergency

Accounting Period

The period of time covered by the Financial Statements, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACMA

Associate of the Chartered Institute of Management Accountants

Asset

An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (eg. cash and stock). A non-current asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Financial Statements

An independent examination of the IJB's financial affairs.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIES

Comprehensive Income and Expenditure Statement

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme.

Creditor

Amounts owed by the IJB for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the IJB's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DGHSCP

Dumfries and Galloway Health and Social Care Partnership

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity financial statements.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Financial Statements are authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the IJB and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the financial statements.

GP

General Practice

H&SCSMT

Health and Social Care Senior Management Team

Health and Social Care Partnership

Is the name given to the Parties' service delivery organisation for functions which have been delegated to the IJB.

HMRC

HM Revenue and Customs

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IJB

Integration Joint Board

IM&T

Information, Management and Technology.

LASAAC

The Local Authority (Scotland) Accounts Advisory Committee.

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period eg. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

Provisions

An amount put aside in the financial statements for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PSIAS

Public Sector Internal Audit Standards 2013

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include Elected Members, the Chief Executive, the Executive Directors and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Some capital reserves such as Fixed Asset Restatement Account cannot be used to meet current expenditure.

S95 Officer

The Integration Joint Board is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Dumfries and Galloway Integration Joint Board that officer is the Chief Finance Officer.

SPG

Strategic Planning Group

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

Useful Economic Life

The period over which the local authority will derive benefits from the use of a non-current asset.

Andy Ferguson
Integration Joint Board - Chair

Dumfries and Galloway Royal Infirmary
Cargenbridge
DUMFRIES
DG2 8RX

Telephone:
01387 241346

Email: andy.ferguson@dumgal.gov.uk

Ref: AF/AW
Date: 25th September 2019
Enquiries to: Alison Warrick
alison.warrick@nhs.net



Grant Thornton UK LLP
FAO Joanne Brown
110 Queen Street
Level 8
Glasgow
G1 3BX

Dear Sirs

Dumfries and Galloway Integration Joint Board Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Dumfries and Galloway Integration Joint Board (IJB), for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the IJB financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code") which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all legal requirements affecting the IJB and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The IJB has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial

statements in the event of non-compliance.

- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the IJB has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- ix All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- x Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xi We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii We believe that the financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the IJB needs. We believe that no further disclosures relating to the IJB's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv We have provided you with:
 - a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b additional information that you have requested from us for the purpose of your audit; and

Appendix 2

- c unrestricted access to persons within the IJB from whom you determined it necessary to obtain audit evidence.
- xv We have communicated to you all deficiencies in internal control of which management is aware.
- xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii We have disclosed to you all our knowledge of fraud or suspected fraud affecting the IJB involving:
- d management;
 - e employees who have significant roles in internal control; or
 - f others where the fraud could have a material effect on the financial statements.
- xix We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- xx We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- xxi We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the IJB's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiii The disclosures within the Management Commentary fairly reflect our understanding of the IJB's financial and operating performance over the period covered by the financial statements.

Approval

- xxiv The approval of this letter of representation was minuted by the IJB at its meeting on 25 September 2019.

Name.....
Position: Chair
Date: 25 September 2019

Name.....
Position: Chief Officer
Date: 25 September 2019

Signed on behalf of the IJB