

Annual Account Audit Recommendations A National Picture

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Headlines

Aberdeen
City

- 0 new for 2018/19
- Average 7 new

Shetland

- 22 new for 2018/19

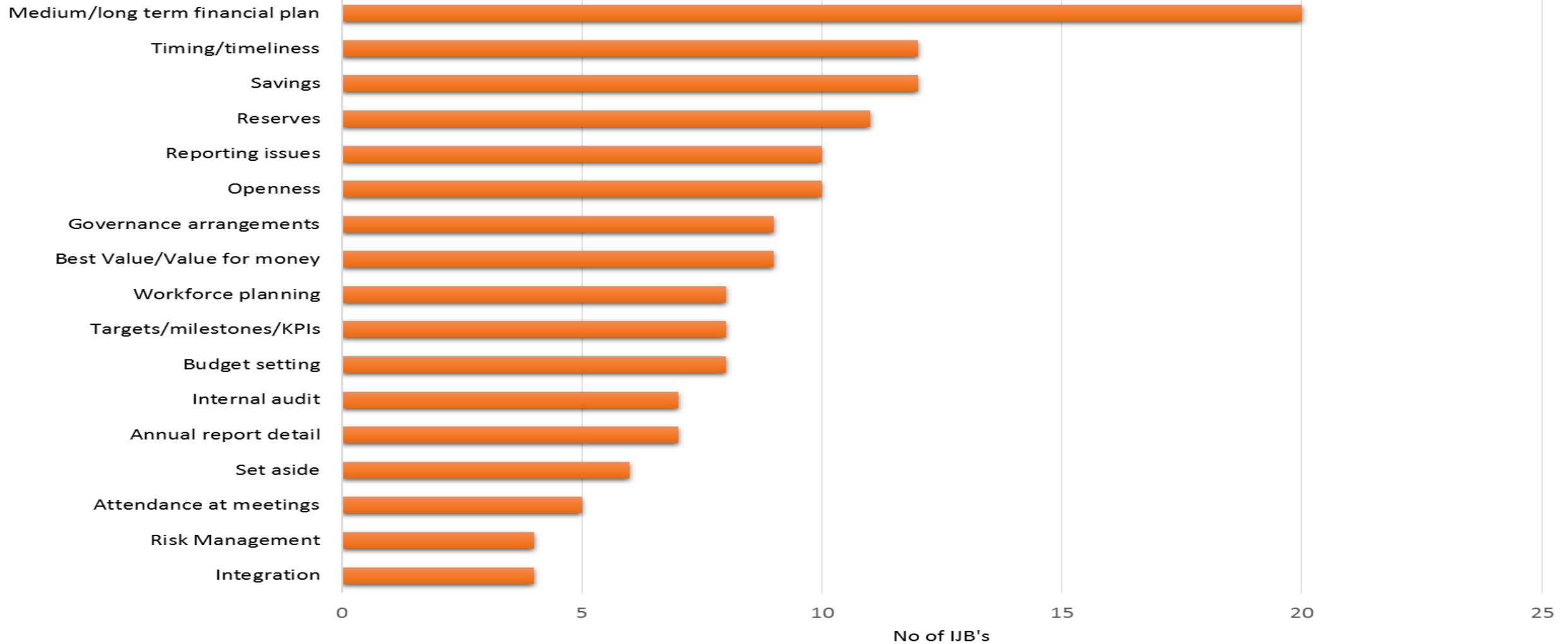
258 audit recommendations

- 201 new for 18/19
- 47 carried forward from previous years

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Main Themes

Audit Recommendations Categories - Largest Impact



Medium/Long Term Financial Plan

The medium term financial strategy should be refreshed to ensure it is based on accurate data and up-to-date assumptions. In addition, scenario planning should be used to develop options and alternatives for managing demand led pressures.

The IJB should build on work already undertaken in preparing a three-year budget outlook to develop a long-term financial strategy in line with the recommendations set out in Audit Scotland's report on Scotland's Public Finances (2014).

The planned update to the Board's Medium Term Financial Plan should take account of the financial implications of the Scottish Government five - year Medium Term Financial Strategy. (see page 9 for details)

We recommend that a long term financial strategy (5 years and over) supported by clear and detailed financial plans (3 years and over) is prepared. This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary. Plans should set include scenario planning (best, worst, most likely).

The IJB should prioritise developing medium to long term financial plans to help manage cost and demand pressures.

Observation The IJB is forecasting a funding shortfall at current services levels of almost £117 million by 2022-23 Recommendation The IJB should develop a Medium Term Financial Plan to support the delivery of the vision and priorities within the updated Strategic Plan for 2019-22.

Savings

The IJB should ensure that detailed saving plans are developed to address the financial shortfall identified in the Strategic Financial Plan.

In order to reach a position of recurring financial balance the Board should increase the pace of actions designed to achieve financial savings.

The IJB must ensure that its transformation programme identifies and delivers the sustainable savings required to meet the projected funding gap. This will include alternative means of service delivery and, in some cases, may result in service reductions. As part of this, the IJB should work with its partners to identify the key areas where efficiencies and savings can be achieved.

The position of the achievement of savings proposals and the impact on the transformation programme should be regularly reported to members.

The IJB needs to prepare a detailed programme of efficiency savings to ensure it can deliver a balanced budget in 2019/20 and beyond.

The Board should focus on implementing recurring saving schemes to ensure long-term financial sustainability. The Board should complete an exercise to fully evaluate demand drivers and the impact on costs going forward.

Timing/Timeliness

The IJB should receive a finance report at each meeting, to inform members of the most recent financial position.

The financial ledger should be fully updated in 2019/20 prior to the approval of the annual accounts.

The arrangements for the approval of the accounts should be reviewed to ensure that all signatories are available to sign the accounts immediately after they are approved by the Performance and Audit Committee.

The joint board should ensure the public notice is made available on the website within the timeframe allowable under the 2014 regulations.

The IJB should ensure that the annual Performance Report is completed and submitted by the 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014 (refer paragraph 62).

Unaudited accounts should be made available on the website from the date they are submitted to audit until the date the audited accounts are available.

Reserves

As shown in the graph within the IJB ring fenced reserves, the reserve balance has increased year-on-year since the formation of the IJB. Management should consider as part of their financial planning how reserves are spent, ensuring this is done on a timely basis aligned with the purpose that they have been ring-fenced against. This will ensure effective use of resources and funds available to the IJB.

The IJB should update the reserves strategy to set out a minimum reserves level and agree on a tolerable threshold in respect of overspends and the agreed funding arrangement to meet future overspends

The IJB should undertake a thorough review of its earmarked reserves to ensure they have been earmarked for known or predicted requirements.