



Dumfries and Galloway
Integration Joint Board
Audit and Risk Committee

11th March 2021

This Report relates to
Item 7 on the Agenda

Quarterly Update Report from Chief Finance Officer

Paper presented by Katy Kerr

For Discussion

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List of Background Papers:	Not required
Appendices:	Appendix 1 - Action Plan for 2019/20 External Audit Recommendations

1. Introduction

- 1.1 An update is provided to Audit and Risk Committee on a quarterly basis to reflect activity in the previous quarter and to update on a range of technical matters.

2. Recommendations

2.1 The IJB Audit & Risk Committee is asked to:

- **Note the Quarterly Update Report from the Chief Finance Officer and the updates provided.**

3. Background and Main Report

3.1 Background

- 3.2 As part of the reporting to Audit and Risk Committee, the Chief Finance Officer provides a quarterly written update to Audit and Risk Committee. The activity report provides an update on a range of technical matters.

3.3 Main Report

3.4 *External Auditors Fees*

- 3.5 Grant Thornton were appointed as the external auditor for Dumfries and Galloway's Health and Social Care Partnership Board. This appointment is for the financial years 2016/17 to 2020/21 although this appointment has been extended for the 2021/22 audit. The lead auditor is Joanne Brown who attends the Audit and Risk Committee meetings as requested by the Committee. The fee for 2020/21 has been confirmed as £27,330 by Audit Scotland.

3.6 *Technical Bulletin Summary*

- 3.7 On a quarterly basis, Audit Scotland publish guidance to both External Auditors and Public Sector bodies which is intended to provide a composite of technical developments that are relevant to Auditors' responsibilities and provide guidance on any emerging issues. These Technical Bulletins offer coverage across Local Authority, Central Government, Health, Further Education and Cross-sectoral. All publications are made available on the Audit Scotland website which can be found using the following link:

<https://www.audit-scotland.gov.uk/our-work/technical-guidance>

- 3.8 There have been three technical bulletins (2021/2, 2021/2 and Protocol for Auditor Assurances 2020/21) published since previously reported, the content principally relates to Audit Scotland's guidance for auditing Health Boards and Integration Joint Boards in 2020/21 (see links below):

https://www.audit-scotland.gov.uk/uploads/docs/um/tgn_2021-1_overview.pdf

https://www.audit-scotland.gov.uk/uploads/docs/um/tgn_2021-2_health_boards.pdf

https://www.audit-scotland.gov.uk/uploads/docs/um/tg_protocol_ijbs_2021.pdf

Annual Accounts preparation

- 3.9 The Integration Joint Board annual report and accounts for 2020/21 are required to be prepared in accordance with the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003. The financial statements are prepared in the format provided by The Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
- 3.10 In terms of planning ahead a meeting was held with the auditors (Grant Thornton) in December 2020.
- 3.11 A draft high level timetable for the annual accounts process is included below (note this has yet to be finalised with Council and NHS Board):

Action	Date
Agreement of NHS and Council expenditure and balances with IJB	30 April/8 May 2021
Accounts preparation	May 2021
Management review of accounts	May/June 2021
Assurance letters from Head of Finance Dumfries and Galloway Council and Deputy Director of Finance NHS Dumfries and Galloway	Early June 2021
Public notice to be given of public consultation/inspection period	W/c 10 June 2021
Unaudited annual report and accounts to Audit and Risk Committee for scrutiny and review	10 June 2021
Unaudited annual report and accounts to be submitted to the independent auditors	10 June 2021
Publication of unaudited annual report and accounts for public consultation (22 days)	July 2021
Latest date that objections may be sent to the Independent auditors	End July 2021
Presentation of annual report and accounts and Independent auditors report to Audit and Risk Committee for approval and signature	9 September 2021
Sign off by IJB of Accounts	16 September 2021
Annual report and accounts to be published on Website	No later than 31 October 2021

External Audit Action Points

- 3.12 As agreed at Audit and Risk Committee in September 2020, the external audit comments reflected in the auditors annual report will be monitored for progress of implementation by the Chief Finance Officer and reported to Committee on a quarterly basis. The latest update is included in **Appendix 1** to this report.

Accounting policies

- 3.13 No accounting policy changes are requested this quarter.

4.	Conclusions						
4.1	There are no significant matters to update to committee this latest quarter.						
5.	Resource Implications						
5.1.	Funding implications are considered as part of the overall Financial Plan and budget setting for the IJB.						
6.	Impact on Integration Joint Board Outcomes, Priorities and Policy						
6.1.	The content of this Report links to National Health and Wellbeing Outcome 9 – Resources are used effectively and efficiently in the provision of health and social care services.						
7.	Legal and Risk Implications						
7.1.	There are no legal or risk implications identified.						
8.	Consultation						
8.1.	The Chair of the IJB Audit and Risk Committee and the Chief Officer are provided with updates on a regular basis.						
9.	Equality and Human Rights Impact Assessment						
9.1.	As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.						
10.	Glossary						
10.1	All acronyms must be set out in full the first time they appear in a paper with the acronym following in brackets.						
	<table border="1"> <tr> <td>CFO</td> <td>Chief Finance Officer</td> </tr> <tr> <td>IJB</td> <td>Integration Joint Board</td> </tr> <tr> <td>LASAAC</td> <td>Local Authority (Scotland) Accounts Advisory Committee</td> </tr> </table>	CFO	Chief Finance Officer	IJB	Integration Joint Board	LASAAC	Local Authority (Scotland) Accounts Advisory Committee
CFO	Chief Finance Officer						
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Action Plan for 2019/20 External Audit Recommendations

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
1. Internal Audit	During 2019/20 the internal audit functions intended to undertake a joint assurance review on behalf of the IJB covering delayed discharges. However, due to the outbreak of Covid the review was not completed. The overall assurance to the IJB are therefore limited to assurances from the internal audit functions based on the work performed across each of the statutory funding partners. Going forward, the IJB should look to utilise internal audit to obtain assurances over systems of internal control, risk and governance arrangements directly relating to the IJB.	Although a joint audit was not completed, audit assurances for 2019/20 have been enhanced with a statement of assurance from the Council Internal Audit Manager which has been considered in the overall assurances available for the IJB. It has been agreed that joint assurance work will be a focus moving forward and will be factored into both the NHS and Council Audit plans.	Head of Internal Audit	June 2021	There is further discussion required to focus assurances on IJB related areas. This work will be linked into the Risk register once this has been reviewed.
2. Financial Sustainability	Like many public bodies, the IJB and its funding partners: Dumfries and Galloway Council and NHS Dumfries and Galloway, face significant financial and operational challenges. With pressures on partners' resources, coupled with the operational uncertainty surrounding Covid-19, additional in year funding may become difficult to support resulting in potential cancellation or reduction in services. It is increasingly important that the IJB, working with its strategic partners develop a sustainable operating model that becomes less reliant on non-recurring savings and that savings plans are in place prior to the financial year.	The Partnership continues to work on its Sustainability and Modernisation Plan and this has been re-established as part of the Covid recovery and remobilisation work. Further work will be progressed through the development of the Financial Plan for 2021/22.	Chief Finance Officer	June 2021	Update scheduled to come to IJB in April as part of overall financial plan.
3. Governance Arrangements	Due to the impact of Covid-19, temporary governance arrangements were established including the suspension of IJB Board and committee meetings. It is important that as services remobilise that the IJB ensure it continues to maintain effective scrutiny and governance arrangements in place. This should include consideration of any decisions taken where temporary governance arrangements were put in place to ensure these were ratified by the IJB. In addition, with potential future outbreaks of the virus, the IJB should consider what contingency arrangements it has in place to support effective governance in the event of future social distancing or travel restrictions being enforced.	During this time frame no decisions out with the IJB required to be taken. It is anticipated that the IJB will resume the routine scheduling of Committees and all meetings and workshops within the next couple of months. The IJB recommended in April 2020 and held regular meetings. Also during this time, IJB members, were kept informed of the Covid 19 situation as well as any other relevant information via weekly communication. At this time the IJB meets via Microsoft Teams and it anticipated this will continue for the foreseeable future.	Governance Officer	October 2020	To date no decisions have been taken which required ratification by the IJB. At this time the IJB is continuing to operate within temporary governance arrangements and this will be discussed at the next IJB pre meet on the 8th March 2021.

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
4. Integration of Health and Social Care	To fully integrate health and social care services in the region in an efficient and effective way as each body will be managing its own financial pressures. There is an opportunity to consider whether funding, or part of the funding arrangement could support full delegation of resources and potentially greater autonomy around decisions making over expenditure to the IJB.	A review of the integration scheme is underway however no significant changes are planned and any change around funding arrangements is not planned for this iteration to ensure maintenance of a level of stability in the current very unpredictable environment.	Chief Finance Officer	October 2020	The initial review of the Integration Scheme was completed in October last year, we are now undertaking a fuller review of the Scheme which is being taken through the H&SC Exec Group which is due for completion in Autumn 2021 and this issue will be considered as part of the fuller review.
Update on 2018/19 External Audit Recommendations					
1. 3 Year Financial Plan	It was noted from review of the 'IJB Financial Plan 2019/20 – 2021/2022' that the narrative relates in the most part to 2019/20 with little reference to financial year 2020/21 or 2021/22. Considering the significant financial sustainability challenges facing the IJB, a great deal of effort and focus has gone into closing the game and achieving breakeven in 2019/20. We appreciate the difficulty in producing more longer term financial plans, given the current financial climate and the continued focus on annual financial settlements. However, although judgements and estimates will be required it would be beneficial for the IJB to continue to develop the approach to longer term financial planning and seek to have as robust a 3 year financial plan, as is possible in the circumstances.	The IJB developed a three year financial plan as part of its original strategic plan back in 2015/16. Whilst this has been reviewed a formal plan has not been presented back to the IJB for the three year period as the focus has been on developing a balanced budget for 2019/20. Work is ongoing to update the plan and present to Performance and Finance Committee in October.	Chief Finance Officer	31 March 2020	Follow up –Closed The IJB has developed a three-year Financial Plan covering 2020/21 –2022/23 which includes the delegated budget from the healthboard and the local authority.
2. Risk Management	Whilst work has been progressed in all areas driven by the Committee (especially data sharing), further work and development of the risk strategy and risk assurance processes has been discussed and agreed, and will be monitored through future Committee meetings.	Work is ongoing to review the risk management arrangements for the IJB through the update of the risk management strategy and a further risk workshop	Chief Officer	30 April 2020	Follow up –Superseded by 2019/20 Action Plan Point 3
3. Sub-committee minutes not reported to Integration Joint Board	It was noted that in five occasions throughout the year, minutes of Sub-committees of the Board were not submitted to the IJB for consideration and noting. This may have lead to important aspects of IJB governance, business and decision making not being brought to the attention of the IJB.	This has been addressed by the Governance Officer with a revised agenda matrix and process implemented for next IJB meeting in September.	Governance Officer	30 September 2019	Follow up –Closed Governance arrangements have been revised to ensure that minutes of IJB Committees were submitted to the Integration Joint Board for consideration and noting.

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
4. New Website	The new IJB website (www.dghscp.co.uk) was launched in late 2018, however the old website is still live and has out of date IJB Board members listed and corporate publications. The home page of the old website should make reference and provide a link to the new website to promote the new website and ensure that users accessing the old website are directed to the most up-to-date IJB information.	<p>The old website has now been updated to make it clear it has been superseded and a redirection link included. We are looking to transfer historic documentation over to the new website over the next couple of months to tidy this up.</p> <p>Updated management response: To ensure a consistent approach across the Health and Social Care Partnership a meeting will be organised with the Communication and Engagement Manager to ascertain how we can ensure that someone is given the responsibility for ensuring that the website is maintained and this is completed timeously.</p>	Governance Officer	31 December 2019	<p>Follow up –Ongoing</p> <p>The new website has been updated during the year. However, to increase transparency and availability a link should be provided within the accounts section on the 'Useful Documents' page of the IJB website where similar reports are located. In the accounts section, only the Annual Accounts for 2017-18 were available. Furthermore, there was no performance reporting available for 2018/19 and 2019/20 at the designated performance reporting page on the IJB's website. As with the annual report, these could be located via the IJB committee papers but to enhance transparency, the IJB should ensure that the website is maintained and up to date with all relevant documents easily accessible in the designated area of the website.</p>
5. Inspection of Unaudited Accounts	In order to increase transparency and availability of the unaudited accounts, Management should provide a link to the unaudited accounts on the home page of the IJB website, until they are replaced by the audited version.	The accounts were made available for consultation and were published on the IJB's website. This process is being reviewed and will be improved for next year including more widely publicising the accounts on line.	Chief Finance Officer	31 July 2020	<p>Follow up –Closed</p> <p>The unaudited accounts were published in the IJB website for public consultation and scrutiny on the 22 June 2020. As noted in follow up action plan point 4 above (New website), there is an opportunity to better locate the Annual Accounts to enhance transparency arrangements.</p>

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
6. Reserves Balance	As shown within the graph within the <i>IJB ringfenced reserves</i> (p.12), 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.	Updates on reserve position are presented regularly to the IJB. Further detail and information will be presented on an ongoing basis to allow for more detailed discussion on use of reserves at future meetings.	Chief Finance Officer	30 April 2020	Follow up –Complete During 2019/20 the IJB as a result of agreed spend against the reserves the IJB reduced ringfenced allocations from £8.4 millionas at 31 March 2019 to £2.5 million as at 31 March 2020. The use of the reserves included supporting the Primary Care Transformation and Mental Health Action programmes. The residual balance are fully committed against the delivery of services that they were originally allocated to.