



Dumfries and Galloway
Integration Joint Board
Audit and Risk Committee

17th March 2022

This Report relates to
Item 8 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 – External Audit Action Points

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 Integration Joint Board 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 2021/22 has been confirmed as £27,960 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 no technical bulletins have been published since previously reported.

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 2022 (tbc)
Accounts preparation	May 2022
Management review of accounts	May/June 2022
Assurance letters from Head of Finance Dumfries and Galloway Council and Deputy Director of Finance NHS Dumfries and Galloway	Early June 2022
Unaudited annual report and accounts to Audit and Risk Committee for scrutiny and review	9 June 2022
Unaudited annual report and accounts to be submitted to the independent auditors	9 June 2022
Publication of unaudited annual report and accounts for public consultation (22 days)	July 2022
Latest date that objections may be sent to the Independent auditors	End July 2022
Presentation of annual report and accounts and Independent auditors report to Audit and Risk Committee for approval and signature	8 September 2022
Sign off by IJB of Accounts	22 September 2022
Annual report and accounts to be published on Website	No later than 31 October 2022

External Audit Action Points

- 3.12 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.

CFO	Chief Finance Officer
IJB	Integration Joint Board
LASAAC	Local Authority (Scotland) Accounts Advisory Committee

Action Plan for 2020/21 External Audit Recommendations

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
1. Longer Term Financial Planning and Future Direction of the IJB	It is recognised in the current climate that the IJB is unable to plan beyond the current financial year. In addition, there are many uncertainties in the 2021/22 financial plan as the NHS and Council continue to respond to Covid-19 and develop recovery plans. The IJB will continue to focus on funding and delivery of the savings plans to achieve the forecast financial position but it is recognised this is not without challenge. Going forward, at a suitable point in time, the IJB should refocus on creating a long term financial plan, considering various scenarios over funding and savings delivery. This may be done in the context of future direction of the IJB as the Feely care review is further considered by Government and stakeholders, which include the IJB, NHS and Council.	An update of the longer term financial plan is in progress and will be reviewed following the draft budget for 22/23 and any further detail which is released through the care consultation process.	Chief Finance Officer	March 2022	Draft plan will be submitted to 25 th April 2022 IJB for approval.
2. Best Value Assurance Framework	Management should progress during 2021/22 the plans set out at the Audit and Risk Committee in respect of developing a Best Value Assurance Framework, mapping best value assurances across the IJB itself as well as the partner organisations. This work can be done in tandem with the developing thinking of the Accounts Commission on how to audit and assess the achievement of best value within an organisation like the IJB – a commissioning body, who directs partners to deliver, on their behalf, via delegated budgets and direction.	This work will be progressed for 21/22 and updated based on the relevant guidance in place at the time for the 21/22 assurance process	Chief Finance Officer	June 2022	Ongoing, update will be provided for June 2022.
Update on 2019/20 External Audit Recommendations					
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	Head of Internal Audit	June 2021	Follow Up: Completed The Chief Internal Auditor of the IJB continues to work with the Council Chief Internal Auditor. Assurances at year-end have been sought and strengthened to support the Internal Audit Annual report and opinion. Internal Audit during the year was impacted by Covid in terms of plan delivery. A plan has been agreed for 2020/21, to be delivered by the NHS Internal Audit Team. There continues to be consideration of joint planning, and recognition of risks that exist within the Partners which may impact on the IJB and the IJB may seek assurances.

Action Title	Action	Original Management Response	Responsible Officer	Timescale for implementation	Response/Progress
2. Financial Sustainability	<p>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.</p>	<p>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.</p> <p>Further work will be progressed through the development of the Financial Plan for 2021/22.</p>	Chief Finance Officer	June 2021	<p>Update scheduled to come to IJB in April as part of overall financial plan.</p> <p>Updated savings plan and SAM programme work presented. Three year plan not prepared as yet due to uncertainties from SG.</p> <p>Follow Up: Complete</p> <p>The IJB has in place a financial plan for 21/22. The SAM Programme, whilst impacted by Covid, continues to focus on service transformation and delivery of savings. This has been linked to the recovery and remobilisation work in the NHS. This point has been marked as complete recognising the 2020/21 action plan has a further recommendation superseding this action.</p>
3. Governance Arrangements	<p>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.</p>	<p>During this time frame no decisions out with the IJB required to be taken.</p> <p>It is anticipated that the IJB will resume the routine scheduling of Committees and all meetings and workshops within the next couple of months.</p> <p>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.</p> <p>At this time the IJB meets via Microsoft Teams and it anticipated this will continue for the foreseeable future.</p>	Governance Officer	October 2020	<p>IJB has full governance arrangements in place from May 2021.</p> <p>Complete</p>
4. Integration of Health and Social Care	<p>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.</p>	<p>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.</p>	Chief Finance Officer	October 2020	<p>A draft plan was submitted to SG in September 2020 and we are progressing an updated scheme through the Health and Social Care Exec Group as per latest SG advice.</p>