

# Dumfries and Galloway Integration Joint Board

Proposed 2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Dumfries and Galloway Integration Joint Board and the Controller of Audit

September 2024

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# Key messages

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## 2022/23 annual accounts

- 1 Audit opinions on the annual accounts are unmodified, i.e. the financial statements and related reports are free from material misstatement.

## Financial management and sustainability

- 2 The IJB's financial management and reporting arrangements are well established.
- 3 The IJB delivered a balanced financial position in 2023/24 but only after receiving additional non-recurring funding of £20.018 million from NHS Dumfries and Galloway. The £9.160 million recurring savings target was not achieved. Despite this the IJB reserves balance at 31 March 2024 is £8.8 million.
- 4 The 2024/25 financial plan indicates a deficit of £20.079 million as well as the challenge of £16.4 million of recurring savings required.
- 5 The IJB needs to demonstrate how it will secure the financial sustainability of its services. A medium term financial plan should be developed to set out how the 3 year strategic commissioning plan will be delivered.

## Vision, leadership and governance

- 6 The Strategic Commissioning Plan (SCP) 2022-25 sets out the IJB's priorities.
- 7 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board and operated effectively.
- 8 The Integration Scheme has been revised and is awaiting approval by the Scottish Government.

## Use of resources to improve outcomes

- 9 Performance management arrangements are effective with indicators and targets kept under review and the annual performance report for 2023/24 was published within the required timescales.
- 10 The number of national core performance indicators meeting or exceeding target has declined compared to the previous year, and those outwith acceptable standards have remained the same.

- 11** The annual assessment of Best Value is reflected in the Annual Governance Statement.

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# Introduction

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**1.** This report summarises the findings arising from our 2023/24 audit of Dumfries and Galloway Integration Joint Board (the IJB). The scope of the audit was set out in our 2023/24 Annual Audit Plan presented to the Audit, Risk and Governance Committee on 22 February 2024. This Annual Audit Report comprises:

- significant matters arising from an audit of the IJB’s annual accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#):
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.
- a review of the arrangements put in place by the IJB to secure Best Value.

**2.** This report is addressed to the board of the IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**3.** My team and I would like to thank Audit, Risk and Governance Committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance this year.

## Responsibilities and reporting

**4.** The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

**5.** The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2021](#), and supplementary guidance and International Standards on Auditing in the UK.

**6.** Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the IJB from its responsibility to address the issues we raise and to maintain adequate systems of control.

**7.** This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

## Communication of fraud or suspected fraud

**8.** In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Audit and Governance Panel we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the council, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified

## Auditor Independence

**9.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services, therefore the 2023/24 audit fee of £33,360 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**10.** We add value to the IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability
- sharing intelligence and good practice identified.

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# 1. Audit of 2023/24 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

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## Main judgements

Audit opinions on the annual accounts are unmodified, i.e. the financial statements and related reports are free from material misstatement.

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### Audit opinions on the annual accounts are unmodified

**11.** The IJB's annual accounts for the year ended 31 March 2024 were approved by the IJB Board on 24 September 2024. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the Management Commentary, Annual Governance Statement and Remuneration Report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

**12.** We concluded that there were no matters upon which we are required to report, by exception, to the Accounts Commission.

### Overall audit materiality was assessed as £10.365 million

**13.** Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

**14.** Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#) overleaf.

## Exhibit 1

### Materiality values

Materiality level	Amount
Overall materiality	£10.365 million
Performance materiality	£7.775 million
Reporting threshold	£500 thousand

Source: Audit Scotland

**15.** The overall materiality threshold for the audit of the annual accounts of the IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

**16.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75 per cent of overall materiality, reflecting the fact there were no significant issues identified in the prior year audit impacting our audit approach.

**17.** It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

### The unaudited annual accounts were received in line with the agreed audit timetable

**18.** The unaudited annual accounts were received in line with our agreed audit timetable by 30 June 2024.

### Significant findings and key audit matters

**19.** Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the IJB, including our view about the qualitative aspects of the body's accounting practices.

**20.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

**21.** We have no issues to report from the audit.



## The format of the Comprehensive Income and Expenditure Statement has been updated to comply with applicable guidance

22. Our audit work identified in 2022/23 identified that the format of the Comprehensive Income and Expenditure Statement (CIES) in the 2022/23 accounts did not fully comply with applicable guidance. We agreed with the Chief Finance Officer last year that officers would consider this guidance when producing future years' annual accounts. On receipt of the 2023/24 unaudited accounts we identified that the format of the CIES had yet to be updated to comply with the applicable guidance and we requested that the CIES should be updated accordingly. Officers provided an updated version of the accounts with a revised CIES and we confirmed that we were satisfied that the format of the CIES was in accordance with the applicable guidance. This update also affected the figures disclosed in relation to 2022/23. These corrections had no impact on the deficit on the provision of services of £6.726 million in 2023/24 and £15.258 million in 2022/23.

## Our audit work responded to the risks of material misstatement we identified in the annual accounts

23. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 2

#### Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>As stated in ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>We obtained assurances from the auditors of NHS Dumfries and Galloway and Dumfries and Galloway Council over the completeness, accuracy and allocation of income and expenditure.</p> <p>We evaluated any significant unusual transactions outside the normal course of business.</p>	<p>We did not identify any incidents of management override of controls through our audit testing.</p> <p>No significant unusual transactions were identified.</p> <p>There was no evidence of management override of controls from the work performed.</p>

Source: Audit Scotland

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## **Performance reporting in the management commentary of the Annual Accounts was of a good standard**

**24.** Management commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

**25.** The Management Commentary is of a good standard and clearly explains the IJB's strategy, finances and links to the financial statements. The statutory requirements relating to non-financial performance have been met.

## **Good progress was made on prior year recommendations**

**26.** The IJB has made good progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management and are set out in [Appendix 1](#).

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## 2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively. Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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### Main judgements

The IJB's financial management and reporting arrangements are well established.

The IJB delivered a balanced financial position in 2023/24 but only after receiving additional non-recurring funding of £20.018 million from NHS Dumfries and Galloway. The £9.160 million recurring savings target was not achieved.

The IJB reserves balance at 31 March 2024 is £8.8 million.

The 2024/25 financial plan indicates a deficit of £20.079 million as well as the challenge of £16.4 million of recurring savings required.

The IJB needs to demonstrate how it will secure the financial sustainability of its services. A medium term financial plan should be developed to set out how the 3 year strategic commissioning plan will be delivered.

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### Financial management and reporting arrangements are well established and allow members and officers to scrutinise the budget effectively

**27.** Comprehensive budget monitoring reports are presented to the IJB Board and the Finance, Performance and Quality Committee. These contain detail on the year to date financial position, forecast outturn for the year and, progress in delivering savings and update on financial risks of the in-year financial plan.

**28.** Detailed finance performance updates are presented quarterly. The updates provide detail on progress of recurring savings targets and in year directorate overspends.

## **The IJB delivered a balanced financial position in 2023/24 but only after receipt of additional non-recurring funding of £20.018 million from NHS Dumfries and Galloway**

**29.** The 2023/24 financial plan was presented to the IJB Board on 26 April 2023. The draft financial plan was considered by the IJB Performance, Finance and Quality Committee on 13 April 2023. The plan identified a forecast deficit of £25.128 million, as well as savings proposals of £11.730 million to be achieved over more than one year. £9.160 million of recurring savings were planned for 2023/24.

**30.** The financial plan for 2023/24 approved by the IJB Board delegated budget of £365.044 million to NHS Dumfries and Galloway and £107.191 million to Dumfries and Galloway Council, to be spent in line with the IJB's Strategic Plan and savings and cost reductions identified.

**31.** The annual accounts show a balanced financial position in 2023/24. The financial outturn was only achieved due to additional non-recurring funding of £20.018 million provided by NHS Dumfries and Galloway to support the overspend in the health delegated budget, primarily through additional resources provided by the Scottish Government

**32.** Reserves of £15.5 million were brought forward from 2022/23 which were ringfenced and included reserves relating mainly to the Social Care Fund, Winter Planning Resource, Primary Care Improvement Funding and the Alcohol and Drug Partnership. As at 31 March 2024 these reserves had reduced to £8.8 million.

## **The IJB did not achieve its recurring savings target of £9.160 million in 2023/24**

**33.** In order to balance planned expenditure with the resources delegated to it, the IJB has consistently set ambitious savings targets in recent years. As noted earlier, £9.160 million of recurring savings were planned for 2023/24. £14.011 million of non-recurring savings were also planned for 2023/24.

**34.** The Chief Finance Officer presented a finance update report on the 2023/24 year-end outturn to the Finance, Performance and Quality Committee on 9 July 2024. The report highlighted that savings of £19.798 million (including use of reserves of £1.892 million) were delivered in 2023/24 to achieve a balanced financial position. However, the report notes there was a shortfall on recurring savings of £3.985 million. The in-year shortfall on the recurring savings target will require to be delivered in 2024/25 in addition to the existing 2024/25 target and was a result of delays in the implementation of savings schemes. This has been built into the agreed Financial Plan position for 2024/25.

**35.** Management have recognised that slippage within the savings programme is contributing to the forecast overspend against budget. It is crucial that efforts to deliver the agreed savings are continued.

## Audit work in response to risk relating to financial sustainability identified in the 2023/24 Annual Audit Plan

36. [Exhibit 3](#) sets out the wider scope risk relating Financial Sustainability identified in the 2023/24 Annual Audit Plan. It summarises the audit procedures performed during the year to obtain assurances over this risk and the conclusions from the work completed.

### Exhibit 3

#### Risks identified from my wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Financial sustainability</b></p> <p>In recent years the IJB has achieved short-term financial balance. However, it continues to be faced with significant financial challenges over the medium and longer-term financial sustainability due to the uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation.</p> <p>The 2023/24 financial plan was presented to the IJB Board in April 2023. The plan identified a forecast deficit of £25.128 million, as well as savings proposals of £11.730 million to be achieved over more than one year, with £9.160 million of recurring savings planned for 2023/24.</p>	<p>We reviewed financial monitoring reports to assess the financial position, including progress in realising efficiency savings by each partner.</p> <p>We review updates to financial plans to assess the short and medium-term financial sustainability of the Joint Board.</p>	<p>As highlighted in Paragraph 31 above, the IJB achieved a balanced financial position in 2023/24. The financial outturn was only achieved due to additional non-recurring funding of £20.018 million provided by NHS Dumfries and Galloway to support the overspend in the health delegated budget.</p> <p>Paragraph 34 above shows that savings of £19.798 million (including use of reserves of £1.892 million) were delivered in 2023/24 to achieve a balanced financial position. However, there was a shortfall on recurring savings of £3.985 million which has been built into the agreed Financial Plan position for 2024/25.</p> <p>Paragraph 40 below highlights that work will continue to develop a financial strategy over the short and medium term which will respond to future challenges.</p>

Source: Audit Scotland

## IJB Financial Plan 2024/25

**37.** The 2024/25 financial plan was presented to the IJB Board on 16 April 2024. The plan identified a forecast deficit of £20.079 million, after the deduction of a savings target of £20.857 million and planned use of IJB reserves of £1.008 million.

**38.** The financial plan for 2024/25 approved by the IJB Board delegates budget of £397 million to NHS Dumfries and Galloway and £112.823 million to Dumfries and Galloway Council, to be spent in line with the IJB's Strategic Plan and savings and cost reductions identified.

### To support the 3 year strategic commissioning plan and demonstrate the financial sustainability of services, medium term financial planning should be developed

**39.** In our 2022/23 Annual Audit Report we recommended that a medium term financial plan should be prepared for the IJB to support the 3 year strategic commissioning plan. This recommendation has yet to be actioned.

**40.** However, we noted that the 2024/25 financial plan presented to the IJB Board on 16 April 2024 by the Chief Finance Officer states that, *“Work will continue to develop a financial strategy over the short and medium term which will respond to future challenges. This budget doesn't make any additional financial provision for future year changes in service delivery models and activity pressures which are anticipated given the demographic impacts to service delivery we are already seeing. We will need to work closely with our NHS and Council partners to provide funding solutions or agreed disinvestment strategies to allow for any future investments.”*

### Financial systems of internal control operated effectively

**41.** The IJB is reliant on the systems of its partner bodies, NHS Dumfries and Galloway, and Dumfries and Galloway Council, for its key financial systems, including ledger and payroll. All IJB transactions are processed through the respective partners' systems and all controls over those systems are within the partner bodies rather than the IJB.

**42.** As part of our audit approach, we sought assurances from the external auditors of NHS Dumfries and Galloway and Dumfries and Galloway Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal control for either the health board or the council.

### Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

**43.** The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at NHS Dumfries and Galloway and Dumfries and Galloway Council through consideration of the work by partner body auditors and found them to be adequate. The IJB has a Code of

Conduct in place to which members subscribe and the Members' Registers of Interest are publicly available on the websites of the partner bodies.

**44.** Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

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# 3. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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## Main Judgements

The Strategic Commissioning Plan (SCP) 2022-25 sets out the IJB's priorities.

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board and operated effectively.

The Integration Scheme has been revised and is awaiting approval by the Scottish Government.

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## The Strategic Commissioning Plan (SCP) 2022-25 sets out the IJB's priorities

**45.** The IJB's SCP 2022-25 outlines the IJB's aims for delivering transformational change and sets out its:

- Vision and strategic direction
- Model of Health and Social Care and Support (Model of Care)
- Strategic Commissioning Intentions (SCIs)
- Tactical Priorities (TPs)
- Legislative tools available to the IJB for delivery of the SCP
- Partnership's approach to move from strategy to delivery
- Risks and challenges to delivery.

**46.** During 2023/24, the IJB focussed on delivering the SCP by mapping the actions from its Annual Delivery Plan (ADP) to the SCIs, Directions and the local Tactical Priorities. This approach aims to ensure the activities of the operational directorates within the IJB are aligned to the strategic direction agreed by the IJB Board. In addition, through a facilitated workshop and subsequent targeted



development and support, the IJB worked with colleagues from the third sector and independent provider partners to identify, develop and begin to deliver their innovative ideas to help the IJB realise a new agreed model of care. The IJB will draw learning from both of these approaches as it plans and implements the methods for delivery of the SCP in 2024/25 and beyond.

### **The Integration Scheme has been revised and is awaiting approval by the Scottish Government**

**47.** The Public Bodies (Joint Working) (Scotland) Act 2014, places a legal duty on councils and health boards to review the Integration Schemes at least every 5 years to consider whether any changes are necessary or desirable. The Integration Scheme for the IJB was last updated in 2018.

**48.** In March 2020, the Scottish Government instructed that health boards and councils should ensure that, if their scheme was due for review, they should jointly carry out the minimum requirement of a review, and that this is acknowledged jointly and formally. This review can note anything that requires further work between partners and set out plans for the completion of that work at a later date, including the production of a successor scheme.

**49.** The light touch review undertaken for the IJB in 2020 detailed what it wanted to change but was not a fully consulted-on replacement scheme. That being the case, the review was sufficient to meet the requirements set out above. However, the task at that point was to develop those changes, consult on them, and submit the new scheme to Scottish Government for approval. In September 2020, a revised Integration Scheme following the light touch review was submitted. However, as this review did not include the necessary consultation laid out in legislation, formal approval was not granted.

**50.** In 2022/23, a review of the Integration Scheme took place between the IJB, health board and council and a revised and refreshed Integration Scheme was approved by the NHS Board and Dumfries and Galloway Council in December 2023. Thereafter, the Scheme was forwarded to Scottish Government for approval, with feedback received that some minor changes were required. This was resubmitted to the Scottish Government and, at this point, the IJB is awaiting formal approval by the Scottish Government.

### **Governance arrangements are appropriate and operate effectively**

**51.** The IJB has established governance arrangements in place. The IJB has the following committees established:

- Finance, Performance and Quality Committee
- Strategic Planning Delivery and Commissioning Committee
- Transformation and Innovation Futures Committee
- Audit, Risk and Governance Committee.

**52.** All IJB Board meetings and committees took place via remote conferencing in 2023/24. Members of the public were able to attend open meetings where requested, and recordings of meetings are available on the website along with relevant papers and minutes.

**53.** We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making. Meetings continue to be held in a virtual environment in line with Scottish Government guidance.

### **Changes to the IJB Board**

**54.** The Chair of the IJB stood down on at the meeting of the IJB Board on 23 March 2023 and a new Chair was appointed from the Dumfries and Galloway Council membership and assumed the position from 1 April 2023.

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# 4. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Main Judgements

Performance management arrangements are effective with indicators and targets kept under review and the annual performance report for 2023/24 was published within the required timescales.

The annual assessment of Best Value is reflected in the Annual Governance Statement.

The number of national core performance indicators meeting or exceeding target has declined compared to the previous year, and those outwith acceptable standards have remained the same.

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## Performance management arrangements are effective with indicators and targets kept under review

**56.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, and the inspection of services.

**57.** The [Annual Performance Report for 2023/24](#) was approved by the IJB Strategic Planning Delivery and Commissioning Committee meeting of 23 July 2024 following the presentation of the draft Annual Performance Report for 2023/24 to the Finance, Performance and Quality Committee meeting on 9 July 2024. The report has been published on the IJB's website and focusses on the 3 mechanisms by which the IJB influences health and social care:

- developing strategy, plans and frameworks (strategic planning and commissioning)
- deciding how to use the integrated budget and

- agreeing with the NHS board and council what to commission and how to use the integrated budget to deliver the Strategic Commissioning Plan (issuing Directions)

**58.** The IJB has effective arrangements in place for managing and reviewing performance. The Finance, Performance and Quality Committee maintains oversight of the following at their quarterly meetings:

- Finance/Delegated Budget, Financial Plan
- Performance and Business Intelligence
- Quality Assurance Reports
- Annual Performance Report.

**59.** The IJB has appropriate arrangements in place for considering and reviewing national reports including any locally agreed actions.

### **The IJB's annual performance report for 2023/24 was published within the required timescales**

**60.** Integration authorities are required to publish an Annual Performance Report by the end of July each year. As noted above, the IJB's Annual Performance Report for 2023/24 was presented to the IJB Strategic Planning, Delivery and Commissioning Committee meeting on 23 July 2024 and is the third report relating to the new Strategic Commissioning Plan (SCP). The Performance Management Framework developed to support the SCP takes a broader, population health and longer term population outcomes approach.

### **The number of national core performance indicators meeting or exceeding target has declined compared to the previous year, and those outwith acceptable standards have remained the same**

**61.** The Annual Performance Report for 2023/24 provides year on year trend analysis data for national core performance indicators. The report shows for the 20 national core indicators where data is published annually, 2023/24 data for 2 indicators has not yet been published. For the 18 indicators where 2023/24 data has been published, 7 indicators are shown as meeting or exceeding the target, 3 indicators are shown as being within 3 per cent of meeting the target and 8 indicators are shown as being more than 3 per cent away from meeting the target. The performance of the 18 indicators where 2023/24 data has been published is included at [Exhibit 4](#) overleaf, alongside the performance of the same 18 indicators in 2022/23.

## Exhibit 4 National core performance indicators



Source: Dumfries and Galloway IJB 2023/24 Annual Performance Report

### Arrangements are in place to secure Best Value, however these should be reported to IJB Board members more regularly

**62.** Integration authorities have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards the strategic objectives and holding partners to account.

**63.** In our 2022/23 Annual Audit Report we recommended that the IJB should complete a Best Value assessment statement on an annual basis to confirm that the IJB arrangements for Best Value remain fit for purpose and include details in the Annual Governance Statement. We confirmed the Annual Governance Statement within the IJB's 2023/24 Annual Accounts includes a reference to the Best Value assessment statement for 2023/24 that was presented to the Audit, Risk and Governance Committee on 17 September 2024.

### The Accounts Commission's national report on IJBs' finance and performance was published in July 2024

**64.** In [2022](#) and in [2023](#), the Accounts Commission published bulletins setting out the financial performance of IJBs. At its August 2023 meeting, the Accounts Commission agreed to develop this report to reflect the known challenges facing social care in Scotland and report on wider service performance and outcomes alongside continued reporting on the financial health and financial challenges facing IJBs.

**65.** The Commission's Performance Audit Committee agreed [the scope for the first IJB Finance and Performance report](#) at its November 2023 meeting. The scope reflected the Commission's decision that the report will be its primary vehicle to comment annually on IJBs' financial and wider performance. The

scope also included a 'spotlight' on social care commissioning and procurement.

**66.** The Accounts Commission's report [Integration Joint Boards' Finance and Performance 2024](#) was published in July 2024 and recommended that IJBs should:

- Ensure that their Medium-Term Financial Plans are up to date and reflect all current known and foreseeable costs to reflect short and longer term financial sustainability challenges.
- Ensure that the annual budgets and proposed savings are achievable and sustainable. The budget process should involve collaboration and clear conversations with IJB partners, workforce, people who use services and other stakeholders around the difficult choices required to achieve financial sustainability while addressing the needs of individuals.
- work collaboratively with other IJBs and partners to systematically share learning to identify and develop service redesign focused on early intervention and prevention.
- work collaboratively with other IJBs and partners to understand what data is available and how it can be developed and used to fully understand and improve outcomes for those using IJB commissioned services. This should include a consideration of gaps in data.
- Evaluate whether the local commissioning of care and support services, and the contracting of these services, adheres to the ethical commissioning and procurement principles, improving outcomes for people.

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## Recommendation 1

The IJB should ensure that the findings of the Accounts Commission's 2024 national report on the finance and performance of IJBs should be considered by the IJB Board and action taken to address the recommendations within the report.

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# Appendix 1. Action Plan 2023/24

## 2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. National report on IJBs' finance and performance 2024</b></p> <p>The Accounts Commission's report Integration Joint Boards' Finance and Performance 2024 was published in August 2024 and contains a number of recommendations for IJBs to address.</p> <p>The IJB is not delivering improved outcomes which is a risk for the sustainability of services.</p>	<p>The IJB should ensure that the findings of the Accounts Commission's 2024 national report on the finance and performance of IJBs should be considered by the IJB Board and action taken to address the recommendations within the report.</p> <p><a href="#">Paragraph 66.</a></p>	<p><b>Accepted</b></p> <p>The IJB has scheduled a workshop on 9 October 2024 for IJB Board members to discuss the contents of this national report and agree the next steps and actions to be taken.</p> <p>Interim Chief Officer</p> <p>March 2025</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p><b>b/f 1. Financial Sustainability</b></p> <p>The IJB has yet to develop a medium-term financial plan to demonstrate how services will be sustained in the future.</p>	<p>A medium term financial plan should be prepared for the IJB to support the strategic commissioning plan.</p> <p><u>Agreed management action:</u></p> <p>This will be reviewed and developed as part of the 2024/25 budget process.</p> <p>Chief Finance Officer</p> <p>June 2024</p>	<p><b>Work in progress</b></p> <p>The 2024/25 financial plan presented to the IJB Board on 16 April 2024 by the Chief Finance Officer states that, "Work will continue to develop a financial strategy over the short and medium term which will respond to future challenges. This budget doesn't make any additional financial provision for future year changes in service delivery models and activity pressures which are anticipated given the</p>

Issue/risk	Recommendation and Agreed Action	Progress
		<p><i>demographic impacts to service delivery we are already seeing. We will need to work closely with our NHS and Council partners to provide funding solutions or agreed disinvestment strategies to allow for any future investments.”</i></p> <p>See Paragraph 40</p>
<p><b>b/f 2. Achievement of Best Value</b></p> <p>Although a Best Value Assurance Statement was produced for 2022/23, the details have not been included in the Annual Governance Statement in the IJB’s Annual Accounts in order to demonstrate how the IJB achieves Best Value across the eight key themes.</p>	<p>The IJB should complete the Best Value Assessment Statement on an annual basis to confirm that the IJB arrangements for Best Value remain fit for purpose and include details in the Annual Governance Statement.</p> <p><u>Agreed management action:</u></p> <p>We will bring forward our timescales for reviewing our Best Value Assurance Statement and incorporate earlier into our processes for assurance and review.</p> <p>Chief Officer</p> <p>June 2024</p>	<p><b>Implemented</b></p> <p>We confirmed the Annual Governance Statement within the IJB’s 2023/24 Annual Accounts includes a reference to the Best Value assessment statement for 2023/24 that was presented to the Audit, Risk and Governance Committee on 17 September 2024.</p> <p>See Paragraph 63</p>



# Dumfries and Galloway Integration Joint Board

## Proposed 2023/24 Annual Audit Report

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