



Angus Integration Joint Board

2015/16 Audit

Annual Audit Report to
members and the
Controller of Audit

August 2016

Key contacts

Stephen Boyle, Assistant Director

sboyle@audit-scotland.gov.uk

Anne MacDonald, Senior Audit Manager

amacdonald@audit-scotland.gov.uk

Audit Scotland

Business Hub 15, 3rd Floor South

Marischal College, Broad Street

Aberdeen

AB10 1AB

Telephone: 0131 625 1500

Website: www.audit-scotland.gov.uk

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Stephen Boyle, Assistant Director, Audit Scotland is the engagement lead of Angus Integration Joint Board for the year 2015/16.

This report has been prepared for the use of Angus Integration Joint Board and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

Audit of financial statements

- There is an unqualified audit opinion on the 2015/16 financial statements covering a six month accounting period from the date of establishment on 3 October 2015 to 31 March 2016. Only corporate services costs of £94k require to be accounted for in the period prior to the board assuming its full responsibilities.
- With the exception of the omission of a balance sheet, the quality of the financial statements provided for audit were satisfactory. They included a detailed Management Commentary and Annual Governance Statement.

Financial management & sustainability

- Partnership budget monitoring reports were considered by the board during the shadow year.
- The board expressed concern about the level of delegated budgets from NHS Tayside. As budget overspends are expected in respect of 2016/17, a recovery plan has been prepared and NHS Tayside has been notified of the board's intention to invoke the risk sharing agreement whereby overspends will revert to the partner body at 31 March 2017.
- Processes to support good financial management have been put in place but the board will need to work with NHS Tayside and Angus Council to deliver sustainable services in the coming years.

Governance & transparency

- Good governance processes have been implemented to support the board. An audit committee has been established and internal audit arrangements have been agreed. These arrangements are at an early stage and will need to bed in. They will also require regular review to ensure they work as effectively as possible in supporting the work of the board

Best Value

- The board has approved a performance management framework as required by the Public Bodies (Joint Working) (Scotland) Act 2014 and continues to develop the core measures in collaboration with other Tayside boards.

Outlook

- The board will continue to operate in a period of financial pressure with reduced funding in real terms, increasing cost pressures and a growing demand for services. All integration authorities need to continue to shift resources, including the workforce, towards a more preventative and community based approach.
- It is important that the board can demonstrate that these changes, which may take several years to fully evolve, are making a positive impact on service users and improving outcomes.

Introduction

1. In October 2015, the Accounts Commission approved the appointment of Audit Scotland's Audit Services Group as external auditors of Angus Integration Joint Board (Angus IJB). Our audit appointment is for one year, covering the 2015/16 financial year, the first accounting period for which the board is required to prepare financial statements.
2. Audit Scotland is responsible for public sector audit in Scotland with audit appointments generally covering a standard five year cycle. The financial year 2015/16 is the 5th year of the current five year cycle and because Angus IJB was established in the final year of the current cycle, the auditor was appointed for one year only.
3. From 2016/17, the auditor of Angus IJB will continue to be Audit Scotland but it will be conducted under a different engagement lead (Gillian Woolman, Assistant Director). In accordance with agreed protocols and international standards on auditing we will be liaising with the incoming auditors as part of this transition.
4. Angus IJB was set up as a body corporate on 3 October 2016. It took responsibility for the services delegated to it by NHS Tayside and Angus Council with effect from 1 April 2016. Financial statements are required in respect of 2015/16 but are limited to the period from the date of establishment to 31 March 2016. In respect of Angus IJB, the accounting period covered a period of approximately six months.
5. The management of the IJB is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
6. Our responsibility, as the external auditor of Angus IJB, is to undertake our audit in accordance with international standards on auditing, the principles contained in the Code of Audit Practice (the Code) issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board. A revised Code was issued in May 2016. While it is effective from 2016/17, the principles of the new Code have, where possible, been adopted early as part of the 2015/16 audit.
7. This report is a summary of our findings arising from the 2015/16 audit of the Angus IJB. The report is divided into sections which reflect our public sector audit model:
 - financial statements
 - financial management and sustainability
 - governance and transparency; and
 - value for money.

8. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
9. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in March 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work [Appendix II](#) summarises a number of national reports issued by Audit Scotland during the course of the year.
10. [Appendix III](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take steps to address them. The board should ensure it has a mechanism in place to assess progress and monitor outcomes.
11. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
12. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

2015/16 financial statements

Submission of financial statements for audit

13. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the board should therefore be prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).
14. We received Angus IJB's unaudited financial statements on 30 June 2016, in accordance with the agreed timetable. The Local Authority Accounts (Scotland) Regulations 2014 (2014 Regulations) requires bodies covered by the regulations, including the IJB, to give notice that their accounts will be available for public inspection for a specified period and to make the unaudited accounts available on their websites. Angus IJB complied with these requirements.
15. The 2014 Regulations also require elected members to consider the unaudited accounts at a meeting no later than 31 August. The Angus IJB's Audit Committee considered the accounts at its meeting on 29 June 2016.

16. This represents the first year in which the board had to produce financial statements and as such we recognised this risk in our annual audit plan. With only a six month accounting period, there were limited transactions to account for in 2015/16.

Overview of the scope of the audit of the financial statements

17. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our annual audit plan presented to the Angus IJB in March 2016.
18. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the annual audit plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
19. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice. Appendix III sets out the risks we identified in respect of 2015/16.

20. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Going concern

21. The financial statements were prepared on a going concern basis. The integration scheme sets out the arrangements for addressing and financing any overspends or underspends. Underspends may be retained by the board, be carried forward to fund capacity in future years or alternatively, can be returned to the partner bodies. Where there is a forecast overspend the partner bodies must agree a recovery plan with the IJB to balance the budget and if this plan is insufficient in the first two years, the overspend will be met by the partner with operational responsibility for services to which the overspends pertain. In light of this agreement between the partners, we do not feel there are major risks associated with the IJB's ability to continue as a going concern in the immediate future.

Materiality

22. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

23. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

24. We summarised our general approach to materiality in our annual audit plan but due to the unique situation with the IJB only having a few transactions for 2015/16, we indicated that we would not set materiality until we were in receipt of the financial statements.

25. We subsequently set our planning materiality for 2015/16 at £950 (or 1% of gross expenditure). Performance materiality was calculated at £850, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level. Additionally, we set a misstatement threshold of £50 (approximately 5% of planning materiality) for reporting errors.

Evaluation of misstatements

26. All misstatements identified during the audit which exceeded our misstatement threshold have been amended in the financial statements.

27. The audit also identified some presentational adjustments which were discussed and agreed with the Chief Finance Officer. These were largely explanatory comments in accordance with the Accounting Code or guidance which strengthened the level of disclosure in the accounts.

Significant findings from the audit

28. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
- the auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
 - significant difficulties encountered during the audit
 - significant matters arising from the audit that were discussed, or subject to correspondence with management
 - written representations requested by the auditor
 - other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.
29. Table 1 provides a summary of the matters we are communicating to you in respect of the audit of the 2015/16 financial statements.

Other information

30. We also review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We consider whether these reports have been properly prepared, comply with extant guidance and are consistent with the financial statements. We report any material errors or omissions, any material inconsistencies with the financial statements or any otherwise misleading content.

31. We have nothing to report in respect of the other information published as part of the annual accounts.

Outlook

Health and Social Care Integration

32. The board became fully operational on 1 April 2016 when delegated services with a budget of around £157m transferred from NHS Tayside and Angus Council. The 2016/17 financial results for Angus IJB will therefore be material and will require to be consolidated into the council's and health board's group accounts in 2016/17.
33. The board will have to ensure that procedures are in place for it to provide financial and non-financial information by a mutually agreed date to allow the council and health board to meet their statutory reporting obligations including the assurances required to support disclosures in the respective organisations' annual governance statements.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260
<p>1. Balance Sheet</p> <p>A Balance Sheet has now been included in the audited accounts to reflect a creditor for accrued audit fees of £5k and the associated funding debtor from NHS Tayside to cover payment of these fees.</p>
<p>2. Recognition of expenditure</p> <p>Costs of £43k relating to the chief officer's salary prior to the board's formal establishment on 3 October 2015 were incorrectly recognised in the unaudited accounts. The expenditure and matching income from the board's partners have now been excluded from the annual accounts and the remuneration report has also been updated to reflect the correct amount.</p>
<p>3. Holiday pay accrual</p> <p>The Accounting Code requires an accrual to be included in the accounts for untaken holiday leave at 31 March 2016. Having received confirmation that the chief officer had no outstanding leave at 31 March 2016, we are satisfied that no accrual needed to be included in the accounts.</p>
<p>4. Services in kind</p> <p>LASAAC's <i>Additional guidance on accounting for the integration of health and social care 2015/16</i> issued in September 2015 highlights that where support or services have been provided free of charge by partner bodies, the associated costs would not feature in the board's accounts but goes on to suggest the scale of support be outlined as a note to the accounts. In line with the Angus IJB integration scheme, the partners have not charged for services provided and this is explained in the accounts. The IJB and its partners, however, opted not to estimate the scale of support provided year and so no further information has been disclosed in the accounts.</p> <p style="text-align: right;">Refer Action Plan number 1</p>

Financial management and sustainability

34. In this section we comment on Angus IJB's financial performance and assess its financial management arrangements.
35. Financial sustainability means that the board has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:
- spending is being balanced with income in the short term
 - long-term financial pressures are understood and planned for.
36. The board does not have any assets, nor does it directly incur expenditure or employ staff, other than the chief officer. All funding and expenditure relating to services managed by the board are incurred by the stakeholder parties and processed in their accounting records.

Financial performance 2015/16

37. The board was established in October 2015 and became operational on 1 April 2016. Only corporate services costs that relate to the general running of the body required to be recognised in the 2015/16 financial statements. The integration scheme highlights that corporate services costs are shared by the partners therefore expenditure in the period which amounted to £94k was matched by income from its partners.

38. During 2015/16, the shadow board received regular joint monitoring reports for the partnership covering expenditure against both NHS and council budgets. In June 2016, the board received an outturn report for 2015/16 which captured the position for the budgets which were to be delegated from April 2016.
39. Internal audit's report *Financial Assurance* was considered by the board in March 2016 and concluded that in their opinion that:

We can provide assurance that in our opinion the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance guidance and the reports to the Angus Integration Joint Board (IJB) provided a full and detailed picture of the financial position of the budgets in scope. In addition, in our opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment. We would commend the approach taken in providing IJB members with an overall view of financial risks.

Overall, in our opinion, the process undertaken has been very robust and we commend the fact that this work has been done in partnership. In addition, risks were clearly identified and reported.

Financial management arrangements and planning

40. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the chief financial officer has sufficient status to be able to deliver good financial management
 - standing financial instructions and standing orders are comprehensive, current and promoted within the board
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - board members provide a good level of challenge and question budget holders on significant variances.
41. A Chief Finance Officer was appointed with effect from 1 October 2015 who is responsible for ensuring that appropriate financial services are available to the IJB and the chief officer.
42. At its first meeting in October 2015, the board approved a range of documentation in preparation for it taking operational responsibility. This included standing orders and a Code of Conduct. A scheme of delegation was subsequently approved in March 2016.
43. The council budget was set in February 2016 and a budget settlement between Angus Council and Angus IJB was agreed at the February IJB Board meeting. In March 2016, the board received a proposed budget settlement from NHS Tayside. While the board

agreed to accept the proposals in principle, a range of concerns were raised with NHS Tayside. Due to the extent of the concerns expressed by the board, officers were requested to develop financial recovery plans setting out actions to mitigate the financial risks inherent in the proposed budget settlement.

44. A further report, considered by the board in June 2016, indicated that the risks around potential overspending were so great that it was necessary for the board to notify NHS Tayside of the necessity to invoke the financial risk sharing arrangements set out in the integration scheme whereby overspends will revert to NHS Tayside at the end of the 2016/17 financial year.

Refer Action Plan no. 2

45. The integration scheme highlights that financial reports will be considered by the board on a timely basis, at least quarterly, and include as a minimum annual budget, full year outturn projection and commentary on material variances. The financial report covering the first quarter of 2016/17, the first operational period of the IJB, was considered by the board in June 2016 and met these requirements.

Conclusion on financial management and sustainability

46. Overall, a financial management framework was put in place to support the IJB when it took operational control in April 2016. However, the board will need to work with NHS Tayside and Angus Council to identify savings and agree the level of services to be delivered within available budgets.

Outlook

47. NHS boards and councils have faced several years of financial constraints and this is expected to continue in the coming years. The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets. This puts further pressure on finances.

Governance and transparency

48. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in partnerships, with board members drawn from a wide range of backgrounds.
49. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. This Act provided the framework for the integration of health and social care services in Scotland. An integration scheme has been agreed and the Public Bodies (Joint Working) (Integration Joint Board Establishment) (Scotland) Amendment Order 2016 established Angus Integration Joint Board on 3 October 2015.
50. The board comprises a wide range of service users and partners required by the regulations including three elected councillors nominated by the council and three Non-executive Directors nominated by NHS Tayside. To assist the board discharge its functions it set up an Audit Committee in March 2016 which met for the first time in June 2016.
51. A Chief Officer was appointed with effect from 1 May 2015 who is directly accountable to the board for all of its responsibilities.

52. The Public Bodies (Joint Working) (Scotland) Act sets out the requirements for integration authorities. These include a:
- strategic plan setting out their arrangements to achieve or contribute to national health and wellbeing outcomes
 - quality and governance framework including performance management arrangements
 - workforce development plan
 - due diligence process covering devolved budgets.
53. Angus IJB and previously the shadow board were actively progressing these strands of work throughout 2015/16 in readiness for going live on 1 April 2016.
54. The integration scheme between Angus Council and NHS Tayside sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures. While a performance management framework was agreed in May 2016, work is being undertaken in collaboration with Dundee and Perth and Kinross Partnerships to agree a suite of indicators which will be adopted Tayside-wide.

Refer Action Plan no. 3

55. Overall the board has appropriate governance arrangements in place. These arrangements need to continue to develop and should be kept under review to ensure they are meeting the needs of an operational board.

Internal control including internal audit and scrutiny arrangements

56. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities require us to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work is also informed by our assessment of risk and the activities of internal audit.
57. Angus Council and NHS Tayside are the partner bodies. All financial transactions of the board are processed through the financial systems of the partner bodies and are subject to the same controls and scrutiny of the council and health board, including the work performed by internal audit.
58. Internal audit arrangements were put in place from 2015/16 with the appointment of the Chief Internal Auditor of Fife, Tayside and Forth Valley Audit and Management Services. The main internal audit activity in 2015/16 related to the Pre-Integration Financial Assurances outlined earlier in this report.
59. In respect of 2015/16, the chief internal auditor provided an annual report which stated his opinion that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16.

- 60. The proposed internal audit plan for 2016/17 will focus on a post implementation review of health and social care integration accordance with the Integration Resource Advisory Group guidance. In addition, assurances will be drawn from relevant internal audit activities in the partner bodies.
- 61. In 2016/17, the board is operational and therefore transactions between the IJB and partner bodies will be more fluid. This provides a challenge for auditors since the annual audit plans of each partner are based on carrying out audit work which may be based on the accounting systems and governance arrangements that relate only to the partner that the auditor is appointed to.

Arrangements for the prevention and detection of fraud and other irregularities

- 62. Angus IJB's financial regulations approved in October 2015 highlight that the board and its representatives have a duty to inform the chief internal auditor and the NHS Counter Fraud Service of any suspicion of fraud, irregularity or any other matter concerning the contravention of the Financial Regulations.
- 63. We concluded that these arrangements are sufficient in the interim but should be kept under review. For example, it would be appropriate to signpost board members and representatives to partner bodies' fraud policies and processes.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

- 64. The board are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Angus IJB and for monitoring the adequacy of these arrangements.
- 65. Angus IJB agreed that members must comply with the Councillors' Code of Conduct produced by the Standards Commission. A standards officer was appointed in February 2016 and a register of interests for voting members is being currently being collated.

Transparency

- 66. Local residents should be able to hold the IJB to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the board is taking decisions and how it is using its resources.
- 67. The IJB website is hosted on the Angus Council site and provides notices, agendas and papers for board and audit committee meetings. Meetings are held in public.
- 68. Overall, we concluded that the board has set up processes with an eye to being open and transparent. The board is still at an early stage of development and should give continuing consideration to making information more accessible.

Outlook

69. The board will operate in a challenging environment with continuing financial pressures, exacting performance targets to meet, and the need to be well positioned to deliver the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision).
70. The design of boards brings the potential for real or perceived conflicts of interest for board members and senior managers. Partners need to be clear regarding how governance arrangements will work in practice, particularly when disagreements arise. This is because there are potentially confusing lines of accountability, which could hamper the board's ability to make decisions about the changes involved in redesigning services. The public may also be unclear who is ultimately responsible for the quality of care.
71. Embedding robust governance arrangements will be an essential element in meeting these challenges and maintaining accountability. All stakeholders including patients, clinicians, carers, the public, staff, partner bodies and the Scottish Government, benefit from the assurance and confidence a good governance regime brings.

Value for money

72. The Public Bodies (Joint Working) (Scotland) Act 2014 set out a broad framework for creating integration authorities and gave councils and NHS boards a great deal of flexibility to enable them to develop integrated services that are best suited to local circumstances. The integration scheme specifies the wide range of functions delegated by the council and NHS Tayside to the IJB.
73. Integration authorities need to establish effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. There is also a need for regular reporting to partner organisations. Integration authorities are required to contribute towards nine national health and wellbeing outcomes.

Arrangements for securing value for money

74. The main purpose of integration is to improve the wellbeing of 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 integration scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers.

75. The board in May 2016 approved a performance management framework to comply with guidance set out in the Public Bodies (Joint Working) (Scotland) Act 2014. Work is now continuing in collaboration with Dundee and Perth and Kinross Partnerships to agree a suite of indicators which will be adopted Tayside-wide.

Refer Action Plan number 3

National performance audit reports

76. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the board. These are outlined in [Appendix II](#) accompanying this report.

77. Audit Scotland published a national report *Health and social care integration* in December 2015. The national report highlighted:

- the need to set out clearly how governance arrangements will work in practice
- that strategic plans do more than set out the local context for reforms. The plans should look to deliver care in different ways, that better meets people's needs and improves outcomes
- the need to agree budgets for the board. The budgets should cover more than one year to give boards the continuity and certainty they need to develop and implement strategic plans. Boards should be clear about how they will use resources to integrate services and improve outcomes.

78. Processes are in place to share the reports with the audit committee and progress against the recommendations in this report will be considered by the audit committee in 2016/17. Audit Scotland plans to re-visit health and social integration in future years to assess progress and impact.

Outlook

79. Pressures on health and social care services are likely to continue to increase for the foreseeable future. These increasing pressures have significant implications on the cost of providing health and social care services and challenges in ensuring that people receive the right care, at the right time, and in the right setting.

80. The board is responsible for co-ordinating health and social care services and commissioning NHS Tayside and Angus Council to deliver services in line with the strategic plan. Over time, the intention is that this will lead to a change in how services are provided, with a greater emphasis on preventative services and allowing people to receive care and support in their home or local community.

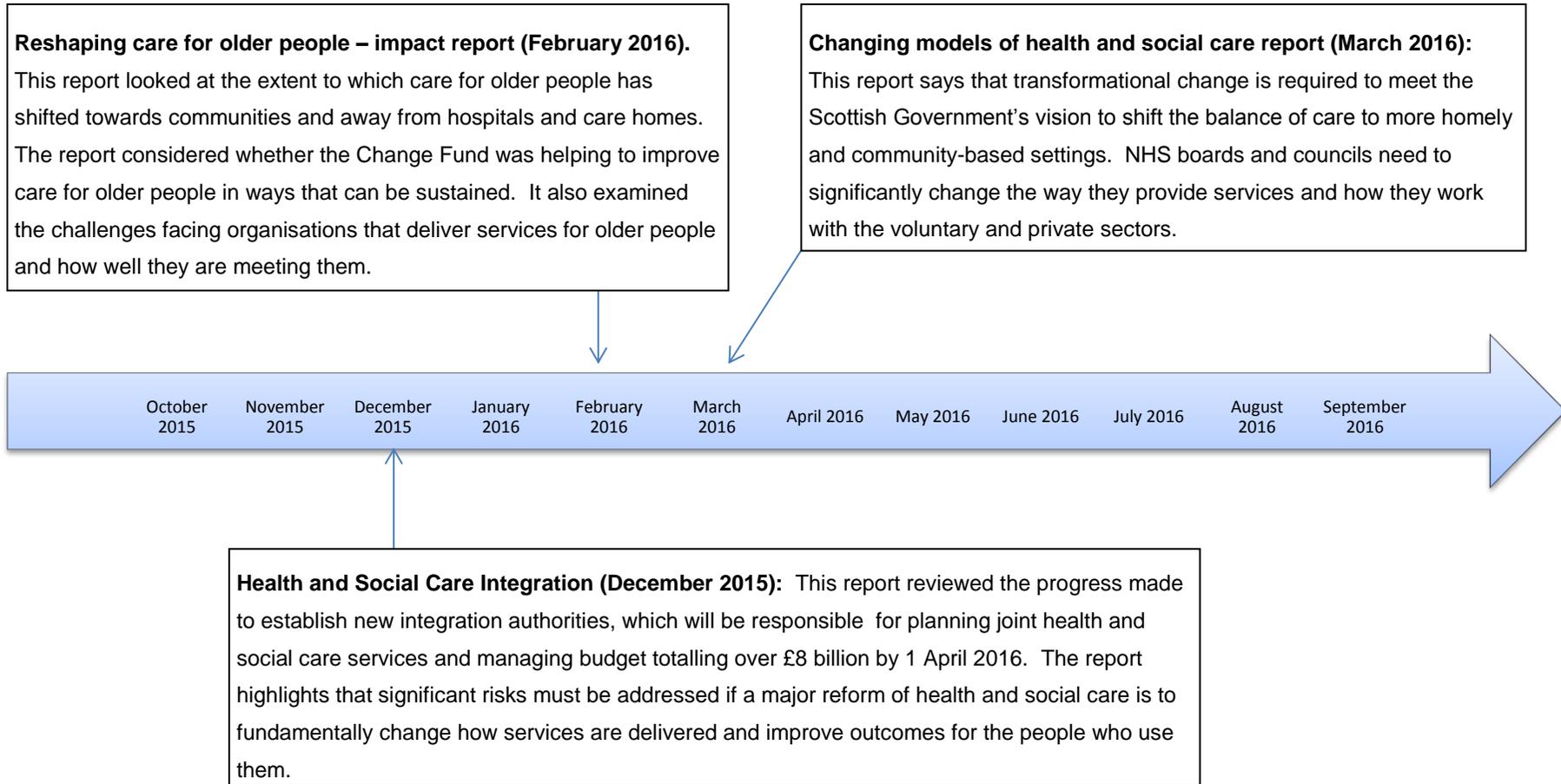
81. The board will need to demonstrate and report whether this is making a positive impact on service users and improving outcomes. To help achieve this it is important that the board has strategies covering the workforce, risk management, engagement with service users, and data sharing arrangements which help to enable delivery of the board's strategic priorities.

Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion

Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement in the financial statements		
<p>Financial Statements</p> <p>The board is a new body and may not yet have the processes and procedures in place to provide the required financial information in accordance with statutory reporting requirements.</p> <p><i>Risk: Financial statements disclosures and supporting working papers will not be prepared to the required quality and by agreed timescales.</i></p>	<p>Review the board's arrangements to ensure the proper conduct of its financial affairs.</p>	<p>Other than the omission of a Balance Sheet, the accounts presented for audit were of a satisfactory standard.</p> <p>The accounts were available for public inspection and were considered by the Audit Committee in June 2016.</p> <p>In addition to the inclusion of a Balance Sheet, a number of additional disclosures were discussed with the Chief Finance Officer and amendments made to the accounts. These were largely explanatory comments in accordance with the Accounting Code or guidance which strengthened the level of disclosure in the accounts.</p>
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>Financial, governance and performance framework</p> <p>The board was established in October 2015. The Integration Scheme commits the board to developing a governance and performance framework covering a number of key areas.</p> <p><i>Risk: Governance and performance arrangements are not fit for purpose.</i></p>	<p>Monitor the development of the governance framework and comment in our Annual Audit Report.</p>	<p>Many of the board's arrangements are at an early stage of implementation and continue to develop with the board only being operational since October 2015. For example the board has yet to fully develop performance measures aligned to the strategic plan.</p>

Appendix II: Audit Scotland national reports



Appendix III: Action plan

No.	Paragraph ref.	Issue/Risk/Recommendation	Management action/response	Responsible officer / Target date
1	28 / table 1	<p>The accounts disclose that the board receives services without charge from partner bodies. LASAAC guidance suggests that the scale of such services should potentially be disclosed by way of a note to the accounts.</p> <p>Risk</p> <p><i>The accounts do not meet best practice guidance.</i></p> <p>Recommendation</p> <p>Consideration should be given to estimating the scale of services provided free by partner bodies (if significant) so that appropriate disclosure can be made in the annual accounts, thus improving transparency for the reader.</p>	<p>The IJB will review the current agreed position of not quantifying the scale of these services with Partners during 2016/17, noting that the current position was agreed with support from both Partners.</p>	<p>Chief Finance Officer – October 2016</p>

No.	Paragraph ref.	Issue/Risk/Recommendation	Management action/response	Responsible officer / Target date
2	44	<p>The board has expressed concern about the level of budget provided by NHS Tayside. As a result a financial recovery plan is being prepared and the health board has been notified of the board's intention to invoke the risk sharing agreement whereby responsibility for meeting overspends lies with the partner delivering the service in the first two years.</p> <p>Risk</p> <p><i>The board is unable to fully fund planned services.</i></p> <p>Recommendation</p> <p>The board needs to work with partners to identify savings in order that sustainable services can be delivered.</p>	<p>Paper 53/16 at IJB June 2016 Board meeting provided opening responses to identifying savings with further proposals outlined in that report. Regular updates will be provided to the IJB Board on this matter.</p> <p>The IJB is contributing to the work of the Realistic Medicine work stream within NHS Tayside's Transformation Programme to identify ways to improve the position regarding prescribing budgets. These budgets are a key risk for the IJB.</p>	<p>Chief Officer / Chief Finance Officer – Updated Position October 2016</p> <p>Chief Officer – Ongoing</p>
3	54 and 75	<p>The board has approved a performance management framework to comply with guidance set out in the Public Bodies (Joint Working) (Scotland) Act 2014. However, performance measures are currently being developed.</p> <p>Risk</p> <p><i>The board cannot effectively monitor the delivery of its strategic objectives.</i></p> <p>Recommendation</p> <p>The board should aim to implement and monitor key performance measures, even on a phased basis, as soon as possible.</p>	<p>The board continues to actively develop its Performance Management framework. Regular updates are provided to board members. The IJB Board meeting in August 2016 will receive a report regarding performance reporting and there will be an IJB Board performance reporting development session during August 2016.</p> <p>It is expected that, while improvements will be ongoing, stepped changes will have been made by October 2016</p>	<p>Chief Officer – October 2016</p>