

# Angus Integration Joint Board

2016/17 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Angus Integration Joint Board and the Accounts Commission

30 August 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Key messages

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## 2016/17 annual accounts

- 1 Our audit opinions are all unqualified. These cover the financial statements, the remuneration report, the management commentary and the annual governance statement.

## Financial management

- 2 Angus IJB has a sound system in place to report on financial performance to members on a regular basis. It is noted that the financial report is developing as more information becomes available to the finance staff.
- 3 Angus IJB needs to work closely with Angus Council to ensure that the council puts in place all the actions identified in the internal audit report on Financial Management of Adult Services to improve budget monitoring in that area.

## Financial sustainability

- 4 Angus IJB concluded 2016/17 with an operating surplus. This is being held as a reserve by Angus Council on behalf of the IJB.
- 5 Angus IJB made good progress in 2016/17 to identify and implement savings plans to remain within budget. However more work is required in 2017/18 to identify savings and this will be challenging given the financial position faced by partner organisations.
- 6 Angus IJB financial plans do not currently extend beyond one year. Robust longer term financial planning needs to be developed to support delivery of the IJB's strategic objectives.

## Governance and transparency

- 7 Angus IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the Board.

## Value for money

- 8 The annual performance report was presented to Angus IJB in June 2017. The report contains the performance information required. However it does not include financial performance information or an assessment of Best Value in the delivery of services. The financial information is, however, included in the Annual Report and Accounts. An assessment of Best Value remains outstanding.
- 9 National reports on Health and Social Care Integration published by Audit Scotland are considered by the Audit Committee. Angus IJB has yet to develop a plan to ensure that all other relevant Audit Scotland publications are considered by the Audit Committee.

# Introduction

1. This report is a summary of our findings arising from the 2016/17 audit of Angus Integration Joint Board (the 'IJB'). The report is divided into sections which reflect our public sector audit model.
2. The scope of our audit was set out in our Annual Audit Plan presented to the April 2017 meeting of the IJB Audit Committee. It comprises an audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public sector audit requirements as illustrated in [Exhibit 1](#).

## Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2016/17 have been:
  - a review of the IJB's main financial systems and governance arrangements
  - an audit of the IJB's 2016/17 annual accounts including the issue of an independent auditor's report setting out our opinions.
4. The IJB is responsible for preparing annual accounts that show a true and fair view and for establishing effective arrangements for governance which enable it to successfully deliver its objectives.
5. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), and supplementary guidance, and are guided by the auditing profession's ethical guidance.
6. These responsibilities include giving independent opinions on the financial statements, the remuneration report, the management commentary and the annual

governance statement. We also review and report on the arrangements within the IJB to manage its performance, and use of resources. In doing this, we aim to support improvement and accountability.

**7.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.

**8.** The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist. Also, our annual audit report contains an action plan at [Appendix 1 \(page 18\)](#). It sets out specific recommendations, responsible officers and dates for implementation.

**9.** Communication in this report of matters arising from the audit of the annual accounts or of risks or of weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

**10.** As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

**11.** This report is addressed to both the Integration Joint Board and the Accounts Commission and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**12.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2016/17 annual accounts



### Main judgements

**Our audit opinions are all unqualified. These cover the financial statements, the remuneration report, the management commentary and the annual governance statement.**

#### Unqualified audit opinions

**13.** The annual accounts for the year ended 31 March 2017 were approved by the Audit Committee on 30 August 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements;
- unqualified opinions on the remuneration report, management commentary and the annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

#### Submission of annual accounts for audit

**15.** We received the unaudited financial statements on 30 June 2017, in line with our agreed audit timetable. The working papers provided with the unaudited financial statements were of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

**16.** Assurances were received from Angus Council and NHS Tayside on the operation of internal controls over the main financial systems used to provide information to the IJB for its financial statements.

**17.** The IJB provided information to NHS Tayside for consolidation into the health board financial statements in line with the recommended timescale of 31 May 2017.

#### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also included within the appendix are wider dimension risks, how we addressed these and our conclusions thereon.

The annual accounts are the principal means for the IJB to account for the stewardship of its resources and its performance in the use of those resources.

## Materiality

**19.** Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**20.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically with regard to the annual accounts, we assess the materiality of uncorrected misstatements, both individually and collectively.

**21.** On receipt of the annual accounts, we reviewed our materiality calculations and concluded that they remained appropriate.

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## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£1.6 million
<b>Performance materiality</b> - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 70% of overall materiality.	£1.1 million
<b>Reporting threshold</b> - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of overall materiality (rounded).	£15,000

## Evaluation of misstatements

**22.** There were no material adjustments to the unaudited financial statements arising from our audit.

## Significant findings

**23.** International Standard on Auditing (UK and Ireland) 260 requires us to communicate to you significant findings from the audit. There are no significant findings from the audit of Angus IJB.

## Other findings

**24.** Our audit identified a number of minor presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited financial statements.

# Part 2

## Financial management



### Main judgements

**Angus IJB has a sound system in place to report on financial performance to members on a regular basis. It is noted that the financial report is developing as more information becomes available to finance staff.**

**Angus IJB needs to work closely with Angus Council to ensure that the council puts in place all the actions identified in the Internal Audit report on Financial Management of Adult Services to improve budget monitoring in this area.**

### Financial management

**25.** Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. It is the Board's responsibility to ensure that its financial affairs are conducted in a proper manner.

**26.** 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 Finance 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 IJB
- 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
- IJB members provide a good level of challenge and question budget holders on significant variances.

**27.** From attendance at IJB meetings and review of Board and Audit Committee papers and minutes we have concluded that the Chief Finance Officer has appropriate status. The governance documentation for the IJB is comprehensive and up to date and published on the website. Budget monitoring reports are provided regularly to members and members provide a good level of challenge on the reports.

**28.** It is noted that the Internal Audit report on Financial Management of Adult Services gave the service a "D - Inadequate" rating. The budget monitoring and underlying service information from Angus Council requires to be improved to

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

provide robust information for the IJB to allow for service redesign, where appropriate.

### Appendix 1, Action plan point 1

## Financial performance in 2016/17

**29.** The IJB does not have any assets, nor does it incur expenditure directly or employ staff, other than the Chief Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. Satisfactory arrangements are in place to identify and report the financial information to the IJB.

**30.** NHS Tayside provided the IJB with additional budget of £2.007 million in 2016/17 to cover an overspend in Prescribing. This is in line with the risk sharing arrangements in the Integration Scheme to cover overspends on NHS budgets.

**31.** The IJB has a surplus of £0.582 million at year end which is held as a usable reserve for the IJB by Angus Council. The surplus arises from an underspend on the services provided by Angus Council.

## Exhibit 1 Budget Summary

IJB budget objective summary	Original Budget £m	Additional Funding £m	Actual Outturn £m
<b>Net Expenditure</b>	<b>159.272</b>		<b>161.281</b>
Funding from NHS Tayside	115.830	2.007	117.837
Funding from Angus Council	43.442		44.026
<b>Total Funding</b>	<b>159.272</b>		<b>161.863</b>
<b>Surplus (to be retained by the IJB)</b>			<b>0.582</b>
Earmarked Reserves			0.582

Source: 2016/17 Angus IJB audited accounts.

## Internal controls

**32.** Angus IJB relies on services provided by both NHS Tayside and Angus Council. The key financial systems within both NHS Tayside and Angus Council are used to employ and pay staff and services and to record transactions on behalf of the IJB.

**33.** In accordance with ISA 402: Audit considerations relating to an entity using a service organisation, as part of our audit we sought and obtained assurances from the external auditors of NHS Tayside and Angus Council. The assurances confirmed there were no material weaknesses in those systems of internal control within the NHS board and the council that are of relevance to the IJB Board.

## **Standards of conduct and arrangements for the prevention and detection of bribery and corruption**

**34.** The staff who provide services on behalf of the IJB remain employees of Angus Council and NHS Tayside and as such they are bound by the employee and corporate codes of conduct that exist in these organisations. Management have confirmed that they are not aware of any cases of fraud or corruption that relate to the provision of IJB services.

# Part 3

## Financial sustainability



### Main judgements

**Angus IJB concluded 2016/17 with an operating surplus. This is being held as a reserve by Angus Council on behalf of the IJB.**

**Angus IJB made good progress in 2016/17 to identify and implement savings plans to remain within budget. However more work is required in 2017/18 to identify savings and this will be challenging given the financial position faced by partner organisations**

### Financial planning

**35.** The IJB allocates the resources it receives from the NHS board and council in line with its Strategic Plan. A due diligence review was undertaken by the IJB's Internal Audit service to provide assurance as to the sufficiency of the 2016/17 budget provided to the IJB.

**36.** As reported in paragraph 31 the IJB achieved a surplus in 2016/17. The surplus was not budgeted for and is a result of underspends in Angus Council budgets, including specific non-recurring underspends in Mental Health Services (£0.180 million) and Learning Disabilities (£0.130 million).

**37.** The financial projections for 2017/18 are forecasting a breakeven position, although recognising significant challenges ahead. The most significant challenge will be the achievement of savings targets that reflect the financial position of the two funding bodies.

**38.** The IJB does not currently have financial projections beyond 2017/18. The partner organisations have financial planning frameworks for a four year period (Angus Council) and a five year period (NHS Tayside). The IJB should develop its longer term financial planning to support delivery of the Strategic Plan.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

**Appendix 1, Action plan point 2**

### Reserves strategy

**39.** Angus IJB has a reserves policy that allows it to carry reserves of up to 2% of budgeted expenditure. The current reserve levels are well within the limit of the policy. The reserves being held by the IJB may be used to offset overspends in future years.

### Efficiency savings

**40.** The IJB is required to make efficiency savings to maintain financial balance. In 2016/17 the IJB had a target to make efficiency savings of £3.7 million. The actual outturn was £3.3 million.

**41.** Within these savings the NHS met its target of £1.4 million, in services provided to Angus IJB. Within hosted services (i.e. services managed by Angus IJB on behalf of the other IJBs in the Tayside area and services hosted by the other IJBs on behalf of Angus IJB) the position was fluid, however at the year end there was a shortfall of £0.8 million against required savings. This will have to be addressed in partnership with the other Tayside IJBs.

**42.** Angus Council services were left with a shortfall of £0.393 million against required savings. Angus Council has recently revised how it intends to deliver savings under the Transforming Angus change programme with the dissolution of its partnership with the external partner who had been employed to assist with the identification of savings programmes. The delivery of the required 2017/18 savings as well as recovery of the 2016/17 £0.393 million shortfall in the Adult Services budget will be challenging.

**43.** The 2017/18 budgets that have been agreed with the partner organisations include savings targets of £3.1 million. To date savings of £2.3 million have been identified by Angus IJB. Discussions are on-going to identify the additional savings required. A risk remains that not all of the identified saving will be achieved.

**44.** In addition to the savings above the Prescribing budget includes an initial recurring shortfall of £3.0 million. Angus IJB has identified £1.119 million savings within the Prescribing spend but more work needs to be completed to bring the spend down to the budgeted level. Prescribing expenditure remains a major risk for Angus IJB and regular reports are discussed by the Board.

**45.** The achievement of the savings targets will require close monitoring by Angus IJB. Developments in the Angus Council transformational change programme will need to be monitored. The IJB may require additional areas to be reviewed to achieve savings, especially in Older People's Services and Learning Disabilities, to help manage overall service pressures.

### Appendix 1, Action plan point 3

# Part 4

## Governance and transparency



### Main judgements

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

#### Governance arrangements

**46.** Angus IJB has a clear governance structure and the IJB Board and Audit Committee hold their meetings in public. The Board is supported by various groups that cover: strategic planning, staff partnership and clinical and care governance. All the groups report to the Board as required.

**47.** With this governance structure there are clear links between strategic governance and operational governance. The Board is provided with regular reports on all aspects of the strategic direction of the organisation and Board members provide robust and constructive challenge to officers who attend meetings.

**48.** We observe that the agendas for Board meetings can be long, with the associated papers running to hundreds of pages. This may limit the ability of members to read and digest the information presented to allow them to provide clear and constructive challenge.

#### Internal audit

**49.** Internal audit provides the IJB Board and Accountable Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

**50.** The internal audit function is carried out by Fife, Tayside and Forth Valley (FTF) Audit Services with assistance from the internal audit section within Angus Council. We carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

**51.** In 2016/17, we did not place formal reliance on the work of internal audit in Angus IJB for the purpose of our financial audit. We have, nevertheless, considered the findings of all internal audit reports that impact upon the IJB, for example the internal audit report on Financial Management of Adult Services, and the Internal Audit Annual Report. We also await with interest the results of the audits on performance management and post implementation due diligence.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

## Transparency

**52.** Transparency is concerned with the public, in particular local residents, having access to understandable, relevant and timely information about how Angus IJB is taking decisions and how it is using resources.

**53.** There is evidence from a number of sources which demonstrates Angus IJB's commitment to transparency including: holding all IJB meetings in public, reserving only sensitive details for private sessions and having all the papers relating to the Angus IJB board available on the website.

**54.** Angus IJB has its own website, [https://www.angus.gov.uk/social\\_care\\_and\\_health/angus\\_health\\_and\\_social\\_care\\_partnership](https://www.angus.gov.uk/social_care_and_health/angus_health_and_social_care_partnership) which holds details of the IJB including the members, the integration scheme, and information on performance as well as the Board and Audit Committee agendas, papers and minutes. It is noted that governance documentation is now included in the revised website and this is a positive step.

## Other governance arrangements

**55.** From our audit we note that community planning partners, representatives of the third sector, the independent sector and local communities are closely involved in the development of the strategic plan, and have positions on the Board. This is evidence of Angus IJB being committed to partner involvement in the design, redesign and delivery of services to the local population.

# Part 5

## Value for money



### Main judgements

The annual performance report was presented to Angus IJB in June 2017. The report contains the performance information required; however it does not include financial performance information or an assessment of Best Value in the delivery of services. The financial information is included in the Annual Report and Accounts; however the assessment of Best Value remains outstanding.

National reports relating to Health and Social Care Integration published by Audit Scotland are considered by the Audit Committee. However Angus IJB has yet to develop a plan to ensure that all relevant Audit Scotland publications are considered by the Audit Committee.

### Performance management

**56.** In order to achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards strategic objectives and holding partners to account.

**57.** The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) and the Integration Scheme for the Board set out the legislative changes required to implement adult health and social care both operationally and financially. One of these is in respect of performance management arrangements.

**58.** The IJB board receives performance reports on a quarterly basis and these are available on the IJB's website.

**59.** The Strategic Plan identifies four strategic priorities and three performance areas that are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. These are:

- Improving health, wellbeing and independence
- Supporting care needs at home
- Developing integrated and enhanced primary care and community responses
- Improving integrated care pathways for priorities in care

#### Performance Areas

- Workforce
- Clinical and care governance

Value for money is concerned with using resources effectively and continually improving services.

- Resources

**60.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires an annual performance report to be completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of the strategic commissioning plan.

**61.** A Strategic Progress and Performance Report was submitted to the IJB Board meeting on 28 June 2017. The report assesses the performance of Angus IJB in relation to national health and wellbeing outcomes, reporting by localities in addition to the IJB as a whole, and includes a review of the strategic plan.

**62.** The performance report shows that Angus is performing well against the local and national outcomes. However the “Readmissions within 28 days of discharge” figure has increased for Angus as a whole. The IJB has highlighted a number of initiatives that it is hoped will improve readmission rates.

**63.** The performance report does not contain any financial information as this is included in the annual report and accounts. The performance report does not currently conclude on whether the IJB has achieved Best Value in terms of planning and delivery of services; this is a requirement of the statutory guidance on performance reporting.

#### Appendix 1, Action plan point 4

### National performance audit reports

**64.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, we published a number of reports which are of direct interest to the Board. These are outlined in [Appendix 3 \(page 23\)](#) accompanying this report.

**65.** The Audit Committee considers national Health and Social Care Integration reports that have been published by Audit Scotland and Audit Committee members receive updates on progress made by Angus IJB against recommendations in these reports.

**66.** The Audit Committee has yet to receive any information on reports that do not specifically relate to health and social care partnerships, but relate to the wider NHS and Local Government. Relevant national performance audits should be provided to the Audit Committee.

#### Appendix 1, Action plan point 5

### Good practice

**67.** Angus IJB receives quarterly reports on how the partnership is performing against targets, and regular financial reports.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Page no.	Issue/risk	Recommendation	Agreed management action/timing
10	<p><b>1. Financial Management of Adult Services</b></p> <p>Internal audit identified a number of weaknesses in the provision of Financial Management support from Angus Council to the IJB for Adult Services. The overall audit opinion given for this audit was "Inadequate". These weaknesses affected the completeness, accuracy and usefulness of detailed budget monitoring information at a level below that reported to the Board.</p> <p><b>Risk</b></p> <p>There is a risk that the IJB is not aware of the full budget position including activity for Adult Services which may impact on the ability to redesign services.</p>	<p>The internal audit plan has an action plan and the Chief Finance Officer should ensure, in conjunction with Angus Council, that actions are being progressed within Adult Services to ensure that the information required is available to the Board.</p>	<p>Angus IJB Audit Committee has confirmed all action described in the Internal Audit report will be progressed in conjunction with Angus Council.</p> <p>Chief Finance Officer December 2017</p>
12	<p><b>2. Financial Planning</b></p> <p>Angus IJB has financial projections for 2017/18 but financial planning does not currently extend beyond one year.</p> <p><b>Risk</b></p> <p>The IJB does not have robust financial plans to support the delivery of its longer term objectives.</p>	<p>The IJB should develop a robust medium to long term financial planning framework to support delivery of its Strategic Plan.</p>	<p>The IJB intends to increasingly set out its financial planning on a multi-year basis. The creation of multi-year financial plans can be complex due to the level of clarity available regarding both future year budgets and pressures.</p> <p>Chief Finance Officer December 2017</p>
13	<p><b>3. Efficiency Savings</b></p> <p>It is reported that as at June 2017 the IJB still needs to agree a total of £0.317million</p>	<p>A plan needs to be agreed with Adult Services to identify savings that are required to enable the Board to break</p>	<p>Angus IJB continues to develop responses to 2017/18 challenges (including undertaking a Care Home review and review of Learning</p>



Page no.	Issue/risk	Recommendation	Agreed management action/timing
	<p>of savings to break even. The majority of the savings required relate to services provided by Angus Council.</p> <p><b>Risk</b></p> <p>The developments within Angus Council relating to the Transforming Angus change programme may impact on the ability of Adult Services to deliver the required savings.</p>	<p>even in 2017/18.</p>	<p>Disability Services). Updates on the overall position will be provided regularly to the IJB Board.</p> <p>Chief Finance Officer</p> <p>December 2017</p>
17	<p><b>4. Performance Report</b></p> <p>Whilst Angus IJB produced a performance report by the end of June 2017, the report does not include an assessment on Best Value in the provision of services. This is one of the prescribed areas that the report should cover.</p> <p><b>Risk</b></p> <p>The performance report does not meet the requirements of the Scottish Government.</p>	<p>Angus IJB should reflect on how it will report on Best Value in the 2017/18 performance report.</p>	<p>The IJB will remedy this for 2017/18 reporting.</p> <p>Chief Finance Officer/ Head of Community Health and Care Services (with responsibility for Performance Management)</p> <p>March 2018</p>
17	<p><b>5. Framework for consideration of Audit Scotland national reports</b></p> <p>Audit Scotland produces a number of national reports that, whilst they do not relate specifically to the IJB, contain information that should be considered by the IJB.</p> <p><b>Risk</b></p> <p>The members of Angus IJB are not fully aware of emerging national issues in Health and Social Care that may impact on their ability to deliver services locally.</p>	<p>The Chief Finance Officer should develop a system to allow for the consideration of relevant national performance reports and to report the main findings to Angus IJB members as appropriate.</p>	<p>The IJB will develop a mechanism for sharing the main findings of national reports with Audit Committee members.</p> <p>Chief Finance Officer</p> <p>December 2017</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating to our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p><b>Results</b></p> <p>Audit procedures were undertaken at the year end to ensure the figures in the accounts are accurate.</p> <p><b>Conclusion</b></p> <p>No issues identified as part of the year end audit regarding management override of controls.</p>
<p><b>2 Risk of Fraud over Expenditure</b></p> <p>The expenditure of the IJB is processed through the financial systems of Angus Council and NHS Tayside. There is a risk that non IJB related expenditure is incorrectly coded to the IJB account codes.</p>	<p>Robust budget monitoring.</p> <p>Assurances to be provided to the IJB by Angus Council and NHS Tayside on the completeness and accuracy of transaction coded to IJB account codes.</p>	<p><b>Results</b></p> <p>Assurances have been received from NHS Tayside and Angus Council.</p> <p><b>Conclusion</b></p> <p>No issues identified in either of the assurances.</p>
<p><b>3 Financial Statements Preparation</b></p> <p>Preparation of the IJB financial statements relies on the provision of financial and non-financial information from the systems of the two partner bodies. The Chief Finance Officer of the IJB must obtain assurance that the costs transferred to the accounts of the IJB are complete and accurate and incurred on behalf of the IJB for services prescribed in the integration scheme. There is a risk that the Chief Finance Officer does not obtain adequate assurance</p>	<p>Strong working relationships with Angus Council and NHS Tayside</p> <p>The integration scheme specifies the financial reporting responsibilities of both Angus Council and NHS Tayside</p> <p>Monthly monitoring of financial information</p> <p>Assurances provided through internal audit arrangements.</p> <p>Consideration of the 2016/17 Code of Practice on Local Authority Accounting (the Code) changes through the final accounts working group.</p>	<p><b>Results</b></p> <p>Assurances have been received from NHS Tayside and Angus Council audit committees.</p> <p>Audit procedures undertaken at the year end on the completeness of figures.</p> <p><b>Conclusion</b></p> <p>No issues arising from the audit of the financial statements.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>that information received from each party is accurate and complete.</p> <p>In addition the 2016/17 Code of Practice on Local Authority Accounting (the Code) introduces changes to the presentation of the financial statements including changes to the requirements of the annual governance statement to provide additional disclosures.</p>		
<p><b>Financial Performance</b></p> <p>The latest financial monitoring report from February 2017 reported a projected outturn of £158.6 million against a delegated budget of £156.8 million, an overspend of £1.8 million. The overspend relates mainly to an NHS Tayside related cost of prescribing.</p>	<p>Finance Monitoring reports provided to IJB Board.</p> <p>Assurances provided through internal audit arrangements (including internal audit review of Financial Management)</p>	<p><b>Results:</b></p> <p>The final outturn for the IJB showed that the spend against the NHS budget was overspent by £2.007 million.</p> <p><b>Conclusion</b></p> <p>In line with the Integration Scheme the shortfall in funding was matched by an increase in budget from NHS Tayside.</p>
<p><b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b></p>		
<p><b>Financial sustainability</b></p> <p>NHS Tayside and Angus Council face significant financial pressures from funding reductions and increasing demand.</p> <p>There is a risk that the IJB, in partnership with NHS Tayside and Angus Council, may not be able to identify sustainable savings measures or meet costs pressures as they arise.</p>	<p>Budget settlement and Budget Update papers provided to IJB Board.</p>	<p><b>Results</b></p> <p>The latest financial budget position notes that there is a shortfall in savings identified of £0.787 million.</p> <p><b>Conclusion</b></p> <p>We will continue to monitor the achievement of savings targets as part of the audit process.</p>
<p><b>Governance: Finance Support Services</b></p> <p>Finance support services are provided to the IJB by both Angus Council and NHS Tayside This support continues to evolve but is subject to issues such as staff turnover. The IJB has noted this as an area of risk potentially affecting the IJB's ability to improve its Locality Finance reporting.</p>	<p>The Chief Finance Officer continues to work with both Angus Council and NHS Tayside to ensure required support is in place.</p>	<p><b>Results</b></p> <p>The lack of appropriate support from Angus Council was highlighted in the recent internal audit report on <i>Financial Management in Adult Services</i>.</p> <p><b>Conclusion</b></p> <p>This area will continue to be monitored to ensure that the support required for the IJB is received from Angus Council.</p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>Governance and Transparency</b></p> <p>In order to ensure transparency, information about the nature of the IJB, its performance and governance should be readily accessible to the public.</p> <p>Certain governance documentation has been agreed by the IJB (e.g. financial regulations) but is not listed in the Downloads section of the IJB website. The documentation is located within agenda papers for IJB meetings; this makes it harder for stakeholders to find. There is a risk that information on the governance and performance of the IJB is inaccessible to stakeholders.</p>	<p>Compliance with Model Publication Scheme.</p>	<p><b>Results</b></p> <p>The IJB website has undergone a refresh as part of the Angus Council website refresh. The website now includes background and performance information on the Board and the governance arrangements within the Board.</p> <p><b>Conclusion</b></p> <p>The Angus IJB website is sufficiently transparent to meet the expectations of stakeholders: it now includes more information relating to the background and performance of the Board and the governance arrangements within the Board.</p>

# Appendix 3

## Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

### IJB relevant reports

[The National Fraud Initiative in Scotland](#) – June 2016

[Angus Council Best Value audit report](#) – October 2016

[NHS in Scotland 2016](#) – October 2016

[Local Government in Scotland: Financial overview 2015/16](#) – November 2016

[Social work in Scotland](#) – September 2016

[Scotland's NHS workforce](#) – February 2017

[Local Government in Scotland: Performance and Challenges 2017](#) – March 2017

# Angus Integration Joint Board

## 2016/17 Annual Audit Report

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