



**Clackmannanshire
Council**



A meeting of the **Integration Joint Board Audit Committee**
will be held on **12 September 2018**
at **2.30pm**
in **Boardroom, Carseview, Stirling**
Chair: Councillor Dave Clark, Clackmannanshire Council

Please notify apologies for absence to karen.campbell18@nhs.net
or telephone 01786 454524

AGENDA

- 1. Apologies**
- 2. Minute of IJB Audit Committee Meeting of 24 August 2018**
- 3. Matters Arising**
- 4. 2017/18 Integration Joint Board Annual Accounts**
Paper by Ewan Murray, Chief Finance Officer For Consideration
- 5. 2017/18 Annual Audit – Independent Auditors Report**
Paper by Paul Craig, Audit Scotland For Consideration
- 6. Proposed 2017/18 Annual Audit Report**
Paper by Paul Craig, Audit Scotland For Consideration
- 7. Internal Audit Review, Self Directed Support (Stirling) – Recommendations and Action Plan**
Paper by Shiona Strachan, Chief Officer For Noting
- 8. AOCB**
- 9. Date of Next Meeting – 12 September 2018**



Minute of the Clackmannanshire & Stirling IJB Audit Committee
Friday 24 August 2018, 12:30pm
Wallace Room, Old Viewforth, Stirling

Present:

Blyth Deans, Audit Scotland
Councillor Graham Houston, Elected Representative, Stirling
Alex Linkston, Chairman, NHS Forth Valley
Morag Mason, Service User Representative for Stirling
Ewan Murray, Chief Finance Officer, Clackmannanshire & Stirling HSCP
Kevin O'Kane, Audit Manager, Corporate Operations, Stirling
Councillor Dave Clark, Elected Representative, Clackmannanshire (Chair)
Karen Campbell, HSCP Administrator (minute taker)

1. APOLOGIES

Apologies for absence were intimated on behalf of:

Paul Craig, Audit Scotland
Fiona Gavine, Non-Executive Board Member, NHS Forth Valley
Natalie Masterson, Third Sector Representative, Stirling
Shiona Strachan, Chief Officer, Clackmannanshire & Stirling HSCP

2. MINUTE OF IJB AUDIT COMMITTEE MEETING OF 21 FEBRUARY 2018

The minute of the previous meeting was accepted as a true and accurate record.

3. MATTERS ARISING

Ewan Murray confirmed training resources are in place to provide a development session for Audit Committee members. As the new chair has proposed the Audit Committee meet four times a year it was agreed this would be scheduled for before the last meeting in 2018. The chair also encouraged members to consider what business they consider should be brought to the committee and for members to be creative in their thinking.

There will be opportunity for discussion at the IJB Development Session on 6 September 2018 regarding delegation and the IJB's governance arrangements.

It was confirmed that the (previous) Audit Committee chair was given a breakdown of costs for the annual audit as previously requested.

4. ANNUAL INTERNAL AUDIT REPORT PLAN

This paper was presented by Kevin O’Kane.

The Internal Audit Annual Report 2017/18 was submitted to the Audit Committee to comply with the requirements of Public Sector Internal Audit Standard.

Councillor Houston enquired if the timelines and outcomes were achievable or falling short of delivery targets. Kevin stated that the performance aspect will be picked up in specific audit assignments.

Councillor Clark asked for clarification of the wording ‘reasonable assurance’. Kevin stated that this was common terminology and explained different wording to provide clarity.

The IJB Audit Committee:

- Noted the contents of paragraph 1.4 of the Annual Report 2017/18 prepared to support the Integration Joint Board’s Annual Governance Statement, which is incorporated in the unaudited Annual Accounts to 31 March 2018.
- Noted and make any comments on the recommendations at paragraph 3.12 of the Annual Report; and,
- Endorsed the Annual Report.

5. INTERNAL AUDIT: ADULT SOCIAL CARE INVOICING SYSTEM ARRANGEMENTS (CLACKMANNANSHIRE COUNCIL)

This paper was presented by Kevin O’Kane.

This paper presented a report on Adult Social Care Invoicing System Arrangements at Clackmannanshire Council.

Assurance was sought that actions were being taken forward and it was agreed a specific update report would be brought back to the committee.

The IJB Audit Committee:

- Noted the contents of the report at Appendix 1, including the Recommendations and Action Plan at section 4 of that document.

6. GOVERNANCE CHECKLIST, GOVERNANCE WORKPLAN AND AUDIT ACTION PLAN

This paper was presented by Ewan Murray.

There is an annual review of governance. The governance self assessment, governance workplan update and audit action plans were compiled by Ewan Murray, Chief Finance Officer and agreed by Shiona Strachan, Chief Officer. It gives visibility and illustrates progress on actions. Ewan Murray highlighted that governance

frameworks were due to be reviewed later the year to ensure they remain fit for purpose as partnership arrangements evolve.

The IJB Audit Committee:

- Noted the governance self assessment checklist appended to this paper.
- Noted the updated governance workplan and specifically that a more fundamental review of the Integration Joint Boards governance framework will be undertaken during 2018/19.
- Note the Audit Action Plan Update including the 2017/18 Governance Update and Revised Target Dates.

7. STRATEGIC RISK REGISTER

This paper was presented by Ewan Murray.

Ewan Murray reported that the Strategic Risk register is regularly reviewed by the Joint Management Team and exceptions are reported to the Integration Joint Board within the Performance Report.

The IJB Audit Committee:

- Approve the updated register with regard to progress of relevant actions, and the alignment to key strategic processes.
- Noted the regular review and ongoing development of the risk register and reporting arrangements.

8. 2017/18 INTEGRATION JOINT BOARD ACCOUNTS (UNAUDITED)

This paper was presented by Ewan Murray.

It was noted that the June meeting of the IJB Audit Committee had to be cancelled as it was not quorate. There was also an issue with the timing of the public notice. Ewan Murray confirmed he will ensure this is in place earlier in future years timetables to prevent recurrence.

Alex Linkston raised an issue in relation to the remuneration report and Ewan Murray confirmed he has discussed this with external audit and agreed this could be rectified on receipt of clarifying information from NHS Forth Valley.

The IJB Audit Committee:

- The Audit Committee considered the Unaudited Annual Accounts for the Integration Joint Board for the financial year ended 31 March 2018.
- Noted that work to complete the final audited accounts is ongoing and that the final accounts will be presented to the Audit Committee for consideration then the Integration Joint Board for approval and publication at the respective meetings in September 2018.

9. AUDIT SCOTLAND HEALTH & SOCIAL CARE INTEGRATION PROJECT SCOPE

This paper was presented by Ewan Murray.

It gives visibility for Audit Committee members. This is the third national review which will include recommendations for the Integration Joint Board, local authorities and health going forward.

- Noted the project scope and planned publication timescale.
- Noted that a partnership response to the report, when published, will be developed incorporating an action plan and reported as appropriate to the Finance and Audit Committees and Integration Joint Board.

10. BEST VALUE CHECKLIST

This paper was presented by Ewan Murray.

Integration Joint Boards have a duty to secure Best Value. Audit Scotland published a guidance note and checklist on Best Value in IJBs in March 2018 to support the evidence of this. The completion of the checklist had been requested as part of the External Audit process and Ewan Murray has completed this and agreed the content with the Chief Officer. The checklist is therefore brought to the Audit Committee for visibility and scrutiny acknowledging the approach to Best Value requires to develop further in future linked to evolving evidence on outcomes.

Councillor Clark commented on no 10. He questioned whether it was a debate for the IJB Audit Committee or the IJB Finance Committee. Morag Mason stated that expectations in the public domain are much higher. She would like to see recording of evidence based practice of change.

Councillor Clark asked for this item to be considered in discussions at the Integration Joint Board Development session on 6 September 2018.

The IJB Audit Committee:

- Noted the Best Value checklist.
- Noted that the Integration Joint Board requires to further develop its approach to Best Value going forward as partnership arrangements evolve and Medium Term Planning and the 2019-2022 Strategic Commissioning Plan is developed.

11. AOCB

Councillor Houston gave his apologies for the September Audit Committee meeting. Alex Linkston and Councillor Clark confirmed that they will be in attendance. Ewan Murray reiterated the requirement for the meeting to be quorate to proceed and a substitute voting member would be sought from Stirling Council.

12. DATE OF NEXT MEETINGS

Wednesday 12 September 2018, 2:30pm – 4:30pm, Boardroom, Carseview, Stirling

Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

12 September 2018

This report relates to
Item 4 on the agenda

2017/18 Integration Joint Board Annual Accounts

*(Paper presented by Ewan C. Murray, Chief Finance
Officer)*

For Consideration

Approved for Submission by	Ewan C. Murray, Chief Finance Officer
Author	Ewan C. Murray, Chief Finance Officer
Date	4 September 2018
List of Background Papers:	

Title/Subject: 2017/18 Integration Joint Board Annual Accounts
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 12 September
Submitted By: Ewan C. Murray, Chief Finance Officer
Action: For Consideration

1. Introduction

- 1.1 The Local Accounts (Scotland) Regulations 2014 places a statutory obligation on the Integration Joint Board to submit unaudited Annual Accounts for the year ended 31 March 2018 to approve and publish final audited accounts by 30 September 2018. The unaudited accounts were considered by the Audit Committee on 24 August 2018.
- 1.2 The accounts were prepared by the Chief Finance Officer in line with the updated guidance on accounting for the integration of health and social care published by the Local Authority Scotland Accounts Advisory Committee (LASAAC) published on 6 April 2018

2. Recommendations

The Audit Committee is asked to:

- 2.1. Consider the 2017/18 Integration Joint Board Annual Accounts
- 2.2. Note the updated management commentary and annual governance statement contained within the accounts.
- 2.3. Note the Independent Auditors report contained within the accounts.
- 2.4. Recommend that the Integration Joint Board approve the Annual Accounts at the 26 September 2018 meeting and that the Chair, Chief Officer and Chief Finance Officer sign the accounts thereafter.

3. 2017/18 Annual Accounts

- 3.1. The Audit Committee considered the Unaudited Annual Accounts of the Integration Joint Board for the financial year ended 31 March 2018 on 24 August 2018.
- 3.2. There have been a number of revisions to the final accounts. The key changes from the unaudited accounts are:
- Development of the Management Commentary to reflect the key partnership performance issues and describe the business model

- Development on the Annual Governance Statement including the assurance drawn from the Annual Internal Audit Report
- Correction of the Remuneration Report including restatement of relevant 2016/17 figures

3.3. The accounts have now been audited by the Integration Joint Boards Independent External Auditors (Audit Scotland) and the Independent Auditors Report is also presented to the Audit Committee for consideration.

3.4. The audited annual accounts will be presented to the Integration Joint Board for approval on 26 September 2018 alongside the Annual Audit Report.

4. Conclusions

4.1. The Annual Accounts have been produced in line with the timescales set out in the Local Authority Accounts (Scotland) Regulations 2014. Consideration and recommendation for approval by the Audit Committee and approval by the Integration Joint Board will ensure compliance with the Regulations.

5. Resource Implications

5.1. The annual accounts include details of the Integration Joint Boards income and expenditure for the financial year 2017/18 and a Financial Outlook describing, based on information available at the time of writing, the financial and economic context within which the Integration Joint Board will operate in coming years.

6. Impact on Integration Joint Board Priorities and Outcomes

6.1. The management commentary within the accounts details principal activities and key performance issues within the financial year within the context of delivering the aims of the Strategic Plan.

7. Legal & Risk Implications

7.1. The Integration Joint Board is required to prepare and publish annual accounts in line with the Local Authority Accounts (Scotland) Regulations

8. Exempt reports

8.1. Not exempt.

Clackmannanshire & Stirling Integration Joint Board Annual Accounts 2017/18



**“Our vision is to enable people in Clackmannanshire
and Stirling to live full and positive lives
in supportive communities”**



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Management Commentary

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards (IJB's) with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Clackmannanshire and Stirling Councils and the Forth Valley Health Board (NHS Forth Valley), the Integration Scheme, the formal legal partnership agreement between the three constituent organisations, was submitted to Scottish Ministers on 24 June 2015. On 3 October 2015 Scottish Ministers legally established the Clackmannanshire and Stirling Integration Joint Board.

On 1 April 2016 health and social care functions per the Integration Scheme were formally delegated to the Integration Joint Board. Therefore, financial year 2017/18 represents the second full year of operations for the Clackmannanshire and Stirling Integration Joint Board. The Integration Joint Board taking responsibility for the strategic planning and commissioning of adult social care service provision, of Community and Family Health Services relating to in-scope functions, and for large hospital services planning with partners who will continue to manage and deliver the services as part of the pan Forth Valley structures.

Clackmannanshire and Stirling Integration Joint Board approved its Strategic Plan 2016-2019 on 22 March 2016. The Strategic Plan sets out the case for change, vision and outcomes and priorities for the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP) over this period.

This publication contains the financial statements for the financial year from 1 April 2017 to 31 March 2018.

Integration Joint Board Strategy and Business Model

The Clackmannanshire and Stirling Health and Social Care Partnerships vision is to enable people to live full and positive lives within supportive communities. In pursuance of this we are working towards the priorities set out in the Strategic Plan to achieve improved outcomes for service users through integration planning and delivery principles.

The Partnerships business model is therefore to ensure that services are provided in a way which

- Are integrated from the point of service users
- Take account of the particular needs of different service users
- Respects the rights and takes account of the dignity of service users
- Encourages participation within our communities
- Protects and improves quality and safety
- Are planned and led locally in a way which is engaged with communities
- Anticipates needs and prevents them arising where possible
- Makes best use of available facilities, people and other resources

The Partnerships Strategic Plan articulates the high level priorities for the Partnership, expressed as a series of 'we will' statements. These are:

- Further develop systems to enable front line staff to access and share information
- Support more co location of staff from across professions and organisations
- Develop single care pathways
- Further develop anticipatory and planned care services
- Provide more single points of entry to services
- Deliver the Stirling Health and Care Village
- Develop seven day access to appropriate Services
- Take further steps to reduce the number of unplanned admissions to hospital and acute services

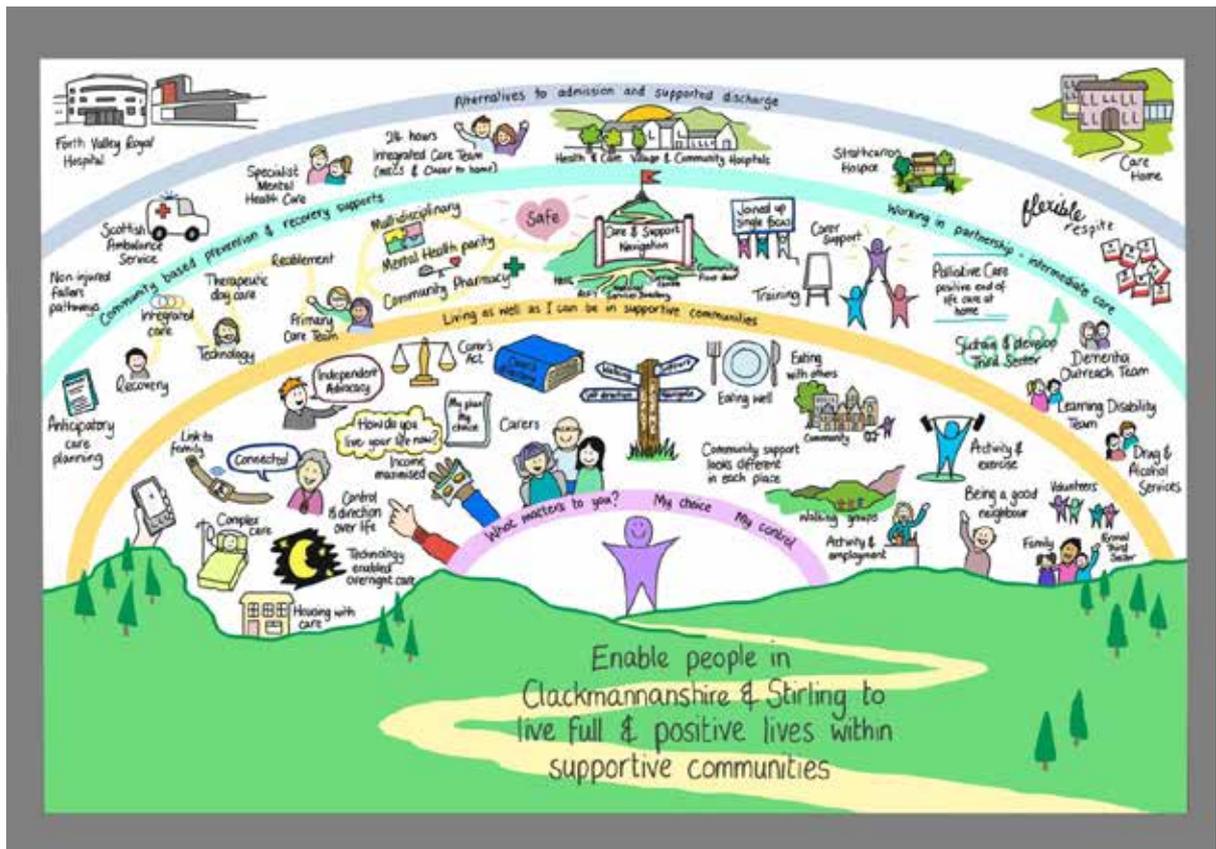
Principal Activities

During 2017/18 the key activities of Clackmannanshire and Stirling Integration Joint Board included:

- § Issuing of Directions to Clackmannanshire Council, NHS Forth Valley and Stirling Council for their respective delegated functions from 1 April 2017, as set out in the Integration Scheme. The Directions are the mechanism by which the Integration Joint Board instructs the constituent authorities to carry out the delegated functions. These documents set out how the Integration Joint Board expect the constituent bodies to deliver each function, and spend Integration Joint Board resources, in line with the Strategic and Financial Plans.
- § Developing the Transforming Care Programme as the overarching delivery programme for the progressing implementation of the Partnership Strategic Plan priorities. The key elements of the Transforming Care Programme are:
 - Intermediate Care
 - Day Services
 - Mental Health and Learning Disabilities
 - Self Directed Support
 - Delayed Discharge
 - Stirling Health and Care Village
 - Models of Neighbourhood Care
 - Primary Care Transformation
 - High Health Gain

Rich Picture

- § A 'rich picture' was commissioned to articulate the partnership vision and transforming care programme visually.



Key Achievements in 2017/18

- § Developing, linked to budget planning, Options for Service Delivery 2018 to 2020 and undertaking a public consultation exercise.
- § Further development of financial, risk and performance reporting arrangements as part of the corporate governance arrangements for the Integration Joint Board.
- § Implementing delegation of operational management arrangements for Adult Social Care Service in Clackmannanshire and progressing plans for delegation of further operational management arrangements in respect of Adult Social Care Services in Stirling and relevant NHS services during 2018/19
- § Review of the Integration Joint Boards committee structure and establishing and agreeing terms of reference for the Integration Joint Board Finance Committee
- § Progressing with planning and construction for the Stirling Health and Care Village
- § Undertaking a further review of the utilisation and effectiveness of deployment of Partnership Funding allocated to the partnership from Scottish Government based on evidence of impact, value, alignment with and contribution to the Strategic Plan Priorities and Key Performance Objectives.
- § Agreement of the process for developing the Strategic Commissioning Plan for 2019-2022 including:
 - Updating the Joint Strategic Needs Assessment
 - Further development of locality planning arrangements
 - Agreement of Partnership Planning Approach including Strategic and Financial Alignment
- § Developing arrangements for the implementation of the Carers (Scotland) Act 2016.
- § Agreeing the budget for financial year 2018/19 taking account of the challenging financial environment facing the constituent authorities and therefore the Partnership as a whole.

2017/18 Annual Accounts

The Accounts report the financial performance of the Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the Integration Joint Board's vision and its core outcomes as expressed within the Strategic Plan. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2017/18 Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the Local Authority Accounts (Scotland) Regulations 2014.

The financial regime of the Integration Joint Board was used in 2016/17 to declare a surplus of £3.412m, £2.724m of which was earmarked to be spent future years. This surplus was a mix of general and earmarked reserves.

For financial year 2017/18 a deficit of £1.053m has been declared reflecting the net reduction in reserves held between 1 April 2017 and 31 March 2018. The general reserves previously held by the Integration Joint Board have been utilised to meet, in part, the financial pressures in 2017/18.

At 31 March 2018 the Integration Joint Board holds £2.359m of reserves which are earmarked for use in future years. The majority of these reserves relate to the provisions for bridging the care models that will be sustained within Stirling Health and Care Village and managing the difference in timing of allocations from Scottish Government and expenditure for transformation programmes including those relating to Unscheduled Care, Mental Health and Primary Care.

The Integration Scheme sets out the arrangements for agreeing how financial risk is managed. An agreement for additional contributions from the constituent authorities of the partnership was made for 2017/18 only and the impact of these additional contributions is reflected in the accounts. Going forward, given the lack of general reserves to assist in managing unforeseen financial pressures and the ongoing tight fiscal environment, it is paramount to ensure sustainable service delivery within resources available.

Key Partnership Performance Issues

The Integration Joint Board continues to further develop a performance management culture throughout the Partnership.

The Integration Joint Board receives a performance report at each meeting which along with financial reports and reporting on the Transforming Care Programme, gives a rounded view of the overall performance, financial sustainability and progress in implementing the Strategic Plan priorities of the Partnership. The triangulation of key performance indicators, measureable progress in delivering the priorities of the Strategic Plan and financial performance is regarded as forming the cornerstone of demonstrating best value within a culture of continuous improvement and best value.

In line with statutory requirements an Annual Performance Report has been produced and was presented to the Integration Joint Board, in draft form, at its June 2018 meeting. The published Annual Performance Reports for the Partnership can be found here <https://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/performance/>.

This is the second Annual Performance Report published by the Partnership it is acknowledged the approach and quality of performance reporting will continue to develop in future years including the development of locality arrangements. The Annual Performance Report details progress in relation to the high level Partnership priorities along with summary and detailed performance information.

The Annual Performance Report incorporates comparative information for Scotland as a whole and an agreed set of comparator Health and Social Care Partnerships with relatively similar profiles in terms of relative needs of the partnership populations. These are South Ayrshire, East Lothian, Angus, Moray, Perth and Kinross and Falkirk.

The key performance issues arising from the report were:

- For the majority of Core Suite of Integration Indicators the Clackmannanshire and Stirling Partnerships performance is broadly similar to comparator Partnerships and Scotland as a whole (Source: Annual Performance Report: Our Performance: A Summary)
- There is generally high satisfaction with Health and Social Care services within the Partnership area. (Source: Annual Performance Report: Our Performance: A Summary)
- There requires to be a continued focus on supporting carers to continue to in their caring role (Source: Annual Performance Report: Our Performance: A Summary).
- Delayed Discharge Performance continues to be in the second highest quintile nationally and significantly better than Scotland and comparator partnerships with a positive downward trend being observed over 2017/18 (Source: Annual Performance Report: Delayed Discharge and Unscheduled Care).
- Emergency Admission and Emergency Bed Day rates (per 100,000 population) for the Partnership continue to be notably lower than for comparator partnerships and for Scotland. The Emergency Admission Rate has, however, risen from 2016/17. (Source: Our Performance: A Summary Core Indicators N12 and N13)
- The Readmissions to Hospital within 28 days (per 1000 population) are higher than for Scotland as a whole but similar to comparator partnerships (Source: Our Performance: A Summary Core Indicator N14)
- The number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population) is notably lower for the Partnership than for

comparator partnerships and Scotland as a whole (Source: Our Performance: A Summary Page 21 Core Indicator N19)

In terms of the overall approach to performance benchmarking with comparator partnerships with a broadly similar pattern of demography and needs is viewed as valuable and will be further developed in the future. This along with the availability of high quality and more contemporary data is regarded as paramount to the further development of performance reporting.

Summary of Partnership Performance

Core Suite of Integration Indicators - Annual Performance (as at June 18)

	Indicator	Title	Partnership	Comparator Average	Scotland
Outcome indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	94%	94%	93%
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	82%	80%	81%
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	74%	74%	76%
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	76%	74%	74%
	NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	78%	80%	80%
	NI - 6	Percentage of people with positive experience of the care provided by their GP practice	87%	82%	83%
	NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	79%	79%	80%
	NI - 8	Total combined % carers who feel supported to continue in their caring role	38%	37%	37%
	NI - 9	Percentage of adults supported at home who agreed they felt safe	86%	83%	83%
	NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	NA	NA	NA

Core Suite of Integration Indicators - Annual Performance (as at June 18)

Indicator	Title	Partnership			Comparator Average	Scotland
		Baseline 15/16	Current			
			16/17	17/18		
NI - 11	Premature mortality rate per 100,000 persons aged under 75 years	425	389	NA	401	440
NI - 12	Emergency admission rate (per 100,000 adult population)	10,367	10,010	10,699	11,762	11,959
NI - 13	Emergency bed day rate (per 100,000 population)	118,775	111,969	109,934	118,993	115,518
NI - 14	Readmission to hospital within 28 days (per 1,000 population)	103	105	104	103	97
NI - 15	Proportion of last 6 months of life spent at home or in a community setting	86%	87%	87%	88%	88%
NI - 16	Falls rate per 1,000 population aged 65+	18	16	20	20	22
NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	82%	86%	94%	86%	83%
NI - 18	Percentage of adults with intensive care needs receiving care at home	69%	67%	NA	62%	62%
NI - 19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	640	723	516	793	772
NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	23%	22%	22%	25%	23%
NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA	NA	NA	NA
NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA	NA	NA	NA
NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA	NA	NA	NA

Source: ISD are still developing these indicators and NA defines where no data is available yet. Comparators: South Ayrshire, East Lothian, Angus, Moray, Perth & Kinross, Falkirk. Figures as at May 2018

Financial Performance and Outlook, Risks and Plans for the Future

The Partnership has continued to face significant financial challenges in 2017/18 requiring the development and monitoring of budget recovery plans and Options for Service Delivery in congruent with the priorities agreed within the Partnerships Strategic Plan.

The operational financial position for the Partnership was a net overspend of £2.601m for the financial year. The main cost drivers affecting the overspend were demand growth in Residential and Nursing Home Care and Care at Home and Family Health Services Prescribing costs. The overspend was met through a combination of general and appropriate earmarked reserves and reducing our commitments against Partnership Funding and additional non-recurrent funding contributions by the constituent authorities on an agreed risk sharing basis for 2017/18 only.

The table below sets out how the overspend was met:

	£m
2017/18 Overspend	<u>2.601</u>
Met By:	
Recovery Plan Actions	0.394
Additional Funding Contributions from Constituent Authorities	1.154
General Fund Balances:	
General Reserve	0.688
Earmarked Reserve: Integration Social Care	<u>0.365</u>
Total	<u>2.601</u>

Overall this resulted in a deficit of £1.053m for the Partnership for the financial year and results in a position going forward where the partnership holds no general reserves to assist in cushioning financial pressures in the 2018/19 and future years. Furthermore, the underlying recurrent overspend across the Partnership increases the requirement for savings and efficiency programmes to deliver cash releasing savings in 2018/19.

The Partnership therefore continues to face significant financial challenges ahead to deliver the Strategic Plan priorities and improved outcomes for patients/service users, unpaid carers and communities in a climate of growing demand with finite resources.

The Integration Joint Board agreed its initial 2018/19 budget at its meeting held on 28 March 2018. The budget incorporated proposed payments (or resource transfers) from the constituent authorities who were considered to be fair and proportionate given the overall financial settlements to NHS Boards and Local Authorities. The 2018/19 payments from the constituent authorities taken alongside consideration of cost and services pressures, including pay awards, and the recurrent overspend from 2017/18 requires delivery of in the region of £5.1m of cash releasing savings across the Partnership in 2018/19 to mitigate foreseen financial pressures and provide a balanced financial position.

To facilitate this Options for Service Delivery were developed which informed the Efficiency and Savings Programmes forming part of the budget approved by the Integration Joint Board. These were risk assessed and delivery will be monitored by the Finance Committee during the financial year utilising a pan partnership savings tracker.

Further to its initial budget the Integration Joint Board will develop and agree plans linked to key elements of 'Investment in Reform' from Scottish Government during 2018/19.

These key elements are:

- Primary Care Transformation (including the new General Medical Services Contract)
- Mental Health (including Action 15)
- Alcohol and Drugs Partnerships

Pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted over the coming years.

The expanding fiscal responsibilities of the Scottish Parliament from the Scotland Acts of 2012 and 2016 mean that ongoing public expenditure in Scotland will be more directly affected by the performance, and therefore tax revenues, of the Scottish economy.

The Scottish Government published a Five Year Financial Strategy 'Scotland's Fiscal Outlook' in May 2018 setting out a medium term view of Scotland's public finances and the Scottish Government's broad approach to using the new financial powers that were provided through the Scotland Acts 2012 and 2016. The financial strategy describes the Fiscal Framework, policy environment and spending pressures that the Scottish Government and its public services face over the next five years based on information available at the time of publication. The Financial Strategy will be supplemented by a Five Year Financial Plan for Health and Social Care in Scotland which is due to be published in September 2018. It is intended to fully develop a medium term financial plan for the Health and Social Care Partnership shortly thereafter taking account of:

- The context set out in the Scottish Governments Five Year Financial Strategy and Five Year Financial Plan for Health and Social Care
- Local and regional intelligence and modelling on the changing demand for services from regional planning work and local work on refreshing the Joint Strategic Needs Assessment
- Planned legislative changes including Free Personal Care for Under 65's
- The estimated impact of the Health and Social Care Partnerships Options for Service Delivery 2018 to 2020

The most significant risks faced by the Integration Joint Board over the medium to longer term can be summarised as follows:

- § Continued economic uncertainty, and resultant effect on public spending, in the wake of the result of the UK's decision to leave the European Union(EU), commonly referred to as 'Brexit', and utilisation of the additional financial powers devolved to the Scottish Government through the Scotland Acts 2012 and 2016
- § Increasing demand for and cost of health and social care services linked to demographic change including an ageing and increasing population with multiple and complex long term conditions; linked to this is the risk of additional service demand linked to implementation of the Carers Scotland (Act) 2016 and the extension of free personal care for under 65's
- § The removal of the public sector pay cap and future public sector pay policy
- § The health inequalities between the affluent and more deprived areas and the challenges of deprivation, housing and employment;
- § The wider financial and economic environment, with significant ongoing restraint in public expenditure anticipated in future years;
- § Increasing public expectations from health and social care services:

- § The need to maintain and improve the quality of services and improve outcomes for service users, unpaid carers and communities; and
- § Workforce challenges including the ageing workforce and issues around recruitment and retention of elements of the health and social care workforce.
- § Maintaining performance against the key local and national indicators whilst bringing service delivery within resources available.

However, there continues to be opportunities for the Integration Joint Board to use its combined resources in a more effective, efficient and person-centred way to make better use of public resources while creating increased public value and avoiding duplication of effort.

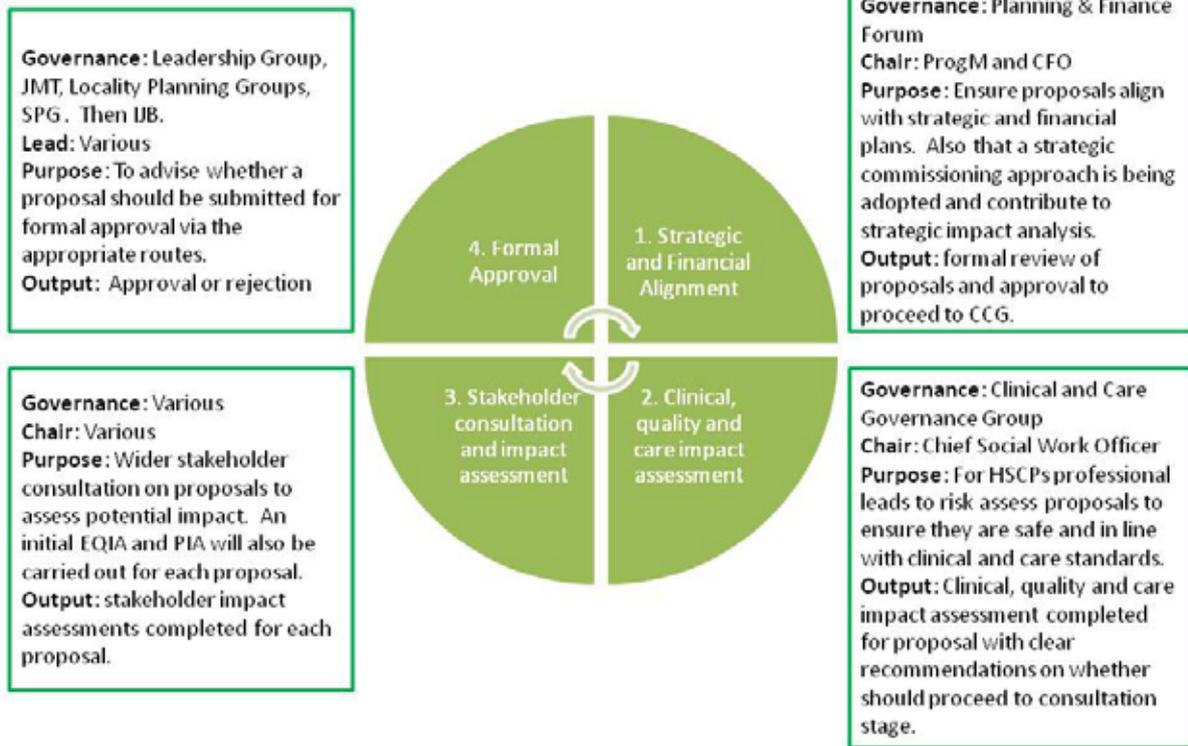
There is an increased demand on services that will exceed available resources if we do not continue to work together in more integrated ways. The Partnership will continue to adopt a whole-systems approach to improve health and social care outcomes and will work alongside Community Planning partners to address wider issues in relation to planning, public health and health improvement.

This will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our community. This will assist the partnership in addressing the challenges faced.

It is recognised that if there are not further significant changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore continue to embed new ways of working and seek to focus resources away from bed based models of care into community based services. We need to continue to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients, and that crucially we harness the capacity of local communities to support the wider preventative, health and wellbeing outcomes.

Moving forward there will increasingly be a requirement to focus investment of available resources on Strategic Priorities and meeting statutory obligations. The Integration Joint Board approved a future Partnership Planning Approach in March 2018 to aid Strategic and Financial Alignment of service planning going forward. The key elements of this approach are set out in the schematic below:

Strategic & Financial Alignment



The Integration Joint Board's Strategic Plan describes our plans, and how we will move towards delivering on our priorities, setting out the context, challenges, priorities and action plans for the new Health and Social Care Partnership. The strategic plan is supplemented by regular reports to the Integration Joint Board on Transforming Care and Performance.

Conclusion

In this second year of operations the Partnership has made significant further progress in the planning and delivery of the Partnerships' Strategic Plan.

Progress in delivering the Transforming Care Programme during 2017/18 was reported to the Integration Joint Board in June 18. This demonstrated the scale of activities and significant level of progress in relation to the key elements over the year.

Going forward, the Clackmannanshire and Stirling Health and Social Care Partnership will continue to face significant financial challenges in delivering better outcomes for its patients and service users, in line with its Strategic and Financial Plans, in a climate of growing demand and complexity within finite resources.

In order to achieve this we must continue to identify and implement innovative ways to deliver customer focused services cost effectively through pursuit of the Options for Service Delivery for 2018/19 to 2019/20.

We will continue to work with staff, managers, services, partners (including the third and independent sectors) and our communities to lead and support service redesign reviews, to identify and implement innovative, cost effective and person centred, outcomes focused service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Plan within resources available.

Where to Find More Information

If you would like more information please visit our webpage at:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/>

The papers and minutes from meeting of the Integration Joint Board can be found here:

<https://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/integration-joint-board-meetings-and-papers/>

The Partnerships strategic plan and associated documents can be accessed here:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/consultation-feedback/>

John Ford
Chair
26 September 2018

Shiona Strachan
Chief Officer
26 September 2018

Ewan C. Murray
Chief Finance Officer
26 September 2018

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief financial officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature on 26 September 2018.

Signed on behalf of the Clackmannanshire and Stirling Integration Joint Board.

John Ford
Chair

26 September 2018

Responsibilities of the Chief Financial Officer

The chief financial officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the chief financial officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the local authority Code (in so far as it is compatible with legislation)

The chief financial officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the Clackmannanshire & Stirling Integration Joint Board as at 31 March 2018 and the transactions for the year then ended.

Ewan C. Murray
Chief Finance Officer

26 September 2018

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

Voting Membership of the Integration Joint Board in 2017/18

Voting members of the Integration Joint Board constitute Councillors nominated as Board members by constituent authorities and NHS representatives nominated by the NHS Forth Valley. The voting members of the Clackmannanshire and Stirling Integration Joint Board were appointed through nomination by Clackmannanshire Council, NHS Forth Valley and Stirling Council.

Voting Membership of the Integration Joint Board during 2017/18 was as follows:

Clackmannanshire Council

Councillor Les Sharp (Chair until May 2017)
Councillor Ellen Forson (From June 2017)
Councillor Dave Clark (From June 2017)
Councillor Bill Mason (From June 2017)

NHS Forth Valley

John Ford (Vice Chair till May 2018), Non Executive Member of NHS Forth Valley Board (Chair from May 2018 to present)
Fiona Ramsay, Interim Chief Executive (From April 2017 to December 2017)
Cathie Cowan, Chief Executive (From December 2017)
Alex Linkston, Chair of NHS Forth Valley
Fiona Gavine, Non Executive Member of NHS Forth Valley Board
Graham Foster, Director of Public Health and Strategic Planning
Joanne Chisholm, Non Executive Member of NHS Forth Valley Board

Stirling Council

Councillor Scott Farmer (Chair from June 2017 to May 2018)
Councillor Christine Simpson (until May 2017)
Councillor Johanna Boyd (until May 2017)
Councillor Graham Houston (from June 2017)
Councillor Susan McGill (from June 2017)

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of the Integration Joint Board are appointed through nomination by Clackmannanshire & Stirling Councils and NHS Forth Valley. Nomination of the Integration Joint Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner and the 2016/17 figures have been restated to reflect this position. The details of the Chair and Vice Chair appointments and any remuneration and taxable expenses paid are shown below.

Taxable Expenses 2016/17 (Restated) £	Salary, Fees and Allowances 2016/17 (Restated) £	Name	Post(s) Held	Nominated by	Taxable Expenses 2017/18 £	Salary, Fees and Allowances 2017/18 £
Nil	Nil	Councillor Scott Farmer	Chair May 2017 to March 2018	Stirling Council	Nil	Nil
Nil	Nil	Councillor Les Sharp	Chair April 2017 to May 2017	Clackmannanshire Council	Nil	Nil
Nil	Nil	Mr John Ford	Vice Chair April 2017 to March 2018	NHS Forth Valley	Nil	Nil
Nil	Nil	Total			Nil	Nil

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Integration Joint Board members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of the Integration Joint Board

The Integration Joint Board does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board has to be appointed and the employing partner has to formally second the officer to the Integration Joint Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the Integration Joint Board.

The Chief Officer is employed by Clackmannanshire Council.

Other Officers

No other staff are appointed by the Integration Joint Board under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below. The Integration Joint Board Chief Finance Officer also undertook the Chief Finance Officer role for Falkirk Integration Joint Board until 30 June 2017. Hence, the remuneration figures for the Chief Finance Officer included in the table below represents 50% of his remuneration from 1 April 2017 till 30 June 2017 and 100% of his remuneration from 1 July 2017 till 31 March 2018.

The Chief Finance Officer is employed by NHS Forth Valley.

Total 2016/17 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2017/18 £
89,686	Shiona Strachan Chief Officer 1 July 2015 to present	90,583	0	90,583
30,893	Ewan Murray Chief Finance Officer 26 October 2015 to present	58,116	75	58,191
120,579	Total	148,699	75	148,774

The Chief Finance Officers Full Time Equivalent Salary is £66,443.

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the Integration Joint Board balance sheet for the Chief Officer or any other officers.

The Integration Joint Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Integration Joint Board. The following table shows the Integration Joint Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/17 £	For Year to 31/03/18 £		Difference from 31/03/17 £000	As at 31/03/18 £000
Shiona Strachan	18,834	19,475	Pension	2	38
Chief Officer			Lump sum	1	71
Ewan Murray	4,584	8,659	Pension	10	21
Chief Finance Officer			Lump Sum	24	52
Total	23,418	28,134	Pension	12	59
			Lump Sum	25	123

The increase in the Chief Finance officers salary and pension figures in comparison to 2016/17 is largely related to the post changing from 0.5 Full Time Equivalent to Full Time from July 2017.

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
0	£55,000 - £59,999	1
1	£85,000 - £89,999	0
0	£90,000 - £94,999	1

Exit Packages

There were no exit packages in relation to Clackmannanshire and Stirling Integration Joint Board in financial year 2017/18.

John Ford
Chair

26 September 2018

Shiona Strachan
Chief Officer

26 September 2018

Annual Governance Statement

Introduction

The Annual Governance Statement explains the Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's system of internal control.

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the Integration Joint Board has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the Integration Joint Board's policies, aims and objectives. Reliance is also placed on the NHS Forth Valley and Clackmannanshire and Stirling Councils systems of internal control that support compliance with these organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the Integration Joint Board.

Given the Integration Joint Board utilises the systems of internal control within NHS Forth Valley, Clackmannanshire and Stirling Councils the system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the Integration Joint Board comprises voting members, nominated by either Clackmannanshire or Stirling Council or the NHS Forth Valley, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the governance framework in existence during 2017/18 were:

- The Integration Scheme
- Standing Orders
- Scheme of Delegation
- Financial Regulations and Reserves Policy and Strategy
- Code of Conduct and Register of Interests
- Integration Joint Board Audit Committee
- Clinical and Care Governance Framework
- Complaints Handling Procedure
- Information Security Policy
- General Data Protection Regulation

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/18 this included the following:

- Management information systems and regular monitoring reports, including performance and financial reporting
- Review of and Approval of Reserves Policy and Strategy
- Established budget setting processes in line with the Integration Scheme

- Consideration of Internal Audit Progress Reports
- Direct access to expert advice from the Medical Director of NHS Forth Valley and the Chief Social Work Officers of Clackmannanshire and Stirling Councils
- Data sharing arrangements
- Complaints Handling Procedures
- The Integration Joint Board Audit Committee
- Review of Integration Joint Board Committee structure including establishment and approval of Terms of Reference for a Finance Committee

The Integration Joint Board utilises the internal control systems of Clackmannanshire Council, Stirling Council and NHS Forth Valley in the commissioning and delivery of in-scope functions. No specific weaknesses have been identified with these systems during 2017/18 though key areas of improvement identified within each of the constituent authorities' governance statements will have relevance to the in-scope functions of the Integration Joint Board.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). The Head of Internal Audit reports directly to the Integration Joint Board Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Integration Joint Board Audit Committee on any matter. The annual programme of internal audit work is based on a risk assessment, and is approved by the Integration Joint Board Audit Committee.

Review of Adequacy and Effectiveness

The Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

In 2017/18 this review was undertaken the following ways:

- Consideration and Approval of an Internal Audit Charter
- Internal Audit reviews and reports on:
 - Financial Reporting (September 2017)
 - Performance Management (February 2018)
 - Adult Social Care Invoicing Arrangements (Clackmannanshire) (August 2018)
- A self assessment of the Integration Joint Boards corporate governance arrangements was completed by the Chief Finance Officer in consultation with the Chief Officer in August 2018.
- A progress report on recommendations from previous Internal Audit reports was also be considered by the Integration Joint Board Audit Committee in August 2018.

The Internal Audit Reviews on Financial Reporting and Performance Management both provided substantial assurance that the Integration Joint Board's financial reporting and performance management arrangements are appropriate and operating effectively. The Internal Audit Review of Adult Social Care Invoicing Arrangements (Clackmannanshire) provided limited assurance with regard to Adult Social Care Invoicing System arrangements within Clackmannanshire Council. Whilst some of the findings relate to the limitations of the functionality of the Adult Social Care system itself, for which there are current plans to replace, given the concerns raised in the review a rapid improvement plan has been put in place to address the recommendations.

A further update in the development of corporate governance arrangements identified from the self-assessment and the governance workplan will be presented to the Audit Committee in December 2018 and monitored by the Audit Committee going forward.

As partnership arrangements evolve further during 2018/19 it is acknowledged there will be a requirement for a comprehensive review of the Integration Joint Boards governance frameworks including the Scheme of Delegation and Financial Regulations.

The Chief Internal Auditors Annual Report was considered by the Integration Joint Board Audit Committee in August 2018. The report concluded that:

- reasonable assurance can be placed upon the adequacy and effectiveness of the Integration Joint Board's governance arrangements, while noting that:
 - improvement actions are required and have been agreed between Internal Audit and the Chief Finance Officer;
 - there are plans for necessary further development of the governance arrangements, such as the approach to the Directions to the partners;
 - approval of the Partnership Budget for 2018/19 in March 2018, as in previous years, recognised that the NHS element is subject to approval of the NHS Forth Valley 2018/19 Draft Financial Plan;
 - recognition, as highlighted in the Integration Joint Board Budget report on 28 March 2018, that the Partnership remains at high risk of overspending in 2018/19; and,
 - steps are being taken in response to repeated and continuing budgetary issues, in particular the establishment of a Finance Committee;

- the internal control environment provides reasonable assurance that any significant risks impacting on the Integration Joint Board’s principal objectives will be identified and actions taken to avoid or mitigate their impact; and,
- there are no significant concerns around the consistency of the draft Annual Governance Statement with information that I am aware of from my work.

The Integration Joint Board will consider the management responses to the recommendations made within the Chief Internal Auditors report including the the development and approval of a local code of corporate governance, whistleblowing and counter fraud procedures and consideration of making the register of interests more accessible within it’s governance workplan which is monitored by the Audit Committee.

Progress on Areas for Improvement Identified in 2016/17

Areas for Improvement Identified in 2016/17	Action Undertaken in 2017/18
1. An action plan to be developed covering planned improvements to governance arrangements and presented to and monitored by the Audit Committee	Governance action plan developed and update reported to Audit Committee as a standing agenda item from September 2017.
2. A clear and comprehensive Scheme of Delegation is finalised and implemented without undue delay.	The extant Scheme of Delegation was approved by IJB in November 2016. This was due to be reviewed by March 2018 however given the further changes in operational management and delegation arrangements planned for September 2018 this has been deferred to ensure it is fit for purpose for the revised arrangements. It is therefore encompassed within the 2018/19 Action Plan below.

2018/19 Action Plan

Following consideration of the review of adequacy and effectiveness the following actions have been agreed to ensure continual improvement of the Integration Joint Board’s governance.

	Area for Improvement and Outcome to Be Achieved	Improvement Action Agreed	Responsible Party	Completion Date
1.	Further to clarity being reached on further delegation of further operational responsibilities from Stirling Council and NHS Forth Valley a comprehensive review of the IJBs Governance Frameworks will be undertaken.	Review to be undertaken and presented to the Audit Committee for Approval including development of an overarching local code of corporate governance and whistleblowing and counter fraud procedures	Chief Finance Officer	December 2018

2.	The Scheme of Delegation is reviewed and implemented.	Scheme of Delegation to be reviewed Integration Joint Board for approval.	Chief Officer	November 2018
3.	Review of Approach to Directions	Review and Approve Future Approach to Direction taking account of guidance and identified good practice and linked to agreement of 2019-2022 Strategic Commissioning Plan	Chief Officer, Chief Finance Officer and Lead Solicitor	March 2019

Conclusion and Opinion on Assurance

While recognising that improvements are required on an ongoing basis as partnership arrangements evolve, and as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Integration Joint Board's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Integration Joint Board's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

John Ford

26 September 2018

Chair

Shiona Strachan

26 September 2018

Chief Officer

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

		2016/17			2017/18
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000
19,816	0	19,816	Large Hospital Services	19,985	0
91,024	0	91,024	Community Health and Social Care Services	94,411	0
65,383	0	65,383	Primary Care	67,034	0
235	0	235	IJB Running Costs	262	0
176,459		176,459	Cost of Services	181,692	
	(179,871)	(179,871)	Taxation and Non-Specific Grant Income (Note 6)		(180,639)
176,459	(179,871)	(3,412)	(Surplus) or Deficit on Provision of Services	181,692	(180,639)
		(3,412)	Total Comprehensive Income and Expenditure		1,053

There are no statutory or presentation adjustments which affect the Integration Joint Board's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the Integration Joint Board's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2017/18	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2017	(3,412)	-	(3,412)
Total Comprehensive Income and Expenditure	1,053	-	1,053
Decrease in 2017/18	1,053	-	1,053
Closing Balance at 31 March 2018	(2,359)	-	(2,359)

Movements in Reserves During 2016/17	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2016	-	-	-
Total Comprehensive Income and Expenditure	(3,412)	-	(3,412)
Increase or Decrease in 2016/17	(3,412)	-	(3,412)
Closing Balance at 31 March 2017	(3,412)	-	(3,412)

Balance Sheet

The Balance Sheet shows the value of the IJB’s assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2017 £000		Notes	31 March 2018 £000
<u>3,412</u>	Short term Debtors	Note 7	<u>2,359</u>
	Current Assets		
<u>3,412</u>	Net Assets		<u>2,359</u>
3,412	Usable Reserve: General Fund	Note 10	2,359
<u>3,412</u>	Total Reserves		<u>2,359</u>

Ewan C. Murray
Chief Finance Officer

26 September 2018

The unaudited accounts were issued on 27 June 2018 and the audited accounts were approved for issue on 26 September 2018.

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the authority's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018.

The Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the Integration Joint Board.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down

Funding

The Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Clackmannanshire and Stirling Councils and NHS Forth Valley Expenditure is incurred as the Integration Joint Board commissions' specified health and social care services from the funding partners for the benefit of service recipients in Clackmannanshire and Stirling.

Cash and Cash Equivalents

The Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of the Integration Joint Board by the funding partners. Consequently the Integration Joint Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the Integration Joint Board's Balance Sheet.

Employee Benefits

The Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The Integration Joint Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Charges from funding partners for other staff are treated as administration costs.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the Integration Joint Board's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the Integration Joint Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Reserves

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves.

The Integration Joint Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the Integration Joint Board can use in later years to support service provision.

The Integration Joint Board has no unusable reserves.

Indemnity Insurance

The Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Forth Valley, Clackmannanshire and Stirling Councils have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the Integration Joint Board does not have any 'shared risk' exposure from participation in CNORIS. The Integration Joint Boards participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims, taking probability of settlement into consideration, is provided for in the Integration Joint Board's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

VAT

The Integration Joint is not registered for VAT and as such VAT is settled or recovered by the partner agencies.

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2018/19 Code:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The Code requires implementation from 1 April 2018 and there is therefore no impact on the 2017/18 financial statements.

3. Critical Judgements in Applying Accounting Policies

Set Aside Budget for Large Hospital Services

Based upon Scottish Government advice for financial year 2017/18 the sum include within the accounts in relation to the Set-Aside budget for Large Hospital services reflects the budget allocated rather than the actual cost of hospital activity. Systems are being developed to be able to provide this information within the accounts in future financial years. The approach to developing arrangements is detailed in a report to the Integration Joint Board meeting in June 2018.

Ordinary Residence Cases

During 2017/18 claims for the cost of care packages provided by Falkirk Council / Falkirk Health and Social Care Partnership were received by Clackmannanshire Council. These claims are currently in dispute. The council has made provision for the cost of these claims in 2017/18 to the value of £0.376m and without prejudice to the outcome of the due process and these costs are reflected in the expenditure of the Integration Joint Board for 2017/18.

The initial request to consider these cases was made in June 2016. Whilst it is the current understanding that no costs prior to 31 March 2017 will be pursued the council has made a contingent liability for £0.314m in the 2017/18 accounts. Should an actual liability be established for costs from June 2016 to March 2017 this would have an impact on the funding position of the Integration Joint Board.

4. Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 26 September 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Income Analysis by Nature

2016/17		2017/18
£000		£000
16,461	Services commissioned from Clackmannanshire Council	16,539
31,583	Services commissioned from Stirling Council	32,383
128,180	Services commissioned from NHS Forth Valley	132,508
215	Other IJB Operating Expenditure	235
3	Insurance and Related Expenditure	3
17	Auditor Fee: External Audit Work	24
0	Auditor Fee: Other Work	0
(179,871)	Partners Funding Contributions and Non-Specific Grant Income	(180,639)
<hr/>		
(3,412)	(Surplus) or Deficit on the Provision of Services	1,053

6. Taxation and Non-Specific Grant Income

2016/17		2017/18
£000		£000
16,518	Funding Contribution from Clackmannanshire Council	15,693
32,594	Funding Contribution from Stirling Council	31,787
130,759	Funding Contribution from NHS Forth Valley	133,159
0	Other Non-ringfenced grants and contributions	0
<hr/>		
179,871	Taxation and Non-specific Grant Income	180,639

The funding contribution from the NHS Board shown above includes £19,985,000 in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which currently retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

7. Debtors

31 March 2017		31 March 2018
£000		£000
0	Clackmannanshire Council	0
954	Stirling Council	760
2,458	NHS Forth Valley	1,599
0	Non-public sector	0
<hr/>		
3,412	Debtors	2,359
<hr/>		

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

8. Creditors

31 March 2017		31 March 2018
£000		£000
0	Non-public sector	0
<hr/>		
0	Creditors	0
<hr/>		

9. Provisions

No provisions have been made in the Integration Joint Board accounts.

10. Usable Reserve: General Fund

The Integration Joint Board holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as an element of the Integration Joint Board's financial resilience framework.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

Clackmannanshire & Stirling IJB – Annual Accounts for the year ended 31 March 2018

2016/17				2017/18			
Balance at 1 April 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31 March 2017		Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 March 2018
£000	£000	£000	£000		£000	£000	£000
0	0	(457)	(457)	Integration Fund	457	0	0
0	0	(863)	(863)	Partnership Funding	298	0	(565)
0	0	(306)	(306)	Primary Care and Mental Health Transformation Funds	0	(266)	(572)
0	0	(169)	(169)	Transforming Urgent Care	0	(140)	(309)
				Pharmacy First	0	(1)	(1)
				Mental Health Innovation Fund	0	(100)	(100)
				GP Cluster Model	0	(52)	(52)
0	0	(18)	(18)	Autism	0	(6)	(24)
0	0	(18)	(18)	Dementia Friendly	18	0	0
0	0	(39)	(39)	National Care Home Contract	39	0	0
0	0	(803)	(803)	Drug and Alcohol	112	0	(691)
0	0	(34)	(34)	See Hear	0	0	(34)
0	0	(17)	(17)	Sensory Impairment	6	0	(11)
0	0	(2,724)	(2,724)	Total Earmarked	930	(565)	(2,359)
0	0	(688)	(688)	Contingency	688	0	0
0	0	(3,412)	(3,412)	General Fund	1,618	(565)	(2,359)

11. Related Party Transactions

The IJB has related party relationships with the NHS Forth Valley and the Clackmannanshire & Stirling Councils. In particular the nature of the partnership means that the Integration Joint Board may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts are presented to provide additional information on the relationships.

There are no material transactions with Clackmannanshire and Stirling Integration Joint Board officers or with organisations they have an interest in. The remuneration and any other taxable payments to senior officers, the Chair and Vice Chair are disclosed in the remuneration statement. Each Board member's registered interests will be published on the Integration Joint Board webpage in due course.

Transactions with NHS Forth Valley

2016/17 £000		2017/18 £000
(130,759)	Funding Contributions received from the NHS Board	(133,159)
128,222	Expenditure on Services Provided by the NHS Board	132,546
79	Key Management Personnel: Non-Voting Board Members	98
<hr/>		
(2,458)	Net Transactions with NHS Forth Valley	(515)

Key Management Personnel: The Chief Officer and Chief Finance Officer are employed by Clackmannanshire Council and NHS Forth Valley respectively and recharged to the Integration Joint Board via contributions from the constituent authorities based on voting shares. Details of the remuneration for the Chief Officer and Chief Finance Officer is provided in the Remuneration Report.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the constituent authorities free of charge as a 'service in kind'. The support services provided by NHS Forth Valley mainly consist of performance management, human resources, financial management, information services, information technology and payroll.

Balances with NHS Forth Valley

31 March 2017 £000		31 March 2018 £000
2,458	Debtor balances: Amounts due from the NHS Board	1,599
0	Creditor balances: Amounts due to the NHS Board	0
<hr/>		
2,458	Net Balance with the NHS Forth Valley	1,599

Transactions with Clackmannanshire Council

2016/17 £000		2017/18 £000
(16,518)	Funding Contributions received from the Council	(15,693)
16,478	Expenditure on Services Provided by the Council	16,553
40	Key Management Personnel: Non-Voting Board Members	49
<hr/>		
0	Net Transactions with Clackmannanshire Council	909

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the constituent authorities free of charge as a 'service in kind'. The support services provided by Clackmannanshire Council mainly consist of standards officer, human resources, financial management, information services, information technology and payroll.

Balances with Clackmannanshire Council

31 March 2017 £000		31 March 2018 £000
0	Debtor balances: Amounts due from the Council	0
0	Creditor balances: Amounts due to the Council	0
<hr/>		
0	Net Balance with Clackmannanshire Council	0

Transactions with Stirling Council

2016/17 £000		2017/18 £000
(32,594)	Funding Contributions received from the Council	(31,787)
31,600	Expenditure on Services Provided by the Council	32,397
40	Key Management Personnel: Non-Voting Board Members	49
(954) Net Transactions with Stirling Council		659

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the constituent authorities free of charge as a 'service in kind'. The support services provided by Stirling Council mainly consist of governance, human resources, financial management, information services, information technology and payroll.

Balances with Stirling Council

31 March 2017 £000		31 March 2018 £000
954	Debtor balances: Amounts due from the Council	760
0	Creditor balances: Amounts due to the Council	0
954 Net Balance with Stirling Council		760

12. Expenditure Analysis

Expenditure on services commissioned by the Clackmannanshire and Stirling Integration Joint Board from its constituent authorities is analysed below.

Expenditure and Funding Analysis

HEALTH SERVICES	Budget £'000	Actual Expenditure £'000	Variance £'000
<u>Set Aside</u>			
Accident and Emergency Services	5,077	5,280	(203)
In patient Hospital Services Relating to :			
General Medicine	2,610	2,573	37
Geriatric Medicine	3,605	3,820	(215)
Rehabilitation Medicine	1,193	1,236	(43)
Respiratory Medicine	983	985	(2)
Psychiatry of learning disability	980	1,005	(25)
Palliative Care (Hospital Based)	894	887	7
Mental Health Inpatient Services	4,644	5,041	(397)
Subtotal	19,985	20,827	(842)
Adjustment to Budget		(842)	842
Subtotal	19,985	19,985	0
<u>Operational</u>			
District Nursing Services	3,533	3,370	163
Community Addiction Services	2,636	2,581	55
Community Based AHP Services	5,602	5,480	122
Public Dental Service	989	1,011	(21)
Services provided outwith a hospital in relation to geriatric medicine	1,004	892	112
Palliative Care (delivered in Community)	71	75	(4)
Community Learning Disability Services	798	561	237
Community Mental Health Services	3,116	3,013	102
Continence Services	170	142	28
Services Provided to promote public health	1,361	1,240	121
Community Hospitals	5,548	5,744	(195)
Resource Transfer	8,179	8,179	(0)
Joint Partnership Agreements	1,617	1,876	(259)
Partnership Funds (ICF/ Delayed Discharge / Bridging)	3,081	3,086	(5)
Integration Fund	8,860	8,860	0
Reserves	(61)	(624)	563
Additional Contribution	577		577
Shared Partnership Posts	136	136	0
Subtotal	47,218	45,625	1,595
<u>Universal</u>			
Primary Medical Services (GMS Contract)	22,253	22,257	(4)
Primary Dental Services (GDS Contract)	7,693	7,669	23
Community Ophthalmic Services	2,632	2,632	(0)
Community Pharmaceutical Services	32,140	33,210	(1,069)
GP Out of Hours Services	1,237	1,266	(29)
Subtotal	65,956	67,034	(1,079)
TOTAL HEALTH SERVICES	133,158	132,644	518

Clackmannanshire & Stirling IJB – Annual Accounts for the year ended 31 March 2018

SOCIAL CARE SERVICES - CLACKMANNANSHIRE

Employee Expenditure	7,688	7,451	237
Premises Expenditure	11	38	(26)
Transport Expenditure	48	52	(3)
Supplies and Services	528	630	(102)
Misc Third Party Payments	658	508	150
Transfer Payments	442	577	(135)
Nursing Homes	7,049	7,233	(184)
Residential Homes	2,903	3,274	(372)
Housing with Care	257	185	72
Respite	0	221	(221)
Care at Home	6,664	7,169	(505)
Day Care	327	343	(16)
Depreciation & Impairment Losses	0	0	0
Resource Transfer (Health)	(6,876)	(7,038)	162
Income	(4,484)	(4,605)	121
Support Services	0	2	(2)
Garden Aid	125	125	0
Provisions		376	(376)
Additional Contribution	289		289
Shared Partnership Costs	63	63	0
TOTAL SOCIAL CARE SERVICES - CLACKMANNANSHIRE	15,693	16,602	(909)

SOCIAL CARE SERVICES - STIRLING

Long Term Care	15,541	15,571	(30)
Housing Aids and Adaptions	784	729	55
Voluntary Organisations / 3rd sector payments	625	652	(27)
Sensory services	205	217	(12)
Daycare	1,741	1,556	185
JLES	215	177	38
Equipment	163	130	33
Mecs/Telecare/Telehealth	592	613	(21)
Respite	300	838	(538)
Carers	0	0	0
Adult Support and Protection	0	0	0
Care and support at home	18,410	18,707	(296)
Transport	178	110	68
Drug and Alcohol services	122	122	0
Resource Transfer	(5,121)	(5,121)	0
Integration fund	(5,442)	(5,442)	0
Staffing	3,097	3,330	(233)
Reserves	25	194	(169)
Additional Contribution	289		289
Shared Partnership Posts	63	63	0
TOTAL SOCIAL CARE SERVICES - STIRLING	31,787	32,446	(659)

PARTNERSHIP TOTAL	180,639	181,692	(1,053)
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Independent Auditor's Report

Independent auditor's report to the members of Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire and Stirling Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the body as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Chief Finance Officer and Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

David McConnell MA CPFA

Audit Director
Audit Scotland
4th Floor

8 Nelson Mandela Place

Glasgow

G2 1BT

September 2018

Glossary of Terms

Creditor

Amounts owed by the Integration Joint Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the Integration Joint Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension scheme in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Integration Joint Board and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the IJB. These grants may be specific to a particular scheme or may support the revenue spend of the IJB in general.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IRAG

Integration Resources Advisory Group

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

A liability is where the Integration Joint Board owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PSIAS

Public Sector Internal Audit Standards.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the Integration Joint Board. For the Integration Joint Board's purposes, related parties are deemed to include voting members, the Chief Officer and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses Allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Integration Joint Board.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

Audit Committee

12 September 2018

Clackmannanshire & Stirling Integration Joint Board Audit of 2017/18 annual accounts

Independent auditor's report

1. Our audit work on the 2017/18 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 12 September 2018 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our draft annual report on the 2017/18 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected.
6. We have no unadjusted misstatements to be corrected.

Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.

8. A draft letter of representation is attached at **Appendix B**. This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clackmannanshire and Stirling Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

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- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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Auditor's responsibilities for the audit of the financial statements

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A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
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- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

David McConnell MA CPFA

Audit Director

Audit Scotland

4th Floor

8 Nelson Mandela Place

Glasgow

G2 1BT

September 2018

APPENDIX B: Letter of Representation (ISA 580)

David McConnell, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

26 September 2018

Dear David

Clackmannanshire and Stirling Integration Joint Board Annual Accounts 2017/18

1. This representation letter is provided in connection with your audit of the annual accounts of Clackmannanshire and Stirling Integration Joint Board for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Audit Committee the following representations given to you in connection with your audit of Clackmannanshire and Stirling Integration Joint Board annual accounts for the year ended 31 March 2018.

General

3. Clackmannanshire and Stirling Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2017/18 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Clackmannanshire and Stirling Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (2017/18 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Clackmannanshire and Stirling Integration Joint Board at 31 March 2018 and the transactions for 2017/18.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2017/18 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Clackmannanshire and Stirling Integration Joint Board's circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Clackmannanshire and Stirling Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Clackmannanshire and Stirling Integration Joint Board's ability to continue as a going concern.

Liabilities

10. All liabilities at 31 March 2018 of which I am aware have been recognised in the annual accounts.
11. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2018 of which I am aware where the conditions specified in the 2017/18 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2018. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
12. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2018 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

14. I have provided you with all information in relation to:
 - my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

15. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

16. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2017/18 accounting code. I have made available to you the identity of all the Clackmannanshire and Stirling Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

17. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

18. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

19. I confirm that the Clackmannanshire and Stirling Integration Joint Board has undertaken a review of the system of internal control during 2017/18 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
20. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2018, which require to be reflected.

Balance Sheet

21. All events subsequent to 31 March 2018 for which the 2017/18 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer

Clackmannanshire and Stirling Integration Joint Board

Proposed 2017/18 Annual Audit Report



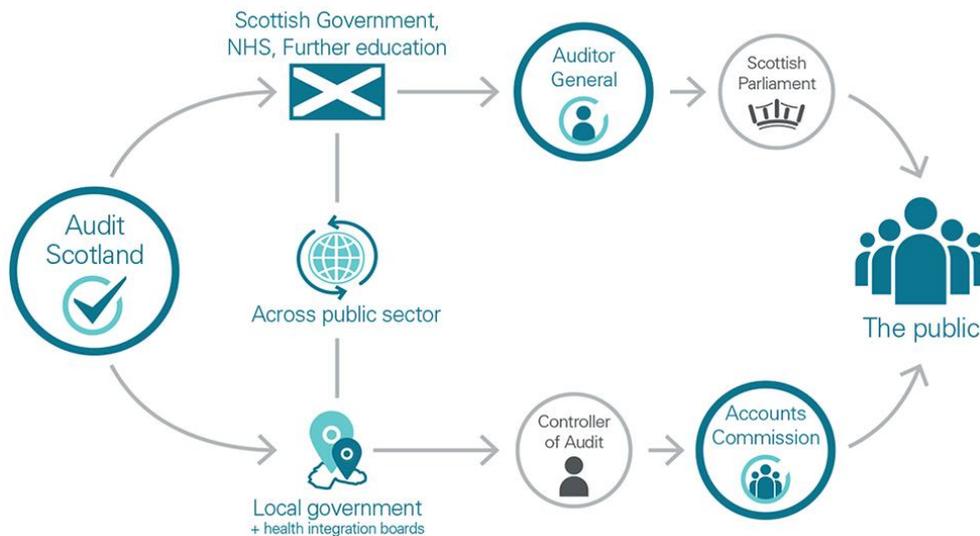
 AUDIT SCOTLAND

Prepared for the Clackmannanshire and Stirling IJB and the Controller of Audit
September 2018

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

2017/18 annual report and accounts

- 1** In our opinion Clackmannanshire and Stirling IJB's financial statements give a true and fair view and were properly prepared.
- 2** The management commentary, remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

Financial management and sustainability

- 3** The IJB has appropriate and effective budgetary processes arrangements in place which provide timely and reliable information for monitoring financial performance.
- 4** The IJBs financial position is challenging. The IJB implemented a recovery plan in 2017/18 which included additional contributions of £1.154 million from partners. Following this, the IJB incurred an in-year loss of £1.053 million which was financed, as it had planned, from its reserves. The 2018/19 budget is based on achieving efficiency savings of £4.900 million, some of which are at risk of not being achieved.
- 5** The IJB will require to make significant savings in the medium to longer term and should take steps to develop medium to long term financial plans to demonstrate how it can ensure financial sustainability and support its future strategic objectives.

Governance, transparency and value for money

- 6** The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. This includes, from 2018/19, the introduction of a Finance Committee to support financial governance and scrutiny.
- 7** The IJB is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.
- 8** The IJB's performance against the national Health and Wellbeing Outcomes is good, with performance being above or in line with the national average in 12 out of the 17 national core integration indicators for which comparable information is available for 2017/18.

Introduction

1. This report is a summary of our findings arising from the 2017/18 audit of Clackmannanshire and Stirling Integration Joint Board, hereby referred to as the 'IJB'.
2. The scope of our audit was set out in our Annual Audit Plan presented to the February 2018 meeting of the Audit Committee. This report comprises the findings from:
 - an audit of the IJB's annual accounts
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1

Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2017/18 have been:
 - a review of the IJB's main financial systems
 - an audit of the IJB's 2017/18 annual accounts including issuing an independent auditor's report setting out our opinions
 - consideration of the four audit dimensions.
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.

5. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), supplementary guidance, and International Standards on Auditing in the UK.
7. As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. In doing this, we aim to support improvement and accountability.
8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.
9. 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.
10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.
11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £0.024 million, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through the audit

12. Our aim is to add value to IJB by increasing insight into, and offering foresight on financial sustainability, risk and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.
13. This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.
14. 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 2017/18 annual accounts



Main judgements

In our opinion Clackmannanshire and Stirling IJB's financial statements give a true and fair view and were properly prepared.

The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

Audit opinions on the annual accounts

15. The annual accounts for the year ended 31 March 2018 were approved by the Board on 26 September 2018. We reported within our independent auditor's report that in our opinion:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

16. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

Submission of annual accounts for audit

17. We received the unaudited annual accounts on 28 June 2018 which was behind our agreed timetable but within the statutory deadline. Financial information was provided to the IJB from the partner authorities in a timely manner which allowed the IJB to produce the accounts before the statutory deadline. The partner authorities also provided the IJB with assurance letters confirming that the figures in the accounts were complete and accurate.

18. The working papers provided with the unaudited annual accounts were of a reasonable standard and the Chief Finance Officer provided sufficient support to the audit team to enable the audit to run smoothly.

Risks of material misstatement

19. [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process, wider dimension risks, how we addressed these and our conclusions. These risks had the greatest effect on the overall audit strategy, the allocation of staff resources to the audit and directing the efforts of the audit team.

Materiality

20. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

21. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. We assess the materiality of uncorrected misstatements, both individually and collectively. The assessment of materiality was recalculated on receipt of the unaudited financial statements and is summarised in [Exhibit 2](#).

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£1.817m
Performance materiality	£1.090m
Reporting threshold	£0.018m

How we evaluate misstatements

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

Significant findings from the audit in accordance with ISA 260

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

24. The findings include our views about significant qualitative aspects of the board's accounting practices including:

- Accounting policies
- Accounting estimates and judgements
- Significant financial statements disclosures
- Timing of transactions and the period in which they are recorded
- The impact on the financial statements of any uncertainties
- The effect of any unusual transactions on the financial statements
- Misstatements in the annual report and accounts
- Disagreement over any accounting treatment or financial statements disclosure

Exhibit 3

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Hospital Acute Services (Set Aside)</p> <p>The accounts include £19.958 million set aside costs for hospital acute services. The budget and expenditure reported for the set aside is equal and based on the historic use of acute services in the area. The figures are provided by NHS Forth Valley. Partners agreed that this would be managed by NHS Forth Valley with no in year financial consequences on the partnership.</p> <p>The set aside sum recorded in the 2017/18 financial statements does not therefore fully reflect actual hospital use.</p>	<p>The Comprehensive Income and Expenditure Statement in the annual accounts correctly incorporates the set aside costs that was agreed between partners.</p> <p>This was expected to be a transitional arrangement for 2016/17, however an extension was agreed by the Scottish Government. NHSFV and CSIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2018/19.</p> <p> Recommendation 1 (refer appendix 1, action plan)</p>

Good practice in financial reporting

25. The annual accounts reflect many of the areas of good practice as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018).

Follow up of prior year recommendations

26. We have followed up actions previously reported and assessed progress with implementation, these are reported in [Appendix 1](#) and identified by the prefix b/f (brought forward).

27. In total, four agreed actions were raised in 2016/17. Of these:

- One has been fully implemented.
- One has been partly actioned and the updated position is noted in the action plan.
- Two are on-going issues and have been updated in the 2017/18 action plan.

Overall the IJB has made some progress in implementing these actions. For those actions not yet implemented, revised responses and timescales have been agreed with management in [Appendix 1](#).

Part 2

Financial management and sustainability



Main judgements

The IJB has effective budgetary processes arrangements in place which provide timely and reliable information for monitoring financial performance.



The IJBs financial position is challenging. The IJB implemented a recovery plan in 2017/18 which included additional contributions of £1.154 million from partners. Following this, the IJB incurred an in year loss of £1.053 million which was financed, as it had planned, from its reserves. The 2018/19 budget is based on achieving efficiency savings of £4.900 million, some of which are at risk of not being achieved.

The IJB will require to make significant savings in the medium to longer term and should take steps to develop medium to long term financial plans to demonstrate how it can ensure financial sustainability and support its future strategic objectives.

Financial management

28. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several 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 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.

29. All funding and expenditure for the IJB is incurred by partners' bodies and processed in their accounting records. The finance teams of NHS Forth Valley, Stirling Council, and Clackmannanshire Council operate independently, use different financial systems, and report separately to the IJB Chief Finance Officer. The IJB relies on each partner body to provide accurate and timely financial monitoring information in order to prepare its financial performance reports. This presents a challenge for aligning financial monitoring data for the IJB.

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

30. There is a risk that the efficiency and effectiveness of integrated budget monitoring information is affected. The IJB has recognised this risk, however further progress should be made to align financial reporting as far as possible.



[Recommendation b/f 1 \(refer appendix 1, action plan\)](#)

31. We have however concluded that overall the financial management procedures in place are robust. The Chief Finance Officer has procedures in place to identify all income, expenditure and balances; and report financial information to the IJB. Financial reports are presented at each Board meeting. These give a projection of the year end outturn along with reasons for projected under or overspend. They also provide details of any changes made to the budget or projected outturn since the last reporting date.

Systems of internal control

32. The IJB relies on the health board and both councils for its key financial systems such as the ledger and payroll. All transactions are processed through the respective partners' systems and all the controls over systems are within these bodies, rather than the IJB.

33. As part of our audit approach we sought assurances from the external auditors of NHS Forth Valley, Stirling Council and Clackmannanshire Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal controls for the health board and no weaknesses in the systems of internal controls at either council which would have an impact on the IJB.

Financial performance in 2017/18

34. When the 2017/18 budget was set in March 2017, there was a budget gap of £1.784 million. During the year the forecast overspend reported to the Board ranged from a peak of £3.426 million (in the financial report to 31 August 2017) to £2.721 million in the financial report to 31 January 2018. The improvement was due to reductions from the early part of the year in admissions to nursing homes in the Clackmannanshire area; and a reduction in requirements for long term care towards the end of the year.

35. The most significant financial pressures and contributors to the overspend were:

- Family Health Service prescribing overspent by £1.086 million.
- Adult Social Care in the Clackmannanshire locality overspent by £1.198 million.
- Adult Social Care in the Urban and Rural Stirling localities overspent by £0.779 million.

36. The actual overspend, prior to the impact of the IJB's recovery plan agreed with partners, was £2.601 million. To address this, the recovery plan achieved savings of £0.394 million and the partners contributed a further £1.154 million on an agreed risk sharing basis. The remaining overspend of £1.053 million has been financed from the IJB's general fund balance of £0.688 million which it held at the beginning of the financial year, together with £0.365 million from the general fund balance that had been earmarked for social care integration.

37. The final overspend reported in the accounts was £1.053 million. This related to budgeted expenditure for 2017/18 of £180.639 million and is summarised in [Exhibit 4 \(below\)](#). The overspend has reduced the IJB's general fund balance from £3.412 million in 2016/17 to £2.359 million. All of this is earmarked for specific expenditure areas in future years.

Exhibit 4

Performance against budget

IJB budget objective summary	Budget £m	Actual £m	Variance £m
NHS Forth Valley	133.159	132.644	(0.515)
Clackmannanshire Council	15.693	16.602	0.909
Stirling Council	31.787	32.446	0.659
Total Net Expenditure	180.639	181.692	1.053
Reserves at beginning of year			3.412
Net expenditure funded by General Fund			-0.688
Earmarked reserves used in 2017/18			-0.930
Earmarked reserves created in 2017/18			0.565
Reserves at end of year – all Earmarked Reserves			2.359

Source: IJB Financial Report for year ended 31 March 2018 (June 2018) and Annual Accounts 2017/18

Financial planning

38. The IJB allocates the resources it receives from its partners in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2017/18 budget provided for the IJB.

39. The 2018/19 revenue budget was approved by the Board on 28 March 2018. This was based on estimated expenditure of £180.805 million (excluding reserves) to deliver partnership services. This consists of Stirling Council contributing £32.650 million, Clackmannanshire Council contributing £16.041 million and NHS Forth Valley contributing £128.890 million. The £3.224 million of remaining funding is made up of: integrated care funding of £2.480 million and delayed discharges funding of £0.744 million.

40. The IJB has yet to implement any medium to long term financial plans. The IJB is wholly funded by the partner councils and the Health Board, whose funding from the Scottish Government is set on an annual basis. While the partner councils have medium term financial plans, NHS Forth Valley has an annual delivery plan for 2018/19 and is currently in the process of preparing a longer term financial plan. While this impacts on the IJBs ability to prepare accurate medium or long term financial forecasts, this should not prevent the IJB from preparing medium to long term financial plans aligned to its strategic plan which incorporate sensitivity analysis and scenario planning, demographic assumptions and impacts on budget.

41. The IJB is in the process of finalising its refresh of the Joint Strategic Needs Assessment - which informs demand pressures for the partnership. Furthermore, the Health and Social Care Financial Framework document will be available in the

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.

¹ Note: the budget was increased by £1.154 million to reflect the additional contribution by partners agreed in the recovery plan.

coming months which should give additional clarity on health spending nationwide in future years. The publication of these reports will give the IJB a clearer picture of how the budget for the partnership will look in future years, which should assist the preparation a medium term financial plan.



[Recommendation 2 \(refer appendix 1, action plan\)](#)

Efficiency savings

42. The IJB required to make efficiency savings of £4.844 million in 2017/18 to maintain financial balance. As a savings tracker was not in place during the year, it is not clear to what extent these specific savings were met, or the extent to which this impacted on the budget overspend in 2017/18.

43. Savings proposals of £4.900 million, required to break even in 2018/19, were presented to the Board in June 2018. This was slightly less than the forecast gap when the budget was set in March 2018 due to assumptions relating to savings plans that have subsequently been updated. [Exhibit 5](#) summarises the comparative savings requirement at budget setting with the revised position once all cost pressures and additional funding were clarified.

Exhibit 5

Funding for CSIJB and projected additional spending pressure 2018/19

Funding for RIJB projected additional spending pressure 2018/19	At budget setting in March 2019 £m	Updated in June 2018 £m
Cost and Service Pressures	10.020	9.829
Additional resources	4.929	4.929
Balance to be met by savings	5.091	4.900

Source: 2018/19 Budget Update presented to the Board: June 2018

44. The cost and service pressures referred to above include the impact of recurrent overspends in 2017/18 of £2.746 million; and unachieved savings of £0.899 million.

45. Efficiency savings plans totalling £5.352 million for 2018/18 have been identified and a risk analysis has been carried out on the likelihood that these savings can be delivered. This has highlighted that £2.365 million of these savings are considered to be “red risks”, meaning that there is a high risk that these plans will deliver limited or no savings during the year. This, together with the risk of continuing the overspends sustained in 2017/18 means that the IJB remains at high risk of continuing to overspend its budget.



[Recommendation 3 \(refer appendix 1, action plan\)](#)

46. The IJB have introduced an efficiencies tracker for 2018/19 which will allow the Board to track the likelihood that required savings will be delivered. This will allow the IJB to identify areas where efficiencies may not be achieved and allow partner bodies to see how effective the IJB has been in delivering savings.

47. The IJB is updating the function of its existing Transformation Change Group to collate and monitor progress on the delivery of savings and efficiency programmes. This group will also monitor any budget recovery proposals using the savings tracker.

48. The efficiencies tracker gives a brief description of the savings requirement and the point of the year from when the savings will be achieved. However, further information is required on whether each saving delivered in year will be on a recurring basis (i.e. savings that, once achieved, recur year on year from that date) or on a non-recurring basis. Any non-recurring savings will increase the savings required in future years.



[Recommendation 4 \(refer appendix 1, action plan\)](#)

Reserves strategy

49. The IJB approved its reserves strategy at the Audit Committee meeting in February 2017. This outlines the type of reserves the IJB can hold. The general fund balance is used as a working balance to manage the impact of uncertain cash flows. As part of the reserves strategy, a maximum target level for un-earmarked general reserves of £1.25 million was approved, which is approximately 0.75% of the partnership budget.

50. The un-earmarked general fund balance was nil at March 2018. This would have been a negative balance had the partner bodies not provided additional funding of £1.154 million as part of the recovery plan.

51. The strategy is reviewed annually to ensure all financial changes and challenges facing the IJB and its constituent partners are taken into account in determining the appropriate level of reserves. The reserves policy sets a maximum level, but does not set a minimum level for reserves. While the partners reached agreement on how to finance the overspend in 2017/18, the IJB should consider updating the reserves policy to set out a minimum reserves level.

52. As outlined in [Exhibit 4](#), the IJB is carrying forward a reserves balance of £2.359 million that is earmarked for specific expenditure in future years. The majority of this is intended to be used to support the care model planned for when the Stirling Health and Care Village becomes fully operational, and to help fund transformational programmes relating to unscheduled care, mental health and primary care.

Part 3

Governance, transparency and value for money



Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. This has included, from 2018/19, the introduction of a Finance Committee to review financial information.



The IJB is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.

The annual performance report shows that the IJB is performing well against the Scottish average in a majority of the core suite of integration indicators. Periodic reporting would be improved if targets and comparison to benchmark bodies were incorporated.

Governance arrangements

53. The Board is responsible for the management and delivery of health and social care services in the Clackmannanshire and Stirling area and is supported by an Audit Committee and, from March 2018, a Finance Committee. This newly formed committee will consider all financial performance information, including the monitoring of partnership performance against budgets and the progress towards achieving efficiency savings.

54. The IJB is also supported in its work by a Chief Officer and Chief Finance Officer. The former provides strategic and operational advice to the Board while the latter is responsible for financial management including budget monitoring reports.

55. The Board and Audit Committee met on a regular basis throughout 2017/18. We review minutes of Board and Audit Committee meetings to assess their effectiveness and also attended meetings of the Audit Committee and selected Board meetings as observers. We concluded that these operate effectively.

56. The unaudited accounts were due to be approved by the Audit Committee at its meeting held on 27 June 2018. However, this meeting was cancelled due to being inquorate, an issue which also arose in the previous year. This meant the unaudited accounts were not approved until the rescheduled date on 24 August 2018.

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.



[Recommendation 5 \(refer appendix 1, action plan\)](#)

57. A review of the Scheme of Delegation was scheduled to take place in early 2018 but has been delayed. This was due to the impending delegation of all Adult Services from Stirling Council and further delegation of some services from NHS Forth Valley which are due to take place in the second half of 2018. This will result in greater operational control for services by the Chief Officer. It was considered more appropriate to complete the full review once these responsibilities have transferred to the IJB.

58. Overall, we consider the arrangements in place continue to support good governance and accountability.

Transparency

59. Transparency means that the public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

60. Full details of the meetings held by the Board are available through the NHS Forth Valley website and meetings of the Board are open to the public to attend. The website also contains a section for the Audit Committee and papers are available to view.

61. The public have a right to inspect and object to the annual accounts. The Local Authority Accounts (Scotland) Regulations 2014 outline the timescales within which this should take place. An advertisement was placed in the Stirling Observer explaining to the public that the unaudited accounts were available to view at the IJB offices and were also accessible on the IJB website. However, the inspection period was five days later than the statutory three week period specified by the regulations.



[Recommendation 5 \(refer appendix 1, action plan\)](#)

62. Overall, we concluded that the IJB conducts its business in an open and transparent manner.

Internal audit

63. 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.

64. The internal audit function is carried out by the Internal Audit teams within the constituent authorities, with responsibility for Chief Internal Auditor duties rotating between those authorities' Chief Internal Auditors on a three-year basis. The Stirling Council Audit Manager was appointed as the IJB Chief Internal Auditor for the initial three-year period, covering the financial years up to 31 March 2019. This was approved by the Integration Joint Board.

65. We carried out a review of the adequacy of the internal audit function and concluded that operates accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

66. To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2017/18 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However, we did consider the internal audit report findings regarding the IJBs performance management arrangements as part of our wider dimension work.

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

67. The IJB has a range of activities in place designed to maintain standards of conduct including a Code of Conduct for members. In addition, a register of members' interests is in place for Board Members and this is available to view on the Clackmannanshire Council. There are plans to disclose this on the IJBs web site once this is fully developed located independently from the current link within the NHS Forth Valley web site.

68. As part of the assurances obtained from the external auditors of the partner organisations, it was confirmed that each of the partner organisations had in place

effective polices for bribery and corruption, including established whistleblowing procedures for officers.

69. Based on our review we concluded that the IJB has effective arrangements in place for the prevention and detection of bribery and corruption and we are not aware of any specific issues that we need to record in this report.

Other governance arrangements

70. The IJB is committed to ensuring the involvement of partner groups including community planning groups, the third sector, the independent sector and local communities. The Strategic Plan and locality planning arrangements enable partners to engage in and support the delivery of the health and social care provision.

71. The Scottish Government issued a [Public Sector Action Plan on Cyber Resilience](#) in November 2017. This requires all public sector bodies to carry out a review to ensure their cyber security arrangements are appropriate. The review of cyber security is carried out by the partner bodies, based on the fact the IJB are dependent on the processes and procedures in place at each of the partners.

72. The new General Data Protection Regulation (GDPR) came into force on 25 May 2018. This replaced the UK Data Protection Act 1998. GDPR has introduced new and significantly changed data protection concepts.

73. The IJB first reported GDPR arrangements in a paper presented to the Board in March 2018, two months before the regulations came into force. This recognised the IJBs responsibilities for documenting its arrangements for processing personal data and to ensure that its processes comply with the requirements of the new legislation. A Data Protection Officer has been appointed to help co-ordinate this. Given that the new regulations are now in force, the IJB should monitor that it implements the proposed changes, otherwise there is a risk they could be in breach of the GDPR requirements.

Value for money and performance management

74. Best Value duties apply to accountable officers across the public sector. As part of this year's audit we looked at how the IJB demonstrates that it is meeting its BV duties.

75. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

76. The IJB demonstrates how it is meeting its BV duties through its reporting against key performance indicators, the progress the partnership is making towards delivering the priorities of the strategic plan, and through its financial performance reporting mechanisms.

77. A Strategy map has been created to ensure that there is a direct link between performance and the outcomes of the strategic plan. The Strategy Map is scheduled to be refreshed in line with the development of the next Strategic Plan.

78. The IJB board receives performance reports on a quarterly basis outlining performance against a number of key measures. These are available on the IJB's website. The focus is on the five local outcomes in the strategic plan, with work on-going to support a balanced scorecard approach to measurement and reporting. The report also contains information around some of the Scottish Government's six key local improvement objectives relating to unscheduled care; which are monitored by the Forth Valley Unscheduled Care Programme Board (UCPB).

79. The reports provide a summary of the direction of travel for a range of indicators within each local outcome, together with an appendix which provides

more detailed narrative commentary on performance. This provides performance on 24 indicators, although 7 of these do not have any information to compare previous years' performance against. Of the remaining 17 indicators, performance improved in 2017/18 in 12 of them.

80. The main areas where performance has deteriorated relates to unscheduled care and attendance at emergency department and being seen within 4 hours. The performance report highlights the steps being taken to address this, and notes that this is being monitored by the UCPB.

81. Overall, we consider the quarterly reporting is of a good standard, although improvements could be made by establishing targets for each indicator and comparing performance to either the Scottish average or against other benchmark IJBs. The number of indicators reported appears low and the IJB should consider whether any additional indicators should be collated and reported to the Board to demonstrate progress in performance.

Annual Performance Report

82. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is 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 strategic commissioning plan (if applicable).

83. The draft Annual Performance Report (APR) was submitted to the IJB Board meeting on 13 June 2018. The report largely contained the required content as laid out by the 2014 Act, except with regards to Financial Reporting on localities. This matter has previously been raised by internal audit following their review of the 2016/17 APR and we are advised that locality level financial reporting will be a key focus for development in 2018/19.

84. The APR shows that, broadly, the IJB is performing well against the national core suite of integration indicators. Performance reported in 2017/18 was above the Scotland average in 12 of the 17 indicators for which performance statistics are currently available.

85. The APR highlights areas for improvement, including plans for delivering transformational change. This includes

- developing opportunities for co-location of services by better use of the joint estate
- a refresh of the approach to self-directed support
- on-going development of services and whole systems approaches to support people to be discharged timeously from hospital and to develop the early intervention approach including the unnecessary admission to hospital.

National performance audit reports

86. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18 we published some reports which are of direct interest to the Board as outlined in [Appendix 3](#).

87. In December 2015, Audit Scotland published the first of three national reports looking at the integration of health and social care. In the report we recognised that The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a significant programme of reform affecting most health and care services and over £8 billion of public money. The reforms are far reaching and have scope to address previous barriers to providing the right care for people closer to home.

88. Audit Scotland also reported some significant risks to the success of health and social care integration. These included complex governance arrangements, difficulties in budget-setting and consequent delays in strategic planning. The scale of the change is significant and will not happen quickly.

89. Therefore, Audit Scotland have carried out a second audit in 2018, now integration authorities are more established, to look at progress and to follow up on these risks. The audit will also examine changes to the system, including evidence for shifts in service delivery from acute to community-based and preventative services, and for impact on the lives of local people. The report is due to be published in November 2018.

Appendix 1

Action plan 2017/18

2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Hospital Acute Services (Set aside)</p> <p>Arrangements for the sum set aside for hospital acute services under the control of CSIJB are not yet operating as required by legislation and statutory guidance.</p> <p>A notional figure, based on historical usage, has been agreed and included in the annual report and accounts for both 2016/17 and 2017/18.</p> <p>This was expected to be a transitional arrangement for 2016/17, however an extension was agreed by the Scottish Government. NHSFV and CSIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2018/19</p> <p>Risk</p> <p>There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>The IJB should agree a basis for the set aside budget with NHS Forth Valley that will be implemented once the current transitional arrangements end.</p> <p>Exhibit 3</p>	<p>It has been agreed to set up a pan Forth Valley group, linked to the Unscheduled Care Programme Board, to develop arrangement and implement revised arrangements for the set aside budget going forward.</p> <p>Responsible officer: Chief Officer & Chief Finance Officer</p> <p>Agreed date: March 2019</p>
2	<p>Financial Planning – longer term planning</p> <p>The IJB does not currently have a medium to long term financial plan in place.</p> <p>Risk</p> <p>The absence of longer term financial planning increases the risk of the IJB not being</p>	<p>Longer term financial planning should be developed to take account of any required future budget savings pressures and to demonstrate a link to the objectives set out in the three year strategic plan and the subsequent refresh.</p> <p>Paragraph 41</p>	<p>Medium Term financial plan under development for Health and Social Care Partnership taking into account assumptions on resource availability, payroll and price inflation and demand growth. This will underpin Strategic Commissioning Plan for 2019/2022.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	able to achieve its strategic objectives.		Responsible officer: Chief Finance Officer Agreed date: March 2019
3	Efficiency savings In 2018/19 the IJB is required to deliver £4.9 million of savings to break even. The board has identified savings to achieve this but has highlighted that £2.365 million of these are considered high risk and may not materialise. Risk The board may not be able to deliver the targeted savings in 2018/19, which increases the risk of the IJB overspending its budget.	The IJB should ensure that proposed savings contained in the 2018/19 budget are implemented or ensure that a recovery plan is agreed between partners at the earliest opportunity. Paragraph 45	Risk assessment of savings and efficiency programmes are reported to IJB Finance Committee and IJB. Options for financially sustainable service provision will be brought to IJB for consideration and approval. Responsible officer: Chief Officer, Chief Finance Officer & Key Budget Holders Agreed date: November 2018
4	Efficiency savings – tracker The required efficiencies for 2018/19 do not specify whether the efficiencies are recurring or non-recurring. Risk: Any non-recurring savings will increase the savings required in future years	Required efficiencies should be recurring wherever possible. These should be categorised between recurring and non-recurring in all monitoring reports; and the Board should be advised of the impact of using non recurring savings to address overspends. Paragraph 48	Savings Tracker will be amended to incorporate flag to identify where any savings are non recurrent in nature. Where this occurs reports will highlight level of non recurrent savings and risks associated. Responsible officer: Chief Finance Officer Agreed date: September 2018
5	Audit Committee meetings For the second year in succession, the June Audit Committee was postponed due to being inquorate. Amongst other items, this was the meeting at which the unaudited accounts were due to be approved. Risk: This increases the risk of actions by the IJB not being scrutinised.	Members should be reminded of their responsibilities to attend meetings in order to ensure that the actions of the IJB are scrutinised. Paragraph 56	Issue will be specifically highlighted to Integration Joint Board members with Final Accounts and Annual Audit Report. Responsible officer: IJB Voting Members Agreed date: September 2018.



No.	Issue/risk	Recommendation	Agreed management action/timing
6	<p>Inspection of unaudited accounts</p> <p>The inspection period for the public to inspect the unaudited accounts and accounting records was five days later than the statutory period specified by regulations.</p> <p>Risk</p> <p>The requirements of the Local Authority Accounts (Scotland) Regulations 2014 are not met.</p>	<p>Future inspection periods should be in accordance with the statutory inspection period.</p> <p>Paragraph 61</p>	<p>Timetabling of placing of adverts for inspection will be incorporated into 2018/19 (and future years) timetables at earlier point to ensure compliance.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: January 2019</p>

Follow up of prior year recommendations

b/f 1	<p>Integrated Financial Reporting</p> <p>The finance teams of each of the partner bodies operate independently, use different financial systems, and report separately to the IJB Chief Financial Officer. The poses challenges of aligning financial monitoring data for the IJB.</p> <p>Risk</p> <p>There is a risk that the efficiency and effectiveness of integrated budget monitoring information is impaired.</p>	<p>Partner financial reporting should be aligned to improve the efficiency of the IJB's financial monitoring.</p> <p>Paragraphs 30 and 83</p>	<p>Updated response: Further streamlining is difficult due to the different ledger systems and financial reporting arrangements for each of the partners. Some development work was carried out in 2017/18 to help move towards financial reporting by localities. This will enable locality managers to better monitor and manage budgets; and will be developed further in 2018/19.</p> <p>Revised action: Financial reporting should be updated to reflect the reporting requirements of the three localities.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Revised date: March 2019.</p>
b/f 2	<p>Financial Planning – funding gap</p> <p>An overspend of £0.676 million was projected for 2017/18 which requires efficiency savings of £4.844 million identified by partners and approved by the IJB to be achieved to meet this.</p> <p>Risk</p> <p>There is a risk that the budgeted outturn is not</p>	<p>The IJB should ensure that proposed savings contained in the 2017/18 budget and the recovery plan are implemented otherwise there is a risk of a significant overspend in 2017/18.</p>	<p>Updated response: While budget monitoring reports and the recovery plan highlighted the forecast overspend for 2017/18, efficiency savings were not fully implemented in 2017/18 resulting in a significant overspend. This continues to be an on-going issue.</p> <p>Revised action: see issue 3 above</p> <p>Responsible officer: Chief Finance Officer</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>achieved if the proposed efficiencies are not achieved.</p>		
b/f 3	<p>Financial Planning – longer term planning</p> <p>The IJB does not currently have a medium to long term financial plan in place. We are aware that the IJB is fully funded from both the partner councils and the Health Board and that funding from the Scottish Government to these partner organisations is set on a year-on year-basis. However, this should not prevent the IJB from preparing longer term plans based on assumptions about the future and strategic plan requirements.</p> <p>Risk</p> <p>The absence of longer term financial planning increases the risk of the IJB not being able to achieve its strategic objectives.</p>	<p>Longer term financial planning should be developed to take account of any required future budget savings pressures and to demonstrate a link to the objectives set out in the three year strategic plan.</p>	<p>Updated response: This was delayed pending the publication of the National Care 5 year financial framework.</p> <p>Revised action: see issue 2 above</p> <p>Responsible officer: Chief Finance Officer</p>
b/f 4	<p>Efficiency Savings</p> <p>The IJB has not yet fully implemented a mechanism to track the approved efficiencies incorporated into the annual budget.</p> <p>Risk</p> <p>This increases the risk that all savings plans are not fully delivered in year.</p>	<p>The IJB should develop a mechanism for tracking the progress of all efficiencies incorporated into the annual budget</p>	<p>Updated response: A mechanism for tracking efficiencies has been developed and will become fully operational from 2018/19.</p> <p>Revised action: n/a - implemented</p> <p>Responsible officer: Chief Finance Officer</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 our wider responsibility under the Code of Audit Practice 2016.

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of management override of controls</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>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Reviewed the significant accounting estimates and did not identify any issues.</p> <p>Reviewed the process, accuracy and completeness of consolidating the financial reports from the three host bodies.</p> <p>Obtained written assurances from the external auditors of the three partner bodies on the completeness, accuracy and allocation of the income and expenditure transactions of the IJB. No issues were noted.</p> <p>Conclusion: no evidence of management override of controls.</p>
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>2 Financial sustainability – 2017/18 budget overspend</p> <p>Based on the latest budget monitoring report for the period to 31 October 2017, the IJB is projecting an overspend of £3.316 million.</p> <p>The IJB budget recovery action currently being carried out is not expected to produce a balanced financial position for the partnership in 2017/18. Discussions are underway between partners to agree a basis on which to address how the overspend will be managed.</p> <p>Until this is determined and agreed, there is a risk that the IJB cannot confirm its 2017/18</p>	<p>Review whether budget monitoring is robust and accurately reflects the financial position.</p> <p>Confirm and assess the steps taken to determine and agree future savings requirements with partner bodies.</p> <p>Review evidence of recovery plan or remedial action being taken on areas of overspend.</p> <p>Confirm that partners agree a basis on which to fund the overspend</p>	<p>The IJB had a final overspend position of £2.601 million for 2017/18 prior to carrying out the recovery plan actions.</p> <p>The recovery plan incorporated additional contributions of £1.154 million from the partner bodies.</p> <p>Conclusion: the overspend in 2017/18 may not be sustainable going forward and the IJB will need to ensure that it closely monitors the financial position during 2018/19 as any overspend, over and above the planned use of earmarked general fund balances, will require to be funded by the partner bodies.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>outturn position or whether it has broken even.</p>		
<p>3 Financial sustainability – short term financial planning</p> <p>The IJB’s budget for 2018/19 is still being developed. A recent budget update sent to the IJB Committee in December 2017 indicated that the estimated funding gap for 2018/19, based on a flat cash budget compared to 2017/18, will be £11.6 million. Therefore, the IJB will need to identify and deliver efficiency savings in order to produce a balanced budget.</p> <p>There is a risk that delays in agreeing the 2018/19 budget will impact negatively on the financial management of the IJB and service delivery.</p>	<p>Review the results of the due diligence review.</p> <p>Review the effectiveness of the IJB’s financial plans.</p> <p>Review the progress the IJB have made towards agreeing the 2018/19 budget and the efficiency savings required.</p>	<p>The IJB agreed its budget for 2018/19 at the committee meeting held on 28 March 2018.</p> <p>Efficiency savings of £4.900 million require to be made in 2018/19 to break even.</p> <p>Efficiency savings have been identified but £2.365 million are assessed as high risk of not being met.</p> <p>Conclusion: the IJB will find it challenging to deliver the efficiency savings it requires to achieve over the coming years while continuing to sustain the existing levels of service.</p>
<p>4 Financial planning – longer term planning</p> <p>Both the integration scheme and the strategic plan state that the IJB should have medium term financial planning.</p> <p>The IJB does not currently have a medium to long term financial strategy or plan in place.</p> <p>There is a risk that the IJB does not have a strategic approach towards how it will finance its longer term service delivery objectives</p>	<p>Review the progress the IJB have made towards its medium or long term financial strategy; and confirm that the assumptions are reasonable and consistent with the IJB’s strategic plan objectives.</p>	<p>There is still no medium or longer term financial strategy or plan in place.</p> <p>The IJB is currently finalising its refresh of the Joint Strategic Needs Assessment - which informs demand pressures for the partnership. Furthermore, the National Care 5 Year Framework will be available in the next few months which should provide additional clarity on how much additional health spending there will be nationwide in future years.</p> <p>The publication of these reports will give the Chief Finance Officer a clearer picture of how the budget for the partnership will look in future years, which will clarify assumptions in the medium term financial plan.</p> <p>The IJB hopes to have this implemented by the end of 2018/19.</p> <p>Conclusion: the IJB is aware that it needs to improve its longer term financial planning. The publication of the reports outlined above will help the IJB to move forward and implement a strategy showing budget estimations for future years.</p>

Appendix 3

Summary of national performance reports 2017/18

		 2017/18 Reports	
		Apr	
		May	
Common Agricultural Policy Futures programme: further update		Jun	 Scotland's colleges 2017
		Jul	 NHS workforce planning
Self-directed support: 2017 progress report		Aug	
Equal pay in Scottish councils		Sept	
Transport Scotland's ferry services		Oct	 NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17		Nov	
		Dec	
		Jan	
Early learning and childcare		Feb	
Managing the implementation of the Scotland Acts		Mar	

Reports relevant to Integration Joint Boards

[Self-directed support: 2017 progress report](#) – August 2018

[NHS in Scotland 2017](#) – October 2018

Clackmannanshire and Stirling Integration Joint Board

Proposed 2017/18 Annual Audit Report

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Clackmannanshire & Stirling
Integration Joint Board

Audit Committee

12 September 2018

This report relates to
Item 7 on the agenda

Internal Audit Review: Self Directed Support (Stirling)

(Paper presented by Shiona Strachan, Chief Officer)

For Approval

Approved for Submission by	Shiona Strachan, Chief Officer
Author(s)	Ewan C. Murray, Chief Finance Officer
Date	12 September 2018
List of Background Papers:	
Appendices:	
	Appendix 1 – Internal Audit Review Recommendations Appendix 2 – Action Plan

Title/Subject: Internal Audit Review: Self Directed Support (Stirling)
Meeting: Clackmannanshire & Stirling Integration Joint Board: Audit Committee
Date: 12 September 2018
Submitted By: Ewan C. Murray, Chief Finance Officer
Action: For Approval

1. Introduction

1.1 This report provides the Integration Joint Board Audit Committee with an overview of the recommendations and current action plan in relation to the recent Internal Audit Review on Self Directed Support (SDS) commissioned as part of Stirling Councils internal audit plan.

2. Executive Summary

2.1. The Internal Audit review of Self Directed Support in Stirling was an element of Stirling Councils Internal Audit Plan for 2017/18

2.2. The recommendations were considered at Stirling Councils Audit Committee on 30th August 2018.

2.3. Given the importance of implementation of Self Directed Support to the Integration Joint Boards plans and financial position it was considered appropriate to bring the recommendations and current action plan to the Integration Joint Boards Audit Committee. The action plan includes actions for both delegated services and corporate support functions, particularly Business Support and Finance.

3. Recommendations

The Audit Committee is asked to:

3.1. Note the recommendations from the Internal Audit Review (Appendix 1)

3.2. Note the current action plan in response to the recommendation.

4. Considerations

4.1 An audit report on Self Directed Support provided **limited assurance** that that the arrangements in place within Stirling Council for self-directed support are operating effectively, in line with legislation and the Council's procedures which are based on national guidelines. It is noted, in particular, that there is ongoing delay in completing the actions in the SDS implementation plan, which has an impact on the Council's ability to fulfil its obligations both to the IJB and to fully comply with the legislation. The review identified 8 'high risk', 3 'medium risk', 1 'low risk' findings, and 1 advisory matter, all with associated

recommendations to strengthen controls. These were accepted without significant amendment by the Chief Officer, Integration Joint Board.

4.2 The audit report drew particular attention to the following:

- Monitoring of the amounts being paid to option 1 and option 2 service users with agreed care plans and going forward to service user contracts;
- the need to put in place an escalation process to senior service management to consider issues highlighted by the Business & Finance team from their financial monitoring and reconciliation of service users returns / payments;
- Reconciliation of option 1 user payments and regular reporting of findings to service management;
- The development of arrangements for option 2 service users to manage their individual budgets and monitoring to enable management to consider financial information and trend analysis; and
- The arrangements for vetting external providers whose services are recommended (or otherwise promoted) to service users.

The audit reports findings on Stirling Council's progress on implementing the SDS strategy are consistent with the broader picture in the national report issued by Audit Scotland in August 2017.

The Service Manager, Augmented Care & Support and Service Manager, Learning Disability & Mental Health have drawn the contents of the draft report to the attention of the Chief Social Work Officer and Chief Officer, Integration Joint Board. Both service managers have already taken appropriate actions to begin to address the recommendations.

4.3 Further to the report an action plan has been developed and is appended to this report. This illustrates the urgency being placed on addressing the issues. The Action Plan is monitored and updated fortnightly at present.

5. Conclusions

5.1 Stirling Councils Internal Audit functions definition of 'limited assurance' is "The systems for risk, control, and governance have some satisfactory aspects, but contain a number of significant weaknesses that are likely to undermine the achievement of business and/or control objectives and leave them vulnerable to an unacceptable risk of error/abuse."

5.2 Rapidly addressing the recommendations made in the report is therefore paramount.

6. Resource Implications

- 6.1. The Integration Joint Boards 2018/19 Financial Plan placed high reliance on accelerated implementation of Self Directed Support and associated budget savings.

7. Impact on Integration Joint Board Priorities and Outcomes

- 7.1. Accelerated implementation of Self Directed Support is a significant element of the Integration Joint Board's approach in pursuing the priorities of the Strategic Plan and National Health and Wellbeing Outcomes in a sustainable manner.

8. Legal & Risk Implications

- 8.1. The limited assurance given by Internal Audit on arrangements for Self Directed Support places both Stirling Council and the Integration Joint Board at an unacceptable level of risk. These risks are being addressed and mitigated through addressing the recommendation and monitoring these via the Action Plan taking into account the limitations of existing information systems.

9. Equality and Human Rights Impact Assessment

- 9.1. N/A.

10. Exempt reports

- 10.1. Not exempt.

Review Subject	Self-Directed Support		Senior Manager	Chief Officer – Integration Joint Board	Service Manager	(i) Augmented Care & Support (ii) Learning Disability & Mental Health		
Key Priorities	A	We will look after all of our citizens, from early years through to adulthood, by providing quality education and social care services, to allow everybody to lead their lives to their full potential.			Strategic Risks	SR04	We may fail to achieve identified savings and adequately respond to rising external cost pressures and likely reductions in Central Government funding over the next 5-10 years.	
Best Value assurances	Financial sustainability	-	Financial management	ü	Governance and transparency	ü	Value for money	-
Assurance Opinion	Generally, from the findings of our review, we can provide limited assurance that the arrangements in place within the Council for self-directed support (SDS) are operating effectively, in line with legislation and the Council's procedures which are based on national guidelines. It is noted, in particular, that there is ongoing delay in completing the actions in the SDS implementation plan, which has an impact on the Council's ability to fulfil its obligations both to the Integration Joint Board (IJB) and to fully comply with the legislation.							
Scope & Objectives	<p>We reviewed the arrangements in respect of self-directed support, focusing on compliance with statutory regulations and arrangements in respect of management responsibilities.</p> <p>The specific objectives of the review were to consider whether:</p> <ul style="list-style-type: none"> · arrangements in place for self-directed support ensure we meet our obligations to the Integration Joint Board; · arrangements in place for self-directed support are consistent with legislation and related guidance in respect of management responsibilities, including eligibility criteria, determination of amounts to be paid, supplier relationship management, and provision of support around financial aspects of the scheme; · there are appropriate arrangements for the monitoring and review of self-directed support; and, · payments are made in accordance with agreed procedures. 							
Background	<p>The Clackmannanshire and Stirling Integration Joint Board (IJB) directs Stirling Council to provide social care services in relation to adults and older people, adults with physical and learning disabilities and mental health services. The Council's Communities & People team has responsibilities for the day to day operation of self-directed support (SDS). Since February 2017, services for adults with learning disabilities and community-based mental health have been provided through the Clackmannanshire and Stirling Health & Social Care Partnership (HSCP). Relevant national direction is provided by the Social Care (Self-directed Support) (Scotland) Act 2013. The Partnership has created an SDS Board to oversee the implementation of SDS across the HSCP.</p> <p>Self-Directed Support is a major change to the way people with social care needs are supported. The main principle of SDS is to provide</p>							

	<p>individuals who require social care support with more choice and control over their lives, and how their support is delivered. The Social Care (Self Directed Support) (Scotland) Act 2013 sets out four options (see below) that are available to ensure they can do so. Individuals are assessed and allocated a budget based on a “relevant amount”, which, per the Act, means the amount that the local authority considers is a reasonable estimate of the cost of securing the provision of support for the supported person. The relevant amount is determined by a set eligibility criteria and calculated on SWIFT, the Council’s electronic social care management system, which is used by a number of Councils in Scotland.</p> <p><u>Option 1 – Direct Payment</u>: funds are paid into a bank account in instalments, giving the individual flexibility and choice to use the money to purchase their support.</p> <p><u>Option 2 – Individual Budget</u>: individuals choose and control their support, instructing the Council, which holds the budget, administers payments and organises provision of support. Alternatively, a third party provider may hold the budget: however, that aspect of Option 2 is not yet available through the Council</p> <p><u>Option 3 – Arranged Service</u>: individuals can decide that they would like the Council to select and make arrangements in relation to their support package. (Payments to this group were not tested as these service users do not control funds or choose providers as those under Option 1 or 2 – i.e., the support is not ‘self-directed’)</p> <p><u>Option 4 – Combined Support</u>: a combination of Options 1, 2 and 3. This allows the Council to manage some parts of the support package while giving individuals direct control of other elements.</p>
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Action Plan

Ref	Risk Level	Finding	Risk identified	Agreed Action	Target Date
1	High	<p>We reviewed a sample of payments for Option 1 and Option 2 service users who were allocated to the Older People or Learning Disability / Mental Health teams.</p> <p>Evidence initially suggested that care plans were not in place for a substantial number of service users in our samples. While it was later established that there was an approved care plan in each case, those had not been placed in the service user files and, in a number of cases, appeared to be inconsistent with payments actually made (17 Option 1 payments and 21 Option 2 payments).</p>	<p>Where there is no evidence that payments are clearly linked to an approved care plan, there is an increased risk that the level of care being provided has not been properly assessed and approved: consequently, there is an increased risk that care needs are not met, and that care costs do not</p>	<p>The relevant Service Managers should work with Technology & Information to develop a regular monitoring report for review by the Service Manager(s). The report should include:</p> <ul style="list-style-type: none"> · a list of service users in receipt of support during the period (using alternative identifiers rather than names if appropriate); · the type of support being provided (e.g. SDS Option 1) 	October 2018

Ref	Risk Level	Finding	Risk identified	Agreed Action	Target Date
		In some cases a Direct Payment Approval Notice, approved by the relevant Manager and the Business Support Team Leader, was held on file to support the payment rate rather than an actual care plan as these moved to a more outcome-focussed format that did not specifically record the rate. These retrospective notices were put in place to reflect that payments were being made where no other documentation could be traced.	match needs.	<ul style="list-style-type: none"> · confirmation as to whether an approved care plan and/or contract with users is in place and on SWIFT; · budget per the approved care plan; · spend for the period; and, · cumulative spend against budget. <p>The Service Manager(s) should ensure that any anomalies identified by this report are promptly addressed.</p>	
2	High	Reconciliations of financial documentation submitted by service users are performed by the Business & Finance team. Signs of administrative difficulty or abuse of personal budget should be identified when the reconciliations are performed. However, there is currently no clear escalation process for staff to raise concerns with Social Workers or service management. There is also a lack of clarity in the care plans, which can make it difficult to determine what care and support the service user is actually receiving, and whether or not certain expenditure is to be disallowed on the basis that it does not reflect service user needs and outcomes.	The absence of a clear escalation process for issues identified through monitoring of individual service users' spend against budget increases the risk that issues relating to the provision of self-directed support may not be addressed in an appropriate and timely manner. This could result in failure of care plans to achieve outcomes for service users, and/or financial loss to the Council / service users, as a result of inappropriate payments being made.	An escalation process should be put in place for issues identified from financial monitoring of Option 1 and Option 2 service users to be raised with social care management. Monitoring triggers should be agreed with care management and should include financial returns and invoices that have not been received within an appropriate timescale (this should take account of risk categories for service users), repeated expenditure on non-allowable items, absence of proper receipts, and repeated over and underspends. It should also provide scope for any other concerns or discrepancies to be escalated.	October 2018
3	High	Historically, a Direct Payments Review Group was set up to involve relevant teams in decision-making on Direct Payment issues, and met until the summer	As per item 2.	The Service should establish a Self-directed Support Group to meet on a regular basis and act as a forum for	October 2018

Ref	Risk Level	Finding	Risk identified	Agreed Action	Target Date
		of 2015. The Group was established prior to the introduction of Social Care (Self-directed Support) (Scotland) Act 2013, and only discussed issues surrounding Option 1 – Direct Payments.		reaching and communicating agreed decisions regarding SDS cases that have been escalated in accordance with procedures. The membership of the group should include appropriate officers from the admin support team, finance, social work and service management and other teams as required. The Service should consider how this could be combined with the work of other panels with similar remits such as; the Discretionary Panel or the Bad Debt Panel to minimise the number of meetings required.	
4	High	<p>There is no management reporting on the status of reconciliations between financial records submitted by Option 1 service users and their support plans. These are performed manually and recorded on a spreadsheet. They should help ensure that SDS funding is being spent appropriately, and that outcomes identified in support plans are being met.</p> <p>As the reconciliations and their outcomes are not recorded on SWIFT, analysis could only be performed from manual records, not automated.</p> <p>Our review of the reconciliations identified that 22 of 82 service user returns were viewed as unacceptable by the service. Five of those dated back to 2015/16, indicating that returns were not being made in a timely manner: however, this was not reported to service management.</p>	Failure to obtain financial information to enable Option 1 reconciliations (with the agreed support plan) to be completed in a timely manner increases the risk that any issues or discrepancies are not timeously identified and addressed. This could result in inappropriate payments being made, or service users who may require additional support to manage their care provision not being identified.	A revised reconciliation process should be put in place in accordance with the SDS Implementation Plan and the outcomes of reconciliations reported to service management at least quarterly for appropriate follow-up action.	October 2018
5	High	Invoices paid on behalf of Option 2 service users are manually recorded on a spreadsheet. This can be time-consuming (there were 122 such service users	There is a risk that, as there is not a mechanism provided to help Option 2	A monitoring report should be developed to enable Option 2 Service Users to verify payments made on their behalf to	End March

Ref	Risk Level	Finding	Risk identified	Agreed Action	Target Date
		as at March 2018) and is vulnerable to input error. The spreadsheet is used to compare the invoice amount to the weekly payment cap. If the latter is exceeded, the Council does not pay the excess. This is not complemented by a check to verify whether the service user has received the care that they have been assessed as requiring, or that is actually being invoiced for. As the service user does not receive any information about payments made on their behalf they cannot monitor or manage the arrangements they have set-up. This does not meet with CIPFA guidance on SDS.	service users monitor and manage the payments from their Individual Service budget, overpayments to service providers may not be identified. This could impact on the achievement of care plan outcomes and the Council's ability to comply with guidance on verifying the validity of payments.	providers: this would be an interim arrangement until proper Virtual Budget arrangements are in place. Consideration should be given to how this could be developed on Easybuy or SWIFT in a timely and cost-efficient manner.	2019
6		The SDS Implementation plan includes creating a process for the recording and maintenance of a "Virtual Budget" that can be made available to any Option 2 service user as and when required. This was planned to be established by September 2017 but has now been included in the work for the Accounting Project Officer post which was recently set up to support SDS development. Another option that would provide a virtual budget equivalent would be to introduce prepaid cards. This would allow the service user to monitor their own accounts and has been used by other Local Authorities. A further objective to support the SDS Implementation Plan is to issue pro-formas to service users to confirm whether they actually received the care that the Council is being invoiced for: this has not yet been implemented.		The risks and benefits of using a pre-payment card such as Allpay should be considered, in order to enable self-directed support payments to be made. If considered appropriate, the Service should make a business case to introduce such a scheme and offer this as an option for SDS service users.	End March 2019
7	High	Strategic Commissioning & Customer Development, has advised that the absence of financial assessments for Option 2 service users means that	The absence of financial assessments for Option 2 service users increases the	Financial assessments should be undertaken for Option 2 service users, and the results of those communicated	October 2018

Ref	Risk Level	Finding	Risk identified	Agreed Action	Target Date
		there is not currently a mechanism for identifying a charge (or client contribution) to be applied to those service users.	risk that the net cost of care to the Council is higher than necessary.	to those service users, as soon as possible in order to make the appropriate adjustments to service user budgets.	
8	High	<p>Individuals who have an approved care plan and are interested in Option 1 are referred to SDS Forth Valley, a third sector provider commissioned by the Council to provide free help and assistance to individuals and Carers who have a Social Services 'assessed need' for care and support. A one-year contract covering both Stirling and Clackmannanshire expired in 2014, and was extended to March 2018 despite there being no contractual provision for extension. We understand that future arrangements for the provision of support services, including the extent, mechanism and coverage, are being reviewed. There are currently no additional sources of support (beyond Social Workers, SDS Implementation Officer and Business & Finance staff) available to Option 2 service users.</p> <p>Social Workers also promote the services of another company to service users who wish to choose Option 1, but have been assessed as not having capacity to manage their financial affairs without assistance. The company, which charges fees, offers a range of services including advice on how to spend their SDS funds and opening a bank account. We understand that the Council has not formally assessed whether it is appropriate to promote this supplier to service users who may be vulnerable.</p>	The absence of a process to formally approve a recommended provider of financial support services to vulnerable people increases the risk that service users may not receive services they are due or may be exposed to other loss. This would also present a significant reputational risk to the Council.	Strategic Commissioning & Customer Development should identify and apply appropriate and proportionate due diligence checks in respect of all external providers whose services are recommended (or otherwise promoted) to service users.	October 2018

Agreed actions for Medium and Low Risk Findings

Ref	Risk level	Agreed Action	Target Date
9	Medium	As part of the planned review of support services and the potential re-tendering of this service, the Service should consider the extension of the current services to provide assistance with making the appropriate choice to other Service Users who choose Option 2. This will be in place for 2019/20 financial year. Interim arrangement where current contractual arrangements permit.	End March 2019
10	Medium	Detailed analysis of the reasons for the variations in the amounts being charged compared to the costs / budget allocated should be performed to identify the reasons for such variances. This analysis should help inform the review and possible development of a more outcome based Resource Allocation System, compared to the current Equivalency Model, and should ensure that any such scheme provides a basis for the appropriate allocation of budget.	October 2018
11	Medium	The Business & Finance team should continue to compare actual spend against individuals' personal budgets. This should be extended to include underspends, and to set thresholds that will trigger additional action to investigate and verify variance explanations provided. Additionally, at any level of variance, explanations that are inconsistent with care plans should be challenged.	October 2018
12	Low	The Service should work with Technology & Information to identify a suitable way to record the advisory visits by third party support providers on SWIFT. It should then record this for every service user where advice has been provided going forward.	End March 2019

SDS Stirling Improvement Action Plan GREEN – Operational YELLOW – Audit

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
1	<p><u>Legal/Finance Compliance:</u></p> <p>Option One - Option One clients to be reviewed and new agreements signed. All Option One Support Plans to be processed in line with legislation to include agreements, payments, income recovery and reconciliation.</p>	<ol style="list-style-type: none"> 1) Establish whether all Option One reconciliations are complete and all clients put into banding for future monitoring. 2) Establish whether Agreements are all ready to go out. Check if Board agree OFAs could be used with these, as Support Plans are not in place. 3) Reviews of all Option One clients to put in new Support Plans review capacity and check who is signing the paperwork. Establish how many Option One clients there are currently. 	High	<p>Alison Campbell</p> <p>Legal</p> <p>Steve Richardson</p>	Changed to late October/early November.	<p>Business Case agreement for two Finance Support Workers and two Income Maximisation Workers.</p>	<p>Legal feedback on Option Agreements – Contractually are essentially OK barring relatively minor updates required due to developments e.g. GDPR etc.</p> <p>Finance: 4 positions are currently being advertised, with closing date 31/08/18.</p> <p>This task is considered to be around ¾ complete.</p> <p>Advice to be drafted. Issue with AWCs identified and is being addressed.</p> <p>Final checks/drafts to be completed and legal agreement to be finalised for next meeting (10/09/18).</p>

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
2	<p><u>Legal/Finance Compliance:</u></p> <p>Option Two - Option Two clients to be reviewed and new agreements signed. All Option Two Support Plans to be processed in line with legislation to include agreements, payments, income recovery and reconciliations and top-ups.</p>	<p>1) Establish how many Option Two's are there that require the same action as Option One's.</p> <p>2) Create quarterly management reports, to include escalations of risks.</p>	High	<p>Alison Campbell</p> <p>Legal</p> <p>Steve Richardson</p>	January 2019	<p>Business Case agreement for Two Financial Support Workers and Two Income Maximisation Workers.</p>	<p>Legal feedback on Option Agreements – See above</p> <p>Finance: See above</p> <p>Although Options 1 and 2 are both considered high priority, Option 1 issues will be completed first.</p> <p>A draft implementation plan is to be completed for the next meeting (10/09/18).</p>
3	<p>SWIFT</p> <p>All revised operational paperwork to go onto system, including Actual Budget/Letters. Operations Team to develop plan for implementation.</p> <p>SWIFT User Guide and Operation Business Procedures to be developed.</p>	<p>Set up Operational Pilot Group.</p> <p>No actions can be taken until the (at least) partial completion of first part of the task.</p>	High	<p>Lorraine Fields</p> <p>Alan Ramsay</p> <p>Catherine Graffen</p>	<p>September 18</p> <p>January 2019</p>	<p>Systems Programme (now in place – Alan Ramsay)</p>	<p>Identified 6 staff members to meet regularly.</p> <p>Team Leader sessions with frontline staff to be held regularly.</p>

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
4	Strategic Commissioning – Digital Directory	Pull together adult provider sessions to populate/ establish focus sessions.	Medium	James Mackenzie Martin Reilly	End of November 2018		FROG set to go live within the next few months. Martin to organise sessions with Third Sector Adults.
5	Strategic Commissioning – Review of SDS Forth Valley	Options appraisal to be completed. Re-establishment of relationship with SDS Forth Valley – monthly meetings to held.		Phil Watt	Late September 2018		Nearing completion, agree date. On course for completion. Monthly meetings taking place.
6	ICMS Review Strategic Commissioning and Customer Development to identify and apply appropriate and proportionate due diligence checks in relation to all external providers whose services are recommended or promoted to Service Users.	ICMS Review – Due diligence check. Possible hosting of a supplier day. Expansion of number of options available.	High	Category Manager – Services for People	Late September/October 2018		<ul style="list-style-type: none"> - Webpage to be developed – delivery date for this is Oct 18. - Option 1 issue – the current payroll service has links to the largest provider of services and work is required to address this by widening out choice. Noted that there are other companies who would be able to support. - On course for completion.

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
7	Organisational Development	Plan of staff training/updates.		Lisa Dunbar Lorraine Fields	Beginning of October 2018		
8	<p>FINANCIAL GOVERNANCE</p> <p>Relevant Service Managers to work with Technology & Information to develop a regular monitoring report for review by the Service Managers.</p> <p>The Service Managers should ensure that any anomalies identified by this report are promptly addressed.</p>	<p>Report should include:</p> <ol style="list-style-type: none"> 1) List of Service Users in receipt of support during the period (using alternative identifiers rather than names if appropriate). 2) Type of support being provided (e.g. SDS Option One). 3) Confirmation as to whether an approved care plan and/or contract with users is in place and on SWIFT. 4) Budget per the approved care plan. 5) Spend for the period. 6) Cumulative spend against budget. <p>Further data/information needed to be gathered to complete steps 3-5.</p>	High	<p>Steve Richardson, Anne Booth, Alan Ramsay and Alison Campbell</p> <p>Alan Ramsay</p>	October 2018		<ul style="list-style-type: none"> - Alan can work to pull a Business Objects Report together working with Finance. - Noted a post is paid for from SDS and is focused on the improvement work in respect of the financial information (charging & payments). Post holder has left - Jennifer agreed to discuss with Heather Robb the likely timescale for refocus of this post onto development of the reporting information – October suggested but late financial year and will impact on reporting & management of efficiency savings. - Monthly report to be sent to TLs.

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
9	An escalation process should be put in place for issues identified from financial monitoring of Option 1 and Option 2 service users to be raised with social care management. Monitoring triggers should be agreed with care management and should include financial returns and invoices that have not been received within an appropriate timescale (this should take account of risk categories for service users), repeated expenditure on non-allowable items, absence of proper receipts, and repeated over and underspends. It should also provide scope for any other concerns or discrepancies to be escalated.	SDS Matter/Finance etc. will be brought and discussed at the Risk Enablement Panel.	High	Alison Campbell and Steve Richardson Jennifer Baird, Catherine Graffen and Lorraine Fields.	September/October 2018	N/A	<ul style="list-style-type: none"> - Noted that Steve is meeting with Finance to progress this. - Alison Campbell is working through the process to align to the service eligibility criteria. - Audit Plan to be completed for next meeting (10/09/18).

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
10	<p>The Service should establish a Self-Directed Support Group to meet on a regular basis and act as a forum for reaching and communicating agreed decisions regarding SDS cases that have been escalated in accordance with procedures. The membership of the group should include appropriate officers from the admin support team, finance, social work and service management and other teams as required. The Service should consider how this could be combined with the work of other panels with similar remits such as; the Discretionary Panel or the Bad Debt Panel to minimise the number of meetings required.</p>		High	<p>Alison Campbell Steve Richardson</p>	September 2018		<ul style="list-style-type: none"> - REM: requires to be reviewed to ensure fit for purpose and to have clear escalation process to address issues. - Due to start on the 11th Sep

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
11	A revised reconciliation process should be put in place in accordance with the SDS Implementation Plan and the outcomes of reconciliations reported to service management at least quarterly for appropriate follow-up action.	This stage should be completed before the task above.	High	Alison Campbell	October 2018		- Four new staff members being recruited.
12	Develop a monitoring report to enable Option Two Service Users to verify payments made on their behalf to providers. This would be an interim arrangement until proper Virtual Budget arrangements are in place. Give consideration to how this could be developed on Easybuy or SWIFT in a timely and cost-effective manner. Consider risks and	Investigate other local authorities in this area. Manchester been suggested. Temporary measure to be established before long-term solution.	High	Alison Campbell Gillian McKenzie/Catherine Graffen	End March 2019 (for 2019/20 financial year)		- Links to recommendation 1 – resource is required now to develop the monitoring reports. - Further scoping work is required to establish how best to provide this service i.e. Easybuy/SWIFT. - Noted new system due to be procured for social care client based information. - Further focused scoping on options to support easy payment methods for SDS. - Glasgow City Council

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
	benefits of using pre-payment cards such as Allpay to enable SDS payments to be made. If considered appropriate, the Service should a business case to introduce such a scheme and offer this as an option for SDS Service Users.						using systems – this to be checked and any advice/information to be used to inform approach.
13	Financial Assessments to be undertaken for Option Two Service Users, and result to be communicated to those Service Users, as soon as possible in order to make the appropriate adjustments to budgets. Create contribution policy.	Establish working group aiming to determine whether options appraisal to be abandoned or a new robust policy.	High	Alan Ramsay Alison Campbell			<ul style="list-style-type: none"> - Backlog of financial assessments noted. - 2 additional finance officers being recruited – Alison Campbell leading on recovery work. - Noted the need to ensure that emergency respite that lasts longer than the 72 hour period is included for charging purposes.
14	Service should consider the extension of current services to provide assistance with	Options appraisal list to be created.	Medium	Steve Richardson Jim Robb	End March 2019		<ul style="list-style-type: none"> - Champions session with providers being arranged. - SDS Forth Valley currently providing

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
	making the appropriate choice to other Service Users who choose Option Two. This is as part of the planner review of support services.						advice and support.
15	Detailed analysis of the reasons for variations in amounts being charged compared to costs/budget allocated to be performed to identify the reasons for such variations. Analysis to inform the review and possible development of a more outcome-based Resource Allocation System, compared to the current Equivalency Model, and to ensure that any scheme provides a basis for the appropriate allocation for budget.		Medium	Steve Richardson Accounting Project Officer (SDS)	October 2018		<ul style="list-style-type: none"> - The RAS will even this out but needs to be operational to do so. - See section 1&2.
16	Business Finance Team to continue to compare actual spend		Medium	Steve Richardson Alison Campbell	October 2018		- Linked to sections 1&2.

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
	with individuals' budgets. To be extended to include underspends. Thresholds to be set that will trigger additional action to investigate and verify variance explanations provided. At any level of variance, explanations that are inconsistent with care plans should be challenged.						
17	Find suitable way to record the advisory visits by third party support providers on SWIFT. Service to work with Technology & Information. Also to then record this for every Service User where advice has been provided going forward, as well as add historic information in respect of existing Service Users.	Alan Ramsay to explain automated process.	Low	Alan Ramsay Steve Richardson Jim Robb Alison Campbell	End March 2019 (i.e. arrangement in place for 2019/20 financial year)		<ul style="list-style-type: none"> - As above modifications to the system required to record - Scoping and possibly Commissioning work required for employment support service for people taking option 2.
18	When new	Update Factsheets	Low	Lorraine Fields	September 2018		Nearly complete.

Ref	Task Description	Actions	Risk	Assigned To	Target Date	Financial Considerations	Updates
	<p>Factsheets are produces, detail under Option Two should specifically state that budget cannot be used to employ own staff. In the meantime, prospective Service Users should be advised of this verbally at earliest opportunity.</p>						