



A Meeting of the **Integration Joint Board Audit & Risk Committee**  
will be held on 25 September 2019  
at **12:30pm** in **The Board Room, Forth Valley College, STIRLING Campus**

Please notify apologies for absence to:

[HealthandSocialCarePartnership@clacks.gov.uk](mailto:HealthandSocialCarePartnership@clacks.gov.uk)

## AGENDA

1. **Apologies**
2. **Minute of the Previous Meeting**
3. **Matters Arising**
4. **2018/2019 IJB Annual Accounts** *For Consideration & Recommendation*  
Paper by Scott Urquhart, Director of Finance, NHS Forth Valley
5. **2018/2019 Annual Audit - Independent Auditors Report** *For Consideration*  
Paper by Paul Craig, Audit Scotland
6. **2018/2019 Proposed Annual Audit Report** *For Consideration*  
Paper by Paul Craig, Audit Scotland
7. **2019/2020 Internal Audit Operational Plan** *For Consideration & Approval*  
Paper by Tony Gaskin, Chief Internal Auditor
8. **AOCB**
9. **Date of Next Meeting**





**Minute of the Clackmannanshire & Stirling IJB Audit Committee  
Friday 28 June 2019, 2.00pm  
Carseview House, Stirling**

**Present:** Councillor D Clark (DC), Clackmannanshire Council (Chair)  
Annemargaret Black (AB), Chief Officer, Clackmannanshire & Stirling Health and Social Care Partnership  
Councillor Graham Houston (GH), Stirling Council  
Morag Mason (MM), Service User Representative for Stirling  
Ewan Murray (EM), Chief Finance Officer, Clackmannanshire & Stirling Health and Social Care Partnership  
Allan Rennie (AR), Non-Executive Board Member, NHS Forth Valley

**In Attendance:** Kevin O’Kane (KO), Audit Manager, Corporate Operations, Stirling  
Sue Fair (SF), Business Support Officer (Minutes)  
Tony Gaskin, Chief Internal Auditor, Fife, Tayside & Forth Valley Management Services  
Elaine Lawlor, Co-ordinator, Forth Valley Alcohol & Drug Partnership  
Andrew Wallace (AW), Trainee Auditor, Audit Scotland

The Chair welcomed everyone to the meeting and invited any expressions of interest - of which there were none.

**1. APOLOGIES**

Apologies were intimated on behalf of Alex Linkston (AL), Chairman, NHS Forth Valley, Natalie Masterson (NM), Third Sector Representative for Stirling, and Paul Craig (PC), Senior Audit Manager, Audit Scotland.

**2. MINUTE OF THE IJB AUDIT COMMITTEE MEETING ON 20 FEBRUARY 2019**

The minute was accepted as true and correct record.

**3. APPROVED TERMS OF REFERENCE**

Approved by the Integration Joint Board at its meeting on 27 March 2019, the new Terms of Reference were taken as read.

#### **4. ALCOHOL AND DRUG PARTNERSHIP CONTRACTS**

This paper was presented by Elaine Lawlor.

The purpose of the report was to update the Audit and Risk Committee on the recent contract letting of a Third Sector Substance Use Service, and how this supports the IJB priorities of reducing inequalities/alleviating poverty. Further, the report informed the Committee of compliance with Procurement Regulations during the recent tendering process undertaken by NSS (National Services Scotland).

The Audit & Risk Committee:

- Noted the content of and drew assurance from the Equality and Poverty Impact Assessment (EPIA) and the potential benefits to citizens of Clackmannanshire and Stirling;
- Noted the content of the report and the procurement journey undertaken on behalf of the constituent authorities and the Integration Joint Board by National Services Scotland (NSS);
- Noted the recommendation for a clearly defined process to be developed for IJB commissioning.

#### **5. GOVERNANCE WORKPLAN & ANNUAL GOVERNANCE CHECKLIST**

The paper was presented by Ewan Murray.

The purpose of the report was to present the Governance Workplan to the Audit and Risk Committee for approval along with the Governance Checklist completed to inform the Annual Governance Statement.

Ewan advised the committee that he anticipated this would be last time the Governance Workplan would be presented in its current form. As an improvement or action plan was being developed in response to the partnerships consolidated response to the Ministerial Strategic Group (MSG) proposals. Once these are presented to an approved by the IJB there will be a need to consolidate relevant action plans and agree appropriate monitoring and scrutiny arrangements.

The Audit and Risk Committee:

- Reviewed and approved the Governance Workplan;
- Noted that the Governance Workplan would be further reviewed over the coming months to integrate with the action plan being developed to underpin the partnerships consolidated response to the Ministerial Strategic Group (MSG) proposals.

## **6. INTERNAL AUDIT PROGRESS REPORTS**

This paper was presented by Kevin O’Kane.

Kevin presented a report on Internal Audit’s progress against the Internal Audit Annual Plan 2018/19, which was approved by the Audit Committee on 21 February 2018. The Plan set out a programme of work that included three specified reports, in addition to an Annual Internal Audit Report.

As at 21 June 2019, Internal Audit Reports on Service Redesign and Participation & Engagement have been issued. These were attached at Appendices 1 and 2. Each report provides a substantial assurance opinion in respect of the relevant arrangements, makes a number of recommendations to strengthen arrangements further, and does not identify any critical or high risk findings. The third Internal Audit review under the 2018/19 Plan, on Clinical & Care Governance, has been deferred at the request of the Chief Officer (Interim).

Submission of these reports to the Audit and Risk Committee completes the programme of internal audit work for 2018/19, and is complemented by the Internal Audit Annual Report 2018/19, which is also submitted as a separate agenda item at this meeting for consideration by the Committee.

The Audit & Risk Committee:

- Considered the findings, risks, recommendations, agreed actions and statements of assurance set out in the Internal Audit reports at Appendices 1 and 2 (see section 5 of this report); and
- Noted the completion of the planned programme of work set out in the approved Internal Audit Annual Plan 2018/19, and that the planned review of Clinical & Care Governance will be rescheduled in agreement between the new Chief Officer and new Chief Internal Auditor.

Members agreed that going forward lay language should be used within reports, making them more user friendly with clear references to either ‘Stakeholders’ or ‘Carers/Users’. The process for engaging the public/consultation would also be reviewed. AB was taking this forward with Caroline Cherry.

## **7. INTERNAL AUDIT ANNUAL REPORT 2018/2019**

This paper was presented by Kevin O’Kane.

The Internal Audit Annual Report 2018/19 was submitted to the Audit and Risk Committee to comply with the requirements of Public Sector Internal Audit Standard 2450 (Overall Opinions) by providing the Committee with an annual report on Internal Audit activity. This was timed to support the preparation

and consideration of the Integration Joint Board's draft Annual Governance Statement.

The Annual Governance Statement, which is part of the Integration Joint Board's audited annual financial statements, should draw attention, if required, to any specific areas where the Integration Joint Board needs to improve financial controls, operational controls or broader governance arrangements.

The Internal Audit Annual Report 2018/19 was attached at Appendix 1, and was submitted to the Audit and Risk Committee for noting.

The Audit & Risk Committee:

- Noted the contents of paragraph 1.4 of the Annual Report 2018/19 (attached at Appendix 1), prepared to support the Integration Joint Board's Annual Governance Statement, which was incorporated in the unaudited Annual Accounts to 31 March 2019;
- Noted and were invited to make comment on the recommendations at paragraph 3.19 of the Annual Report; and,
- Endorsed the Annual Report.

Discussion surrounded the appraisal of senior officers, and any subsequent deadlines set. KO advised that current processes followed good practice.

## **8. DRAFT ANNUAL ACCOUNTS 2018/2019**

This paper was presented by Ewan Murray.

The purpose of the report was to present the Draft Integration Joint Board Annual Accounts to the Audit and Risk Committee for consideration and issue.

The Audit and Risk Committee:

- Considered and approved the Integration Joint Board 2018/19 unaudited accounts for issue.

Members commented that the accounts set out a clear position for the partnership.

Members discussed, with reference to the Annual Governance Statement, that it had not been possible to set a balanced budget to date and discussions were ongoing in this regard. All present acknowledged the significant collective financial challenge ahead.

It was agreed that going forward some work would require to be undertaken to ensure that the partnership workforce was appropriately skilled and supported

in their development to meet future challenges and changes including increased use of technology solutions, and that this should be mentioned within future reports.

Cllr Houston raised that he would expect to see some acknowledgement to the contribution of the workforce in an annual report. It was agreed that this would be incorporated into the final accounts document.

## **9. STRATEGIC RISK REGISTER**

The paper was presented by Ewan Murray.

The purpose of the report was to provide the Audit and Risk Committee with the Partnership's Strategic Risk register for review and approval.

The Audit and Risk Committee:

- Reviewed and approved the Strategic Risk Register.

EM suggested that consideration would be made to aligning strategic risks to the Strategic Commissioning Plan priorities. AB advised that a Transforming Care Board would be set up to identify and address transformational pieces of work for the IJB, using smart objectives. In addition, AB advised that impact assessments would be taking place on the significant elements of the programme and associated changes.

## **10 ANY OTHER COMPETENT BUSINESS**

The Chair gave a vote of thanks to Kevin O'Kane, for his guidance, advice and commitment to the Committee, as Chief Internal Auditor.





Clackmannanshire & Stirling

Health & Social Care  
Partnership

# Integration Joint Board Audit & Risk Committee

25 September 2019

Agenda Item 4

Integration Joint Board Annual Accounts  
2018/19

For Consideration and Recommendation

<b>Paper presented by</b>	Scott Urquhart
<b>Authors</b>	Ewan Murray
<b>Exempt Report</b>	No



Clackmannanshire  
Council



**NHS**  
Forth Valley

<b>Directions</b>	
No Direction Required	<input checked="" type="checkbox"/>
Clackmannanshire Council	<input type="checkbox"/>
Stirling Council	<input type="checkbox"/>
NHS Forth Valley	<input type="checkbox"/>

<b>Purpose of Report:</b>	The purpose of this report is to present the 2018/19 Audited Annual Accounts to the Integration Joint Board Audit and Risk Committee for consideration.
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<b>Recommendations:</b>	<p>The Integration Joint Board is asked to:</p> <ol style="list-style-type: none"> <li>1. Consider the audited 2018/19 annual accounts.</li> <li>2. Recommend approval of the annual accounts to the IJB.</li> </ol>
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## **1. Background**

- 1.1. The Local Authority Accounts (Scotland) Regulations 2014 places a statutory obligation on the Integration Joint Board to approved and publish the final 2018/19 accounts by 30 September 2019.
- 1.2. The annual 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).

## **2. Considerations**

- 2.1. The Clackmannanshire & Stirling Integration Joint Board Annual Accounts 2018/19 are attached for consideration.
- 2.2. The accounts detail the financial performance of the partnership alongside an overview of wider performance through the Core Suite of Integration Indicators. It is therefore suggested the accounts are read in conjunction with the Annual Performance Report considered by the Board, in draft form, in June 2019 with an updated version published on the partnership website in line with statutory publication timeframes.
- 2.3. The Audit and Risk Committee considered the unaudited accounts in June 2019. There were a number of revisions between the unaudited and audited accounts which were mainly narrative in nature. The key changes included:

- Development of the management commentary linked to the published Annual Performance Report.
- Development of the Annual Governance Statement including reflection of the assurance drawn from the Annual Internal Audit Report and development of the governance action plan including linkage to the Ministerial Strategic Group (MSG) improvement plan.
- Updating of the Comprehensive Income and Expenditure Statement (CIES) and relevant notes to the accounts to report income from service user charges on a gross rather than net basis.

2.4. The Annual Audit Report (AAR) is also presented to the September Integration Joint Board meeting and the issues and recommendations contained therein should be considered alongside the accounts.

### 3. Appendices

#### Appendix 1 – 2018/19 Accounts

<b>Fit with Strategic Priorities:</b>	
Care Closer to Home	<input checked="" type="checkbox"/>
Primary Care Transformation	<input checked="" type="checkbox"/>
Caring, Connected Communities	<input checked="" type="checkbox"/>
Mental Health	<input checked="" type="checkbox"/>
Supporting people living with Dementia	<input checked="" type="checkbox"/>
Alcohol and Drugs	<input checked="" type="checkbox"/>
<b>Enabling Activities</b>	
Technology Enabled Care	<input checked="" type="checkbox"/>
Workforce Planning and Development	<input checked="" type="checkbox"/>
Housing and Adaptations	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>

<b>Implications</b>	
<b>Finance:</b>	The Annual Accounts detail the financial performance of the partnership for 2018/19.
<b>Other Resources:</b>	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.
<b>Legal:</b>	The preparation and publication of the Integration Joint Boards Annual Accounts is a statutory requirement.
<b>Risk &amp; mitigation:</b>	The Annual Accounts contains commentary in relation to financial risk for the Integration Joint Board.

<p><b>Equality and Human Rights:</b></p>	<p>The content of this report <b><u>does not</u></b> require a EQIA</p>
<p><b>Data Protection:</b></p>	<p>The content of this report <b><u>does not</u></b> require a DPIA</p>



Clackmannanshire & Stirling  
**Health & Social Care  
Partnership**

## **Clackmannanshire & Stirling Integration Joint Board**

### **Annual Accounts 2018/19**



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



**Clackmannanshire  
Council**



**NHS**  
Forth Valley

## CONTENTS

<b>“Our vision is to enable people in Clackmannanshire and Stirling to live full and positive lives .</b>	<b>1</b>
<b>Management Commentary .....</b>	<b>3</b>
<b>Statement of Responsibilities .....</b>	<b>19</b>
<b>Remuneration Report .....</b>	<b>21</b>
<b>Annual Governance Statement .....</b>	<b>25</b>
<b>Comprehensive Income and Expenditure Statement .....</b>	<b>32</b>
<b>Movement in Reserves Statement .....</b>	<b>33</b>
<b>Balance Sheet.....</b>	<b>34</b>
<b>Notes to the Financial Statements .....</b>	<b>35</b>
1. Significant Accounting Policies .....	35
2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted .....	38
3. Critical Judgements in Applying Accounting Policies .....	38
4. Events After the Reporting Period .....	38
5. Expenditure and Income Analysis by Nature .....	39
6. Taxation and Non-Specific Grant Income .....	39
7. Debtors.....	40
8. Creditors .....	40
9. Provisions.....	40
10. Usable Reserve: General Fund .....	40
11. Related Party Transactions .....	42
12. Expenditure Analysis .....	45
<b>Independent Auditor’s Report .....</b>	<b>47</b>

## **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 2018/19 represents the third full year of operations for the Clackmannanshire and Stirling Integration Joint Board and the final year of the initial Strategic Plan. The Integration Joint Board are responsible 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 pan Forth Valley structures.

Clackmannanshire and Stirling Integration Joint Board approved its initial Strategic Plan 2016-2019 on 22 March 2016. The Strategic Plan set out the case for change, vision and outcomes and initial priorities for the Clackmannanshire and Stirling Health and Social Care Partnership (HSCP). At its March 2019 meeting the Integration Joint Board approved its Strategic Commissioning Plan for 2019-2022. This plan is based on a refreshed Strategic Needs Assessment, builds on the initial plan and agrees clear partnership priorities for the period.

This publication contains the financial statements for the financial year from 1 April 2018 to 31 March 2019.

### **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 Commissioning Plan for 2019/2022 to achieve improved outcomes for service users through integration planning and delivery principles.

The Partnerships business model, also referred to as the Partnership Principles, 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 2016-2019 articulated the high level priorities for the Partnership, expressed as a series of 'we will' statements. These were:

- 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

The Integration Joint Board approved the 2019/2022 Strategic Commissioning Plan in March 2019. The plan builds on the 2016/2019 Strategic Plan based on the Partnership Principles, the refreshed Strategic Needs Assessment for the adult population and an extensive consultation and engagement process with the public.

As a result of this the key priorities for 2019/2022 which were agreed are:

- Care Closer to Home
- Primary Care Transformation
- Caring Connected Communities
- Mental Health
- Supporting People Living with Dementia
- Alcohol and Drugs

## **Principal Activities**

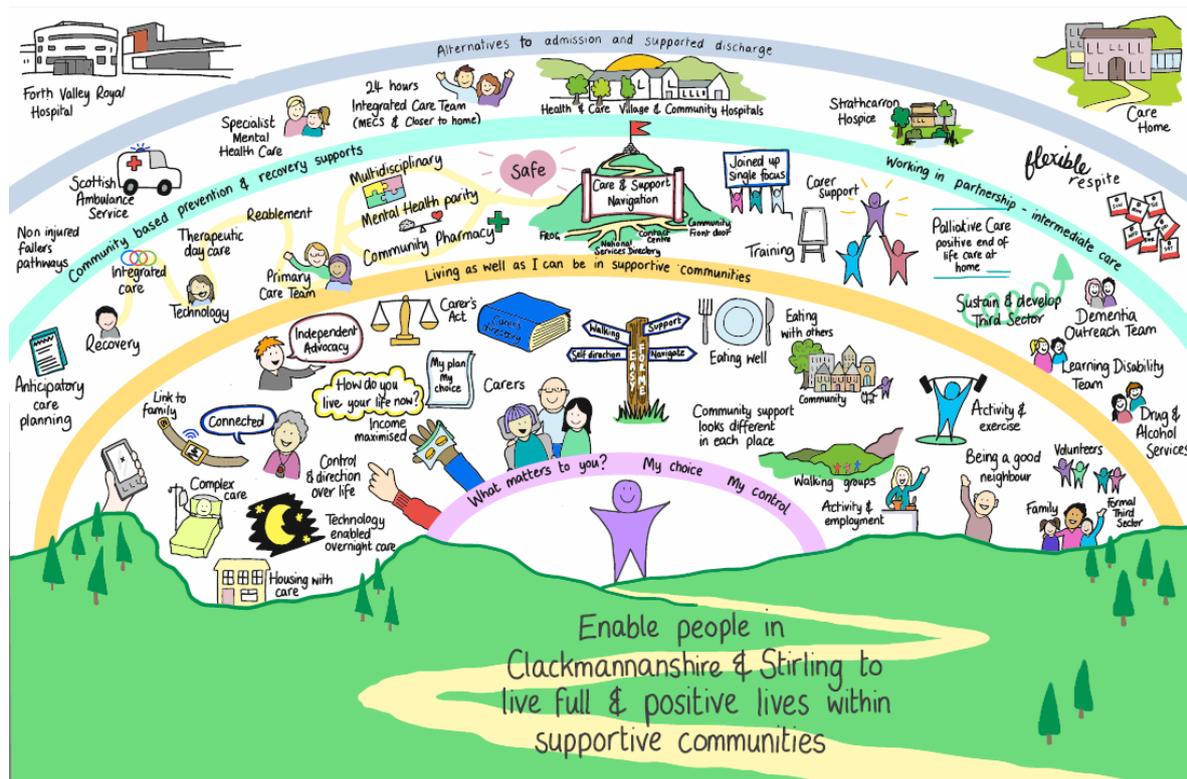
During 2018/19 the key activities of Clackmannanshire and Stirling Integration Joint Board included:

- Issuing of Directions to Clackmannanshire Council, NHS Forth Valley and Stirling Council for their respective delegated functions from 1 April 2018, 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.
- Progression in implementation of 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 were:
  - 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

## Business Model

- The partnership’s business model is best described in a visual manner. To this end a ‘rich picture’ was commissioned to articulate the partnership vision and transforming care programme.



## Key Achievements in 2018/19

- Delivery of the major elements of the Stirling Health and Care Village including
  - The Bellfield Centre incorporating a truly integrated care model and workforce.
  - The Primary and Urgent Centre incorporating 3 GP Practices, Minor Injuries, Associated Health Services and Scottish Ambulance Service
  - The final phase of the facility will be completed during 2019/20 including the Scottish Ambulance Services vehicle workshop and completion of demolition and grounds works including car parks and landscaping
- Implementing delegation of operational management arrangements for Adult Social Care Service in Stirling and progressing plans for delegation of further operational management arrangements relevant NHS services during 2019/20
- 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.

- Development and Approval of the Strategic Commissioning Plan for 2019-2022 including:
  - Focused update of the Joint Strategic Needs Assessment
  - Further development of locality planning arrangements
  - Agreement of Partnership Planning Approach including Strategic and Financial Alignment
  - Refreshed Partnership Workforce Plan
  - An extensive and transparent process of Public Engagement, which will be an ongoing process
- Commencement of implementation of the Carers (Scotland) Act 2016 including development and approval of short breaks statement.
- Planning for implementation of Free Personal Care for under 65's (commonly referred to as 'Franks Law').
- Development and approval of a Primary Care Improvement Plan
- Development and Approval of Redesigns of Mental Health and Learning Disability Services including Action 15 of the Scottish Government Mental Health Strategy
- Agreeing a future approach to Directions linked to the Strategic Commissioning Plan for 2019/22
- Agreement on a Locality Management Structure and appointment to Locality Manager posts
- Taking forward appointment of the new permanent Chief Officer who takes up post in June 2019.
- Development of Partnership identity including logo and website.

### **2018/19 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 2018/19 Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the Local Authority Accounts (Scotland) Regulations 2014.

For financial year 2018/19 a deficit of £0.383m has been declared reflecting the net reduction in reserves held between 1 April 2018 and 31 March 2019. The reserves held by the Integration Joint Board have been utilised to meet, in part, the financial pressures in 2018/19 along with significant additional payments from the constituent authorities.

At 31 March 2019 the Integration Joint Board holds £1.977m of reserves which are earmarked for use in future years. The majority of these reserves relate to 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 table below summaries the movement in reserves from 2017/18

	£m
Opening Reserves	2.539
Reduction in Reserves	(0.383)
Closing Reserves	1.977

The Integration Scheme sets out the arrangements for agreeing how financial risk is managed. An agreement for additional contributions (or payments) from the constituent authorities of the partnership has been reached for 2018/19 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 the partnership further develops and agrees plans for sustainable service delivery within resources available aligned to the priorities of the Strategic Commissioning Plan.

## 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, measurable 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 July 2019 meeting. The published Annual Performance Reports for the Partnership can be found here <https://clacksandstirlinghscp.org/performance/>

This will be the third Annual Performance Report published by the Partnership and 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 in their caring role (Source: Annual Performance Report: Our Performance: A Summary).
- Delayed Discharge Performance continues to be significantly better than Scotland and comparator partnerships despite an increase in occupied bed days attributable to Delayed Discharges in 2018/19 (Source: Annual Performance Report: Delayed Discharge).
- Emergency Admission Rates rates (per 100,000 population) for the Partnership continue to be notably lower than for comparator partnerships and for Scotland which is illustrative of positive performance
- The Emergency Admission Rate has, however, risen from 2016/17 which gives some cause for concern. (Source: Our Performance: A Summary: Core Indicator N12)
- The Emergency Bed Day Rate (per 100,000 population) whilst having fallen slightly, which is positive, is not reducing at the same pace as for Scotland as a whole which is worthy of further exploration to identify possible improvement opportunities. (Source: Our Performance: A Summary: Core Indicator N13)

- The Readmissions to Hospital within 28 days (per 1000 population) are slightly 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

In line with Scottish Government legislation and statutory guidance IJBs are required to prepare and publish publicly accessible Annual Performance Reports. These reports require to contain a core suite of Integration Indicators allowing comparison between performance of partnerships. Indicators 1-9 of the core indicators draw on questions from the Health & Care Experience Survey. 2015/16 represents the baseline data for each of these indicators. As these indicators are surveyed and published every two years, there is no information to report for 2018/19. The partnership have agreed a basis to be able to begin to report against indicator 10 in future.

### Core Suite of Integration Indicators - Annual Performance

Indicator	Title	Partnership		Comparator Average	Scotland
		15/16	17/18	17/18	17/18
NI - 1	Percentage of adults able to look after their health very well or quite well	95%	94%	94%	93%
NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	82%	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	76%	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	73%	76%	74%	74%
NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	78%	78%	80%	80%
NI - 6	Percentage of people with positive experience of the care provided by their GP practice	87%	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	77%	79%	79%	80%
NI - 8	Total combined % carers who feel supported to continue in their caring role	32%	38%	37%	37%
NI - 9	Percentage of adults supported at home who agreed they felt safe	82%	86%	83%	83%
NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	no data	no data	no data	no data

Core Suite of Integration Indicators - Annual Performance

Indicators 11 to 23 require to be reported every year. Full year data for 2018/19 was not yet available at the time of publication of the Annual Performance Report and therefore the figures for 2018/19 are an average for the first 3 quarters unless otherwise stated.

For indicators 21 to 23 arrangements ISD and local partnerships are still developing arrangements for collation of required datasets to be able to report against these in future.

Indicator	Title	Partnership				Comparator Average 18/19	Scotland 18/19
		Baseline 15/16	Current				
			16/17	17/18	18/19		
NI - 11	Premature mortality rate per 100,000 persons aged under 75 years	425	389	379	no data	no data	no data
NI - 12	Emergency admission rate (per 100,000 adult population)	10,371	10,007	10,696	10,525 <sup>*</sup> 3 quarters plus 4th averaged	11,357 <sup>*</sup>	not published
NI - 13	Emergency bed day rate (per 100,000 population)	118,792	112,544	112,941	111,730 <sup>*</sup> 3 quarters plus 4th averaged	107,130 <sup>*</sup>	not published
NI - 14	Readmission to hospital within 28 days (per 1,000 population)	103	105	106	103 <sup>*</sup> 3 quarter average	102 <sup>*</sup>	not published
NI - 15	Proportion of last 6 months of life spent at home or in a community setting	86%	87%	87%	89.7%	89.2%	89.2%
NI - 16	Falls rate per 1,000 population aged 65+	18	16	20	22 <sup>*</sup> 3 quarter average	20 <sup>*</sup>	not published
NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	82%	88%	96%	93%	84.5%	82%
NI - 18	Percentage of adults with intensive care needs receiving care at home	69%	67%	no data	no data	no data	no data
NI - 19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	640	723	503	593	867	not published

Clackmannanshire & Stirling IJB – Annual Accounts for the year ended 31 March 2019

NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	23%	22%	22%	23% * 3 quarters plus 4th averaged	23% *	not published
NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	no data	no data	no data	no data	no data	no data
NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	no data	no data	no data	no data	no data	no data
NI - 23	Expenditure on end of life care, cost in last 6 months per death	no data	no data	no data	no data	no data	no data

Source: ISD are still developing these indicators where no data is available yet. Comparators: South Ayrshire, East Lothian, Angus, Moray, Perth & Kinross, Falkirk.

\* Indicators that rely on health records SMR01, SMR01\_1E, and SMR04 do not contain 100% of records for 18/19 at time of the statutory publication date of 31<sup>st</sup> July 2019. Data will be updated retrospectively.

There are no current specific targets in relation to the national core indicators. They are intended to give an overview of partnership performance and trends over time and ease of comparison with other Health and Social Care Partnerships.

## Financial Performance and Outlook, Risks and Plans for the Future

### Financial Performance

The Partnership has continued to face significant financial challenges in 2018/19 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 2018/19 budget approved by the Integration Joint Board in March 2018 was predicated on a savings requirement of £4.9m of which it is estimated that £2.919m (or 59.5%) was achieved. Achievement of savings is monitored through financial reporting and reported to the IJB Finance Committee and the IJB itself via routine financial reporting.

The operational financial position for the Partnership, prior to recovery plan actions, additional contributions from the constituent authorities and use of earmarked reserves, was a net deficit of £3.203m for the financial year. The main cost drivers affecting the deficit were

- demand for and costs of Residential and Nursing Home Care (£2.525m)
- demand for and costs of Care and Support at Home (£1.094m)
- costs and volume of drugs and other therapeutic prescribed and dispensed in the community (£1.372m)

These financial pressures were partially offset by underspends in other areas of the Integrated Budget, predominantly in relation to staffing budgets.

The deficit was met through a combination of utilisation of earmarked reserves without current expenditure plans, reducing our commitments against Partnership Funding through a process of review and disinvestment and additional non-recurrent funding contributions by the constituent authorities on a voting shares basis.

The table below sets out how the deficit was met:

	£m
<b>2018/19 Deficit</b>	<b><u>3.203</u></b>
Met By:	
Recovery Plan Actions	0.368
Use of Earmarked Reserves	0.383
Additional Funding Contributions from Constituent Authorities	2.452
<b>Total</b>	<b><u>3.203</u></b>

Overall this resulted in a deficit of £0.383m for the Partnership for the financial year and results in a position going forward where the partnership holds no uncommitted general reserves to assist in cushioning financial pressures in the 2019/20 and beyond. Furthermore, the underlying recurrent deficit across the Partnership increases the requirement for savings and efficiency programmes to deliver cash releasing savings across the lifecycle of the Strategic Commissioning Plan 2019-2022.

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, cost and complexity with finite resources.

The Integration Joint Board considered the 2019/20 budget at its meeting held on 27 March 2019. The budget incorporated proposed payments and set-aside budget for Large Hospital services (or resource transfers) from the constituent authorities. The 2019/20 payments from the constituent authorities taken alongside consideration of cost and services pressures, including pay awards, and the recurrent overspend from 2018/19 requires delivery of in the region of £16.3m of cash releasing savings across the Partnership across the life of the 2019/2022 Strategic Commissioning Plan to mitigate estimated financial pressures and provide a balanced financial position. There is, based on the reports to the Integration Joint Board in July 2019, a remaining gap £6.3m to achieve this position.

To facilitate this Options for Sustainable Service Delivery across the life of the Strategic Commissioning Plan continue to be developed including savings and efficiency programmes and aligned to Strategic Commissioning Plan priorities. These will be risk assessed and delivery will be monitored via the establishment of a Transforming Care Board with assurance and reporting to the Integration Joint Board provided via the IJB Finance and Performance Committee.

#### Set Aside Budget for Large Hospital Services

The Set Aside budget covers the in-scope integration functions of the NHS that are carried out in a large hospital settings providing services to the population of more than one Local Authority and/or Partnership area. For the Clackmannanshire and Stirling Partnership this includes services provided at the Forth Valley Royal Hospital site including the Lochview Learning Disability Inpatient facility and at Bellsdyke hospital in Larbert (Mental Health Inpatients). This covers areas such as emergency department, geriatric and general medicine, palliative care, learning disability and mental health inpatient services.

NHS Forth Valley meets the pressures associated with the set aside budget and therefore the financial risk does not currently lie with the Integration Joint Board. As a result, the figures disclosed in the accounts reflect the budget position for the Set Aside element. However, financial reports to the Integration Joint Board include information on the actual estimated expenditure against the Set Aside budget, noting that NHS Forth Valley currently meets the financial pressure associated. A summary of the position is as follows:

	£m
Set Aside Budget	20.633
Estimated Expenditure	<u>21,738</u>
<b>Overspend Met by NHS Forth Valley</b>	<b><u>1.105</u></b>

Arrangements for the Set Aside budget are currently under review. This could impact how this is financed and accounted for in future years.

#### Financial Outlook

Pressure continues on public sector expenditure at both UK and Scottish level with continued restraint in government funding predicted over the coming years.

The Scottish Government published an updated Five Year Financial Strategy 'Scotland's Fiscal Outlook' in May 2019 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 five years based on information available at the time of publication.

The Financial Strategy was supplemented by a Medium Term Financial Framework for Health and Social Care in Scotland in October 2018. Work is ongoing in developing a medium term financial plan for the Partnership based on:

- The context set out in the Scottish Governments Five Year Financial Strategy and Medium Term Financial Framework for Health and Social Care
- Local and regional intelligence and modelling on the changing demand for services from regional planning work the refresh Strategic Needs Assessment
- The ongoing impact of changes in legislation including the Carers Act and Free Personal Care for <65's
- The estimated impact of the Health and Social Care Partnerships Options for Sustainable Service Delivery 2019/2022 aligned to Strategic Commissioning Plan priorities.

### Future Risks

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
- Public sector pay policy
- Price and supply volatility in the markets, at both UK and international levels for prescription drugs and other therapeutic products.
- 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 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 within the health and social care workforce.
- Maintaining performance against key local and national indicators whilst bringing service delivery within resources available.

All of the above risks may have an impact on the partnerships costs in future years and, therefore, add to the financial pressures of the medium to long term.

### Plans for the Future

However, there continues to be opportunities for the Integration Joint Board to use its combined resources in a more effective, efficient and person-centred ways focusing of place based services to make better use of public resources.

The increasing demand on services continues to exceed available resources and approaches to services design and delivery requires to be focused on better outcomes for citizens and co-produced with our communities through meaningful and ongoing engagement. The Partnership continues 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 congruence with Local Outcome Improvement Plans, driving public value through place based services, community empowerment, public health and health improvement.

These approaches will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our communities thus assisting the partnership in addressing the challenges faced.

It is recognised that if there are not fundamental 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 co-produce these harnessing 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 Commissioning Plan Priorities and meeting statutory obligations in innovative ways including increasing use of technology and e-services. The Integration Joint Board approved a future Partnership Planning Approach in March 2018 to aid Strategic and Financial Alignment of service planning going forward and this approach continues to be critical to developing approaches to and models of sustainable service delivery.

The key elements of this approach are set out in the 'plan on a page' schematic on the following page. This approach will be supplemented by development of detailed delivery plans detailing how financially sustainable services will be planned and delivered.

Strategic Commissioning Plan 2019/2022

The Integration Joint Board’s Strategic Commissioning Plan 2019-2022 was approved in March 2019. It describes our plans, and how we will move towards delivering on our priorities, setting out the context, challenges, priorities and action plans for the Health and Social Care Partnership.

The schematic below summarises the Strategic Commissioning Plan as a ‘plan on a page’.

Vision	Priorities	Enabling Activities				Strategies and Initiatives to deliver change
...to enable people in the Clackmannanshire and Stirling Health & Social Care Partnership area to live full and positive lives within supportive communities	Care Closer to Home	Technology Enabled Care	Workforce Planning and Development	Housing / Adaptations	Infrastructure	Intermediate Care Strategy
	Primary Care Transformation					Primary Care Improvement Plan
	Caring, Connected Communities					Carers (Scotland) Act 2016 Community Empowerment (Scotland) Act 2015 Free Personal Care for under 65's 'A Connected Scotland: our strategy for tackling isolation and loneliness and building stronger social connections' Public Health Priorities for Scotland
	Mental Health					Mental Health Strategy
	Supporting people living with Dementia					Dementia Strategy
	Alcohol and drugs					Forth Valley ADP Strategy

Further detailed delivery plans continue to be developed and implemented to deliver against the priorities in a sustainable way via the Transforming Care Programme. The Strategic Commissioning Plan is supplemented by regular reports to the Integration Joint Board on Transforming Care, Governance, Finance and Performance.

The Strategic Commissioning Plan can be found in full here:

<https://clacksandstirlinghscp.org/wp-content/uploads/sites/10/2018/11/Strategic-Plan.pdf>

## Conclusion

In this third year of operations the Partnership has made significant further progress in the planning and delivery of the Partnerships' Strategic Plan 2016-2019.

Progress in achieving the vision and outcomes of the previous Strategic Commissioning Plan will be reported to the Integration Joint Board in July 2019 via the draft Annual Performance Report. Thereafter the Integration Joint Board will receive regular reports on the Transforming Care Programme as the delivery mechanism for the Strategic Commissioning Plan. This will seek to demonstrate the scale of activities and significant level of progress in relation to the agreed Strategic Commissioning Plan priorities.

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 Commissioning 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 of delivering sustainable services to our citizens.

We will continue to work with staff, managers, services, partners (including the third and independent sectors) and our communities to lead and support sustainable service design approaches, identify and implement innovative, cost effective and person centred, outcomes focused and place-based service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Commissioning Plan 2019-2022 priorities within resources available.

The Integration Joint Board would wish to thank the staff and volunteers whose work contributes to the provision of services to the populations of Clackmannanshire and Stirling.

## Where to Find More Information

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

<https://clacksandstirlinghscp.org/>

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

<https://clacksandstirlinghscp.org/integration-joint-board-meetings/>

Other publications from the partnership, past and present can be found here:

<https://clacksandstirlinghscp.org/publications/>

**John Ford**  
Chair  
25 September 2019

**Annemargaret Black**  
Chief Officer  
25 September 2019

**Scott Urquhart \***  
25 September 2019

\* Scott Urquhart, Director of Finance at NHS Forth Valley has been nominated by the Integration Joint Board to approve the accounts on behalf of the Chief Finance Officer.

## **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 Clackmannanshire and Stirling Integration Joint Board, 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 25 September 2019.

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

**John Ford**  
Chair

25 September 2019

### **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 2019 and the transactions for the year then ended.

**Scott Urquhart\***

25 September 2019

\* Scott Urquhart, Director of Finance at NHS Forth Valley has been nominated by the Integration Joint Board to approve the accounts on behalf of the Chief Finance Officer.

## **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 2018/19**

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 2018/19 was as follows:

#### **Clackmannanshire Council**

Councillor Les Sharp (Vice Chair from May 2018)  
Councillor Ellen Forson (until April 2018)  
Councillor Dave Clark  
Councillor Bill Mason

#### **NHS Forth Valley**

John Ford, Non Executive Member of NHS Forth Valley Board (Vice Chair until May 2019 and Chair from May 2018 to present)  
Cathie Cowan, Chief Executive  
Alex Linkston, Chair of NHS Forth Valley  
Fiona Gavine, Non Executive Member of NHS Forth Valley Board (until 31 December 2018)  
Graham Foster, Director of Public Health and Strategic Planning  
Joanne Chisholm, Non Executive Member of NHS Forth Valley Board (until 30 September 2018)  
Alan Rennie, Non Executive Member of NHS Forth Valley Board (from 1 January 2019)  
Stephen McAllister, Non Executive Member of NHS Forth Valley Board (from 1 January 2019)

#### **Stirling Council**

Councillor Scott Farmer (Chair until May 2018)  
Councillor Graham Houston  
Councillor Susan McGill

**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. The details of the Chair and Vice Chair appointments and any remuneration and taxable expenses paid are shown below.

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

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 until 31 December 2018 was employed by Clackmannanshire Council. The Interim Chief Officer from 1 December 2018 to March 2019 was employed by NHS Forth Valley who also agreed to meet the costs of the interim appointment for this period in full. There was a small overlap in the Chief Officer appointments to permit handover and annual leave.

#### 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 Chief Finance Officer is employed by NHS Forth Valley.

<b>Total 2017/18 £</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total 2018/19 £</b>
90,583	<b>Shiona Strachan</b> Chief Officer to 31 December 2018	69,136 (FTE 92,181)	0	69,136
-	<b>Ian Aitken</b> Chief Officer (Interim) 1 December 2018 to 31 March 2019	30,816 (FTE 92,448)	0	30,816
58,191 (FTE 66,418)	<b>Ewan Murray</b> Chief Finance Officer 26 October 2015 to present	71,530	0	71,530
<b>148,774</b>	<b>Total</b>	<b>171,482</b>	<b>0</b>	<b>171,482</b>

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 31/03/18 £	For Year to 31/03/19 £		Difference from 31/03/18 £000	As at 31/03/19 £000
Shiona Strachan	19,475	14,864	Pension	2	40
Chief Officer			Lump sum	-	71
Ian Aitken	n/a	4,780	Pension	3	48
Interim Chief Officer			Lump Sum	8	145
Ewan Murray	8,659	10,658	Pension	3	27
Chief Finance Officer			Lump Sum	3	65
<b>Total</b>	<b>28,134</b>	<b>30,302</b>	<b>Pension</b>	<b>8</b>	<b>115</b>
			<b>Lump Sum</b>	<b>11</b>	<b>281</b>

### 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 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£55,000 - £59,999	0
0	£65,000 - £69,999	1
0	£70,000 - £74,999	1
1	£90,000 - £94,999	0

### Exit Packages

There were no exit packages in relation to Clackmannanshire and Stirling Integration Joint Board in financial year 2018/19.

**John Ford**  
Chair

25 September 2019

**Annemargaret Black**  
Chief Officer

25 September 2019

## **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 2018/19 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
- Integration Joint Board Finance Committee
- Clinical and Care Governance Framework
- Risk Management Framework and Strategic Risk Register
- 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 2018/19 this included the following:

- The Partnership Strategic Plan 2016/2019 (now succeeded by the 2019/2022 Strategic Commissioning Plan)
- Delivery Plan 2017/2019

- Integrated Workforce Plan 2016/2019 (now succeeded by the Strategic Workforce Plan 2019/2022)
- Provision of regular reports to the IJB including Chief Officers Report, Financial Reports, Performance Reports within a structured agenda for each meeting including Finance, Performance, Transforming Care and Strategic Planning and Governance
- Management information systems and regular monitoring reports, including regular and annual performance and financial reporting
- Established budget setting processes in line with the Integration Scheme
- Consideration of Internal Audit Progress Reports
- Direct access to expert advice from the Medical & Nurse Directors of NHS Forth Valley and the Chief Social Work Officers of Clackmannanshire and Stirling Councils
- Data sharing arrangements
- Complaints Handling Procedures
- Consideration of Findings and Recommendations from the Joint Inspection {Adults} on the Effectiveness of Strategic Planning in the Clackmannanshire and Stirling Partnership
- The Integration Joint Board Audit Committee
- The Integration Joint Board Finance Committee
- Review of Integration Joint Board Committee structure including changes of function and establishment and approval of revised Terms of Reference for the Audit and Risk and Finance and Performance Committees

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 significant weaknesses have been identified with these systems during 2018/19 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 drawn from review of the Integration Joint Boards Strategic Risk Register, and is approved by the Integration Joint Board Audit Committee.

Whilst acknowledging the statement was developed in the context of Local Authorities the IJB complies, as far as is practicable, with the CIPFA statement on 'The Role of the Chief Financial Officer in Local Government' 2010.

## 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 2018/19 this review was undertaken the following ways:

- Consideration of the Chief Internal Auditors Annual Report in June 2019 which stated 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 following the changes to terms of reference as highlighted in the Integration Joint Board Report on 27 March 2019, including the need to develop and increase the visibility of the approach to risk management
  - Approval of the Partnership Budget for 2019/20 in March 2019, as in previous years, recognised that the NHS element is subject to approval of the NHS Forth Valley 2019/20 Draft Financial Plan
  - The Partnership is projected to overspend in 2018/19 and remains at high risk of overspending in 2019/20. Work is ongoing to achieve a balanced budget
- Development, by the Chief Internal Auditor, of a draft internal audit sharing protocol, in consultation with the chief internal auditors for the constituent authorities, in order to govern, and set out specific arrangements that will apply to, the sharing of internal audit outputs between Clackmannanshire Council, Stirling Council, NHS Forth Valley and the Integration Joint Board.
- Consideration of the Accounts Commission Report on Progress with Integration (December 2018) and development and submission of a consolidated partnership response as the basis for development of an Action Plan
- Internal Audit reviews and reports on:
  - Self Directed Support (Stirling) – The internal audit report provided limited assurance that the arrangements in place within Stirling Council for self-directed support were operating effectively, in line with legislation and the Council's procedures which are based on national guidelines. It was noted, in particular, that there was ongoing delay in completing the actions in the SDS implementation plan, which had an impact on the Council's ability to fulfil its obligations both to the IJB and to fully comply with the legislation.
  - Service Redesign - The review considered progress made by the IJB in taking forward transformational change in the delivery of integrated services, the arrangements to scrutinise consistency with strategic objectives and to ensure that proposed changes, timescales and savings are achievable. The report on this review did not identify any critical or high risk findings, but made recommendations to help strengthen current arrangements
  - Participation and Engagement - The review considered whether the IJB and the Health & Social Care Partnership engage adequately and fully with stakeholders, including harder to reach groups of service users and unpaid carers, focusing on related risk reduction actions identified in the Strategic Risk Register. This concluded that that the arrangements for stakeholder participation and engagement are appropriate and are operating effectively.
- A self assessment of the Integration Joint Boards corporate governance arrangements was completed by the Chief Finance Officer in consultation with the Interim Chief Officer and presented to the Audit and Risk Committee in June 2019. The self assessment included areas of improvement, review and/or development

required which will have or will be consolidated into the relevant action plans going forward.

- Review of purpose, effectiveness and Terms of References of the Integration Joint Boards Committees

The governance workplan is a standing item on the agenda of the Audit and Risk Committee.

As partnership arrangements evolve further during 2019/20, including further operational delegation of operational management responsibilities to the Chief Officer and the consolidated partnership response to the Ministerial Strategic Group (MSG) proposals on Progress with Integration, it is acknowledged there will be a requirement for a comprehensive review of the Integration Joint Boards governance frameworks. This will include the Scheme of Delegation and Financial Regulations and the development, approval and monitoring of an action plan to monitor implementation of our consolidated response to the MSG proposals. The new Chief Officer has a key role in leading the partnerships response and ensuring the conditions to progress the Partnership arrangements within sound governance arrangements are in place.

As part of this review the approach to the Annual Governance Statement and associated assurance arrangements will be reviewed in consultation with the constituent authorities for future years.

### **Management of Risk and Significant Governance Issues**

The Integration Joint Board monitors and seeks to mitigate significant risk through its Risk Management Framework and Strategic Risk Register. The Audit & Risk Committee provide a scrutiny role for the Integration Joint Board in review of the Strategic Risk Register and high risks are reported to the Integration Joint Board through regular Performance Reports on an exception basis.

Financial resilience has been assessed as a high risk from establishment of the Integration Joint Board. Budget setting processes for 2019/20 were agreed with the Integration Joint Board and supported through budget seminars and scrutiny by the Finance Committee. The process has proved to be extremely challenging resulting in a position where the Board could not set a balanced budget for 2019/20.

Further work is ongoing in developing options for financially sustainable service delivery with a view to bringing the partnership into balance over the medium term. This does, however, require to be highlighted as a significant governance issue for the Board.

**Progress on Areas for Improvement Identified in 2017/18**

Areas for Improvement Identified in 2017/18	Action Undertaken in 2018/19
<p>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.</p>	<p>Due to various reasons including Chief Officer changes this was deferred until 2019/20. Shadow management arrangements now agreed.</p> <p>IJB Committee structure including functions and revised Terms of Reference completed in 2018/19. Review of Governance Frameworks will follow during 2019/20.</p>
<p>2. Review of Scheme of Delegation</p>	<p>Deferred until 2019/20 to allow permanent Chief Officer to be fully participative in review.</p>
<p>3. Review of Approach to Directions</p>	<p>Integration Joint Board approved revised approach in November 2018.</p>

**2019/20 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 (s)	Completion Date
1.	Further to clarity being reached on further delegation of operational responsibilities to the Chief Officer a comprehensive review of the IJBs Governance Frameworks will be undertaken.	Review to be undertaken and presented for Approval including review and updating of Scheme of Delegation and Financial Regulations	Chief Finance Officer & Chief Officer	January 2020
2.	Development of Local Code of Corporate Governance, Whistleblowing Policy and Counter Fraud arrangements to strengthen governance arrangements.	Development and presentation to Audit and Risk Committee for Approval	Chief Officer & Chief Finance Officer	January 2020
3.	Implement Revised Approach to Directions	Implement Future Approach to Direction taking account of emergent national guidance and identified good practice to underpin implementation of 2019-2022 Strategic Commissioning Plan and Transforming Care Programme	Chief Officer & Chief Finance Officer	March 2020
4.	Development of an Action Plan in response to the Ministerial Strategic Groups (MSG) review of progress of integration of health and social care.	Draft Action Plan to be presented to IJB for consideration and approval and future monitoring. Will include review of reserves policy linked to development of medium term planning and budgetary control arrangements.	Chief Officer	September 2019
5.	Chief Officer and Chief Finance Officer personal development and appraisal arrangements.	Ensure robust processes agreed and put in place.	Chief Executives of Constituent Authorities and Chief Officer	March 2020
6.	Review of relationship between IJB and Community Planning Partnerships	Mechanism for Effective Alignment of Health and Social Care Partnership planning and Local Outcome Improvement Plans (LOIPS)	Head of Service (Strategic Planning and Health Improvement)	March 2020

### **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**

25 September 2019

Chair

**Annemargaret Black**

25 September 2019

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.

* Restated		2017/18		2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
19,985	0	19,985	Large Hospital Services	20,633	0	20,633
102,420	(8,009)	94,411	Community Health and Social Care Services	108,032	(8,425)	99,607
67,034	0	67,034	Primary Care	70,365	0	70,365
262	0	262	IJB Running Costs	292	0	292
<b>189,701</b>	<b>(8,009)</b>	<b>181,692</b>	<b>Cost of Services</b>	<b>199,322</b>	<b>(8,425)</b>	<b>190,897</b>
	(180,639)	(180,639)	Taxation and Non-Specific Grant Income (Note 6)		(190,514)	(190,514)
<b>189,701</b>	<b>(188,648)</b>	<b>1,053</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>199,322</b>	<b>(198,939)</b>	<b>383</b>
		<b>1,053</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>383</b>

\* 2017/18 figures have been restated to illustrate gross expenditure and income from service user charges.

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.

<b>Movements in Reserves During 2018/19</b>	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
<b>Opening Balance at 31 March 2018</b>	<b>(2,359)</b>	-	<b>(2,359)</b>
Total Comprehensive Income and Expenditure	383	-	383
Decrease in 2018/19	<b>383</b>	-	<b>383</b>
<b>Closing Balance at 31 March 2019</b>	<b>(1,977)</b>	-	<b>(1,977)</b>

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

**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.

<b>31 March 2018 £000</b>		<b>Notes</b>	<b>31 March 2019 £000</b>
<u>2,359</u>	Short term Debtors	Note 7	<u>1,977</u>
	<b>Current Assets</b>		
<u><b>2,359</b></u>	<b>Net Assets</b>		<u><b>1,977</b></u>
2,359	Usable Reserve: General Fund	Note 10	1,977
<u><b>2,359</b></u>	<b>Total Reserves</b>		<u><b>1,977</b></u>

*The unaudited accounts were issued on 28 June 2019 and the audited accounts were authorised for issue on 25 September 2019.*

**Scott Urquhart\***

25 September 2019

\* Scott Urquhart, Director of Finance at NHS Forth Valley has been nominated by the Integration Joint Board to approve the accounts on behalf of the Chief Finance Officer.

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### General Principles

The Financial Statements summarises the authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

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 2018/19, 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 supplementary to normal insurance arrangements for clinical and care services.

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 Board 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 2019/20 Code:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty Over Income Tax Treatments;
- Amendments to IFRS 9 Financial Instruments: Prepayment Features With Negative Compensation.

The Code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 financial statements.

## **3. Critical Judgements in Applying Accounting Policies**

### Set Aside Budget for Large Hospital Services

Based upon Scottish Government advice for financial year 2018/19 the sum included 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 and arrangements for developing these will be reported to the Integration Joint Board in due course.

### Ordinary Residence Cases

During 2017/18 claims for the cost of 3 care packages provided by Falkirk Council / Falkirk Health and Social Care Partnership were received by Clackmannanshire Council. During 2018/19 claims for a further 2 cases were made. These claims are currently in dispute. The council has made provision for the cost of these claims in 2018/19 to the value of £0.826m and without prejudice to the outcome of the due process and these costs are reflected in the expenditure of the Integration Joint Board for 2018/19. Discussions to resolve these matters are continuing into 2019/20.

## **4. Events After the Reporting Period**

The Annual Accounts were authorised for issue by the Chief Finance Officer on 25 September 2019. 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 2019, 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**

<b>2017/18</b> *Restated £000		<b>2018/19</b> £000
21,144	Services commissioned from Clackmannanshire Council	21,484
35,787	Services commissioned from Stirling Council	38,966
132,508	Services commissioned from NHS Forth Valley	138,580
235	Other IJB Operating Expenditure	265
3	Insurance and Related Expenditure	3
24	Auditor Fee: External Audit Work	25
0	Auditor Fee: Other Work	0
(4,605)	Service Income: Clackmannanshire Council	(4,348)
(3,404)	Service Income: Stirling Council	(4,077)
(180,639)	Partners Funding Contributions and Non-Specific Grant Income	(190,514)
<hr/>		
<b>1,053</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>383</b>

\*2017/18 figures have been restated to illustrate service income separately

**6. Taxation and Non-Specific Grant Income**

<b>2017/18</b> £000		<b>2018/19</b> £000
15,693	Funding Contribution from Clackmannanshire Council	16,704
31,787	Funding Contribution from Stirling Council	33,835
133,159	Funding Contribution from NHS Forth Valley	139,975
0	Other Non-Ringfenced grants and contributions	0
<hr/>		
<b>180,639</b>	<b>Taxation and Non-specific Grant Income</b>	<b>190,514</b>

The funding contribution from the NHS Board shown above includes £20.633m 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 Integration Joint Board, however, has strategic responsibility for the consumption of, and level of demand placed on, these resources.

## 7. Debtors

31 March 2018 £000		31 March 2019 £000
0	Clackmannanshire Council	0
760	Stirling Council	733
1,599	NHS Forth Valley	1,244
0	Non-public sector	0
<hr/>		
<b>2,359</b>	<b>Debtors</b>	<b>1,977</b>
<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 2018 £000		31 March 2019 £000
0	Non-public sector	0
<hr/>		
<b>0</b>	<b>Creditors</b>	<b>0</b>
<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.

<b>2017/18</b>				<b>2018/19</b>			
Balance at 1 April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 March 2018		Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 March 2019
£000	£000	£000	£000		£000	£000	£000
(457)	457	(0)	(0)	Integration Fund	0	(1)	(1)
(863)	298	(0)	(565)	Partnership Funding	245	0	(320)
(306)	0	(266)	(572)	Primary Care and Mental Health Transformation Funds	319	0	(253)
(169)	0	(140)	(309)	Transforming Urgent Care	133		(176)
		(1)	(1)	Pharmacy First Mental Health	1		0
		(100)	(100)	Innovation Fund	100		0
		(52)	(52)	GP Cluster Model	52		0
(18)	0	(6)	(24)	Autism	1		(23)
(18)	18		0	Dementia Friendly		(100)	(100)
(39)	39		0	National Care Home Contract			0
(803)	112		(691)	Drug and Alcohol Recovery Support	183		(508)
(34)			(34)	See Hear	0	(6)	(40)
(17)	6		(11)	Sensory Impairment Primary Care Improvement Fund		(140)	(140)
				GP Out of Hours Fund		(128)	(128)
				Alcohol & Drugs GP Sub Committee for GP Contract		(24)	(24)
				Mental Health Innovation Fund		(21)	(21)
				GP Contract		(57)	(57)
				Mental Health Innovation Fund		(57)	(57)
				Unscheduled Care		(124)	(124)
				Independent Travel		(50)	(50)
(2,724)	930	(565)	(2,359)	<b>Total Earmarked</b>	1,034	(651)	(1,977)
(688)	688	(0)	0	Contingency	0	0	0
<b>(3,412)</b>	<b>1,618</b>	<b>(565)</b>	<b>(2,359)</b>	<b>General Fund</b>	<b>1,034</b>	<b>(651)</b>	<b>(1,977)</b>

**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

<b>2017/18</b>		<b>2017/18</b>
£000		£000
(133,159)	Funding Contributions received from the NHS Board	(139,975)
132,546	Expenditure on Services Provided by the NHS Board	138,644
98	Key Management Personnel: Non-Voting Board Members	114
<hr/>		
<b>(515)</b>	<b>Net Transactions with NHS Forth Valley</b>	<b>(1,217)</b>
<hr/>		

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

<b>31 March 2018</b>		<b>31 March 2019</b>
£000		£000
1,599	Debtor balances: Amounts due from the NHS Board	1,244
0	Creditor balances: Amounts due to the NHS Board	0
<hr/>		
<b>1,599</b>	<b>Net Balance with the NHS Forth Valley</b>	<b>1,244</b>
<hr/>		

Transactions with Clackmannanshire Council

<b>2017/18</b>		<b>2018/19</b>
*Restated		£000
£000		£000
(15,693)	Funding Contributions received from the Council	(16,704)
(4,605)	Service Income Received from the Council	(4,348)
21,158	Expenditure on Services Provided by the Council	21,484
49	Key Management Personnel: Non-Voting Board Members	57
<hr/>		
<b>909</b>	<b>Net Transactions with Clackmannanshire Council</b>	<b>489</b>
<hr/>		

\*2017/18 figures have been restated to illustrate service income separately.

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

<b>31 March 2018</b>		<b>31 March 2019</b>
£000		£000
0	Debtor balances: Amounts due from the Council	0
0	Creditor balances: Amounts due to the Council	0
<hr/>		
<b>0</b>	<b>Net Balance with Clackmannanshire Council</b>	<b>0</b>
<hr/>		

Transactions with Stirling Council

<b>2017/18</b>		<b>2018/19</b>
*Restated		
£000		£000
(31,787)	Funding Contributions received from the Council	(33,835)
(3,404)	Service Income Received from the Council	(4,077)
35,801	Expenditure on Services Provided by the Council	38,966
49	Key Management Personnel: Non-Voting Board Members	57
<hr/>		
<b>659</b>	<b>Net Transactions with Stirling Council</b>	<b>1,111</b>
<hr/>		

\*2017/18 figures have been restated to illustrate service income separately.

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

<b>31 March</b>		<b>31 March</b>
<b>2018</b>		<b>2019</b>
£000		£000
760	Debtor balances: Amounts due from the Council	733
0	Creditor balances: Amounts due to the Council	0
<hr/>		
<b>760</b>	<b>Net Balance with Stirling Council</b>	<b>733</b>
<hr/>		

**12. Expenditure Analysis**

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

<b>HEALTH SERVICES</b>	2017/18 Expenditure £'000	2018/19 Expenditure £'000
<u>Set Aside</u>		
Accident and Emergency Services	5,280	5,596
In Patients Hospital Services Relating to:		
General Medicing	2,573	2,742
Geriatric Medicine	3,820	3,967
Rehabilitation Medicine	1,236	1,269
Respiratory Medicine	985	1,013
Psychiatry of Learning Disability	1,005	1,086
Palliative Care (Hospital Based)	887	920
Mental Health Inpatient Services	5,041	5,144
<b>Subtotal Before Adjustment to Budget</b>	<b>20,827</b>	<b>21,737</b>
<b>Adjustment to Budget</b>	<b>-842</b>	<b>-1,104</b>
<b>Subtotal</b>	<b>19,985</b>	<b>20,633</b>
<u>Operational</u>		
District Nursing Services	3,370	3,507
Community Nursing Services		110
Community Addiction Services	2,581	2,529
Community Based AHP Services	5,480	5,676
Public Dental Service	1,011	997
Service provided outwith a hospital in relation to geriatric medicine	892	976
Palliative Care (delivered in Community)	75	68
Community Learning Disability Services	561	577
Community Mental Health Services	3,013	3,259
Contenance Services	142	143
Services Provided to Promote Public Health	1,240	1,113
Community Hospitals	5,744	5,477
Resource Transfer	8,179	8,330
Joint Partnership Agreements	1,876	1,729
Partnership Funds (ICF/ Delayed Discharge / Bridging)	3,086	2,734
Shared Partnership Costs	136	168
Integration Fund	8,860	8,808
Reserves	-624	1,545
<b>Subtotal</b>	<b>45,625</b>	<b>47,750</b>
<u>Universal</u>		
Primary Medical Services (GMS Contract)	22,257	23,713
Primary Dental Services (GDS Contract)	7,669	7,888
Community Ophthalmic Services	2,632	2,696
Community Pharmaceutical Services (incl Prescribing)	33,210	34,107
GP Out of Hours Services	1,266	1,961
<b>Subtotal</b>	<b>67,034</b>	<b>70,365</b>
<b>TOTAL HEALTH SERVICES</b>	<b>132,644</b>	<b>138,747</b>

**SOCIAL CARE SERVICES - CLACKMANNANSHIRE**

Long Term Care	10,507	11,352
Care at Home	7,169	7,749
Day Care	343	307
Housing with Care	185	228
Respite Care	221	113
Staffing	7,451	7,158
Direct Payments	577	556
Third Party Payment	508	656
Supplies & Services	630	370
Premises	38	73
Transport	52	55
Provisions	376	
Garden Aid	125	106
Income	(4,605)	(4,348)
Resource Transfer	(7,038)	(7,239)
Shared Partnership Costs	63	50
<b>TOTAL SOCIAL CARE SERVICES - CLACKMANNANSHIRE</b>	<b>16,602</b>	<b>17,186</b>

**SOCIAL CARE SERVICES - STIRLING**

Long Term Care	15,571	13,614
Housing Aids and Adaptions	729	784
Voluntary Organisations / 3rd sector payments	652	728
Sensory services	217	215
Daycare	1,556	1,561
JLES	177	217
Equipment	130	177
Respite	838	1,017
Care and support at home	18,707	18,256
Integration Fund	(5,442)	(4,560)
Transport	110	146
Drug and Alcohol services	122	123
Resource Transfer	(5,121)	(5,122)
Mecs/Telecare/Telehealth	613	979
Reablement		1,718
Bellfield Centre / Care Village		2,602
Staffing	3,330	3,432
Savings		(1,025)
Reserves	194	27
Shared Partnership Posts	63	75
<b>TOTAL SOCIAL CARE SERVICES - STIRLING</b>	<b>32,446</b>	<b>34,963</b>

<b>PARTNERSHIP TOTAL</b>	<b>181,692</b>	<b>190,897</b>
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Note: Developments in use of management information systems to support future locality reporting and service changes e.g. Opening of Bellfield Centre in Stirling Health and Care Village may affect the comparability of service line expenditure between financial years.

## **Independent Auditor's Report**

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

#### **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 2019 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Clackmannanshire and Stirling Integration Joint Board as at 31 March 2019 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 2018/19 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)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 7 January 2019. This is the first year of my appointment. I am independent of the Clackmannanshire and Stirling Integration Joint Board 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. Non-audit services prohibited by the Ethical Standard were not provided to the Clackmannanshire and Stirling Integration Joint Board. 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 Clackmannanshire and Stirling Integration Joint Board'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.

### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### **Responsibilities of the Chief Finance Officer and Audit and Risk 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 Clackmannanshire and Stirling Integration Joint Board'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 and Risk Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator,

the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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](http://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.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Cornett, FCPFA  
Audit Director  
Audit Scotland, 4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2019

## **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



Clackmannanshire & Stirling

Health & Social Care  
Partnership

# Integration Joint Board Audit & Risk Committee

25 September 2019

Agenda Item 5

**Audit Scotland: Independent Auditors Report  
incorporating Letter of Representation**

**For Noting and Approval**

<b>Paper presented by</b>	Paul Craig
<b>Authors</b>	Audit Scotland
<b>Exempt Report</b>	No



Clackmannanshire  
Council



**NHS**  
Forth Valley



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## Audit Committee and Risk Committee

25 September 2019

### Clackmannanshire & Stirling Integration Joint Board Audit of 2018/19 annual accounts

#### Independent auditor's report

1. Our audit work on the 2018/19 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 an unqualified audit opinion in the independent auditor's report on 25 September 2019 (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 and Risk Committee's consideration our draft annual report on the 2018/19 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

### 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 2019 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Clackmannanshire and Stirling Integration Joint Board as at 31 March 2019 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 2018/19 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)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 7 January 2019. This is the first year of my appointment. I am independent of the Clackmannanshire and Stirling Integration Joint Board 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. Non-audit services prohibited by the Ethical Standard were not provided to the Clackmannanshire and Stirling Integration Joint Board. 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 Clackmannanshire and Stirling Integration

Joint Board'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.

### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### **Responsibilities of the Chief Finance Officer and Audit and Risk 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 Clackmannanshire and Stirling Integration Joint Board'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 and Risk Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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](http://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.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Cornett, FCPFA

Audit Director  
Audit Scotland, 4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
September 2019

## APPENDIX B: Letter of Representation (ISA 580)

John Cornett, Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

25 September 2019

Dear John

### **Clackmannanshire and Stirling Integration Joint Board Annual Accounts 2018/19**

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 2019 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 and Risk Committee, the following representations given to you in connection with your audit of Clackmannanshire and Stirling Integration Joint Board's annual accounts for the year ended 31 March 2019.

### **General**

3. Clackmannanshire and Stirling Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 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 2018/19 (2018/19 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 2019 and the transactions for 2018/19.

### **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 2018/19 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 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 2019 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 2019 of which I am aware where the conditions specified in the 2018/19 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 2019. 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 2019 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 as a result 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 appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 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 2018/19 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 2019, which require to be reflected.

## **Balance Sheet**

21. All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

## **Scott Urquhart**

Due to the Chief Finance Officer of the Integration Board being unavailable, Scott Urquhart, Director of Finance at NHS Forth Valley has been nominated to approve this Letter of Representation on behalf of the Integration Joint Board and the Audit & Risk Committee.



Clackmannanshire & Stirling

Health & Social Care  
Partnership

# Integration Joint Board Audit & Risk Committee

25 September 2019

Agenda Item 6

Audit Scotland: Proposed Annual Audit  
Report to Clackmannanshire and Stirling  
Integration Joint Board

For Noting and Approval

<b>Paper presented by</b>	Paul Craig
<b>Authors</b>	Audit Scotland
<b>Exempt Report</b>	No



Clackmannanshire  
Council



**NHS**  
Forth Valley



# Clackmannanshire and Stirling Integration Joint Board

PROPOSED 2018/19 Annual Audit Report

 AUDIT SCOTLAND

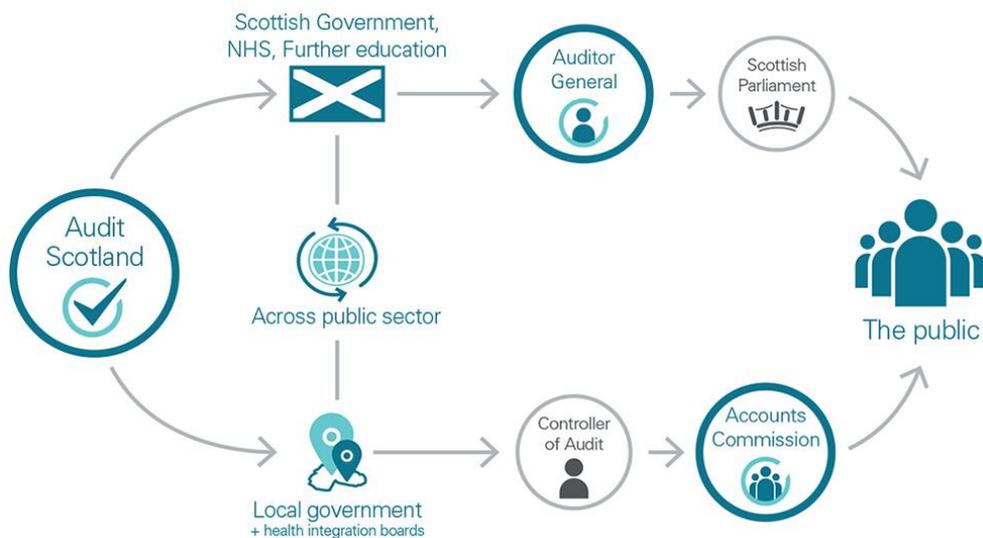
Prepared for Clackmannanshire and Stirling Integration Joint Board and the Controller of Audit

25 September 2019

## 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.

# Contents

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Key messages	4
Introduction	5
Part 1 Audit of 2018/19 annual accounts	7
Part 2 Financial management and sustainability	10
Part 3 Governance, transparency and value for money	16
Appendix 1 Action plan 2018/19	20
Appendix 2 Significant audit risks identified during planning	24
Appendix 3 Summary of national performance reports 2018/19	27

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# Key messages

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## 2018/19 annual report and accounts

- 1 Clackmannanshire and Stirling IJB (the IJB) financial statements give a true and fair view of the state of affairs of the IJB at 31 March 2019 and of its income and expenditure for the year then ended, and were properly prepared.
- 2 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.

## Financial management and sustainability

- 3 Budgetary processes provide the IJB with timely and reliable information for monitoring financial performance. Further improvements to financial reporting would be achieved if partner financial reporting were aligned with the IJB processes to enable a better understanding of costs across the whole partnership.
- 4 The IJBs financial position remains challenging and the organisation implemented a recovery plan in 2018/19 which included additional contributions of £2.452 million from partners. Despite this, the IJB incurred an in-year loss of £0.383 million which was financed, as it had planned, from its reserves.
- 5 The IJB budget for 2019/20 shows a forecast funding gap of £3.980 million. This figure incorporates £3.302 million of efficiency savings, some of which could be at risk of not being achieved.

## Governance, transparency and value for money

- 6 The IJB is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.
- 7 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.
- 8 The IJB extended the remit of the Finance & Performance Committee during 2018/19 to enable more detailed scrutiny of performance at service level. This was also aimed at reducing the workload for the Board, as it was becoming increasingly difficult to get through all agenda items.
- 9 The annual performance report shows that, overall, the IJB performs well against the Scottish average.

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# Introduction

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1. This report is a summary of our findings arising from the 2018/19 audit of Clackmannanshire and Stirling Integration Joint Board (the IJB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 20 February 2019. This report comprises the findings from our main elements of work in 2018/19 including:
  - an audit of the IJB's 2018/19 annual accounts including issuing an independent auditor's report setting out my opinion
  - 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](#).

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## Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

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## Adding value through the audit

3. We add value to the IJB, through audit, by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
  - reporting our findings and conclusions in public
  - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

4. 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.

## Responsibilities and reporting

5. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is 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. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

8. In doing this we aim to support improvement and accountability. 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. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

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 2018/19 audit fee of £0.025 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.

12. 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](http://www.audit-scotland.gov.uk) in due course.

13. 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 2018/19 annual accounts



### Main judgements

The financial statements give a true and fair view of the state of affairs of the IJB at 31 March 2019 and of its income and expenditure for the year then ended, 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.

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.

### Audit opinions on the annual accounts

**14.** The annual accounts for the year ended 31 March 2019 were approved by the board on 25 September 2019. We reported within the independent auditor's report that:

- the financial statements give a true and fair view of the state of affairs of the IJB at 31 March 2019 and of its income and expenditure for the year then ended, 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.

**15.** 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.

### Submission of annual accounts for audit

**16.** We received the unaudited annual accounts on 24 June 2019 which was slightly 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 enabled 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.

**17.** The working papers provided with the unaudited annual accounts were of a good standard and finance staff provided support to the audit team which helped ensure the audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that

were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

**19.** We have no issues to report from our work on the financial statements issues and risks highlighted in our 2018/19 Annual Audit Plan.

## 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 report and 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](#). Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.

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## Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£1.909 million
Performance materiality	£1.145 million
Reporting threshold	£0.020 million

Source: Audit Scotland, 2018/19 Annual Audit Plan

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## Significant findings from the audit in accordance with ISA 260

**22.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

**23.** The significant findings 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.

## Subjective aspects of the audit

**24.** We have no significant findings to report around the subjective aspects (e.g. accounting policies, accounting estimates, significant financial statements disclosures) of the 2018/19 accounting practices although we suggested improvements to the management commentary and the annual governance report. These have been incorporated into the audited accounts.

## Exhibit 3

### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Hospital Acute Services (Set Aside)</b></p> <p>The accounts include £20.633 million set aside costs for hospital acute services. The budget and actual expenditure reported for the set aside are 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 2018/19 financial statements does not therefore fully reflect actual hospital use. The estimated expenditure for 2018/19 was £21.738 million and the overspend is met by NHS Forth Valley.</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>As required by The Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the accounts provide an explanation of the progress towards implementation of the arrangements for calculating the appropriate amounts of hospital set asides (at note 3 – critical judgements); and the potential impact is reported in the management commentary.</p> <p> Recommendation 1 (refer <a href="#">appendix 1</a>, action plan)</p>
<p><b>2. Consolidated Income &amp; Expenditure Account (CIES) - income</b></p> <p>LASAAC guidance for integration joint board accounting requires that income received in return for the provision of a specific service should be presented as income in the relevant service line. As this information was not provided by partner bodies, this was not disclosed in the unaudited accounts and was, instead, netted against expenditure.</p>	<p>Expenditure and income have each been grossed up by £8.425 million in the CIES to reflect income generated by the partners in return for the provision of services. This has no impact on the deficit reported for the financial year.</p> <p> Recommendation 2 (refer <a href="#">appendix 1</a>, action plan)</p>

### How we evaluate misstatements

**25.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected, although the final decision on making the correction this lies with those charged with governance considering advice from senior officers and materiality. There were no material adjustments to the unaudited annual accounts arising from our audit.

### 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, six agreed actions were raised in 2017/18. Of these:

- four have been fully implemented
- two are progressing towards implementation and continue to be relevant.

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

# Part 2

## Financial management and sustainability



### Main judgements

**Budgetary processes provide the IJB with timely and reliable information for monitoring financial performance. Further improvements to financial reporting would be achieved if partner financial reporting were aligned with the IJB processes to enable a better understanding of costs across the whole partnership.**

**The IJBs financial position remains challenging and the organisation implemented a recovery plan in 2018/19 which included additional contributions of £2.452 million from partners. Despite this, the IJB incurred an in-year loss of £0.383 million which was financed, as it had planned, from its reserves.**

**The IJB budget for 2019/20 shows a forecast funding gap of £3.980 million. This figure incorporates £3.302 million of efficiency savings, some of which could be at risk of not being achieved.**

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

### Financial management

**29.** 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.

**30.** 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.

**31.** The existing finance reports that are presented quarterly to the Board are largely based on the reporting styles for each of the three partner bodies. While this is useful for management information purposes, more work is required to unify the categories of expenditure across the IJB. As the IJB looks to make efficiency savings it is essential to have a full understanding of costs across the partnership to assist in identifying and managing future transformation program requirements and efficiencies. The IJB has recognised this risk, however further progress still needs to be made to align financial reporting as far as possible.



### Recommendation 3

**Partner financial reporting should be aligned to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership.**

**32.** Nevertheless, we have 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

**33.** 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.

**34.** As part of our audit approach we sought assurances from the external auditor 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.

### Internal audit

**35.** We reviewed the IJB's internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could use the work of internal audit.

**36.** To avoid duplication of effort we use the work of internal audit wherever possible. While we did not use their work regarding our audit of the IJBs financial statements, we did consider internal audit's work as part of our wider dimension work in the following area:

- Service Redesign and Service User Experience - The Carers Act (Participation & Engagement).

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

**37.** The IJB has a range of activities in place designed to maintain standards of conduct including a Code of Conduct for members. Registers of members' interests are in place for Board Members and these are available to view via the relevant partner body websites.

**38.** 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. It is the IJB's intention to develop its own whistleblowing procedures and counter fraud arrangements during 2019 which will increase the mechanisms in which staff can report issues.

**39.** The IJB has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues that we need to record in this report.

### Dependency on key suppliers

**40.** The impact of a failure or collapse of a key supplier can be significant to an organisation and can result in either delays or non-completion of major contracts or, disruptions in the continued provision of vital services.

**41.** Through its relationship with partner authorities, the IJB has a number of key non-public sector providers, particularly in the social care environment, including care home providers and care at home providers. Contracts for care home providers are awarded under national care home contract arrangements set by COSLA, and the rates charged by care at home providers are reviewed annually to ensure that they are competitive. The IJB uses various providers for these services which ensures that they are not over reliant on one provider. There is a limited number of providers who provide care at home in rural localities and the IJB recognises the impact that this could have on costs.

### Financial performance in 2018/19

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

**43.** When the 2018/19 budget was set in March 2018, there were savings requirements of £5.091 million required in order to break even. Savings options of £5.352 million were approved, of which £2.365 million were highlighted as a red risk (i.e. at high risk of not being achieved).

**44.** Actual efficiency savings of £2.919 million (55% of savings options) were achieved. There were a number of reasons why savings plans were not as effective as anticipated. For example, savings of £0.575 were expected due to a reduction in wastage throughout the partnership, however, no saving was realised against this. Also, a number of the projected savings will not be achieved until 2019/20 or beyond and these savings have been built into future savings plans.

**45.** Financial reports to the Board during 2018/19 consistently forecast a year-end deficit. This ranged, prior to additional recovery actions and use of reserves, from a peak of £3.886 million in the financial report at 31 July 2018 to £3.259 million in the financial report at 31 January 2019.

**46.** The reported year end deficit, prior to the impact of the IJB's recovery plan agreed with partners, was £3.203 million. To address this, the recovery plan achieved new savings of £0.368 million, and the partners contributed a further £2.452 million on an agreed risk sharing basis. The remaining £0.383 million, which represents the final IJB deficit as summarised in [exhibit 4](#), was funded from earmarked reserves.

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

- Family health service prescribing costs
- Care at home costs across the partnership

- Long term Care costs across the partnership.

## Exhibit 4

### Performance against budget

IJB budget summary	Budget £m	Actual £m	Variance £m
NHS Forth Valley	139.975	138.748	(1.227)
Stirling Council	33.835	34.963	1.128
Clackmannanshire Council	16.704	17.186	0.482
Total Net Expenditure	190.514	190.897	0.383
Reserves at beginning of the year			2.360
Earmarked Reserves used in 2018/19			(1.034)
Earmarked Reserves created in 2018/19			0.651
Reserves at end of 2018/19 – all Earmarked			1.977

Source: IJB Financial Report for year ended 31 March 2019 (June 2019) and Annual Accounts 2018/19

**48.** Part of the IJB's expenditure in 2018/19 relates to the Set Aside budget for in-scope integration functions of the NHS that are carried out in a large hospital setting. The set aside sum recorded in the financial statements reflects the budgeted figures for 2018/19 and therefore does not fully reflect actual hospital use. NHS Forth Valley currently meet the associated cost pressures with the set aside budget, which resulted in an overspend of £1.105m for 2018/19. In future years, once the IJB take full responsibility for the Set Aside element, this could represent an additional area of risk to the financial sustainability if the partnership is required to fund any resulting overspends from this budget.

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.

### Financial planning and sustainability

**49.** A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

**50.** As part of the financial planning process for 2019/20 onwards, the IJB reviewed the outcomes from the MTFS in order to outline the potential options for sustainable service delivery in future years and has, for the first time, begun to prepare a medium-term financial plan. This has identified options for sustainable service delivery over the next three financial years aligned to the Strategic Commission Plan 2019-22. The accompanying report to the Board outlined that financial sustainability going forward will be extremely challenging and will require a combination of service transformation and redesign alongside a degree of service reduction.

**51.** The establishment of a Transforming Care Board has been approved by the IJB Board to support and monitor the change programmes required to meet the ambitions of the Strategic Commissioning Plan 2019-22. The Transforming Care Board will also review and challenge the delivery of the Savings and Efficiency Programme that was submitted to the Finance and Performance Committee in May 2019.

**52.** The updated financial plan reported to the Board in July 2019 identified that the IJB needs to identify savings over the three-year period to 2021/22 totalling £16.282 million to achieve break even by the end of 2021/22. The updated plan outlines that the IJB have savings proposals in place of £9.982 million, however a cumulative budget gap of £6.300 million remains over the three-year period as noted in [Exhibit 5](#).

## Exhibit 5

### Funding gap for the three-year period 2018/19 to 2021/22

	2019/20	2020/21	2021/22
	£m	£m	£m
Estimated savings requirements	7.282	4,500	4,500
Surplus (Gap) per annum	(3,980)	(735)	(1,585)
<b>Cumulative Gap still to be identified</b>	<b>(3,980)</b>	<b>(4,715)</b>	<b>(6,300)</b>

Source: 2019/20 Budget Update presented to the Board: July 2019

**53.** This also demonstrates that the IJB has a funding gap of £3.980 million for 2019/20 that still requires savings to be identified to break even. The IJB is currently working towards identifying options to reduce costs and bring the budget in line with resources available over both the short and medium term.



#### Recommendation 4

**The IJB must ensure that its transformation programme identifies and delivers the sustainable savings required to meet the projected funding gap. This will include alternative means of service delivery and, in some cases, may result in service reductions. As part of this, the IJB should work with its partners to identify the key areas where efficiencies and savings can be achieved.**

## Reserves strategy

**54.** The reserves strategy is normally reviewed annually to ensure all financial changes and challenges facing the IJB and its constituent partners are considered in determining the appropriate level of reserves and funding. The IJB plan to review its reserves strategy later in 2019/20, in conjunction with its monitoring of the medium-term financial plan and the phasing of savings requirements over the three years of the financial plan.

**55.** The un-earmarked element of the general fund balance was nil throughout the year. The deficit, prior to recovery actions, would have resulted in a negative balance in this element of the general fund balance had the partner bodies not provided additional funding of £2.452 million as part of the recovery plan.

**56.** While the partners reached agreement on how to finance the overspend in 2018/19, this agreement does not currently extend to 2019/20 should a similar overspend occur.

**57.** The IJB reserves strategy does not set out a minimum reserves level. At the June 2019 Finance & Performance Committee, members did not reach an agreement on the maximum level of overspend (if any) that could be tolerated over the next three years and reflected into service strategy.



### Recommendation 5

**The IJB should update the reserves strategy to set out a minimum reserves level and agree on a tolerable threshold in respect of overspends and the agreed funding arrangement to meet future overspends.**

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**58.** As outlined in [Exhibit 4](#), the IJB is carrying forward a reserves balance of £1.977 million that is earmarked for specific expenditure in future years.

## EU Withdrawal

**59.** There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services.
- Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports.
- Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

**60.** The IJB recognise the impact that EU withdrawal could have across the partnership and have included a risk within the risk register, outlining the actions that will be taken in order to mitigate the potential risk. In doing so, the IJB has worked alongside the constituent authorities to understand the main risks to the partnership, particularly in key areas such as supply chains and workforce.

**61.** The biggest potential challenge for the IJB is likely to be through a potential “No-Deal” scenario, where there could be significant disruption to medicines making its way into the country. Furthermore, a fall in the value of the pound would increase the costs of these prescribing drugs, which would put added financial pressures on the partnership and increase the likelihood of overspends in future years.

# Part 3

## Governance, transparency and value for money



### Main judgements

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 IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.

The IJB extended the remit of the Finance & Performance Committee during 2018/19 to enable more detailed scrutiny of performance at service level. This was also aimed at reducing the workload for the Board, as it was becoming increasingly difficult to get through all agenda items. The annual performance report shows that, overall, the IJB performs well against the Scottish average.

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.

### Governance arrangements

**62.** 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 & Risk Committee and Finance & Performance Committee (previously the Audit Committee and the Finance Committee).

**63.** The IJB updated the terms of reference for both committees during the year so that additional focus could be given to the risk management and performance management arrangements. The remit of these committees was also amended to reduce the burden on the Board since it was becoming increasingly difficult to get through all the agenda items. The IJB is reviewing its committee structure to ensure this provides support to the Board (for example it has recently approved the set up of the Transforming Care Board).

**64.** The Board, Audit & Risk Committee and Finance & Performance Committee met on a regular basis throughout the year. The papers provided by officers are of a good standard and provide members with a good overview of the issues being covered, together with more detailed information as appropriate. This helps to ensure that issues are widely debated at committee meetings.

**65.** The IJB is 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.

**66.** After a period of organisational change, when there were two interim Chief Officers during the six months from December 2018, a permanent Chief Officer was appointed in June 2019. The anticipated review of the governance framework and documents, including an update to the Scheme of Delegation to reflect the delegation of all Adult Services from Stirling Council in 2018, and further delegation of some services from NHS Forth Valley, was put on hold until after the permanent Chief Officer was in place. The IJB now intends to update the governance framework and review the IJBs approach to service delivery during 2019/20.

**67.** In March 2019, the IJB approved the new Strategic Commissioning Plan for 2019-2022. The Plan provides the strategic direction for how health and social care services will be shaped in Clackmannanshire and Stirling in the coming years and describes the transformation that will be required to achieve the partnerships visions. The Strategic Commission Plan updates the delivery priorities set out in the Strategic Plan 2016-2019 and aims to align these priorities with medium term financial plans.

**68.** Overall, we consider that the arrangement in place continue to support good governance and accountability.

## Openness and transparency

**69.** There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**70.** There is evidence from a number of sources which demonstrate the IJB's commitment to transparency. Full details of the meetings held by the IJB and the Audit & Risk Committee are available through the partnership's own website where all Board and Audit & Risk committee papers can be viewed.

**71.** The IJB receives regular financial monitoring reports, after these have been taken to the Finance & Performance committee. All meetings of the Board and the Audit & Risk Committee are open to the public to attend.

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

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

## Value for money

**73.** To achieve value for money effective arrangements need to be in place for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our audit covers the four audit dimensions, as set out in [Exhibit 1](#), which are key components of securing best value in the provision of services and the use of resources.

## Best value

**74.** Integration Joint Boards have a statutory duty to make arrangements to secure best value (BV).

**75.** 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 Commissioning Plan, and through its financial performance reporting mechanisms.

**76.** The Strategic Commission Plan identifies the high-level priorities for the partnership for the next three years, which were identified by the Strategic Planning Group. In order to do this, the IJB consulted with a wide range of service users, including an online survey, hosting public engagement events in each locality, and carrying out staff engagement to gather views on how services are being delivered.

**77.** The Strategic Commissioning Plan recognises that to provide sustainable services the partnership will need to make savings or service efficiencies of £5m to £6m each year over the coming years. To achieve this, the IJB is focussing on priorities, with emphasis on supporting people live in their own homes or homely

settings as long as possible. The medium-term financial plan and delivery plan aim to ensure that this can be done on a sustainable basis.

**78.** The introduction of a Transforming Care Board has been approved to support and monitor the change programmes required to meet the ambitions of the Strategic Commissioning Plan 2019-22. This Board will also underpin the Savings and Efficiency Programme.

**79.** The Care Inspectorate completed a review of “The effectiveness of strategic planning in the Clackmannanshire and Stirling Partnership” which was published in November 2018. This report focussed on the partnership outcomes, management of whole systems of the partnership, and leadership. The Care Inspectorate’s report outlined six areas for improvement. The IJB have prepared an improvement plan and progress against the improvement actions is reviewed by the Partnership through the Joint Management Team. The IJB have made progress to date, with a number of actions having already been implemented during 2019. No reports on progress have been taken to the Board although this is scheduled to be done in September 2019.

**80.** Overall, the IJB is taking steps to provide better alignment between its strategic vision, financial planning and delivery of savings. This needs to be sustained in order to demonstrate that the IJB is meeting its BV duties.

## Performance management

**81.** Performance scorecards for the Clackmannanshire and Stirling Adult Social Care services are established and work is ongoing to provide this data down to locality level. Exceptions from these reports are considered monthly at the Partnership Management Team, and key measures are included in the performance reports to the Board. Other operational scorecards will be developed as delegation of integrated functions progress.

**82.** The IJB board receives performance reports on a quarterly basis which briefly outlining performance against a number of key measures.

**83.** The focus is on the five local outcomes in the strategic plan. The report also contains information around some of the Ministerial Strategic Group for Health and Community Care (MSG) six key local improvement objectives relating to unscheduled care. These are monitored by the Forth Valley Unscheduled Care Programme Board and used as a high-level assessment of the progress of Health and Social Care Integration. The development of the 2019/22 Strategic Commissioning Plan priorities will be underpinned by performance measures and linked to national outcomes. The IJB aim to incorporate this into performance reports from 2019/20 onwards.

**84.** The terms of reference of the Finance Committee (now the Finance & Performance Committee) were reviewed in March 2019 to incorporate a wider role in relation to Performance. This includes a wider role regarding service performance review e.g. “deep dives” into service performance issues. Further consideration of the reporting requirements including dedicated performance management support to the committee is planned.

**85.** 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 the strategic commissioning plan (if applicable).

**86.** The draft Annual Performance Report (APR) was submitted to the July 2019 IJB Board meeting and was subsequently uploaded to the web site. The report largely contains the required content as laid out by the 2014 Act, except with regards to Financial Reporting on localities - this matter was previously raised in our 2017/18 Annual Audit Report. Whilst progress has been made during 2018/19,

with the partnership establishing a locality management structure linked to GP clusters, there is still a requirement to develop locality plans which are aligned to the Strategic Commissioning Plan priorities. This is currently being developed.

**87.** The APR shows that, broadly, the IJB is performing well against the national core suite of integration indicators. While there are 23 national indicators, data is not available at a national level for all of them to compare the most recent performance against. Of those that are available, the APR shows that

- the IJB have better performance than Scotland average in eight of the 11 indicators for which recent national data is available
- the IJB have better performance than comparator bodies (i.e. those of a similar size and demography to Clackmannanshire & Stirling) in nine of the seventeen indicators for which the most recent data is available, have poorer performance in five indicators and are at the same level of performance for the remaining three.

## Mainstreaming Equality

**88.** The public sector equality duties set out in the Equality Act 2010, as it applies to public bodies in the exercise of their functions, to have due regard to the need to:

- report on the mainstreaming of the equality duty
- agree and publish equality outcomes
- assess and review policies and practices.

**89.** As part of this, the IJB reported the progress it had made in order to meet the needs of the General Equality Duty in April 2016. The report also stated that a more focussed review of the outcomes would be carried out in April 2017, however no follow up review has been completed.



### Recommendation 6

**The IJB should review its mainstreaming equality duties and policies to reflect the recent updates to strategy documents and development of locality plans, and publish its equality outcomes.**

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## National performance audit reports

**90.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19 we published some reports which are of direct interest to the board as outlined in [Appendix 3](#).

**91.** 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.

**92.** Audit Scotland carried out a second audit in 2018 and the report was issued in November 2018. The report highlighted a number of key findings and recommendations were made to all IJB's so that improvements could be implemented in future years. This report was considered by the Audit Committee at its February 2019 meeting.

# Appendix 1

## Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Hospital Acute Services (Set Aside)</b></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 each year since inception of the IJB.</p> <p>This was expected to be a transitional arrangement; 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 2019/20</p> <p><b>Risk</b></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><a href="#">Exhibit 3</a></p>	<p><b>Agreed Action:</b> A pan Set Aside expert group has been established and is developing a workplan to address the planning and financial issues associated with set aside arrangements.</p> <p><b>Responsible Officer:</b> Director of Acute Services NHS Forth Valley / IJB Chief Officer(s) / IJB Chief Finance Officer(s).</p> <p><b>Target Date:</b> 31 March 2020</p>
2	<p><b>Consolidated Income &amp; Expenditure Account - income</b></p> <p>Income received in return for the provision of a specific service should be presented as income in the relevant service line. As this information was not provided by partner bodies, this was not disclosed in the unaudited accounts and</p>	<p>Income received in return for the provision of a specific service should be presented as income in the relevant service line in the current and future year's accounts.</p> <p><a href="#">Exhibit 3</a></p>	<p><b>Agreed Action:</b> Expenditure and income have each been grossed up by £8.425 million in the CIES to reflect income generated by the partners in return for the provision of services. This has no impact on the deficit reported for the financial year</p> <p><b>Responsible officer:</b> Chief Finance Officer</p>

was, instead, netted against expenditure.

**Risk:** Income and Expenditure are understated

**Target date:** implemented for 2018/19 and in future years

3	<b>Financial management</b>	Partner financial reporting should be aligned to improve the efficiency of the IJB's financial monitoring and enable a better understanding of costs across the partnership.	<b>Agreed Action:</b> Continue to work with constituent authorities to improve quality and use of financial and non-financial data (e.g. activity) to support continuous improvement in reporting.
	As the IJB looks to make efficiency savings it is essential to have a full understanding of costs across the partnership to assist in identifying and managing future transformation program requirements and efficiencies.	<a href="#">Paragraph 31</a>	<b>Responsible Officer:</b> IJB Chief Finance Officer
	<b>Risk:</b> The IJB does not have a full understanding of its costs across the partnership, which could hamper their efforts to achieve efficiencies.		<b>Target Date:</b> Ongoing
4	<b>Financial planning and sustainability</b>	The IJB must ensure that its transformation programme identifies and delivers the sustainable savings required to meet the projected funding gap. This will include alternative means of service delivery and, in some cases, may result in service reductions. As part of this, the IJB should work with its partners to identify the key areas where efficiencies and savings can be achieved.	<b>Agreed Action:</b> Establishment of Transforming Care Programme Board and agreement of terms of reference including membership. This Board will be responsible for ensuring that the transformation programme identifies sustainable savings options and will monitor progress and delivery.
	The updated financial plan reported to the Board in July 2019 identified that the IJB needs to identify savings over the three-year period to 2021/22 totalling £16.282 million to achieve break even. The updated plan outlines that the IJB have savings proposals in place of £9.982 million, however a cumulative budget gap of £6.300 million remains over the three-year period.	<a href="#">Paragraph 53</a>	<b>Responsible Officer:</b> IJB Chief Officer & Chief Finance Officer
	<b>Risk -</b> The board may not be able to deliver the targeted savings or identify the residual savings required over the three-year period of the financial plan.		<b>Target Date:</b> 31 December 2019
5	<b>Reserves strategy</b>	The IJB should update the reserves strategy to set out a minimum reserves level and agree on a tolerable threshold in respect of overspends and the agreed funding arrangement to meet future overspends	<b>Agreed Action:</b> Review of reserves strategy and policy, linked to medium term financial planning and discussions with constituent authorities on resourcing strategy will be progressed with partners.
	The IJB reserves strategy does not set out a minimum reserves level. While the partners reached agreement on how to finance the overspend in 2018/19, this agreement does not currently extend to 2019/20 should a similar overspend occur.	<a href="#">Paragraph 57</a>	<b>Responsible Officer:</b> IJB Chief Finance Officer
	<b>Risk:</b> Partners may not agree a basis for financing a recovery plan should an overspend arise in future years.		<b>Target Date:</b> 31 December 2019

6	<b>Mainstreaming equality</b>	The IJB should review its mainstreaming equality duties and policies to reflect the recent updates to strategy documents and development of locality plans, and publish its equality outcomes.	<b>Agreed Action:</b> Review of Equalities Mainstreaming Policy and publication of equality outcomes required by the Equality Act 2010.
	<b>Risk:</b> The Board may not be fulfilling its equality duties.	<a href="#">Paragraph 89</a>	<b>Responsible Officer:</b> Programme Manager
			<b>Target Date:</b> 31 March 2020

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### Follow up of prior year recommendations

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b/f 1	<b>Hospital Acute Services (Set aside)</b>	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.	<b>Not actioned:</b> the updated basis for charging hospital acute services to the IJB has not yet been agreed with partners.
	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.		<b>Revised action:</b> refer to 1 above
	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.		<b>Responsible officer:</b> IJB Chief Finance Officer
	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.		
	<b>Risk</b>		
	There is a risk that in future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.		
b/f 2	<b>Financial Planning – longer term planning</b>	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.	<b>Partly actioned:</b> a medium-term financial plan is in place and ongoing alignment to the strategic commission plan 2019/22 is progressing.
	The IJB does not currently have a medium to long term financial plan in place.		<b>Revised action:</b> n/a
	<b>Risk</b>		<b>Responsible officer:</b> n/a
	The absence of longer-term financial planning increases the risk of the IJB not being able to achieve its strategic objectives.		
b/f 3	<b>Efficiency savings</b>	The IJB should ensure that proposed savings contained in the 2018/19 budget are	<b>Not actioned:</b> The IJB did not achieve its planned efficiency savings in 2018/19 and a

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.

implemented or ensure that a recovery plan is agreed between partners at the earliest opportunity.

budget gap exists for the next three year.

**Revised action:** refer to action plan 4 above.

**Responsible officer:** Chief Finance Officer

**b/f 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.

**Fully actioned:** all savings are assessed as being recurring savings.

**Revised action:** n/a

**Responsible officer:** n/a

**b/f 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.

**Fully Actioned:** The Terms of Reference for the Audit & Risk Committee have been altered so that only 50% of members require to be present at meetings for the meeting to remain quorate. This is in line with other IJB's. All meetings were quorate in 2018/19

**Revised action:** n/a - implemented

**Responsible officer:** n/a

**b/f 6 Inspection of unaudited accounts**

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.

**Risk**

The requirements of the Local Authority Accounts (Scotland) Regulations 2014 are not met.

Future inspection periods should be in accordance with the statutory inspection period

**Fully actioned:** The inspection period for the 2018/19 unaudited accounts complied with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.

**Revised action:** n/a - implemented

**Responsible officer:** n/a

# 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 report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>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><b>Conclusion:</b> no evidence of management override of controls.</p>
<p><b>2 Risk of fraud over income and expenditure</b></p> <p>Under ISA 240 (UK) there is a presumed risk that income may be misstated due to the improper recognition of income. The Financial Reporting Council's Practice Note 10 expands this to include the risk that material misstatements occur by the manipulation of expenditure recognition</p>	<p>The IJB receives its income by way of budget allocations from Clackmannanshire Council, Stirling Council and NHS Forth Valley; and then commissions services in line with its Strategic Plan. As this limits the opportunity for manipulation, we have rebutted the presumed risk of improper recognition of income.</p> <p>IJB expenditure is processed through the financial systems of the partner bodies. The manipulation of expenditure is deemed as a risk at the Councils and Health Board rather than the IJB. We obtain assurances from the auditors of the partner bodies over the accuracy and completeness of transactions coded to IJB account codes. Consequently, we have rebutted the risk of</p>	<p>We obtained assurances from the auditors of the partner bodies over the accuracy and completeness of transactions coded to IJB account codes.</p> <p><b>Conclusion:</b> As we rebutted the risk around fraud over income and expenditure no specific work was carried out.</p>

Audit risk	Assurance procedure	Results and conclusions
	improper recognition of expenditure within the IJB.	

### Risks identified from the auditor's wider responsibility under the Code of Audit Practice

#### 3 Financial sustainability

##### 2018/19 budget overspend

During 2018/19, the IJB has faced a number of financial challenges including:

- Based on the latest budget monitoring report for the period to 31st September 2018, the IJB is projecting an overspend of £2.773 million.
- The savings and efficiencies programme for 2018/19 requires savings of £5.674 million to be made in year. Current projections indicate that only 54% of these savings will be delivered.
- Increasing demand for services, particularly within Adult Social Care.

The IJB carried forward £2.359 million of earmarked general fund into 2018/19, and it is expected that only a very small amount of this will be used to fund the projected overspend.

Recovery actions are in place, however, this will not deliver the efficiency savings required. Therefore, there is a significant risk that the IJB will not be able to deliver a break-even position in 2018/19. The integration scheme outlines, in broad terms, the procedures that partner bodies should follow in the event of an overspend. As these procedures are subject to agreement, discussions are underway between partners to agree how the projected overspend for 2018/19 shall be funded.

##### 2019/20 onwards

For 2019/20, the IJB will continue to face a number of financial challenges, including:

- Early indications have outlined that the IJB will be required to make approximately £4 million of

Regular financial monitoring is reported to the IJB and discussed with partners.

The IJB plans to update the integration scheme during 2019/20 to make this clearer regarding how overspends should be financed and accounted for in future.

Partners will meet to agree the basis for financing the projected 2018/19 overspend

Due diligence will be completed over the budget setting process. This will build on experience gained in prior years and the need for the IJB to meet savings requirements.

The IJB were unable to achieve all the efficiency savings necessary to break even in 2018/19. The basis for agreeing the 2018/19 overspend was agreed with partners in accordance with their voting share. This was in accordance with one of the options in the integration scheme.

The 2019/20 budget was agreed between partners, however, all savings necessary to break even in 2019/20 (and the subsequent two financial years) have yet to be identified and there is a budget gap in each of these years.

**Conclusion:** The IJB continues to face challenges to identify and deliver the efficiency savings that are necessary to break even over the medium term. Action is required to ensure that the transformation programme delivers the planned level of savings. See recommendation 4 (paragraph 53)

Audit risk	Assurance procedure	Results and conclusions
<p>efficiency savings. However, failure to deliver efficiency savings in 2018/19 could impact this figure.</p> <ul style="list-style-type: none"> <li>• An ageing demographic across the partnership means demand for services is expected to increase.</li> <li>• Continued volatility in prescribing costs.</li> </ul> <p>There is a risk that delays in agreeing the 2019/20 budget will impact negatively on the financial management of the IJB and service delivery.</p>		
<p><b>4 Financial planning – longer term planning</b></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. A longer term financial strategy, supported by the integration scheme, would also be of benefit in helping to address the shorter term financial sustainability issues raised above.</p>	<p>A medium-term financial strategy to support delivery of the strategic plan is being developed and will support the Strategic Commissioning Plan 2019 – 2022.</p>	<p>A medium-term financial strategy has been developed.</p> <p>This currently identifies a funding gap of £6.300 million over the next three financial years. This gap could increase if existing approved efficiency options are not achieved.</p> <p>This is being refined to ensure it aligns to any amendments to the strategic commissioning plan 2019-22.</p> <p><b>Conclusion:</b> The IJB has a medium-term financial strategy in place. This has been aligned to the strategic commissioning strategy 2019-22, although further alignment is planned. The IJB needs to ensure that its transformation programme identifies and delivers the sustainable savings required to meet the projected funding gap.</p>

# Appendix 3

## Summary of national performance reports 2018/19

		 <b>2018/19 Reports</b>	
Local government in Scotland: Challenges and performance 2018		<b>Apr</b>	
Councils' use of arm's-length organisations		<b>May</b>	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		<b>Jun</b>	
		<b>Jul</b>	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		<b>Aug</b>	 Major project and procurement lessons
Children and young people's mental health		<b>Sept</b>	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		<b>Oct</b>	
Health and social care integration: update on progress		<b>Nov</b>	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		<b>Mar</b>	 Local government in Scotland: Challenges and performance 2019

### Reports relevant to Integration Joint Boards

[Local government in Scotland: Challenges and performance 2018](#) – April 2018

[Councils' use of arm's-length organisations](#) – May 2018

[Children and young people's mental health](#) – September 2018

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

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

# Clackmannanshire & Stirling IJB

## PROPOSED 2018/19 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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Clackmannanshire & Stirling  
**Health & Social Care  
Partnership**

# Integration Joint Board Audit & Risk Committee

16 September 2019

Agenda Item 7

## 2019/2020 Internal Audit Operational Plan For Consideration and Approval

<b>Paper presented by</b>	Tony Gaskin
<b>Author</b>	Tony Gaskin
<b>Exempt Report</b>	[No]



Clackmannanshire  
Council



**NHS**  
Forth Valley



## INTERNAL AUDIT PLAN 2019/20

<b>PURPOSE OF THE REPORT</b>	The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Clackmannanshire & Stirling Integrated Joint Board (IJB) for 2019/20.
<b>RECOMMENDATIONS</b>	The IJB is asked to: <ul style="list-style-type: none"><li>• Approve the 2019/20 annual plan.</li><li>• Note that progress will be reported to each Audit &amp; Risk Committee</li></ul>

### 1. BACKGROUND AND CONSIDERATIONS

As stated in the IRAG guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. The Integration Joint Board agreed, on 24 February 2016, that Internal Audit services would be provided 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 Chief Internal Auditors agreed that Stirling Council's Audit Manager should be nominated as Chief Internal Auditor for the initial three-year period, covering the financial years up to 31 March 2019, and this was approved by the Integration Joint Board on 27 April 2016. Resources to deliver the plan will be provided by the NHS Forth Valley and Stirling Council Internal Audit services. A total of 55 days have been included in the 2019/20 Internal Audit Plans of the parties to deliver internal audit reviews for Clackmannanshire & Stirling IJB.

Public Sector Internal Audit Standards set out the need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The draft operational plan for 2019/20 has been designed to target the priority issues identified by our assessment of risk. The plan includes the delivery of standard products required each year, and is further based on professional judgement of the IJB risk environment. We therefore assessed audit need based on the IJB's own strategic risks as well as areas for improvement noted in the Governance Statement, findings from the 2018/19 Annual Internal Audit Report and benchmarking with other IJBs.

The focus of this year's plan will be the Clackmannanshire & Stirling IJB's Strategic Risk Register and associated assurance structures, informed by the professional views of the IJB Chief Officer and Chief Financial Officer and the Heads of Internal Audit of the parent bodies. This will allow production of a Strategic Internal Audit plan for future years based on an updated Strategic Risk Register and a clear understanding of the assurances available to the IJB through its own assurance mechanisms and those of the parent bodies. As agreed, we have also carried forward a review of Clinical and Care governance from 2018/19.

We would highlight that the plan is predicated on the basis that operational controls over services are maintained and assured through the parties. An Internal Audit Joint Working Protocol has been agreed by the Internal Auditors of both parties as has a Protocol for sharing Internal Audit Outputs. Audit and Risk Committee members are asked to note that audits to be shared under the output sharing protocol will provide additional assurance to the IJB.

The audit plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor.

The proposed plan is set out below:

<b>Ref</b>	<b>Audit</b>	<b>Indicative Scope</b>	<b>Days</b>
<b>CS01-20</b>	Audit Planning and Management	Liaison with management and attendance at Audit & Risk Committee. Preparation of Annual Internal Audit Plan	5
<b>CS02-20</b>	Audit Follow-up	Follow-up of previous Internal Audit recommendations and agreed governance actions	2
<b>CS03-20</b>	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	5
<b>CS04-20</b>	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures	3
<b>CS05-20</b>	Risk Management	Review of systems of risk management, assessment of risk.	15
<b>CS06-20</b>	Assurance mapping	Overall review and mapping of assurances over key risks and controls and assessment of 3 <sup>rd</sup> line of defence maturity to inform production of strategic internal audit plan.	15
<b>CS07-20</b>	Clinical & Care Governance	Review of assurances over quality of assurances, reporting and scrutiny and assessment of accountability structure in respect of clinical and care governance.	10

#### **4. CONSULTATION**

The Chief Officer, the Chief Finance Officer and the Chief Internal Auditors of Stirling and Clackmannanshire Councils have been consulted on the content of this paper.

**A Gaskin BSc ACA**  
**Chief Internal Auditor**