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<b>Report To:</b>	<b>Inverclyde Integration Joint Board</b>	<b>Date:</b>	<b>11 September 2018</b>
<b>Report By:</b>	<b>Louise Long Corporate Director (Chief Officer) Inverclyde Health &amp; Social Care Partnership</b>	<b>Report No:</b>	<b>IJB/50/2018/LA</b>
<b>Contact Officer:</b>	<b>Lesley Aird</b>	<b>Contact No:</b>	<b>01475 715381</b>
<b>Subject:</b>	<b>ANNUAL REPORT TO THE IJB AND THE CONTROLLER OF AUDIT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018</b>		

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## **1.0 PURPOSE**

1.1 The purpose of this report is to present the Annual Report and Auditors letter to Integration Joint Board (IJB) Members for the financial year ended 31 March 2018 which has been prepared by the IJB's external auditors, Audit Scotland. Brian Howarth from Audit Scotland will be at the meeting to present the report.

## **2.0 SUMMARY**

2.1 It is a statutory requirement of the accounts closure process that the IJB receive a letter (ISA260) from the appointed External Auditors highlighting the main matters arising in respect of prior years accounts.

2.2 There are a number of key appendices to the report:

- The Annual Report to the IJB from External Audit is attached at Appendix 1.
- The letter of representation from the Chief Financial Officer is enclosed at Appendix 2. This letter provides External Auditors with assurance regarding some of the key accounting requirements and assumptions utilised when closing the 2017/18 Accounts. From this letter, the IJB's External Auditors can arrive at a view when expressing an opinion as to whether the financial statement presented a true and fair view of the financial position of the Inverclyde IJB at 31 March 2018.
- A copy of the final 2017/18 Annual Accounts is also attached at Appendix 3.

2.3 The IJB reviewed the unaudited accounts and approved their submission to External Audit on 18 June. There were limited changes arising from the audit. The ISA 260 and Annual Report to the IJB are prepared by the IJB's External Auditors. It covers the nature and scope of the audit, details any qualifications, details of any unadjusted misstatements, details of any material weaknesses in the accounting and internal control systems, gives a view on the qualitative aspects of the accounting practices and any other matters specifically required to be communicated to the IJB.

2.4 The Chief Financial Officer, Chief Officer and the External Auditors will be present at the meeting to answer any questions members may have in regard to this paper.

2.5 The information provided is the culmination of a significant amount of work by Officers and the IJB's External Auditors. Based on the reports presented today, the IJB are advised that the accounts closure process for 2017/18 has been of a high quality. This is a testament to the significant work by Officers and the positive working relationship with Audit Scotland.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Integration Joint Board:

1. Considers the contents of the Annual Report to the IJB and Controller of Audit for the Financial Year ending 31 March 2018.
2. Authorises the Chair, Chief Officer and Chief Financial Officer to accept and sign the final 2017/18 Accounts on behalf of the IJB.
3. Considers the Letter of Representation in Appendix 2 of the Annual Report and approves the signing of this by the Chief Financial Officer.

**Louise Long, Chief Officer**

**Lesley Aird, Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 All IJBs are required to submit draft accounts by 30 June each year with final, Audited Accounts required by 30 September.
- 4.2 It is a statutory requirement of the accounts closure process that the IJB receive a letter from the appointed External Auditors highlighting the main matters arising in respect of the prior year accounts. This letter, (ISA260) has been incorporated into the enclosed Annual Report to the IJB.
- 4.3 The IJB's External Auditors, Audit Scotland, have carried out the audit and the main matters arising are presented in their enclosed ISA 260 document. All relevant changes resulting from the ISA 260 have been reflected in the IJB's final Audited Accounts which are also attached, in Appendix 2.
- 4.4 The information provided to the IJB is the culmination of a significant amount of work by Officers and External Auditors who worked closely together to ensure the audit process has been as efficient as possible. The accounts closure process and subsequent audit have produced high quality Annual Accounts, this is a testament to the significant work by Officers and their positive working relationship with Audit Scotland.

## 5.0 MAIN AREAS TO HIGHLIGHT

- 5.1 In respect of the Annual Accounts it has been confirmed that the IJB has received an unqualified opinion on the financial statements for the financial year ended 31 March 2018 and that there are no unadjusted differences to report. Both these are very welcome and significant achievements.
- 5.2 Some minor presentational changes from the draft accounts were identified during the course of the audit and have been actioned. The main change being the inclusion of a table in the management commentary showing some of our 2017/18 performance indicators.

## 6.0 IMPLICATIONS

### 6.1 FINANCE

There are no direct financial implications within this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

## LEGAL

6.2 There are no specific legal implications arising from this report.

## HUMAN RESOURCES

6.3 There are no specific human resources implications arising from this report.

## EQUALITIES

6.4 There are no equality issues within this report.

6.4.1 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
√	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

6.5 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

There are no governance issues within this report.

6.6 **NATIONAL WELLBEING OUTCOMES**

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

<b>National Wellbeing Outcome</b>	<b>Implications</b>
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

## **7.0 CONSULTATION**

- 7.1 This report has been prepared by the Chief Financial Officer of the IJB after due consultation with External Audit and the Chief Officer and input from the Finance teams of the Health Board and Inverclyde Council together with the Director of Finance for Greater Glasgow & Clyde NHS and the Chief Finance Officer for Inverclyde Council.

# Inverclyde Integrated Joint Board

Proposed 2017/18 Annual Audit Report



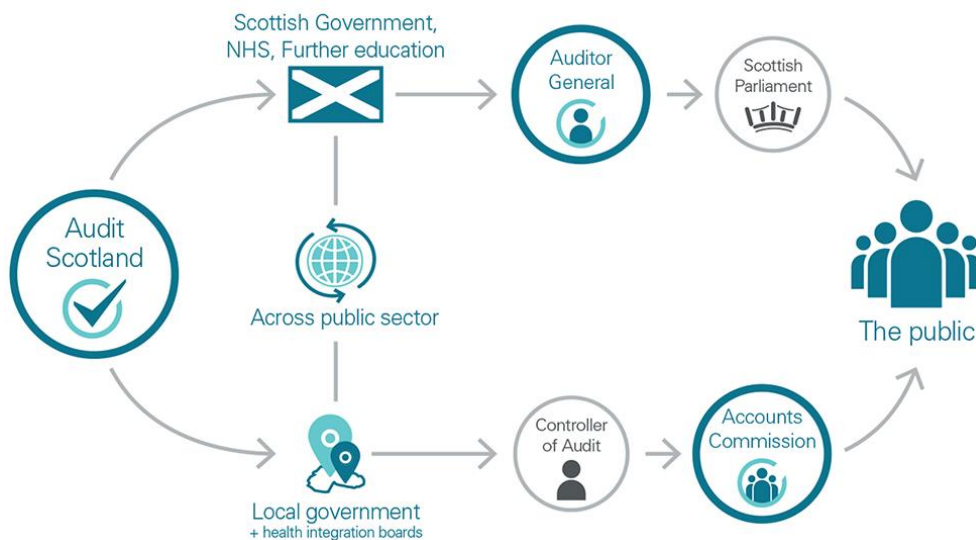
 AUDIT SCOTLAND

Prepared for the Inverclyde Integrated Joint Board and the Controller of Audit  
11 September 2018

## Who we are

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

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



## About us

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

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

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

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# Key messages

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## 2017/18 annual report and accounts

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

## Financial management and sustainability

- 3 Improvements have been made to the format and quality of financial monitoring reports, however financial reporting throughout the year was not timely, with the report in March only covering the period to December and not recognising a turnaround in year-end forecast.
- 4 A medium term financial plan has been developed.
- 5 The IJB achieved a surplus of £1.8 million, and now has cumulative reserves of £5.8 million. All reserves are earmarked for specific purposes.

## Governance, transparency and value for money

- 6 The annual performance report covers all expected areas and highlights how achievements align to the IJB's five Strategic Commissioning themes. It also supports the IJB in demonstrating Best Value by assessing and reporting on the economy, efficiency, effectiveness and equality of service provision.

# Introduction

1. This report is a summary of our findings arising from the 2017/18 audit of Inverclyde Integration Joint Board, hereby referred to as the 'IJB'.
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 20 March 2018. This report comprises the findings from our main elements of work in 2017/18 including:
  - an audit of the IJB's 2017/18 annual accounts including issuing an independent auditor's report setting out our 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](#).

## Exhibit 1

### Audit dimensions



Source: *Code of Audit Practice 2016*

3. 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.
4. 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.
5. 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.

6. As public-sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB's performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. In doing this, we aim to support improvement and accountability.
7. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.
8. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist.
9. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.
10. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £24,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

### **Adding value through the audit**

11. Our aim is to add value to the IJB by increasing insight into, and offering foresight on financial sustainability, risk and performance and by identifying areas of improvement and recommending / encouraging good practice. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.
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).
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 2017/18 annual accounts



### Main judgements

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

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

### Audit opinions on the annual accounts

14. The annual accounts for the year ended 31 March 2018 were approved by the board on 11 September 2018. We reported within our independent auditor's report that in our opinion:
- the financial statements give a true and fair view and were properly prepared
  - the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.
15. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

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

### Submission of annual accounts for audit

16. We received the unaudited annual accounts on 25 June 2018 in line with our agreed audit timetable. The working papers provided were of a good standard and the Chief Financial Officer provided support to the audit team which helped ensure the audit process ran smoothly.

### Risks of material misstatement

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

### Materiality

18. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. On receipt of the annual report and accounts we reviewed our planning materiality and concluded that, the materiality levels required only minor adjustment. These are shown in [Exhibit 2](#).

## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality	£1.5 million
Performance materiality	£1.1 million
Reporting threshold	£45,000

Source: Audit Scotland, 2017/18 Inverclyde Integrated Joint Board Annual Audit Plan

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

- 19.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. These are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.
- 20.** The findings include our views about significant qualitative aspects of the board's accounting practices including:

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

## Exhibit 3

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

Issue	Resolution
<p><b>1. Reserves</b></p> <p>The movement in reserves statement included a number of earmarked reserves for which the nature and purpose were not clearly identified.</p> <p>Earmarked reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and the basis of transactions needs to be clearly set out.</p>	<p>Management reviewed disclosures in the movement in reserves statement and have updated relevant descriptions as appropriate.</p>

## How we evaluate misstatements

21. There were no misstatements that had an impact on the unaudited annual report and accounts.

## Good practice in financial reporting

22. The Chief Finance Officer has taken steps to improve the annual accounts and reflect some of the good practice as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018).

## Follow up of prior year recommendations

23. 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). In total, three agreed actions were carried forward from 2016/17. Of these:
- two have been fully implemented, with the IJB improving the format and clarity of financial monitoring reports and developing systems and processes to enable it to demonstrate the delivery of Best Value; and
  - one has been partially complete, with the IJB having implemented a medium term financial plan but a long term financial strategy needs to be developed.
24. Overall the IJB has made reasonable progress in implementing these actions. For the action not yet fully implemented, revised responses and timescales have been agreed with management in the Action plan included at [Appendix 1](#).

# Part 2

## Financial management and sustainability



### Main judgements

Improvements have been made to the format and quality of financial monitoring reports, however financial reporting throughout the year was not timely, with the report in March only covering the period to December and not recognising a turnaround in year-end forecast.



A three-year medium term financial plan has been developed.

The IJB achieved a surplus of £1.8 million and now has cumulative reserves of £5.8 million. All reserves are earmarked for specific purposes. There are no unearmarked reserves to support the IJB in meeting future unforeseen contingencies.

### Financial management

25. 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.

26. The Chief Financial Officer was in post throughout the accounting period and is responsible for ensuring that appropriate financial services are available to the IJB and the Chief Officer.

27. The IJB receives regular financial monitoring reports. The format of these reports was revised following a prior year audit recommendation, and now details the IJB's planned utilisation of reserves. Reports are clear and concise, outlining expenditure against budget in the delivery of the range of health and social care services described within the IJB's strategic plan. Financial reporting throughout the year was not, however, representative of the final outturn position.

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

28. As detailed in [Exhibit 3](#), the IJB was forecasting a planned use of reserves of £2.2 million in its financial reporting to period 7, with the projected overspend reducing to £1.4 million at period 9. The audited accounts at the year-end disclosed a surplus of £1.8 million on the provision of services for the year. When added to the amount carried forward, the total reserves balance at the year-end is £5.8 million.

### Exhibit 3

#### Financial Monitoring reports showing projected outturn for (over)/underspends

	Year end forecast £m	Position as a percentage of net expenditure
January 2018 (period 7)	(2.2)	(1.5%)
March 2018 (period 9)	(1.4)	(0.9%)
<b>Accounts as at March 2017</b>	<b>1.8</b>	<b>1.3%</b>

Source: IJB Financial Monitoring Reports

29. The variance between the projected year end results and outturn is due to underspends in social care and lower than anticipated spend on earmarked reserves. Inverclyde Council provides revenue and capital budget projections for social care services and the Chief Financial Officer uses this information to prepare financial monitoring reports for the Board. There are delays in this information being available. This means that reports to the Board in March only contain expenditure for period 9 (up to December) and these did not identify an overall underspend.
30. The Board does not have the opportunity to scrutinise a recent financial position and were unaware that a turnaround had been delivered until the unaudited accounts were presented in June 2018. This delay could prevent identification and mitigation of a future overspend position. The timeliness of budget reporting should be improved to support action being taken to mitigate any future year-end position.

[Action Plan \(Appendix 1, point 1\)](#)

### Systems of internal control

31. Inverclyde IJB does not have any financial systems of its own, instead it relies on the financial systems of the host bodies to record all transactions.
32. As part of our audit approach we sought assurances from the external auditors of NHS Greater Glasgow and Clyde and Inverclyde Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal control.

### Financial performance in 2017/18

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



34. [Exhibit 4](#) details the IJB's performance against budget during 2017/18. In its approved budget in September 2017, the IJB planned to use most of the £4.0 million reserves balance carried forward from 2016/17. At period 9, this forecast had been revised as detailed at paragraph 28, and net additional funding of £1.5million had been provided by the NHS. The IJB underspent on core social care services and on spends from earmarked reserves. The in-year underspend of £1.8 million when added to the balance carried forward from 2016/17 provides the IJB with accumulated reserves of £5.8 million. All of these reserves are earmarked for specific purposes.

## Exhibit 4

### Performance against budget

IJB budget objective summary	Approved Budget £m	Revised Budget (period 9) £m	Actual £m	Variance £m
Health Board funding	80.055	81.603	83.129	1.526
Council funding	47.380	47.043	47.043	0
Set aside funding	16.439	16.439	16.439	0
<b>Net funding</b>	<b>143.874</b>	<b>145.085</b>	<b>146.611</b>	<b>1.526</b>
Health net expenditure	(80.055)	(81.603)	(83.129)	(1.526)
Social care net expenditure	(47.380)	(47.043)	(45.485)	1.558
Set aside expenditure	(16.439)	(16.439)	(16.439)	0
<b>Net expenditure</b>	<b>(143.874)</b>	<b>(145.085)</b>	<b>(145.053)</b>	<b>0.032</b>
<b>Movement on earmarked reserves (decrease) / increase</b>	<b>(3.754)</b>	<b>(1.426)</b>	<b>0.278</b>	<b>1.704</b>
<b>(Deficit)/Surplus</b>	<b>(3.754)</b>	<b>(1.426)</b>	<b>1.836</b>	<b>3.262</b>

Source: Inverclyde IJB Annual Accounts 2017-18/ IJB Financial Monitoring Reports

## Efficiency savings

35. In 2017/18 the IJB set a budget based on the planned use of reserves and expected efficiency savings of £0.4 million. The IJB achieved the efficiencies during the year and reported the position in the period 9 budget monitoring report presented to the Board in March 2018.

36. Savings targets have been set for 2018/19 and 2019/20 with efficiency savings plans being developed to deliver them. We will review progress in identifying and delivering on further efficiency savings required.

## Financial planning

37. The IJB allocates the resources it receives from the health board and council in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2017/18 budget provided for the IJB.

- 38.** In March 2018 the Board approved a medium term financial strategy covering the three-year period 2018/19 to 2020/21. The financial projections in this strategy forecast a balanced budget in 2018/19, and funding gaps of £2.7 million in 2019/20 and £5.5 million in 2020/21. The IJB acknowledges the need to develop plans over the medium term to bridge the identified financial gap, and is considering efficiency savings, service redesign/transformational change and service reduction.
- 39.** We acknowledge the improvements made by the IJB in developing a medium term financial plan and our previous recommendation was that such plans should support a long term financial strategy (5 years +). This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary.

[Action Plan \(Appendix 1, point 2\)](#)

## Reserves strategy

- 40.** The Board approved its reserves strategy in May 2016. The strategy allows the Board to
- hold a working balance to help cushion the impact of uneven cash flows
  - hold a contingency balance to cushion the impact of unexpected events or emergencies
  - use unused balances to build up funds, or earmarked reserves, to meet known or predicted liabilities
  - maintain a balance of between 2 and 4% of revenue expenditure
- 41.** The current level of reserves is in line with the strategy, at £5.8m and 4% of revenue expenditure. The reserves balance is currently earmarked for future expenditure across a number of specific projects. This includes £1.5 million in a transformation fund and £1.9 million of 'smoothing' reserves to cover cost fluctuations in more volatile areas of service such as adoption and fostering, prescribing, and residential and nursing placements. There is, however, no general provision for contingency.
- 42.** The reserves strategy as agreed by the Board, is considered appropriate. However, without an uncommitted or contingency element, the Board may not be able to meet unexpected events or emergencies without impacting on planned service delivery.

[Action Plan \(Appendix 1, point 3\)](#)

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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.

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# Part 3

## Governance, transparency and value for money



### Main judgements

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



The annual performance report covers all expected areas and highlights how achievements align to the IJB's five Strategic Commissioning themes. It also supports the IJB in demonstrating Best Value by assessing and reporting on the economy, efficiency, effectiveness and equality of service provision.

### Governance arrangements

43. The Board is responsible for the strategic planning, management and delivery of the health and social care services delegated to it in line with the Integration Scheme between its two partner bodies. The Board has 20 members and is comprised of eight voting members; four elected members of Inverclyde Council and four non-executive members of NHS Greater Glasgow and Clyde as well as a number of professional members and stakeholder representatives.
44. Following a review of the adequacy and effectiveness of the Board's local governance arrangements, a number of action points were identified which will enhance local governance arrangements and ensure continual improvement of governance, including:
  - Introduction of self-assessment for IJB members
  - Specific training for IJB members around ethics, equalities and diversity and similar areas within the member training programme
  - Ensure risk registers are included in IJB reports and risk management is an embedded process within all strategic and financial planning
  - Development of an action plan to further strengthen strategic planning and governance arrangements during 2018/19.
45. The arrangements in place continue to support good governance and accountability.

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

### Transparency

46. Transparency means that the public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.
47. Full details of the meetings held by the IJB are available on Inverclyde Council's website; committee papers and minutes of meetings are publicly available; and members of the public are permitted to attend and observe meetings. Public notice of each meeting is given on the council's website.

48. Overall, we concluded that the IJB conducts its business in an open and transparent manner. Financial information disclosed in the management commentary is consistent with the both the financial statements and financial monitoring reports presented to the Board throughout the year. Improvements could be made, however, to financial monitoring reports as detailed at [paragraph 30](#).

### Internal audit

49. The work of internal audit provides the IJB and the Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.
50. The IJB's internal audit function is carried out by the internal audit department of Inverclyde Council. During our planning stage, we carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
51. To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2017/18 we did not place any formal reliance on internal audit reviews, however we did consider their work throughout the year for any potential impact on our work. There were no issues identified by internal audit that have had an impact on our audit of the IJB's annual accounts.

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

52. In 2017/18 we reported on Inverclyde IJB's arrangements for the prevention and detection for fraud and bribery and concluded that they were effective.
53. The IJB uses the financial systems of Inverclyde Council and NHS Greater Glasgow and Clyde and so arrangements for the prevention and detection of fraud, bribery and corruption in respect of the financial systems is the responsibility of these organisations. The IJB does, however, have an awareness and is alerted of any such instances.
54. We are satisfied that the IJB has adequate arrangements in place for the prevention and detection of fraud, bribery and corruption, although it is acknowledged that no system can eliminate the risk of fraud entirely.

### Value for money and performance management

55. Best Value duties apply to accountable officers across the public sector. Inverclyde IJB receives assurance that the services supporting the delivery of its strategic plan are securing Best Value through various forums including Board meetings; the audit committee; and relevant committee meetings at NHS Greater Glasgow and Clyde and Inverclyde Council.
56. The Board receives performance exception reports every six months. These reports highlight performance indicators that have been marked as red or amber and identify the corrective action that has been. These reports also correlate to the annual performance report.
57. The IJB's annual performance report 2017/18 was completed within the timescale required by The Public Bodies (Joint Working) (Scotland) Act 2014 and was presented to the Board in June 2018. This report assists the Board in demonstrating that the IJB is delivering Best Value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.
58. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial

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

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performance and best value, reporting on localities and an inspection of services, and a review of strategic commissioning plan.

- 59.** Inverclyde IJB's annual performance report covers these areas and aims to highlight throughout the report how achievements are aligned to its five Strategic Commissioning themes. These are:
- Employability and meaningful activity
  - Recovery and support to live independently
  - Early intervention, prevention and re-ablement
  - Support for families
  - Inclusion and empowerment
- 60.** These themes are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice.
- 61.** The annual performance report also provides a summary of the IJB's performance against the 23 national indicators for 2016/17 (the most recently available). It highlights that Inverclyde IJB is performing below the national average against four indicators. These include premature mortality rates; emergency admission rates; emergency bed day rates; and the percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency. Performance was classed as close to the Scottish average in five of the indicators, with the IJB operating above average in 10. Four of the indicators are still under development.

## National performance audit reports

- 62.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2017/18 we published some reports which are of direct interest to the Board as outlined in [Appendix 3](#).
- 63.** In Autumn 2018 we will publish our second national report looking at the integration of health and social care. Now that integration authorities are more established, this report will look at progress and follow up on the risks identified in our first report. The audit will also examine changes to the system, including evidence of shifts in service delivery from acute to community based and preventative services, and the impact on the lives of local people.

# Appendix 1

## Action plan 2017/18

### 2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Provision of financial information by Council</b></p> <p>The final monitoring report presented to the Board in March 2018 (to period 9) forecast a planned in-year overspend of £1.4 million. The final position reported in the annual accounts discloses an underspend of £1.8 million,</p> <p>The timing of revenue and capital projections from the Council results in IJB financial monitoring reports being up to three months old when they are presented to the Board. At period 9 these reports did not yet forecast an underspend.</p> <p><b>Risk</b></p> <p>The Board does not have the opportunity to scrutinise a recent financial position. This delay could prevent identification and mitigation of a future overspend position.</p>	<p>The IJB should review its financial monitoring arrangements and work with partner organisations to ensure that timely information is available.</p> <p><a href="#">Paragraph 30</a></p>	<p>Officers will work with Council and Health Board colleagues to ensure the most up to date information is presented to the IJB to address this going forward and to bring the timelines of financial reporting into better alignment.</p> <p><b>Chief Officer and Chief Financial Officer</b></p> <p><b>June 2019</b></p>
2	<p><b>Long term financial planning</b></p> <p>The IJB has not yet developed a long term financial strategy (5 years +). A three-year medium term financial plan has been implemented, but longer-term strategies are increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary.</p> <p><b>Risk</b></p>	<p>We recommend that a long term financial strategy (5 years +) is prepared. This should include scenario planning (best, worst, most likely).</p> <p><a href="#">Paragraph 39</a></p>	<p>The financial strategy should tie in with the Strategic Plan which at present is a three-year plan. Officers are considering developing a longer term Strategic Plan and as part of this will work to develop a longer term financial plan.</p> <p><b>Chief Officer and Chief Financial Officer</b></p> <p><b>December 2019</b></p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	Future financial risks facing the IJB may not be clearly understood.		
3	<p><b>Unallocated reserves</b></p> <p>The reserves balance is currently fully earmarked for specific future expenditure across a number of projects, with no general provision for contingency.</p> <p><b>Risk</b></p> <p>Without an uncommitted or contingency element in reserves, the Board may not be able to meet unexpected events or emergencies without impacting on planned service delivery or earmarked developments</p>	<p>The Board should consider creating an uncommitted reserves balance in line with its reserves strategy.</p> <p><a href="#">Paragraph 42</a></p>	<p>The IJB Earmarked Reserves includes £1.461m of a Transformation Fund and £1.918m of smoothing reserves which are available to be used to cover unexpected events or emergencies in historically more volatile budget areas. It is not proposed that further funds are set aside for that at this time</p> <p><b>Chief Financial Officer</b></p> <p><b>Complete</b></p>

### Follow up of prior year recommendations

b/f	<p><b>Financial forecasts</b></p> <p>Budget reports provided to the Board in 2016/17 acknowledged that reserves were being created, while projecting a break-even position. The value of the reserves (£4.0 million) was not clarified until the year-end.</p> <p>While we recognise that year end projections are subject to error, the Board should be informed of the best estimate of financial position.</p> <p><b>Risk</b></p> <p>Board reports may not provide sufficient information to allow members to review financial performance and make informed decisions.</p>	<p>Financial reports should be revised to ensure they are accurately reflecting spending to date and the projected year end position.</p>	<p><b>Complete</b></p> <p>Financial monitoring reports were revised and now clearly highlighted the IJB's planned used of reserves for the financial year.</p>
b/f	<p><b>Medium to long term financial planning</b></p> <p>The Board has no financial plans in place beyond 2017/18.</p> <p><b>Risk</b></p>	<p>We recommend that a long term financial strategy (5 years +) supported by clear and detailed financial plans (3 years +) is prepared. This is increasingly important as demand pressures increase, financial settlements continue</p>	<p><b>In progress</b></p> <p>In March 2018 a medium term financial strategy was developed covering the three-year period 2018/19 to 2020/21. A long term financial strategy has not yet been developed – refer to</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	In the absence of medium to long term financial planning the future financial risks facing the IJB may not be clearly understood.	to reduce and fundamental service redesign over a longer time frame becomes necessary. Plans should set out scenario plans (best, worst, most likely).	recommendation 2 in this action plan.
<b>b/f</b>	<p data-bbox="256 613 395 642"><b>Best Value</b></p> <p data-bbox="256 658 619 904">The Board should have systems and processes to ensure that it can demonstrate that it is delivering Best Value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.</p> <p data-bbox="256 920 316 949"><b>Risk</b></p> <p data-bbox="256 965 619 1055">Opportunities for improvement through Best Value review may be missed.</p>	The IJB should undertake a periodic and evidenced formal review of its performance against the Scottish Government Best Value framework.	<p data-bbox="1054 613 1182 642"><b>Complete</b></p> <p data-bbox="1054 658 1417 781">A report was provided in the audit working papers detailing the IJB's arrangements for securing Best Value.</p> <p data-bbox="1054 797 1417 1039">Various forums provide assurance that services supporting delivery of the strategic plan are securing Best Value, and performance reporting is a regular agenda item within IJB Board meetings.</p>



# Appendix 2

## Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p>1 <b>Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>We reviewed significant accounting estimates and did not identify any issues.</p> <p>We reviewed the process, accuracy and completeness of consolidating the financial reports from the two host bodies and did not identify any issues.</p> <p>We obtained written assurances from the external auditors of Inverclyde Council and NHS Greater Glasgow and Clyde on the completeness, accuracy and allocation of the income and expenditure transactions of Inverclyde IJB. No issues were noted.</p>
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>		
<p>2 <b>Financial sustainability</b></p> <p>The IJB does not currently prepare medium to long term financial plans. There is consequently a risk that the IJB is not aware or adequately prepared for future challenges and financial constraints in the medium to long term.</p>	<p>The IJB is in the process of completing longer term financial plans. These are due to be presented to the Board in spring/summer 2018.</p>	<p>We reviewed Inverclyde IJB's medium term financial planning assumptions and note the scale of financial funding gap identified.</p> <p>We reviewed the medium term financial plan. As identified in Appendix 1, Recommendation 2, the IJB has not yet developed a long term financial plan.</p>

# Appendix 3

## Summary of national performance reports 2017/18



2017/18  
Reports

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

### Reports relevant to Integration Joint Boards

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

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

# Inverclyde Integrated Joint Board

## Proposed 2017/18 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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Our Ref:

Your Ref:

Date: 11 September 2018

Audit Scotland  
4<sup>th</sup> Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow G2 1BT  
FAO David Jamieson, Senior Audit Manager

Dear David,

**Inverclyde Integration Joint Board Financial Statements for the year ended 31 March 2018**

This representation letter is provided in connection with the audit of the financial statements of Inverclyde Integration Joint Board (IJB) for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (“the Code”) as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Board has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Board has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that we are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code requires adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. We believe that the IJB's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be adequate for the IJB's needs. We believe that no further disclosures relating to the IJB's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xiii. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit, and
  - c. unrestricted access to persons within the IJB, NHS GG&C and Inverclyde Council from whom you determined it necessary to obtain audit evidence.

- xiv. We have communicated to you all deficiencies in internal control of which management is aware.
- xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the IJB and involves:
  - a. management;
  - b. employees who have significant roles in internal control, or
  - c. others where fraud could have a material effect on the financial statements.
- xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the IJBs financial statements communicated by employees, former employees, regulators or others.
- xix. We 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 the financial statements.
- xx. We have disclosed to you the entirety of the IJBs related parties and all the related party relationships and transactions of which we are aware.
- xxi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

### **Annual Governance Statement**

- xxii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the IJBs risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### **Management Commentary**

- xxvii. The disclosures within the 'Management Commentary' fairly reflect our understanding of the Board's financial and operating performance over the period covered by the financial statements.

**Approval**

xxiii. The approval of this letter of representation was minuted by the IJB at its meeting on 11 September 2018.

**Signed on behalf of the Inverclyde Integration Joint Board**

Signed .....

Name: Lesley Aird, CPFA  
Position: Chief Financial Officer  
Date: 11 September 2018

DRAFT

# **Inverclyde Integration Joint Board**

The Governing Body of the



**Unaudited Annual Accounts  
2017/18**



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# Management Commentary

## Introduction

This publication contains the financial statements for the Inverclyde Integration Joint Board (IJB) for the year ended 31 March 2018.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2017/18 and how this has supported delivery of the IJB's core objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which we will face as we strive to meet the needs of the people of Inverclyde.

## Inverclyde IJB

In Inverclyde we have an 'all-inclusive' health and social care partnership. The Inverclyde IJB has responsibility for the strategic commissioning (either planning or direct service delivery, or both) of the full range of health and social care services; population health and wellbeing, statutory health and social work/social care services for children, adults, older people and people in the community justice system. The IJB discharges this responsibility through its operational delivery arm, which is the Inverclyde Health and Social Care Partnership (HSCP).

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. From 1st April 2016, the IJB took formal delegated responsibility from the NHS Greater Glasgow and Clyde and Inverclyde Council for the delivery and/or planning of local health and social care services.

For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others – notably hospital based services and housing – this means planning with partners who continue to manage and deliver the services as part of wider structures (e.g. the Greater Glasgow & Clyde Acute Sector) or via external delivery agencies (e.g. Registered Social Landlords and Housing Associations).

Inverclyde is located in West Central Scotland along the south bank of the River Clyde. It is one of the smallest local authority areas in Scotland, home to 79,500 people and covering an area of 61 square miles. Our communities are unique and varied.

The IJB Strategic Plan 2016-19 outlines our vision for the Inverclyde Health & Social Care Partnership as well as our core objectives and services which are delivered through four core teams. The HSCP has worked hard during 2017/18 to deliver these.

The IJB Strategic Plan is supported by an operational plan and a variety of service strategies, investment and management plans which aid day to day service delivery. These plans and strategies identify what the IJB wants to achieve, how it will deliver it and the resources required to secure the desired outcomes. The Strategic Plan also works in support of the Inverclyde Community Planning Partnership's Local Outcome Improvement Plan and the Greater Glasgow & Clyde Health Board Local Delivery Plan. It is vital to ensure that our limited resources are targeted in a way that makes a significant contribution to our objectives.

The Strategic Plan and other key documents can be accessed online at:

<https://www.inverclyde.gov.uk/health-and-social-care>

The operational HSCP Structure responsible for delivering services is illustrated below.

### HSCP Operational Structure



### The Annual Accounts 2017/18

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2017/18 Accounts have been prepared in accordance with this Code.

### The Financial Plan

IJBs need to account for spending and income in a way which complies with our legislative responsibilities.

For 2017/18 the IJB budgeted to deliver Partnership Services at a cost of £147.6m, including £16.4m of notional budget for Set Aside. During the year funding adjustments and reductions in spend resulted in actual spend of £146.5m, including Set Aside, for the year, resulting in a surplus of £1.836m. The movement in budget vs actual and analysis of the surplus are shown in the tables on pages 6 and 7.

### Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out within the notes to these accounts, the IJB has had to make a critical judgement relating to complex transactions in respect of the values included for services hosted within Inverclyde IJB for other IJBs within the NHS Greater Glasgow & Clyde area.

In previous financial years the financial accounts have been prepared on the basis that the costs associated with activity for services related to non-Inverclyde residents were removed and transferred to other IJB's to reflect the location of the service recipients. Costs were also added to reflect activity for services delivered by other IJB's related to Inverclyde residents. The costs removed/added were based upon budgeted spend such that any overspend or underspend remains with the hosting IJB.

Within Greater Glasgow and Clyde, each IJB has operational responsibility for services, which it hosts on behalf of the other IJB's. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such the IJB is considered to be acting as 'principal', and the full costs should be reflected within the financial statements for the services which it hosts. This is the basis on which 2017/18 accounts have been prepared.

In preparing the 2017/18 financial statements the treatment of Hosted Services has changed. The full cost of services which are hosted by the IJB are now reflected in our financial accounts and are no longer adjusted to reflect activity to/for other IJB's within the Greater Glasgow & Clyde area. This change reflects our responsibility in relation to service delivery and the risk and reward associated with it.

The services which are hosted by Inverclyde are identified in the table below. This also shows expenditure in 2017/18 and the value consumed by other IJB's within Greater Glasgow and Clyde.

Host	Service	Actual Net Expenditure 2017/18	Consumed by other IJBs
Inverclyde	General Psychiatry	£5,469,258	£939,619
Inverclyde	Old Age Psychiatry	£3,357,004	£80,181
	<b>Total</b>	<b>£8,826,262</b>	<b>£1,019,800</b>

The services which are hosted by other IJB's on behalf of the other IJB's including Inverclyde are identified in the table below. This also shows expenditure in 2017/18 and the value consumed by Inverclyde IJB.

Host	Service	Actual Net Expenditure 2017/18	Consumed by Inverclyde IJB
East Dunbartonshire	Oral Health	£10,094,336	£578,405
	<b>Total</b>	<b>£10,094,336</b>	<b>£578,405</b>
East Renfrewshire	Learning Disability	£8,194,990	£416,201
	<b>Total</b>	<b>£8,194,990</b>	<b>£416,201</b>
Glasgow	Continence	£3,683,091	£282,898
Glasgow	Sexual Health	£9,697,602	£411,881
Glasgow	MH Central Services	£7,707,927	£774,739
Glasgow	MH Specialist services	£11,517,714	£1,091,277
Glasgow	Alcohol + Drugs Hosted	£16,585,776	£522,452
Glasgow	Prison Healthcare	£7,177,437	£548,442
Glasgow	HC In Police Custody	£2,274,008	£168,277
Glasgow	Old Age Psychiatry	£20,947,550	£164,776
Glasgow	General Psychiatry	£36,885,493	£0
	<b>Total</b>	<b>£116,476,598</b>	<b>£3,964,742</b>
Renfrewshire	Podiatry	£6,235,691	£542,505
Renfrewshire	Primary Care support	£3,873,082	£244,004
Renfrewshire	General Psychiatry	£7,471,809	£0
Renfrewshire	Old Age Psychiatry	£6,589,023	£20,760
	<b>Total</b>	<b>£24,169,605</b>	<b>£807,269</b>
West Dunbartonshire	MSK Physio	£5,858,142	£449,715
West Dunbartonshire	Retinal Screening	£798,272	£59,551
West Dunbartonshire	Old Age Psychiatry	£1,541,243	£0
	<b>Total</b>	<b>£8,197,657</b>	<b>£509,266</b>
<b>Total</b>		<b>£167,133,185</b>	<b>£6,275,883</b>

The set-aside figure included in the IJB accounts is based on the average of 2013/14 and 2014/15 acute hospital activity with a 1% uplift applied. As such, the sum set aside included in the accounts will not reflect

actual hospital usage in 2017/18. Further work is taking place to improve this for 2018/19 to link it more closely to actual activity and costs for Set Aside services for Inverclyde.

## Performance

The IJB and HSCP tracks change in need and demand, and delivery of the National Wellbeing Outcomes through its performance management arrangements. Every service undergoes a quarterly service review, chaired by the relevant Head of Service. Service use, waiting times and any other pressures are closely reviewed alongside progress against the service’s key objectives and delivery of outcomes. Any divergence from the agreed strategic direction is quickly identified and steps are put in place to get the service back on track. If there are notable differences between the service’s performance and what has been planned for, then these differences are reported to the IJB along with a summary of the reasons for the divergence, and an outline of the planned remedial action in cases where the divergence is negative. This is reported through Performance Exceptions Reports, and these continue to be produced and published on a six-monthly basis. The legislation requires that we follow a prescribed format of annual performance reporting against the nine outcomes, based on 23 national indicators and a requirement to publish an annual performance report by 31<sup>st</sup> July. Inverclyde’s Annual Performance Report 2017/18 was published 18 June 2018.

The IJB’s 2017/18 Performance against the 23 National Indicators is shown in the table below:



Performance equal or better than Scottish average













Performance close to Scottish average



Performance 5% or more below Scottish average

National Indicator		Inverclyde HSCP	Scottish Average	Comparison
1*	Percentage of adults able to look after their health very well or quite well	91%	93%	
2*	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	80%	81%	
3*	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	77%	76%	
4*	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	79%	74%	
5*	Total % of adults receiving any care or support who rated it as excellent or good	83%	80%	
6*	Percentage of people with positive experience of the care provided by their GP practice	83%	83%	
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%	80%	
8*	Total combined percentage of carers who feel supported to continue in their caring role	40%	37%	
9*	Percentage of adults supported at home who agreed they felt safe	84%	83%	

National Indicator		Inverclyde HSCP	Scottish Average	Comparison
10	Percentage of staff who say they would recommend their workplace as a good place to work	Indicator under development (ISD)		
11	Premature mortality rate per 100,000 persons	505	440	
12	Emergency admission rate (per 100,000 population)	14,381	12,294	
13	Emergency bed day rate (per 100,000 population)	159,547	125,634	
14	Re-admission to hospital within 28 days (per 1,000 population)	88	100	
15	Proportion of last 6 months of life spent at home or in a community setting	86%	87%	
16	Falls rate per 1,000 population aged 65+	24	22	
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	90%	84%	
18	Percentage of adults with intensive care needs receiving care at home	63%	61%	
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	263	842	
20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	30%	25%	
21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	Indicator under development (ISD)		
22	Percentage of people discharged from hospital within 72 hours of being ready	Indicator under development (ISD)		
23	Expenditure on end of life care, cost in last 6 months per death	Indicator under development (ISD)		

The data presented against these National Indicators is the most up-to-date as released by ISD in April 2018. Those marked with an \* are taken from the 2017/18 Health and Care Experience Survey (<http://www.isdscotland.org/Products-and-Services/Consultancy/Surveys/Health-and-Care-Experience-2017-18/>).

## Financial Performance

Financial information is part of our performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of our financial performance for 2017/18.

### (a) Partnership Revenue Expenditure 2017/18

During the year the Partnership again successfully mitigated the full value of the inherited Health baseline budget pressure on Mental Health Inpatient services through a combination of measures, including: improved cost control and tighter absence management arrangements and planned one off underspends in other areas to offset the remaining budget pressure. Health services expenditure therefore was kept within the overall budget.

Partnership services saw continued demand growth, particularly in Learning Disabilities and Older People Services where the number of service users and cost per service user rose significantly. The Partnership was able to effectively manage this budget pressure in year and generate an overall surplus on social care services.

In previous years the Social Care budget has experienced a degree of short term volatility in certain demand led budgets. In order to address this any one off underspends on these budgets have been placed in Earmarked Reserves to cover any one off overspends in future years. In 2017/18 £0.261m was taken into the Adoption, Fostering and Residential fund within Children & Families and £0.246m was taken into a reserve for Older People Residential and Nursing Homes.

During the year £2.115m of Earmarked Reserves were used to fund specific spend and projects and an additional £3.951m was transferred into Earmarked Reserves, leading to a net increase of £1.836m in Reserves over the year.

Total net expenditure for the year was £145.053m against the overall funding received of £146.889m, generating a revenue surplus of £1.836m. This was made up as follows:

### Analysis of Surplus on Provision on Services

	£000
Underspend on Children & Families	130
Overspend on Learning Disabilities due mainly to increases in client packages	(200)
Underspend on Physical Disability client packages	151
Underspend on Business Support mainly through early delivery of future savings	194
Underspend on Assessment & Care Managements mainly through employee	109
Underspend on Addictions mainly due to delay in filling vacancies	114
Other services various minor underspends	84
Homelessness overspend to increase bad debt provision	(148)
Movement in EMRs	1,402
<b>Surplus on Provision of Services</b>	<b>1,836</b>

All of the above has been taken to Earmarked reserves as detailed in note 7.



## Budget agreed at Period 9 vs Final Outturn

Original Budget	IJB FUNDING	Revised Budget @ P9	Outturn	Difference
	<b>Operational funding budget</b>			
80,055	Health	81,603	83,129	1,526
47,380	Council	47,043	47,043	0
16,439	Set Aside	16,439	16,439	0
<b>143,874</b>	<b>TOTAL IJB FUNDING</b>	<b>145,085</b>	<b>146,611</b>	<b>1,526</b>
Original Budget	IJB NET EXPENDITURE	Revised Budget @ P9	Outturn	Difference
	<b>Operational net expend budget</b>			
80,055	Health	81,603	83,129	1,526
47,380	Council	47,043	45,485	(1,558)
16,439	Set Aside	16,439	16,439	0
<b>143,874</b>	<b>TOTAL IJB NET EXPENDITURE</b>	<b>145,085</b>	<b>145,053</b>	<b>(32)</b>
<b>0</b>	<b>Surplus/(Deficit) on Provision of Operating Services</b>	<b>0</b>	<b>1,558</b>	<b>1,558</b>
(3,754)	Movement on Earmarked Reserves Decrease/(Increase)	(1,426)	278	1,704
<b>(3,754)</b>	<b>Overall Surplus/(Deficit)</b>	<b>(1,426)</b>	<b>1,836</b>	<b>3,262</b>

### (b) The Balance Sheet

The Balance Sheet summarises the IJB's assets and liabilities as at 31 March 2018, with explanatory notes provided in the full accounts.

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

The UK economy was showing signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. The planned exit from the European Union has created some further, short and longer term, uncertainty and risk for the future for all public sector organisations.

Additional funding of £66m has been announced for Local Authorities across Scotland for 2018/19 to address social care pressures, and in particular, to support providers to pay the Living Wage to care workers. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted to 2019/20. In addition to economic performance, other factors influence the availability of funding for the public sector including demographic challenges that Inverclyde is facing.

The most significant risks faced by the IJB over the medium to longer term, reflected in the IJB risk register can be summarised as follows:

- financial sustainability with increased demand for services alongside reducing resources and the wider financial environment, which continues to be challenging; and
- the risk around the relationships with acute partners, risk of differing priorities and competing pressures from external stakeholders.



The Inverclyde IJB has responsibility for social care and a range of health services. The IJB is responsible for financial and strategic oversight of these services.

Moving into 2018/19, we are working to proactively address the funding challenges presented while, at the same time, providing effective services for the residents of Inverclyde.

We have well established plans for the future, and the IJB Strategic Plan 2016/17 to 2018/19 was approved by the IJB in March 2016 and outlined the overarching vision of:



'Improving Lives' is underpinned by the 4 key values of:



Work is underway to update the Strategic Plan to take the IJB forward into its next phase. The new plan will cover the period from 2019/20 to 2021/22.

## Conclusion

In a challenging financial and operating environment the IJB has successfully overseen the delivery of its Strategic Plan objectives and the delivery of all core services while undertaking a significant change programme designed to provide a more person centred model of care, deliver on early intervention and prevention ambitions and free up efficiencies.

A mid-term review of the Strategic Plan is underway, and will be used to inform the content of the next Strategic Plan (2019-22).

## Where to Find More Information

If you would like more information please visit our IJB website at:  
<https://www.inverclyde.gov.uk/health-and-social-care>

### Louise Long

Chief Officer

\_\_\_\_\_

**Date:** 11 September 2018

### Lesley Aird, CPFA

Chief Financial Officer

\_\_\_\_\_

**Date:** 11 September 2018

### Simon Carr

IJB Chair

\_\_\_\_\_

**Date:** 11 September 2018

# Statement of Responsibilities

## Responsibilities of the IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the board has the responsibility for the administration of those affairs. In this IJB, the proper 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 Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on 11 September 2018.

Signed on behalf of the Inverclyde IJB

**Simon Carr**

IJB Chair

Date: 11 September 2018

## Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the IJB's annual accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing these annual accounts, the Chief Financial Officer has:

- Selected appropriate 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 Inverclyde IJB as at 31 March 2018 and the transactions for the year then ended.

**Lesley Aird, CPFA**

Chief Financial Officer

Date: 11 September 2018

# Remuneration Report

## Introduction

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

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

## 1 Integration Joint Board

The voting members of the IJB were appointed through nomination by the Health Board and Council.

## 2 Senior officers

The IJB does not directly employ any staff in its own right. All HSCP officers are employed through either the Health Board or Council and remuneration for senior staff is reported through those bodies. 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 IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The Chief Officer, Louise Long, is employed by Inverclyde Council and seconded to the IJB and has been in post since 8 May 2017. The former Chief Officer, Brian Moore, was also employed by Inverclyde Council and seconded to the IJB until his retirement on 28 April 2017. The statutory responsibility for employer pension liabilities sits with Inverclyde Council as the employing partner organisation. There is therefore no pension liability reflected on the Inverclyde IJB balance sheet for the IJB's Chief Officer. The remuneration terms of the Chief Officer's employment are approved by the IJB.

### Chief Financial Officer

The IJB Chief Financial Officer, Lesley Aird, is employed on a part time basis by NHS Greater Glasgow and Clyde. The Council and Health Board share the costs of this and all other senior officer remunerations.

### Other officers

No other staff are appointed by the IJB under a similar legal regime. There are no other non-voting board members who meet the criteria for disclosure and require to be included in the disclosure below.

Salary, Fees & Allowances 2016/17 £	Name and Post Title	Salary, Fees & Allowances 2017/18 £
0	Louise Long (started 08 May 2017) Chief Officer	100,075
107,002	Brian Moore (retired 28 April 2017) Chief Officer	10,334
42,653	Lesley Aird (part time 0.5 WTE) Chief Financial Officer	41,469

There were no exit packages paid in either financial year.

### 3 Remuneration: IJB Chair, Vice Chair and Voting Members

The voting members of the IJB are appointed through nomination by Inverclyde Council and Greater Glasgow & Clyde Health Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair, Vice Chair and other IJB voting member appointments and any taxable expenses paid by the IJB are shown below.

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

Name	Post(s) Held	Nominated By
Simon Carr	IJB Chair	NHS GG&C
Councillor Jim Clocherty	IJB Vice Chair	Inverclyde Council
Alan Cowan	IJB Member Vice Chair Audit Committee	NHS GG&C
Councillor Vaughan Jones	IJB Member (until 04/05/2017)	Inverclyde Council
Dr Donald Lyons	IJB Member Audit Committee Member (from 07/11/2017)	NHS GG&C
Dorothy McErlean	IJB Member Audit Committee Member (until 07/11/2017)	NHS GG&C
Councillor Joe McIlwee	IJB Member (until 04/05/2017)	Inverclyde Council
Councillor Jim MacLeod	IJB Member (from 25/05/2017)	Inverclyde Council
Councillor Ciano Rebecchi	IJB Member Chair Audit Committee	Inverclyde Council
Councillor Lynne Quinn	IJB Member (from 25/05/2017) Audit Committee Member	Inverclyde Council

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2017/18. Any expenses claimed by voting members are paid through the relevant IJB partner organisation.

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 IJB balance sheet for the Chief Officer or any other officers.

The IJB 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 IJB. The following table shows the IJB'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		Accrued Pension Benefits		
	For Year to 31/03/17 £	For Year to 31/03/18 £		Difference from 31/03/17 £0	As at 31/03/18 £0
Louise Long Chief Officer since 08/05/2017	0	19,147	Pension	4,121	10,714
			Lump Sum	0	0
Brian Moore Chief Officer till 28/04/2017	20,593	1,996	Pension	(2,754)	52,983
			Lump Sum	(1,331)	120,724
Lesley Aird Chief Financial Officer	606	1,178	Pension	572	1,178
			Lump Sum	0	0

The Chief Financial Officer was previously a member of the Strathclyde Pension Scheme but has opted not to transfer those benefits. The accrued pension benefit disclosed above therefore relates only to this current employment and pension.

### Disclosure by Pay Bands

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

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£105,000 - £110,000	1

**Louise Long**

Chief Officer

Date: 11 September 2018

**Simon Carr**

IJB Chair

Date: 11 September 2018

# Annual Governance Statement

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

## Scope of Responsibility

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. It is a body corporate, a legal entity in its own right but it relies on support from officers employed by Inverclyde Council and Greater Glasgow & Clyde NHS Board in relation to the conduct of its business. It is subject to the Public Bodies (Joint Working) (Scotland) Act 2014 and secondary legislation directly relating to the integration of health and social care services, and indirectly in relation to regulatory regimes affecting devolved public bodies in Scotland. The main features of the IJB's governance arrangements are described in the Local Code but are summarised below.

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 IJB 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 IJB's policies, aims and objectives. Reliance is also placed on the Inverclyde Council and Greater Glasgow & Clyde Health Board systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either Inverclyde Council or Greater Glasgow & Clyde Health Board, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the IJB's governance arrangements are described in the Local Code but are summarised below:

- The IJB was the key decision making body. The IJB's membership (voting and non-voting), as set by statutory instrument, is fully established. An Audit Committee with detailed remit and powers and clearly defined membership was set up in 2017/18 to consider all matters in relation to Internal and External Audit and Risk Management;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, and Financial Regulations.
- The IJB's purpose and vision are outlined in the IJB Strategic Plan which was approved and published prior to the delegation of the integrated functions on 1 April 2016 and which links closely to the vision of the Inverclyde Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and national statutory performance indicators;
- The Performance Management Strategy focuses very firmly on embedding a performance management culture that measures delivery of improved outcomes rather than systems and processes throughout the IJB. Regular reporting to Board Members takes place;
- The IJB has a Code of Conduct based on the Model Code of Conduct for Integration Joint Boards. The register of members' interests is published and made available for inspection.
- The IJB has in place a development programme for all Board Members. The IJB places reliance on the organisational development activity undertaken through partnership organisations for senior managers and employees;

- The IJB has established three Wellbeing Localities, East Inverclyde, Central Inverclyde and West Inverclyde. These reflect the local planning areas that were developed by the Community Planning Partnership (the Inverclyde Alliance) through full public consultation. These provide Board Members with the opportunity to be involved in considering the priorities for each area and outline the role for each Community Planning Partner in meeting these priorities in conjunction with the local communities.
- As a separate Public Body, the IJB is required to publish Equalities Outcomes. These were published on the HSCP website in April 2016, and will be subject to review in 2018.

The governance framework was in place throughout 2017/18.

### **The System of Internal Financial Control**

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. During 2017/18 this included the following:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;
- Regular reviews of periodic and annual financial reports that indicate financial performance against budget and forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines.

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 Chief Internal Auditor reports directly to the IJB Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit Committee.

With regard to the entries taken from the Health Board and Council Accounts, the IJB is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Annual Governance Statements where appropriate.

### **Review of Effectiveness**

Inverclyde IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The Internal Audit functions of the Council and Health Board have independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2017/18, these services operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditors prepared annual reports to the relevant Audit Committees, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

### **Significant Governance Issues during 2017/18**

The Internal Audit Annual Reports 2017/18 for the Council and Health Board identify no significant control issues. Some actions have been agreed within the Council and Health Board Annual Governance statements to further enhance those internal control environments. None of these are considered material enough to have a significant impact on the overall control environment.

The Internal Audit Annual Report and Assurance Statement for 2017/18 concludes: “On the basis of Internal Audit work carried out in 2017/2018, the majority of the IJB’s established internal control procedures appeared to operate as intended to meet Management’s requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that some recommendations were made by Internal Audit to improve controls. The overall opinion is **Satisfactory**”.

## Action Plan

Following consideration of adequacy and effectiveness of our local governance arrangements the IJB approved a local code of good governance on 20 March 2018. The following actions have been identified to enhance local governance and ensure continual improvement of the IJB’s governance.

Action	Responsible Officer(s)	Due By
Introduce self-assessment for IJB members	Chief Officer/ HOS Strategy & Support Servs	31/03/19
Linking the programme of IJB development to the Strategic Plan	HOS Strategy & Support Servs	Complete
Include specific training for IJB members around ethics, equalities and diversity and similar areas within overall IJB Member training programme	Chief Officer	31/03/19
Locality Planning work to be further developed in line with Community Planning partners	HOS Strategy & Support Servs	31/03/19
Develop and implement an action plan to deliver Internal Audit Strategic Planning report recommendations	HOS Strategy & Support Servs	31/03/19
Ensure risks clearly identified in all IJB reports	Chief Officer, SMT	Complete
Develop a more objective process for agreeing what exception reporting is required in performance reports	HOS Strategy & Support Servs	31/03/19
Review performance of Hosted Services	Chief Officer	31/03/19
Ensure risk management is an embedded process within all strategic and financial planning	HOS Strategy & Support Servs/Chief Financial Officer	31/03/19

During 2018/19 the IJB plans to deliver these actions to further strengthen its strategic planning and governance arrangements.

No significant actions were required as part of the 2016/17, other than a commitment on the part of the IJB to develop its local code of good governance which has been done.

## Conclusion and Opinion on Assurance

While recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB’s governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB’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.

**Louise Long**

Chief Officer

Date: 11 September 2018

**Simon Carr**

IJB Chair

Date: 11 September 2018



# The Financial Statements

## Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2016/17 Restated			2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,527	(535)	2,992	2,648	(57)	2,591
28,158	(631)	27,527	29,037	(2,170)	26,867
11,358	(330)	11,028	11,326	(673)	10,653
6,376	(628)	5,748	6,048	(244)	5,804
9,619	(76)	9,543	9,381	(43)	9,338
13,615	(636)	12,979	13,453	(467)	12,986
2,873	(159)	2,714	2,885	(226)	2,659
3,768	(423)	3,345	3,488	(99)	3,389
6,578	(547)	6,031	8,239	(467)	7,772
3,719	(398)	3,321	4,233	(634)	3,599
2,120	(2,065)	55	1,959	(1,997)	(38)
1,582	(723)	859	1,689	(722)	967
22,692	(892)	21,800	22,660	(894)	21,766
18,136	0	18,136	18,817	0	18,817
1,347	0	1,347	1,236	0	1,236
199	0	199	208	0	208
<b>135,667</b>	<b>(8,043)</b>	<b>127,624</b>	<b>137,307</b>	<b>(8,693)</b>	<b>128,614</b>
16,439	0	16,439	16,439	0	16,439
<b>152,106</b>	<b>(8,043)</b>	<b>144,063</b>	<b>153,746</b>	<b>(8,693)</b>	<b>145,053</b>
0	(148,023)	(148,023)	0	(146,889)	(146,889)
<b>152,106</b>	<b>(156,066)</b>	<b>(3,960)</b>	<b>153,746</b>	<b>(155,582)</b>	<b>(1,836)</b>
		<b>(3,960)</b>			<b>(1,836)</b>

The income and expenditure statement has been restated in 2016/17 to reflect the revised position in relation to hosted services. The restatement had no impact on the bottom line. See critical judgements section for further information.

There are no statutory or presentation adjustments which affect the IJB's application of 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 and 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 IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2017/18	General Reserves £000	Earmarked Reserves £000	TOTAL Reserves £000
<b>Opening Balance at 31 March 2017</b>	<b>0</b>	<b>(3,960)</b>	<b>(3,960)</b>
Total Comprehensive Income and Expenditure	0	(1,836)	(1,836)
<b>Closing Balance at 31 March 2018</b>	<b>0</b>	<b>(5,796)</b>	<b>(5,796)</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.

31 March 2017 £000		Notes	31 March 2018 £000
<b>Current Assets</b>			
3,972	Short term debtors	5	5,820
<b>Current Liabilities</b>			
(12)	Short term creditors	6	(24)
<b>3,960</b>	<b>Net Assets</b>		<b>5,796</b>
3,960	Reserves	8	5,796
<b>3,960</b>	<b>Total Reserves</b>		<b>5,796</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2018 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on 11 September 2018.

**Lesley Aird, CPFA**

Chief Financial Officer \_\_\_\_\_ **Date:** 11 September 2018

# Notes to the Financial Statements

## 1. Significant Accounting Policies

### 1.1 General principles

The Inverclyde Integration Joint Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014. It was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme is a legally binding agreement between Inverclyde Council and NHS Greater Glasgow and Clyde.

Integration Joint Boards (IJB's) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 and the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the IJB.

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

The Annual Accounts summarise the IJB's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018.

### 1.2 Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms or 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

### 1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners namely Inverclyde Council and NHS Greater Glasgow and Clyde. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Inverclyde.

### 1.4 Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB 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 in the IJB Balance Sheet.

## **1.5 Employee Benefits**

The IJB 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 IJB 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. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

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

## **1.6 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 IJB'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 IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

## **1.7 Events After The Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts are adjusted to reflect such events
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

## **1.8 Exceptional items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the IJB's financial performance.

## **1.9 Related Party Transactions**

As parties to the Inverclyde Integration Scheme both Inverclyde Council and NHS Greater Glasgow and Clyde are related parties and material transactions with those bodies are disclosed in Note 3 in line with the requirements of IAS 24.

## **1.10 Support services**

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a 'service in kind'. The support services provided are mainly comprised of: provision of financial management, human resources, legal, committee services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

## **1.11 Indemnity Insurance**

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. Inverclyde Council and Greater Glasgow & Clyde Health Board have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike Health Boards, the IJB does not have any 'shared risk' exposure from participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

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

## **1.12 Clinical and Medical Negligence**

The IJB provides clinical services to patients under the statutory responsibility of NHS Greater Glasgow and Clyde. In connection with this it is responsible for any claims for medical negligence arising within the services it commissions, up to a certain threshold per claim. For claims in excess of this threshold the Health Board and IJB are members of CNORIS established by the Scottish Government which reimburses costs to members where negligence is established.

The IJB would make provision for claims notified by the NHS Central Legal Office according to the value of the claim and the probability of settlement. Where a claim was not provided for in full the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

## **1.13 Reserves**

Reserves are created by appropriating amounts out of revenue balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year so as to be included within the Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement. Reserves are classified as either usable or unusable reserves.

## **1.14 VAT**

The VAT treatment of expenditure in the IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

## 2 Taxation and Non-Specific Grant Income

31 March 2017 (Restated) £000	Taxation and Non-Specific Grant Income	31 March 2018 £000
95,616	NHS Greater Glasgow and Clyde Health Board	99,568
52,407	Inverclyde Council	47,321
<b>148,023</b>	<b>TOTAL</b>	<b>146,889</b>

The note has been restated in 2016/17 to reflect the revised position in relation to hosted services. See critical judgements section for further information.

### Health Board Contribution

The funding contribution from the Health Board above includes £16.439m in respect of 'set aside' resources relating to hospital services. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however, has responsibility for the consumption of, and the level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

### 3 Related Party Transactions

The IJB has related party relationships with Greater Glasgow & Clyde Health Board and Inverclyde Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

31 March 2017 (Restated) £000		31 March 2018 £000
<b>Transactions with NHS Greater Glasgow &amp; Clyde</b>		
(95,616)	Funding Contributions received	(99,568)
(2,038)	Service Income received	(1,865)
83,846	Expenditure on Services Provided	85,232
<b>(13,808)</b>	<b>TOTAL</b>	<b>(16,201)</b>
<b>Transactions with Inverclyde Council</b>		
(52,407)	Funding Contributions received	(47,321)
(6,006)	Service Income received	(6,829)
68,261	Expenditure on Services Provided	68,515
<b>9,848</b>	<b>TOTAL</b>	<b>14,365</b>

31 March 2017 (Restated) £000		31 March 2018 £000
<b>Balances with NHS Greater Glasgow &amp; Clyde</b>		
0	Debtor balances: Amounts due to the NHS	0
0	Creditor balances: Amounts due from the NHS	0
<b>0</b>	<b>Net Balance with the NHS Board</b>	<b>0</b>
<b>Balances with Inverclyde Council</b>		
0	Debtor balances: Amounts due to the Council	0
3,972	Creditor balances: Amounts due from the Council	5,820
<b>(3,972)</b>	<b>Net Balance with the Council</b>	<b>(5,820)</b>

The note has been restated in 2016/17 to reflect the revised position in relation to hosted services. See critical judgements section for further information.

Key Management Personnel: The non-voting Board members employed by the Health Board or Council and recharged to the IJB include the Chief Officer, Chief Financial Officer, representatives of primary care, nursing and non-primary services, and staff representatives. Details of remuneration for some specific post holders is provided in the Remuneration Report.



#### 4 IJB Operational Costs

31 March 2017 £000	Core and Democratic Core Services	31 March 2018 £000
179	Staff costs	152
3	Administrative costs	32
17	Audit fees	24
<b>199</b>	<b>TOTAL</b>	<b>208</b>

The cost associated with running the IJB has been met in full by NHS Greater Glasgow and Clyde and Inverclyde Council. For the 2017/18 Accounts this is combined within the gross expenditure for both partners.

#### 5 Short Term Debtors

31 March 2017 £000	Short Term Debtors	31 March 2018 £000
3,972	Other local authorities	5,820
<b>3,972</b>	<b>TOTAL</b>	<b>5,820</b>

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 IJB.

#### 6 Short Term Creditors

31 March 2017 £000	Short Term Creditors	31 March 2018 £000
(12)	Other local authorities	(24)
<b>(12)</b>	<b>TOTAL</b>	<b>(24)</b>

## 7 Movement in reserves

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.

2016/17		2017/18		
Balance at 31 March 2017		Transfers Out	Transfers In	Balance at 31 March 2018
£000		2017/18 £000	2017/18 £000	2018 £000
43	Self Directed Support/SWIFT Finance Module	0	0	43
26	Growth Fund - Loan Default Write Off	0	0	26
262	Integrated Care Fund	1,243	1,030	49
494	Delayed Discharge	364	333	462
27	Veterans Officer Funding	12	0	15
65	CJA Preparatory Work	56	60	69
43	Welfare Reform - HSCP	22	0	22
27	Service Reviews	24	261	264
56	John Street	56	0	0
925	Adoption/Fostering/Residential Childcare	74	261	1,112
220	Primary Care Support	220	469	469
70	Patient/Client Transport Coordinator Role (FT 2 years)	15	0	55
118	SWIFT Replacement Project	42	0	76
620	Funding to cover timing delay in delivery of future savings	620	0	0
0	Prescribing	0	310	310
0	Mental Health Transformation	0	310	310
250	Residential & Nursing Placements	0	246	496
121	LD - Integrated Team Leader (FT 2 years)	55	0	66
0	Contribution to Partner Capital Projects	0	340	340
0	Continuous Care	0	152	152
277	Social Care in year underspend	796	519	0
316	Social Care Fund 16/17 C/fwd	597	281	0
0	IJB Transformation Fund	0	1,461	1,461
<b>3,960</b>	<b>Total Earmarked</b>	<b>4,196</b>	<b>6,032</b>	<b>5,796</b>
0	Contingency	0	0	0
<b>3,960</b>	<b>General Fund</b>	<b>4,196</b>	<b>6,032</b>	<b>5,796</b>

Three new reserves were created in year from prior year reserves:

The Prescribing and Mental Health Transformation Reserves were created from Funding to cover timing delay in deliver of future savings. Total transferred £0.620m.

The IJB Transformation Fund was created from the balances on the Social Care Fund 2016/17 C/fwd and the Social Care in year underspends carried forward from 2016/17 and created in 2017/18. Total transferred £1.270m remaining £0.191m transferred in during the year.

## 8 Expenditure and Income Analysis by Nature

31 March 2017 (Restated) £000	Inverclyde Integration Joint Board	31 March 2018 £000
<b>HEALTH SERVICES</b>		
22,289	Employee Costs	21,570
10	Property Costs	2
4,190	Supplies & Services	4,596
22,692	Family Health Service	23,731
18,136	Prescribing	18,817
16,439	Set Aside	16,439
(2,038)	Income	(1,865)
<b>SOCIAL CARE SERVICES</b>		
26,708	Employee Costs	27,203
1,449	Property Costs	1,130
1,083	Supplies & Services	1,042
446	Transport	371
868	Administration	1,084
37,597	Payments to Other Bodies	37,553
(6,005)	Income	(6,828)
<b>CORPORATE &amp; DEMOCRATIC CORE/IJB COSTS</b>		
179	Employee Costs	152
3	Administration	32
17	Audit Fee	24
<b>144,063</b>	<b>TOTAL NET EXPENDITURE</b>	<b>145,053</b>
(148,023)	Grant Income	(146,889)
<b>(3,960)</b>	<b>SURPLUS ON PROVISION OF SERVICES</b>	<b>(1,836)</b>

The note has been restated in 2016/17 to reflect the revised position in relation to hosted services. See critical judgements section for further information.

## 9 External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2017/18 are £24,000. There were no fees paid to Audit Scotland in respect of any other services.

## 10 Post balance sheet events

None.

## 11 Contingent assets and liabilities

There are equal pay claims pending against both the Council and Health Board. Since the IJB is not the employer for any of the staff in question it is not financially liable for any amounts due.

## 12 New standards issued but not yet 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. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

# Independent Auditor's Report

## Independent Auditor's Report to the members of Inverclyde IJB and the Accounts Commission for Scotland

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

### Report on the audit of the financial statements

#### Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Inverclyde 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Inverclyde 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.

### **Responsibilities of the Chief Financial Officer and Inverclyde Integration Joint Board for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Financial 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 Financial 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 Financial Officer is responsible for assessing the Inverclyde 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 Inverclyde Integration Joint Board is responsible for overseeing the financial reporting process.

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

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Other information in the annual accounts**

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

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is

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

## Report on other requirements

### **Opinions on matters prescribed by the Accounts Commission**

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

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

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

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

Brian Howarth  
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11 September 2018