
Report To:	Inverclyde Integration Joint Board Audit Committee	Date: 29 January 2019
Report By:	Louise Long, Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership	Report No: IJBA/2019/LA
Contact Officer:	Lesley Aird	Contact No: 01475 715381
Subject:	EXTERNAL AUDIT – PROPOSED AUDIT FEE 2018/19	

1.0 PURPOSE

- 1.1 The purpose of this report is to present the proposed Audit Scotland External Audit Fee for 2018/19, for IJB approval.

2.0 SUMMARY

- 2.1 The proposed audit fee for 2018/17 is £25,000, a further £1,000 or 4.2% increase from 2017/18.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the IJB Audit Committee notes the proposed Audit Fee and authorises officers to write again to Audit Scotland direct querying this and asking for an urgent review of the proposed fee.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND & PROPOSED ACTION

- 4.1 The audit fee is set nationally by Audit Scotland based on an estimate of the number of days and work involved in the audit. The proposed audit fee for 2018/17 is again a flat fee for all IJBs regardless of size or audit complexity. The proposed 2018/19 fee is £25,000, a further £1,000 or 4.2% increase from 2017/18. The overall increase in the IJB audit fee since 2016/17 is £7,600 or 43%.
- 4.2 It is proposed that the Committee authorises officers to write again to Audit Scotland direct to query the proposed fee. A copy of the draft letter is enclosed at Appendix A.

5.0 IMPLICATIONS

5.1 FINANCE

There are no financial implications arising from 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	IJB Op Costs	2018/19	£1,000		Funded from overall underspend

LEGAL

- 5.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

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

EQUALITIES

- 5.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES (see attached appendix)
<input checked="" type="checkbox"/>	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.

5.5 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

5.6 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

5.7 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
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

6.0 CONSULTATION

- 6.1 The draft plan was circulated by Audit Scotland to the Chief Financial Officer for comment and feedback and shared with the Chief Officer.

7.0 BACKGROUND PAPERS

- 7.1 None.

Our Ref:
Your Ref:
Date: 30 January 2019

Audit Scotland
4th 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 – Proposed Audit Fee in respect of the Financial Statements for the year ended 31 March 2018

Our IJB Audit Committee was disappointed to learn that the proposed audit fee for 2018/19 is £25,000, a 4.2% increase on the 2017/18 fee and 43% overall increase since 2016/17. Linked to this the Committee has asked me to write to you with the following comments and questions relating to the proposed fee:

- Audit Scotland fee structure is risk based, a flat universal fee structure does not reflect this. Larger IJBs often have significantly more complex arrangements which would require more audit time e.g. separate bank accounts, higher materiality levels etc. That is not the case in Inverclyde. Based on the activity over last 3 years we consider Inverclyde to be low risk therefore is likely to take less audit time.
- We understand that the 2016/17 Inverclyde audit was in line with budgeted time allowances and the 2017/18 audit appeared to be similarly straight forward so do not understand why we would see such an increase in the overall fee.
- We would have expected that the second and third years of an audit assignment would have seen a reduction not an increase in time required given the initial 'implementation' audits required in the first year 2016/17.
- It would be helpful to understand if the fees for our partner bodies, Inverclyde Council and NHSGG&C decreased linked to this IJB fee increase?

There is a concern that issues with other IJB audits in the first year have led to Inverclyde being effectively penalised with a higher flat rate charge which seems unfair. An explanation of the rationale and reconsideration of our 2018/19 fee would be greatly appreciated.

Louise Long
Chief Officer