

A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Monday 2 November 2020 at 1pm.

This meeting is by remote online access only through the videoconferencing facilities which are available to members of the Integration Joint Board Audit Committee and relevant officers. The joining details will be sent to participants prior to the meeting.

In the event of connectivity issues, participants are asked to use the *join by phone* number in the Webex invitation.

Please note that this meeting will be recorded.

**Gerard Malone
 Head of Legal and Property Services**

BUSINESS

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6. IJB Best Value Statement 2019/20 Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p
7. Audit Scotland COVID-19 Guide for Audit Committees Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p

Please note that because of the current COVID-19 (Coronavirus) emergency, this meeting will not be open to members of the public.

The papers for this meeting are on the Council's website and can be viewed/downloaded at <https://www.inverclyde.gov.uk/meetings/committees/59>

In terms of Section 50A(3A) of the Local Government (Scotland) Act 1973, as introduced by Schedule 6, Paragraph 13 of the Coronavirus (Scotland) Act 2020, it is necessary to exclude the public from this meeting of the Integration Joint Board Audit Committee on public health grounds. It is considered that if members of the public were to be present, this would create a real or substantial risk to public health, specifically relating to infection or contamination by Coronavirus.

Enquiries to - **Sharon Lang** - Tel 01475 712112

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 21 SEPTEMBER 2020**Inverclyde Integration Joint Board Audit Committee****Monday 21 September 2020 at 1pm**

Present: Councillors E Robertson and L Rebecchi, Mr A Cowan, Ms P Speirs and Mr S McLachlan.

Chair: Mr Cowan presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms A Priestman, Chief Internal Auditor, Ms L Aird, Chief Financial Officer, HSCP and Interim Head of Strategy & Support Services, Ms V Pollock (for Head of Legal & Property Services), Ms S Lang and Ms D Sweeney (Legal & Property Services).

The meeting was held by video conference.

Prior to the commencement of business, the Chair welcomed Paula Speirs who had recently been appointed as a Voting Member of the Committee.

12 Apologies, Substitutions and Declarations of Interest 12

No apologies for absence or declarations of interest were intimated.

13 Minute of Meeting of Inverclyde Integration Joint Board Audit Committee of 17 March 2020 13

There was submitted the minute of the Inverclyde Integration Joint Board (IJB) Audit Committee of 17 March 2020.

Decided: that the minute be agreed.

14 Rolling Action List 14

There was submitted a list of rolling actions arising from previous meetings of the IJB Audit Committee.

During discussion on this item, the Chief Financial Officer confirmed in response to a question that at the present time, there were no particular concerns as to sustainability as the Integration Joint Board had a very healthy reserves position and a number of the offsets were also coming into effect. If this position changed, however, this would be reported at the earliest opportunity.

Decided:

(1) that an additional meeting of the IJB Audit Committee be scheduled for 1pm on Monday 2 November 2020, prior to the IJB at 2pm, the items of business to include the External Audit Report and Annual Accounts 2019/20 and a report on earmarked and free reserves linked to COVID-19;

(2) that the development day focusing on risk management, referred to at the March meeting of the Committee, be added to the Rolling Action List and that it be remitted to the Chief Officer to develop a programme for this to be undertaken as a virtual session in conjunction with CIPFA, if possible prior to Christmas 2020 but in any event by January 2021.

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 21 SEPTEMBER 2020

15 Draft IJB Audit Committee Workplan 2020/21 15

There was submitted a draft workplan for the IJB Audit Committee for 2020/21. During the course of discussion on this item, reference was made to the COVID-19 Guide for Audit and Risk Committees recently issued by Audit Scotland which sets out suggested questions for Audit Committee Members to help them to scrutinise effectively and challenge in key areas.

Decided: that the draft IJB Audit Committee workplan 2020/21 be expanded to incorporate the November 2020 meeting agreed earlier with reports on (1) the External Audit Report and Annual Accounts 2019/20, (2) the review of reserves and (3) an update on the Audit Scotland COVID-19 Guide for Audit and Risk Committees.

16 Internal Audit Progress Report – 24 February to 28 August 2020 16

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 24 February to 20 August 2020.

The Chief Internal Auditor presented the report, being the regular progress report, and advised as follows:

(1) Two Audit reviews had been finalised since the last IJB Audit Committee in March:

Budgetary Control

This Audit was carried out as part of the 2019/20 plan and the overall control environment opinion was satisfactory. Two amber issues were identified including:

(a) Managing a single person dependency. This related to the Chief Financial Officer and the remit of the role which includes the preparation of budget monitoring reports and the Board's annual accounts;

(b) An issue in relation to how the IJB uses its budget to deliver its strategic plan.

The audit identified three issues, two of which were considered to be individually significant and an action plan was in place to address all issues by 30 September 2020. In relation to the single person dependency, this issue had now been addressed through contingency arrangements being provided by Inverclyde Council's Finance Management Team.

IJB Directions – Advisory Review

As part of the 2018/19 Internal Audit Plan, a review of the IJB's arrangements for managing directions was undertaken. The resulting action plan could not be fully implemented as the final statutory guidance had not been published.

In January 2020, however, the Scottish Government issued new statutory guidance regarding directions and as part of the Annual Audit Plan for 2020/21, Internal Audit carried out an advisory review to provide advice to IJB Officers in reviewing and updating the current policy in line with the new guidance.

There were no material issues identified and IJB Officers incorporated recommendations where appropriate into the draft IJB Directions Policy to be considered by the IJB later in the day.

(c) In relation to Internal Audit follow-up, three actions were due for completion by 31 August 2020, two of which were complete, with the completion date in relation to the third action (approval of IJB Directions Policy) being revised. There were five current actions being progressed by Officers.

(d) With regard to updates from partner organisations, no meetings of the Inverclyde Council Audit Committee had taken place since March. In relation to NHS Greater Glasgow and Clyde, a number of audit reports had been issued and approved by the Board since the last update in March.

During the course of discussion on this item, the Chair suggested that the IJB Integration Scheme Update – Readiness Review, for which an interim report was due by 31 March 2021, should be recorded in either the workplan or the rolling action list. The Chief Officer confirmed that she would discuss this suggestion with the Chief Internal Auditor and revert back to the Chair.

Decided: that the progress made by Internal Audit in the period from 24 February to 28 August 2020 be noted.

17 Internal Audit Annual Report and Assurance Statement 2019/20

17

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the Internal Audit Annual Report and Assurance Statement for 2019/2020 which forms part of the IJB's Annual Governance Statement.

The Chief Internal Auditor advised the Committee that the conclusion of the report was that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit and that the overall audit opinion was satisfactory.

However, the report also highlighted the fact that the COVID-19 incident in late March had tested how well the IJB's governance, risk management and internal controls framework was operating, and continued to operate, and that it would be important for the IJB at the appropriate time to carry out a post-incident review and highlight any lessons learned.

The Chief Internal Auditor referred also to the COVID-19 guidance for Audit and Risk Committees issued by Audit Scotland and she suggested that as part of the Annual Audit Plan for 2020/21, Internal Audit could carry out an exercise to co-ordinate an update on the IJB's position for a future meeting of the Committee if required.

The Chair asked for clarification as to the appropriate time to carry out such a post-incident review and the Chief Officer indicated that she was comfortable to review this at any time as an opportunity existed to reflect, particularly given the Audit Scotland report referred to above. The most pressing issue, however, was the Local Mobilisation Plan.

In this regard, the Chief Internal Auditor indicated that she would be happy to work with the Chief Financial Officer on using the guide as a tool to provide assurance to Members and that this could be included in the report to the November meeting of the Committee.

Decided: that the Internal Audit Annual Report and Assurance Statement be approved.

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE

ROLLING ACTION LIST

Meeting Date and Minute Reference	Action	Responsible Officer	Timescale	Progress/Update/Outcome	Status
17 March 2020 (Para 10(2))	Report on Reserves (September 2020)	IJB Chief Financial Officer /Chief Officer	January 2021	January 2021– Update on Reserves	Open
17 March 2020 and 21 September 2020 Para 14(2))	Development Session on Risk Management	Chief Officer	January 2021	Programme Developed – CIPFA Virtual Session	Open maybe impacted on by COVID
21 September 2020 (Para 14(1))	External Audit Report and Annual Accounts 2019/20	IJB Chief Financial Officer	November 2020	On the agenda for November Audit Committee	Close
21 September 2020 (Para 15)	Update on Audit Scotland COVID-19 Guide	IJB Chief Financial Officer/Chief Internal Auditor Officer	November 2020	On agenda for November Audit Committee	Close

DRAFT**IJB Audit Committee Workplan 2020/21**

Date	Reports	Lead Officer
21 September 2020	Internal Audit Progress Report to 28 August 2020	Chief Internal Auditor
	Internal Audit Annual Report and Assurance Statement 2019/2020	Chief Internal Auditor
November 2020	External Audit Report and Annual Accounts 2019/20	Chief Financial Officer/Chief Officer
	Update on Audit Scotland COVID-19 Guide	Chief Financial Officer
25 January 2021	Internal Audit Progress Report to 18 December 2020	Chief Internal Auditor
	Update on IJB Reserves	Chief Financial Officer
	Update on IJB Risk Register	Chief Officer/ Chief Financial Officer
22 March 2021	Internal Audit Progress Report to 26 February 2021	Chief Internal Auditor
	Internal Audit Annual Audit Plan 2021/22	Chief Internal Auditor
	External Audit Annual Audit Plan 2020/21	External Audit
	Directions Update (also to September 2021)	Legal Services Manager (Procurement, Conveyancing & Information Governance)
	Best Value Annual Report	Chief Financial Officer

Report To:	Inverclyde Integration Joint Board Audit Committee	Date:	2 November 2020
Report By:	Louise Long Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership	Report No:	IJBA/13/2020/LA
Contact Officer:	Lesley Aird	Contact No:	01475 715381
Subject:	ANNUAL REPORT TO THE IJB AND THE CONTROLLER OF AUDIT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020		

1.0 PURPOSE

1.1 The purpose of this report is to present the Annual Report and Auditors' letter to Integration Joint Board (IJB) Audit Committee Members for the financial year ended 31 March 2020 which has been prepared by the IJB's external auditors, Audit Scotland. A representative 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 receives 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 enclosed at Appendix 2.
- A copy of the final 2019/20 Annual Accounts is also attached at Appendix 3.

3.0 RECOMMENDATION

3.1 The Integration Joint Board Audit Committee is asked to:

1. Consider the contents of the Annual Report to the IJB and Controller of Audit for the Financial Year ending 31 March 2020.
2. Recommend the IJB authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the final 2019/20 Accounts on behalf of the IJB.
3. Consider the Letter of Representation contained within Appendix 2 and recommends that the IJB approve the signing of this by the Chief Financial Officer.

Louise Long
Chief Officer

Lesley Aird
Chief Finance 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 receives 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 a 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 There are a number of key appendices to this report:
- The Annual Report to the IJB from External Audit is attached at Appendix 1.
 - The letter to the Audit Committee, draft Audit Certificate and draft letter of representation from the Chief Financial Officer is enclosed at Appendix 2. The letter of representation provides External Auditors with assurance regarding some of the key accounting requirements and assumptions utilised when closing the 2019/20 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 2020.
 - A copy of the final 2019/20 Annual Accounts is also attached at Appendix 3.
- 5.2 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 2019 and that there are no unadjusted differences to report. Both these are very welcome and significant achievements.
- 5.3 Some minor presentational changes from the draft accounts were identified during the course of the audit and have been actioned.

6.0 DIRECTIONS

6.1

Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Inverclyde Council	
	3. NHS Greater Glasgow & Clyde (GG&C)	
	4. Inverclyde Council and NHS GG&C	

7.0 IMPLICATIONS

FINANCE

7.1 There are no direct financial implications within this report.

One off Costs – additional costs as outlined in this report

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

Annually Recurring Costs / (Savings)

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

LEGAL

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

HUMAN RESOURCES

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

EQUALITIES

7.5 There are no equality issues within this report.

7.5.1 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	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.

7.5.2 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

7.6 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

7.7 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

8.0 CONSULTATION

- 8.1 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 Integration Joint Board

2019/20 Annual Audit Report

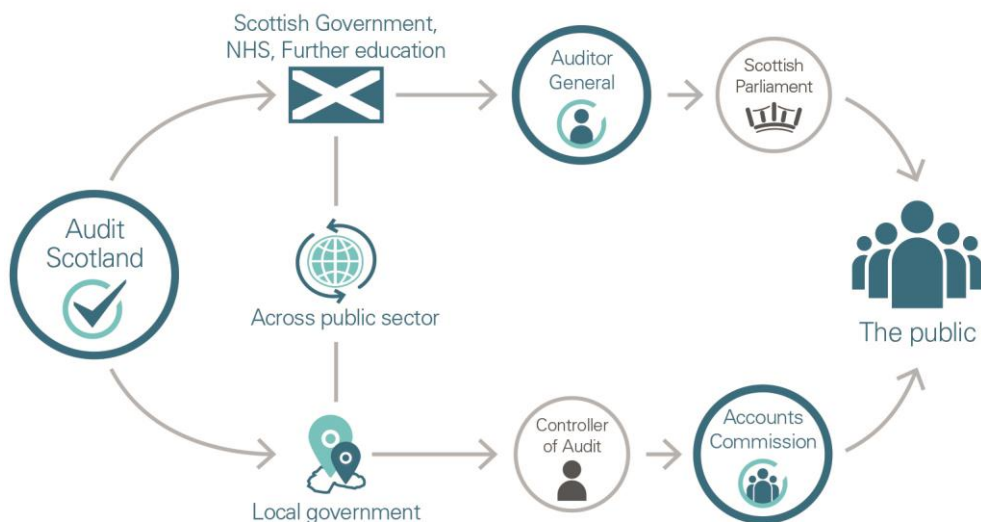


Prepared for Inverclyde Integration Joint Board and the Controller of Audit
November 2020

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

2019/20 annual report and accounts

- 1 Our audit opinions on the annual report and accounts are all unmodified
- 2 The annual accounts were submitted for audit on time, but the limitations of remote working impacted on our audit timetable.
- 3 A new methodology has been applied to determining the costs of hospital set-aside and this resulted in a prior year adjustment of £6.2 million, however the expenditure is matched by funding and there is no impact on the IJB's outturn or accumulated reserves.

Financial management and sustainability

- 4 The 2019/20 budget was balanced and the IJB reported an underspend of £1.2 million due to achievement of savings and some non-recurrent underspends
- 5 The IJB approved an indicative budget for 2020/21 in March 2020 based on the confirmed funding offer from Inverclyde Council and indicative funding offer from NHS GG&C. To date the NHS GG&C offer has not been formalised so the indicative budget remains active.
- 6 As at August 2020, net additional costs of £6.7 million are projected in 2020/21 due to Covid-19, but further funding is expected to cover this. The medium-term financial plan agreed in March 2020 will require revision to account for the impact of Covid-19.

Governance, transparency and best value

- 7 Overall governance and transparency arrangements were effective, although the arrangements for demonstrating Best Value need to be formalised.
- 8 The Covid-19 pandemic had a significant impact on
 - service demand and delivery models
 - review of the Integration Scheme
 - implementation of Locality Planning Groups
 - performance reporting

Introduction

1. This report is a summary of our findings arising from the 2019/20 audit of Inverclyde Integration Joint Board (the IJB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit Committee meeting on 17 March 2020. This report comprises the findings from our main elements of work in 2019/20 including:
 - an audit of the IJB's 2019/20 annual accounts including the issue of an independent auditor's report setting out my opinions
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016 \(Exhibit 1\)](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the IJB and partner bodies have had to respond to the global coronavirus pandemic. This impacted on the final month of the year and will continue to have a significant impact into financial year 2020/21. We have carried out our planned audit work remotely to comply with travel restrictions and physical distancing requirements.

Adding value through the audit

4. We add value to the IJB, through audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
 - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

5. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. 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.

8. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

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

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

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

11. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

Auditor Independence

12. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

13. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £26,560, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

14. 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 in due course.

15. 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 2019/20 annual accounts



Main judgements

Our audit opinions on the annual report and accounts are all unmodified

The annual accounts were submitted for audit on time, but the limitations of remote working impacted on our audit timetable

A new methodology has been applied to determining the costs of hospital set-aside and this resulted in a prior year adjustment of £6.2 million, however the expenditure is matched by funding and there is no impact on the IJB's outturn or accumulated reserves.

The annual report and accounts are the principal means of accounting for the stewardship of the resources and performance.

Audit opinions on the annual accounts were unmodified

16. The annual accounts for the year ended 31 March 2020 were approved by the IJB on 2 November 2020. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- 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.

17. The working papers provided to support the accounts were of a high standard and the audit team received good support from finance staff which helped ensure the final accounts audit process ran smoothly.

The annual accounts were submitted for audit on time, but the limitations of remote working impacted on our audit timetable

18. The accounts were submitted to us for audit on 26 June 2020 in line with the original agreed timetable. Our original intention was that the audit could be concluded by 30 September. However, the limitations of remote working did impact on our audit timetable and the audit took longer. The IJB has used the provisions made in Schedule 6 of the Coronavirus (Scotland) Act 2020 to postpone the publication of the audited accounts. A Notice of Postponement was posted on the IJB website on 29 September to reflect this.

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

20. Audit Scotland's [Covid-19: Guide for audit and risk committees \(August 2020\)](#) recommends that members consider whether there is sufficient capacity to deal

with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19.

21. Overall, the working papers provided to support the accounts were of a good standard and we were given electronic access and so were able to conduct the audit remotely.

Overall materiality is £1.8 million

22. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement in the annual accounts.

23. On receipt of the unaudited annual accounts we reviewed our materiality calculations [Exhibit 2](#) and concluded that they could be increased based on the higher level of gross expenditure than originally budgeted by the IJB. This did not have a significant impact on our audit approach.

Exhibit 2 Materiality values

Materiality level	
Overall materiality	£1.8 million
Performance materiality	£1.3 million
Reporting threshold	£50 thousand

Source: Audit Scotland,

Appendix 2 identifies the main risks of material misstatement and our audit work to address these

24. [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. that we identified during the audit. It also identifies the work we undertook to address these risks and our conclusions from this work.

We have one significant finding to report from the audit.

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. The significant finding is outlined in [Exhibit 3](#)

Exhibit 3 Significant findings from the audit of the financial statements

Findings	Resolution
Estimates of hospital set aside	
In our 2018/19 Annual Audit Report, we recommended that the ongoing work by the NHS	The expenditure is matched by an equivalent funding contribution so there is no impact on the

Greater Glasgow & Clyde (NHSGG&C) Set Aside Group should move to actual costs and activity for 2019/20 in line with Scottish Government expectations and to determine consumption of hosted services.

From 2019/20, the set aside value is now based on a detailed approach including actual spend and activity levels for the year (where information is available); and estimated annual activity (where it is not).

This new methodology was also applied to the prior year set aside figure. This resulted in the 2018/19 figure being increased by £6.2 million.

IJB's outturn or on accumulated reserves and NHS GGC is responsible for managing any overspends on the set-aside budget. On this basis, we do not consider it is a significant accounting estimate for Inverclyde Integrated Joint Board.

We received assurances from the auditor of NHS Greater Glasgow and Clyde that the set aside figures in the IJB accounts had been reviewed for the purposes of the NHSGGC audit and confirmed that they agreed to the corresponding amounts in the NHSGGC financial statements.

There were no material adjustments to the unaudited accounts

26. There were no material adjustments to the unaudited accounts arising from our audit.

Good progress has been made with the implementation of prior year recommendations

27. The IJB has made good progress in implementing our prior year audit recommendations. One of our 2019/20 recommendations is now complete, with mitigating actions in place to manage some of the risks identified in the second recommendation. Any remaining residual risks are being tolerated by the IJB.

Part 2

Financial management and sustainability



Main judgements

The IJB approved an indicative budget for 2019/20 on 19 March and following receipt of formal offers from the Council and Health Board on 21 March and 3 June the IJB formally approved the budget on 24 June



An underspend of £1.2 million (0.7%) was achieved in 2019/20 due to achievement of savings and some non-recurrent underspends

The IJB has not finalised its budget before the start of 2020/21 due to delays in the NHS confirming the formal funding offer. However, an indicative budget has been agreed

As at August 2020, net additional costs of £6.7 million are projected in 2020/21 due to Covid-19, but further funding is expected to cover this

The medium-term financial plan agreed in March 2020 will require revision due to Covid-19. It is unclear how all planned future savings will be achieved in the medium to long term.

There is some slippage in Transformational Fund spend

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. Financial sustainability looks forward to the medium and longer term to consider plans.

The 2019/20 budget was not approved till June 2019 but was balanced

28. The 2019/20 budget was not approved until 24 June 2019 due to funding from NHS GG&C not being confirmed until 3 June. The budget was set at £154.9 million with agreed savings of £1.4 million. This was broadly in line with the indicative budget agreed in March 2019.

29. Savings plans included income growth through charging and the loss of 16.3 FTE posts. 2019/20 savings were delivered in full.

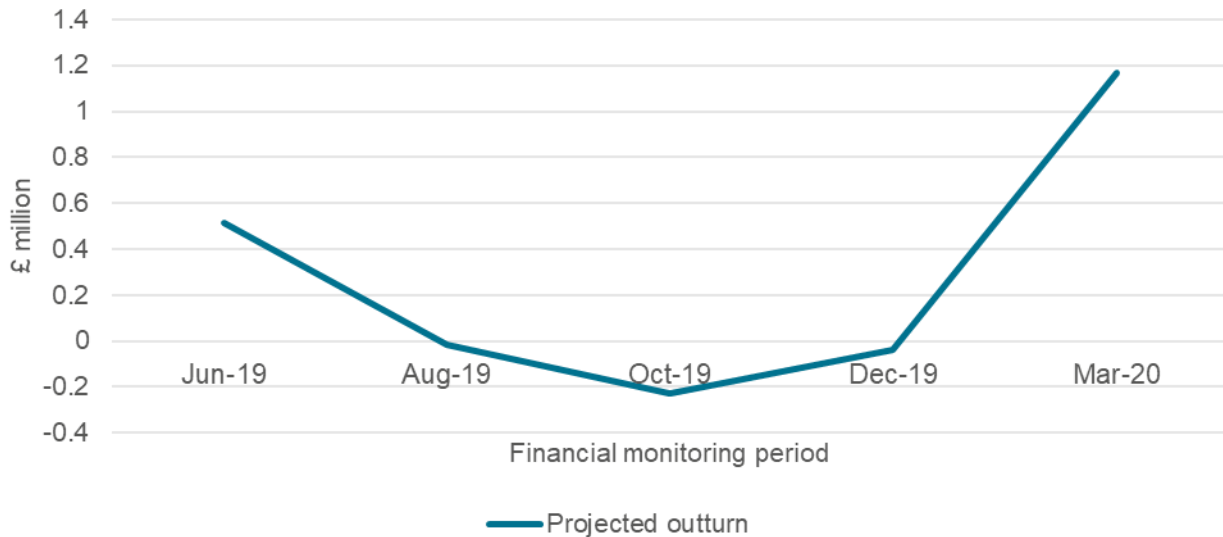
An underspend of £1.2 million (0.7%) was achieved in 2019/20 due to achievement of savings and some non-recurrent underspends

30. As detailed in [Exhibit 4](#), the IJB forecast an overspend for 2019/20 of £0.04 million at period 9, but this was recovered, and the audited accounts disclose an overall underspend for the year of £1.2 million as a result of some non-recurrent underspends

- social care services - due to delays in filling vacancies and additional funding received in year (£0.5 million); and
- health services - due to delay in filling vacancies, slippage on procurement of external services and early delivery of future year savings (£0.7 million).

31. The impact of Covid-19 on the costs in 2019/20 has not been established.

Exhibit 4 Reporting of the projected year-end outturn 2019/20



Source: IJB Monitoring Reports

Written reports to the IJB on financial management continue to be out of date, but verbal reports are provided to compensate

32. The Chief Financial Officer (CFO) of the IJB regularly reports on the financial position to the IJB and the Audit Committee. In 2017/18 and 2018/19, we reported that the Board does not have the opportunity to scrutinise an up-to-date financial position, due to delays in reporting. Timelines for committee paper submission in the partner organisations mean that finance reports often don't reflect the recent position by the time they come to the IJB.

33. This issue is now mitigated by the CFO verbally reporting any significant changes to financial forecasts that have occurred, since the date of the latest written report, at each meeting from the October report onwards. Any residual risks to financial management are tolerated by the IJB.

The IJB has not finalised its budget before the start of 2020/21 due to delays in the NHS confirming the formal funding offer. However, an indicative budget has been agreed

34. In March 2020, the IJB approved an indicative budget of £167.8 million for 2020/21. The budget would normally be formally agreed in June once NHSGGC had confirmed their prior year outturn and financial plan for the year to come. However, due to a delay in publication of NHSGGC's 2019/20 audited financial statements, this has not yet taken place. The IJB does not anticipate any changes to the indicative figures.

35. Within the indicative budget, the proposed Set Aside budget for 2020/21 is £24 million which is 42% higher than the 2019/20 indicative budget (£17 million). The increase results from the work to revise the estimated costs of unscheduled care services. This revised methodology has been used as the basis for the set aside allocation in 2020/21.

36. The indicative budget includes estimated cost pressures of £2.5 million in Social Care and £1.9 million in Health. These pressures are to be met by increased

funding from the council (£1.5 million), health funding uplift of 3% for all recurring budgets (£1.9 million) and agreed identified savings (£1.0 million).

As at August 2020, net additional costs of £6.7 million are projected in 2020/21 due to Covid-19, but further funding is expected to cover this

37. At the end of August, the IJB forecast a 2020/21 year-end operating projection of £6.7 million relating to Covid-19 costs for which £1.2 million of additional funding has been already been confirmed. Further funding is anticipated, but not yet confirmed, for the balance of £5.5 million (£4.1 million Social Care Services and £1.4 million Health). This is partially offset by an anticipated underspend of £0.1 million on Social Care core budgets bringing the overall potential budget pressure to £5.4 million.

The IJB's medium-term financial plan will require revision due to Covid-19

38. An updated Financial Plan 2020/21 to 2024/25 was agreed by the Board in March 2020 which aligns to the new five-year Strategic Plan for the same period.

39. A detailed analysis of costs and demands is included and scenario planning (looking at a range of options around each assumption to establish best case, worst case and probable outcomes). Taking into account costs, demands and estimated changes to funding using the five-year outlook for the Scottish budget, the Financial Plan estimates a funding shortfall of £7.9m over the period 2021/22 to 2024/25.

40. This shortfall however does not include the projected impact of Covid-19 on health and social care budgets. The medium-term financial plan agreed in March 2020 will therefore require revision to account for the scale of the financial challenge posed by Covid-19. The IJB recognises that the most significant risks are:

- Financial sustainability around cost pressures and funding linked to unfunded/ unanticipated/ unplanned demand for services and/or partners being unable to allocate sufficient resources; and
- Financial Implications of Responding to Covid-19 – all costs are being tracked and the IJB is actively engaged with Scottish Government and providing regular updates on associated costs. Governance arrangements are in place regarding approval and monitoring of costs. The IJB is actively engaging with the third and independent sector in relation to their associated costs.

41. In response to the Covid-19 pandemic, and in common with all IJB's, the IJB is submitting regular financial mobilisation plans to Scottish Government detailing the additional costs being incurred in addressing the pandemic both by the IJB and their providers.



Recommendation 1

The financial plan should be updated to account for the scale of the financial challenge posed by Covid-19

A reserves strategy is in place and the level of reserves continues to grow

42. The IJB approved its reserves strategy in May 2016. During 2019/20, £4.0 million of Earmarked Reserves were used to fund specific spend and projects, an

additional £5.4 million was transferred into Earmarked Reserves and £0.2 million of the General Reserve was used, leading to a net increase of £1.2 million in reserves over the year. This has resulted in an overall accumulated reserves balance of £8.5 million.

43. A new earmarked reserve (£0.4 million) was also created in 2019/20 in relation to ringfenced Covid-19 funding received from Scottish Government.

44. The reserve balance includes £0.7 million (0.4% of net expenditure) in unearmarked reserves to meet unforeseen contingencies.

It is unclear how all anticipated future savings will be achieved in the medium to long-term

45. The IJB is required to make efficiency savings to maintain financial balance. As outlined at paragraph 34 above, a balanced budget has been set for 2020/21 which includes agreed identified savings of £1.0 million. The five-year financial plan also includes savings targets of £1.9 million in 2021/22 and £7.9 million cumulative savings by 2024/25. Savings options in excess of this amount are being developed for 2021/22 to address this and savings proposals are being developed to achieve the medium to long-term targets. However, as set out at paragraphs 39-40 above, it is important to ensure that future savings plans reflect the potential impact of the pandemic.



Recommendation 2

Savings plans and proposals should continue to be developed to meet anticipated savings targets

There is some slippage in Transformational Fund spend

46. In 2017/18 the IJB created a Transformation Fund to support the overall change programme and delivery of the Strategic Plan. Bids are initially made through the Transformation Board and subsequently ratified by the IJB. At 31 March 2019, the Fund had grown to £2.5 million. At Period 5 (August) 2019/20 £1.7 million of the Transformation Fund was committed to 26 projects. However, by 31 March 2020, only £0.5 million had been spent against these projects.

47. A report by the Chief Officer to the IJB in January 2020 detailed progress to date and returns on investment through the Transformation Fund. The report also notes however that there are a number of projects that have been allocated funding but not yet spent the funds for various reasons. The IJB has reprioritised strategic plans for 2020/21 in terms of Covid-19 but has kept many of the big change programmes such as Learning Disability redesign and Addictions Review in place, incorporating some new changes. The Chief Officer has committed to providing a further update on these projects to a future IJB meeting. We will continue to monitor the IJBs achievement of planned transformation and cost savings projects.

The host bodies have sound systems of internal control

48. The IJB does not have any financial systems of its own, instead it relies upon the financial systems of the host bodies to record all transactions.

49. As part of our audit approach we sought assurances from the external auditor of NHS GG&C and Inverclyde Council (in accordance with ISA 402) and confirmed there were no significant weaknesses in the systems of internal controls for both the health board and the Council.

Internal audit arrangements are effective

50. 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.

51. The IJB's internal audit function is carried out by the internal audit department of Inverclyde Council.

52. In 2019/20 we did not place any formal reliance on internal audit. 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.

The host bodies have sound arrangements for the prevention and detection of fraud and error

53. The IJB uses the financial systems of Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC) 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.

54. We have received assurances from the auditors of NHSGGC and Inverclyde Council (in accordance with ISA 402) that there are no issues of concern.

Part 3

Governance, transparency and best value



Main judgements

Overall governance and transparency arrangements were effective

Review of the Integration Scheme has been delayed further due to Covid-19

Implementation of Locality Planning Groups has been delayed

The annual review of Best Value should be formalised demonstrating how the IJB is achieving Best Value

Performance reporting has been disrupted by Covid-19, but the IJB is taking action to address its high number of emergency admissions

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

Overall governance and transparency arrangements were effective

55. The IJB has 20 members and is comprised of eight voting members; four elected members of Inverclyde Council and four non-executive members of NHSGG&C as well as a number of professional members and stakeholder representatives.

56. The IJB is supported by an Audit Committee. Our observations at committee meetings throughout the year has found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members.

57. 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.

The governance arrangements were changed in response to Covid-19

58. The impact of Covid-19 from March 2020 has been set out in the Governance Statement in the IJB's annual accounts. The following adjustments were made to normal arrangements:

- The IJB approved and initiated temporary decision-making arrangements. These temporary arrangements will be in place for as long as is necessary, subject to ongoing review. Under these temporary arrangements, authority is delegated, if required to meet immediate operational demand, to the Chief Officer and the Chief Financial Officer in consultation with the Chair and Vice Chair of the IJB.

- Any decisions made under temporary delegated authority are recorded in the approvals/decision tracker log that captures the approval timeline, with reports shared with IJB Members for information.
- The approval/decision tracker log includes any decisions with financial implications for the IJB. This is supported by a mobilisation plan which has been approved by the Scottish Government. Discussions in relation to further funding are ongoing.

59. Overall, the changes to governance arrangements were reasonable and no specific risks have been identified.

60. The Audit Committee will consider their response to our report [COVID-19: Guide for audit and risk committees \(August 2020\)](#) at its meeting in November 2020.

Review of the integration scheme has been delayed further due to Covid-19

61. Councils and their partner health boards have a statutory duty under the Public Bodies (Joint Working) (Scotland) Act 2014 to review the Integration Scheme every five years. The current Integration Scheme was due to be reviewed by March 2020.

62. A report by the Chief Officer to the IJB in January 2020 provided a timeline for the review of Inverclyde's Integration Scheme. The report outlined that an initial draft was prepared in January 2020 which was in the process of being finalised prior to circulation to Councils and the Health Board for comment.

63. The timeline envisaged that a final version of the updated scheme would be submitted to the Council and Health Board for approval in April/May 2020, with formal submission to the Scottish Government by 1 July 2020. However, the Covid-19 pandemic led to approval of the updated scheme being delayed and the existing Integration Scheme has been rolled forward into 2020/21. This matter has been set out in the Governance Statement in the IJB's annual accounts.



Recommendation 3

The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable.

A new workforce plan has been agreed

64. In August 2020, the IJB agreed its Workforce Plan 2020-2024. This replaces the previous People Plan and supports the IJB's Strategic Plan 2019-24. The new plan includes:

- Links to the Strategic Plan, its 6 Big Actions and the delivery roadmaps for each action
- Engagement & Participation – the plan was created in liaison with partners and stakeholders
- Demand drivers – including national policy, guidance, regulation and governance as well as the impacts of economics, demographics and local priorities
- An Inverclyde context – the particular issues facing the Inverclyde workforce and demand for HSCP services now and going forward, both of which are influenced by a declining and ageing population leaving fewer people of working

age in the area and increasing the number of elderly local people requiring support

- Strategic Commissioning, market facilitation and the links between workforce planning and purchased services in a successful mixed model economy
- Future workforce – recruitment and retention of staff, training and the need for a Learning & Development Board within the HSCP to support staff development and succession planning
- An intermediate Action Plan.

65. The Workforce Plan is to be revisited at least every two years by the Strategic Planning Group and Staff Partnership Forum, to ensure that it remains fit for purpose.

Implementation of Locality Planning Groups has been delayed

66. The Covid-19 pandemic has delayed the implementation of Locality Planning Groups across Inverclyde. These will be responsible for the development of their respective Locality Action Plans outlining how they will drive forward and deliver transformational change in line with agreed strategic policy and priority areas. Locality Action Plans will set out how community planning partners, including the HSCP, will improve the experience of those who access and use local services, improve outcomes for people living in local communities, ensure services are safe, effective, of high quality, sustainable, provide best value, and address inequalities.



Recommendation 4

Locality Planning Groups should be implemented as soon as possible in order to ensure implementation of plans

A formal review should be undertaken of how the IJB is achieving Best Value

67. Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve this, IJBs should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our audit covers the four audit dimensions, as set out in [Exhibit 1](#), which are key components of securing best value in the provision of services and the use of resources.

68. Whilst there is evidence of elements of best value being demonstrated by Inverclyde IJB, across a range of areas, the mechanism for formally reviewing and reporting on the arrangements to secure best value should be formalised and published. We therefore recommend that the IJB formally agree a mechanism for undertaking a periodic and evidenced formal review of how it is achieving best value to be reported through the Annual Performance Report.



Recommendation 5

A periodic and evidenced formal review should be undertaken of how the IJB is achieving best value

Performance reporting has been disrupted by Covid-19

69. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report and publish this with four months of the year end. Due to the Covid-19 disruption, the Scottish Government extended the publication deadline and the IJB's 2019/20 Annual Performance Report was presented to the Board in September 2020.

70. [Exhibit 5](#) shows the IJB's performance against the Scottish Government core suite of integration indicators relative to the average performance of other integration authorities in Scotland. For the 9 reported measures, Inverclyde is at, or better than the Scottish average for 3 (green), slightly below in 3 (amber), and behind in 3 (red). The IJB has maintained performance in

- readmission to hospital within 28 days;
- proportion of care services graded 'good' (4) or better in Care Inspectorate inspections; and
- number of days people spend in hospital when they are ready to be discharged (age 75+). Delayed discharge remains a particularly strong area of performance in Inverclyde, showing 166 against a Scottish average of 793 (per 100,000 population).

71. Performance has declined slightly in the falls rate (age 65+) and percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency. These indicators have moved from green to amber in 2019/20.

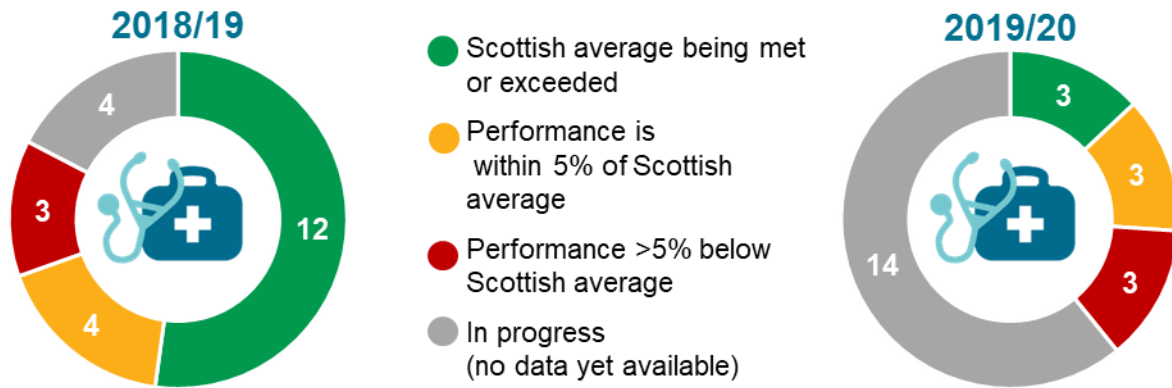
72. The red indicators have remained the same as in 2018/19. These cover Emergency bed day rate; Premature mortality rate; and Emergency admission rate.

73. These continue to be challenging areas for the IJB. In particular, the emergency bed day rate (per 100,000 population) has increased by 16% from 135,045 in 2018/19 to 157,125. The report notes that a number of measures have been put in place to reduce this rate. Premature mortality also remains high but has decreased slightly from 567 per 100,000 persons in 2017 to 550. This is a complex indicator, underpinned by social, health and economic inequalities in the Inverclyde area.

74. In relation to emergency admissions, the HSCP secured additional funding to move to 7 day a week addictions services to reduce the number of addictions related weekend admissions. Other measures include work around case management of frequent attenders at A&E and In-reach to A&E by Allied Health Professional as part of a wider seven-point plan to address unscheduled care across Inverclyde across all care groups.

Exhibit 5

Performance against core suite of integration indicators



Source: Inverclyde IJB annual performance reports

Note: Current data is not available for indicators 1-9 (2019/20 Health and Care Experience Survey results) as a result of Scottish Government staff redeployment for COVID-19 work. Public Health Scotland also advised integration authorities to base 2019/20 performance on the 2019 calendar year for most indicators.

The IJB is taking action to address its high number of emergency admissions

75. In order to address the number of emergency admissions, the HSCP secured additional funding to move to 7 days a week addictions service to reduce the number of addictions-related weekend admissions. Other measures include work-around case management of frequent attenders at A&E and “In-reach” to A&E by Allied Health Professional as part of a wider seven-point plan to address unscheduled care across Inverclyde across all care groups.

The Care Inspectorate published a positive report on criminal justice

76. The Care Inspectorate report published in December 2019 had a particular focus on Community Payback Orders. The evaluation applied a six-point scale to score five of the indicators inspected. Three of these were rated as ‘Very Good’ with the remaining two ‘Good’. They key messages included:

- Leaders demonstrated a strong commitment and vision to improve outcomes for individuals which was supported by a clear understanding of their needs and a well-informed strategic plan that was driving improvement.
- A well-embedded performance management framework and access to high quality data analysis, meant leaders could show strong justice service performance that exceeded national targets, sometimes by a considerable margin.
- The justice service was well integrated into the health and social care partnership which strengthened governance arrangements and supported quick and easy access to services for individuals including those aimed at addressing mental health and addiction issues.
- The service undertook appropriate assessments of individuals risk and needs and put plans in place to address these however, the majority were not completed within the expected timescales outlined within National Outcomes and Standards guidance. The guidance highlights that the completion of a full assessment of risk and needs within 20 days is viewed as best practice as it supports early recognition of, and response to, the likelihood and imminence of further offending.

77. The Care Inspectorate identified two areas for improvement:

- Senior officers should review policy and practice relating to the timescales for completing Level of Service/Case Management Inventory (LS/CMI) assessments and plans to ensure that a best practice approach is implemented, and clear guidance is provided to staff.
- Senior officers should ensure that quality assurance processes are well embedded in order to improve the quality of practice around statutory reviews and case recording.

National performance audit reports

78. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20 we published some reports which may be of direct interest to the board as outlined in [Appendix 3](#).

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Financial Plan</p> <p>The medium-term financial plan was agreed in March 2020. This will now require revision to account for the impact of Covid-19.</p> <p>Risk – the impact of Covid-19 is not fully appraised and considered in the medium to longer term.</p>	<p>Paragraph 41</p> <p>Management should ensure that the financial plan is updated to account for the significant impact of Covid-19 on financial sustainability.</p>	<p>Agreed. The medium-term financial plan is reviewed annually as part of the annual budget process.</p> <p><i>Chief Finance Officer</i></p> <p><i>By 31 March 2021</i></p>
2	<p>Savings proposals</p> <p>Savings proposals are being developed to meet savings targets for 2020/21 and 2021/22. However, not all anticipated savings have been identified in the medium to long-term.</p> <p>Risk – In the absence of fully costed savings proposals there is a risk that the IJB may not achieve financial plan and financial risks facing the IJB may not be clearly understood.</p>	<p>Paragraph 45</p> <p>Efficiency savings plans and proposals should continue to be developed to meet anticipated savings targets</p>	<p>Agreed. Work is already underway to develop savings proposals based on estimated funding positions. In line with previous years this will be firmed up once Scottish Government public sector budgets are confirmed in December and will go to the IJB for consideration and approval between Feb and March 2021</p> <p><i>Chief Finance Officer</i></p> <p><i>By 31 March 2021</i></p>
3	<p>Integration Scheme review</p> <p>The Public Bodies (Joint Working) (Scotland) Act 2014, requires that the current Integration Scheme was due to be reviewed by March 2020. A revised Scheme has not yet been approved due to the impact of Covid-19.</p> <p>Risk – the IJB are not complying with the Act and the Integration Scheme does not reflect the current position of the IJB relating to relevant legislation and regulations.</p>	<p>Paragraph 63</p> <p>The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable.</p>	<p>Agreed. The IJB will work with the other GG&C IJBs around the timing of this. Current legislative issue being resolved by Scottish Government. Once this is resolved it is anticipated that the 6 IJBs with their Council and Health Board Partners will be able to approve and submit the updated Integration Schemes to Scottish Government.</p> <p><i>Chief Officer</i></p>

Within 3 months of Scottish Government resolving existing legislative issue

4	<p>Implementation of Locality Planning Groups</p> <p>Implementation has been delayed due to Covid-19.</p> <p>Risk – Locality Action Plans are not implemented effectively to address the challenges faced across Inverclyde.</p>	<p>Paragraph 66</p> <p>Locality Planning Groups should be implemented to oversee the development of Locality Action Plans.</p>	<p>Agreed. This work has inevitably been delayed by Covid-19. However, work is restarting on this now. An initial virtual pilot meeting is due to take place soon for the Port Glasgow Locality Group Head of Strategy & Support Services.</p> <p><i>Head of Strategy and Support Services</i></p> <p><i>By 31 March 2021</i></p>
5	<p>Best Value</p> <p>The mechanism for formally reviewing and reporting on arrangements within the IJB to secure best value should be formalised and published.</p> <p>Risk - Opportunities for improvement through Best Value review may be missed.</p>	<p>Paragraph 68</p> <p>A periodic and evidenced formal review should be undertaken of how the IJB is achieving best value.</p>	<p>Agreed. The Best Value Statement is reviewed and updated by officers annually. This will now also be reported to the Audit Committee to ensure full oversight and governance is in place.</p> <p><i>Chief Finance Officer</i></p> <p><i>2 November 2020</i></p>
Follow up of prior year recommendations			
b/f	Set aside	<p>Full datasets are in the process of being agreed which will be used to calculate baseline sums for set aside to identify an appropriate tariff. The Scottish Government in their Guidance on Financial Planning for Large Hospital Services and Hosted Services, recommended that this approach should also be used for hosted services</p> <p>The work ongoing by the NHSGGC Set Aside Group should continue to implement the set aside arrangements to move to actual costs and activity for 2019/20 per Scottish Government expectations and determine consumption of hosted services.</p>	<p>Complete</p> <p>NHS GG&C are now in a position to report the Set Aside figures based on actual expenditure which has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.</p>
b/f	Provision of financial information by Council	<p>The IJB should review its financial monitoring arrangements and work with partner organisations to</p>	<p>Residual risk accepted by the IJB</p> <p>Financial monitoring reports were reviewed throughout the</p>

ensure that timely information is available.

year. Although reports are presented at each Board meeting, month end timelines and Committee Services publication schedules mean that there is always an unavoidable lag in written reporting to both the Council and the IJB. To address this the CFO verbally reports significant changes to financial forecasts that have occurred since the date of the report at each meeting from the October report onwards.

Appendix 2

Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<p>1 Management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position in the financial statements.</p>	<p>Assurance from host body auditors on the accuracy and completeness of year-end financial reports.</p> <p>Checking accuracy and completeness of consolidation of financial reports from the two partners</p> <p>Detailed testing of significant adjustments at year end.</p> <p>Review of financial monitoring reports during the year.</p>	<p>Results: We obtained relevant assurances from the auditors of Inverclyde Council and NHS GGC. We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>Conclusion: We did not identify any incidents of management override of controls.</p>

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

<p>2 Risk to effective financial management</p> <p>Our previous annual audit reports for the Integration Joint Board have identified improvements required to the financial reporting process. This includes the timing of financial reporting and the availability of year end forecasts. There is a risk that financial pressures are not identified and managed in a timely manner.</p>	<p>Review financial monitoring during the year and report progress against 2018/19 audit recommendations.</p>	<p>Results: Financial monitoring reports were reviewed throughout the year. Although reports are presented at each Board meeting, month end timelines and Committee Services publication schedules mean that there is always an unavoidable lag in written reporting to both the Council and the IJB. To address this for financial monitoring a verbal update was given at the January and March IJBs on any significant variances since the current monitoring report was written.</p> <p>Conclusion: Actions have been taken to mitigate this and the residual risk is accepted by the IJB</p>
<p>3 Risk to financial sustainability</p>	<p>Review financial monitoring reports during the year and the budget recovery plan.</p> <p>Review the medium/long term financial plan when available for reasonableness.</p>	<p>Results: Financial monitoring reports were reviewed throughout the year.</p> <p>An updated Financial Plan 2020/21 to 2024/25 was agreed by the Board in March 2020. This aligns to the new five-year</p>

Consider the 2020/21 revenue budget and plans to address any funding gap.

Strategic Plan for the same period.

The Financial Plan estimates a funding shortfall of £7.9m over the period 2021/22 to 2024/25.

This shortfall however does not include the projected impact of Covid-19 on health and social care budgets. The medium-term financial plan agreed in March 2020 will therefore require significant revision to account for the scale of the financial challenge posed by Covid-19.

Conclusion: The Financial Plan should be updated to account for the scale of the financial challenge posed by Covid-19.

See Recommendation 1 in [Appendix 1](#).

Appendix 3

Summary of national performance reports 2019/20



**2019/20
Reports**

		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	Early learning and childcare: follow-up

Inverclyde Integration Joint Board

2019/20 Annual Audit Report

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Inverclyde IJB Audit Committee

2 November 2020

Inverclyde Integration Joint Board Audit of 2019/20 annual accounts

Independent auditor's report

1. Our audit work on the 2019/20 annual accounts is now substantially complete. Subject to the review of the ISA 402 assurances and final review of the revised set of annual accounts, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 2 November 2020 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our draft annual report on the 2019/20 audit.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

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

Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

APPENDIX A: Proposed Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts Inverclyde Integration Joint Board for the year ended 31 March 2020 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the body as at 31 March 2020 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 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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 the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Chief 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 body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Brian Howarth
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

2 November 2020

APPENDIX B: Letter of Representation (ISA 580)

Brian Howarth, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Brian,

Inverclyde Integration Joint Board Annual Accounts 2019/20

1. This representation letter is provided in connection with your audit of the annual accounts of the Inverclyde Integration Joint Board for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit Committee, the following representations given to you in connection with your audit of the Inverclyde Integration Joint Board's annual accounts for the year ended 31 March 2020.

General

3. The Inverclyde Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the Inverclyde Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Inverclyde Integration Joint Board at 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 accounting code, where applicable.

Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the Inverclyde Integration Joint Board circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

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

Liabilities

10. All liabilities at 31 March 2020 of which I am aware have been recognised in the annual accounts.
11. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

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

Laws and Regulations

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

Related Party Transactions

14. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2019/20 accounting code. I have made available to you the identity of all the Inverclyde Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

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

Management commentary

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

Corporate Governance

17. I confirm that the Inverclyde Integration Joint Board has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
18. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require to be reflected.

Balance Sheet

19. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Lesley Aird
Chief Finance Officer
Inverclyde Integration Joint Board

Inverclyde Integration Joint Board

Audited Annual Accounts 2019/20



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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 2020.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2019/20 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, homelessness 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, 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).

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 78,150 people and covering an area of 61 square miles. Our communities are unique and varied.

Covid-19 was declared a pandemic by the World Health Organisation on 12 March 2020. Since then Covid-19 has spread across all areas of the UK. Inverclyde has been particularly hard hit by the virus in its initial phase. Officers worked with Public Health to look at the underlying causes.

Covid-19 is expected to be an ongoing threat requiring continued social distancing until the UK has built up herd immunity through vaccination or natural infection. In the meantime, HSCPs will have to deal with waves of Covid-19 activity (infected individuals and public health measures), and also deliver other health and care services. In this first wave, HSCPs stopped a wide range of activity to create capacity for Covid-19 activity, comply with social distancing requirements and address increased levels of staff absence within the HSCP and the wider provider network.

Interim governance structures were put in place and a recovery plan has been drafted to map out the pathway for services and the IJB over the coming months as the country moves through this pandemic. Throughout this time the HSCP has continued to work to put people at the centre of all that we do and ensure that essential services are delivered safely and effectively and in line with our strategic plan.

The IJB Strategic Plan 2019-24 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 2019/20 to deliver the 6 Big Actions contained within the plan.

The IJB Strategic Plan is supported by an operational/implementation 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 2019/20

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 2019/20 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 2019/20 the IJB budgeted to deliver Partnership Services at a cost of £157.447m, including £16.857m of notional budget for Set Aside and £0.827m of spend through Earmarked Reserves. During the year funding adjustments and reductions in spend and a restatement of Set Aside budgets resulted in actual spend of £165.905m, including Set Aside (£23.635m) and spend from Reserves, for the year. Funding rose during the year from a budgeted £157.475m to an actual £167.074m, the majority of the additional income was non-recurring or related to the Set Aside restatement. This generated a surplus for the year of £1.169m. The movement in budget vs actual and analysis of the surplus are shown in the tables on pages 7 and 8.

Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out above, the IJB has had to make a critical judgement relating to the values included for Set Aside services. NHS GG&C are now in a position to report the Set Aside figures based on actual expenditure which has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for Set Aside were based on NRAC activity and information

from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.

The IJB also has to make critical judgement relating to services hosted within Inverclyde for other IJBs within the NHS Greater Glasgow & Clyde area. In preparing the 2019/20 financial statements the IJB is considered to be acting as 'principal', and the full costs of hosted services are reflected within the financial statements. The services which are hosted by Inverclyde are identified in the table below. This also shows expenditure in 2019/20 and the value consumed by other IJB's within Greater Glasgow and Clyde.

Host	Service	Actual Net Expenditure 2019/20	Consumed by other IJBs
Inverclyde	General Psychiatry	£6,141,820	£595,336
Inverclyde	Old Age Psychiatry	£3,594,707	£80,615
	Total	£9,736,527	£675,951

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 2019/20 and the value consumed by Inverclyde IJB.

Host	Service	Actual Net Expenditure 2019/20	Consumed by Inverclyde IJB
East Dunbartonshire	Oral Health	£9,834,812	£563,535
	Total	£9,834,812	£563,535
East Renfrewshire	Learning Disability	£8,478,024	£198,612
	Total	£8,478,024	£198,612
Glasgow	Continence	£3,876,864	£294,197
Glasgow	Sexual Health	£10,170,910	£422,921
Glasgow	Mh Central Services	£6,871,677	£751,565
Glasgow	MH Specialist services	£10,137,509	£859,200
Glasgow	Alcohol + Drugs Hosted	£16,112,699	£510,160
Glasgow	Prison Healthcare	£7,300,414	£557,839
Glasgow	HC In Police Custody	£2,321,505	£171,791
Glasgow	Old Age Psychiatry	£16,545,390	£23,453
Glasgow	General Psychiatry	£40,074,927	£247,737
	Total	£113,411,894	£3,838,863
Renfrewshire	Podiatry	£6,732,195	£585,701
Renfrewshire	Primary Care support	£4,144,772	£257,294
Renfrewshire	General Psychiatry	£7,479,719	£19,021
Renfrewshire	Old Age Psychiatry	£6,800,216	£0
	Total	£25,156,902	£862,016
West Dunbartonshire	MSK Physio	£6,370,000	£436,170
West Dunbartonshire	Retinal Screening	£815,416	£54,737
West Dunbartonshire	Old Age Psychiatry	£1,004,099	£0
	Total	£8,189,515	£490,907
Total		£165,071,145	£5,953,933

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 31st July. However, following the outbreak of Covid-19 in the UK Scottish Government extended the publication timeline for the Annual Performance Reports. Inverclyde’s Annual Performance Report 2019/20 will be published in line with this revised timeline.

The IJB’s 2019/20 Performance against the 23 National Indicators is shown below.

Calendar year 2019 is used here as a proxy for 2019/20 due to the national data for 2019/20 being incomplete. We have done this following guidance from Public Health Scotland and to improve consistency between our report and those for other Health and Social Care Partnerships. The data for indicator number 18 (Percentage of adults with intensive care needs receiving care at home), unfortunately, was not published in time to be included in this year’s report.

Those marked with an * (numbers 1 to 9) are taken from the 2017/18 biennial Health and Care Experience Survey. The 2019/20 survey results will be published later than planned (due to Scottish Government staff redeployment during the COVID-19 pandemic) but we will include them in future performance reports once they are available.

Of the 19 currently reported measures we are at or better than the Scottish average in 10 (green), just below in 6 (amber) and behind in 3 (red).

In 7 measures we have seen an improving trend (green arrow), maintaining our performance in 7 (amber arrows) and reducing performance in 5 (red arrow).

↑ ↓	Performance is equal or better than the Scottish average
↑ ↓	Performance is close to the Scottish average
↑ ↓	Performance is below the Scottish average

National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Inverclyde Trend	Scottish Trend
1*	Percentage of adults able to look after their health very well or quite well	2017/18	90.9%	93%	↑	↓
2*	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	2017/18	80.4%	81%	↓	↓

National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Inverclyde Trend	Scottish Trend
3*	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	2017/18	77.3%	76%	↓	↓
4*	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	2017/18	78.7%	74%	↔	↓
5*	Total % of adults receiving any care or support who rated it as excellent or good	2017/18	83.5%	80%	↑	↓
6*	Percentage of people with positive experience of the care provided by their GP practice	2017/18	83.1%	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	2017/18	76.6%	80%	↓	↓
8*	Total combined percentage of carers who feel supported to continue in their caring role	2017/18	39.7%	37%	↓	↓
9*	Percentage of adults supported at home who agreed they felt safe	2017/18	84.3%	83%	↔	↔
11	Premature mortality rate per 100,000 persons	2019	550	426	↔	↔
12	Emergency admission rate (per 100,000 population)	2019	15063	12602	↔	↑
13	Emergency bed day rate (per 100,000 population)	2019	157025	117478	↔	↓
14	Readmission to hospital within 28 days (per 1,000 population)	2019	92	104	↓	↑
15	Proportion of last 6 months of life spent at home or in a community setting	2019	88.5%	88.6%	↑	↑
16	Falls rate per 1,000 population aged 65+	2019	23.4	22.7	↓	↔

National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Inverclyde Trend	Scottish Trend
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	2019/20	86.6%	81.8%	↑	→←
18	Percentage of adults with intensive care needs receiving care at home	2018	65.9%	62.1%	↑	→←
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	2019/20	166	793	→←	→←
20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	2019	24.1%	23.2%	→←	→←

The following indicators are still under development by Public Health Scotland (PHS)

Percentage of staff who say they would recommend their workplace as a good place to work

Percentage of people admitted to hospital from home during the year, who are discharged to a care home

Percentage of people who are discharged from hospital within 72 hours of being ready

Expenditure on end of life care, cost in last 6 months per death

During 2019/20 the HSCP achieved a number of successful external inspection reports in: Criminal Justice; Children's Homes, Adoption Services and our Learning Disabilities residential unit. In addition our Advice Service won awards for their work this year including the service team leader winning the Scottish Public Sector Leader of the Year Award.

Successes in other areas include:

- Primary Care Improvement Programme – this investment has already delivered a number of benefits to service users and primary care services. One of the key successes this year is the increased impact of the Advanced Nurse Practitioners who have seen a significant increase in client numbers this year, this helps reduce referrals to Primary Care and provides a better, more easily accessible service for clients.
- Community Connectors – as part of the social prescribing initiative outlined in the Strategic Plan this service has seen a significant growth in demand and impact. During the Covid-19 pandemic this social prescribing and enhanced community support has been even more evident and has had a significant impact on the health and wellbeing of people throughout Inverclyde.
- Early Years Vaccinations – Inverclyde is one of the top performing areas in Scotland for update of these crucial vaccinations.
- Successful pilot of one handed care programme to deliver more efficient service and improved support to service users needing support with personal care.

- Criminal Justice – a recent inspection highlighted the high quality of the unpaid work and supervision provisions within this service.
- Development of a Champions Board and Community Champions.
- Inverclyde's Delayed Discharge performance has remained among the best in Scotland for the third year running. Even throughout the Covid-19 pandemic the service has continued to work well with Acute colleagues to ensure that delayed discharges are minimised.
- Access to rehabilitation – the service saw a significant increase in the number of service users regaining their independence after re-ablement support was provided.
- Successful public awareness campaign on adult protection.
- Alcohol related Accident & Emergency admissions were successfully reduced in year following the appointment of an alcohol liaison nurse based at the local hospital. In addition the service was successful in attracting CORRA funding, matched by IJB funding to support a move to 7 days Addictions services in a drive to reduce Emergency Admissions over the weekend. This work has been paused to some extent as a result of the Covid-19 pandemic but is expected to restart as part of the recovery plan when it is safe to do so.
- Homelessness – in response to Covid-19 the service accelerated the roll out of key aspects of the Rapid Rehousing Transition Plan and successfully set up short term tenancies for around 60 homeless clients within the first few weeks of the outbreak.
- Improvement in breastfeeding performance through additional support in place for local families, in particular targeted support for families in SIMD 1 areas.
- Community Response to Covid-19 – the community response to the pandemic has been incredible. The HSCP has seen significant growth in volunteers, local groups have set up well being support arrangements and food and care parcels are being delivered across the district. This was a key part of the Strategic Plan and the IJB is keen to ensure that the positive growth in social prescribing and community cohesion continues long after the pandemic is over.

Areas the HSCP will be focussing on in the coming year include:

- Health inequality is still a challenge in Inverclyde, even more so with Covid-19 impacts and the anticipated increase in welfare issues for many local people.
- Mental Health referrals are still high locally and again these will also be negatively impacted by Covid-19. The IJB agreed to invest additional money into local services during 2019/20 to support the overall sustainability of the services.
- Looked After Children – a change in legislation means that children have the opportunity to stay in care till they are older. This creates an additional financial and operational pressure on this service. Plans are in place to address that and as part of that initiative existing homes are being adapted to increase bedroom capacity.
- Child Protection registrations grew to an all time high in 2019/20. Officers are looking into underlying reasons for this increase.
- Presentations at Accident & Emergency remained high across the system and within Inverclyde until the Covid-19 outbreak began, since then however A&E attendances have reduced nationwide.
- Unplanned Bed Days – although the Inverclyde bed days are low in comparison with other HSCPs the service is looking at bringing this down further through focus on frequent attenders, re-ablement and continued focus on delayed discharge performance.
- Addictions – the Addictions Review was completed in the year and the service was moving into implementation phase when Covid-19 hit. It is anticipated that some of the new operating models brought in as a response to Covid-19 may be able to be continued longer term as part of the implementation plan.

An Adult Protection Inspection was scheduled for March 2020, however, the Covid-19 outbreak meant that all of non-essential inspections have been postponed for the time being.

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 2019/20.

(a) Partnership Revenue Expenditure 2019/20

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. Monies were received in year from Scottish Government for Mental Health Action 15, ADP developments and Primary Care Improvement Planning. In addition the IJB agreed to invest additional monies on a non recurring basis to support a number of Mental Health service developments.

Partnership services saw continued demand growth with numbers of service users and cost per service user rising across a number of services. The Partnership was able to effectively manage these budget pressures in year and as a result of the inherent delay in filling vacancies and some additional funding received in year, generate an overall surplus of £1.169m which was carried into Earmarked Reserves.

In previous years certain budgets have 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 2019/20 a net £0.407m was used from the Adoption, Fostering and Residential fund within Children & Families and £0.300m was added to recreate the previous Prescribing Reserve.

During the year £3.932m of Earmarked Reserves were used to fund specific spend and projects, an additional £5.370m was transferred into Earmarked Reserves and £0.269m of the General Reserve was used, leading to a net increase of £1.169m in Reserves over the year.

Total net expenditure for the year was £165.905m against the overall funding received of £167.074m, generating a revenue surplus of £1.169m. This was made up as follows:

Analysis of Surplus on Provision on Services

	£000
Additional funding for 2019/20 covid costs	400
Older People underspend on continuing care & ethical care monies partially offset by overspends on Respite, Direct Payments and Additional Hours	297
Learning & Physical Disabilities overspends due to increased demand and equipment costs	(315)
Mental Health overspend due to underlying budget pressure	(343)
Planned underspend in Health Central budgets through early delivery of future year savings to offset Mental Health budget pressure	343
Additional in year ringfenced funding for Tier 2 counselling service not spent in year	258
Underspend on various Social Care services due to delay in filling vacancies and additional funding received in year	504
Underspend on prescribing, partially offset by initial impact of covid-19	300
Underspend on various Health services due to delay in filling vacancies, slippage on procurement of external services and early delivery of future year savings	743
Refugee scheme carry forward - change in Council accounting policy - previously handled through accruals not left as underspend and moved to EMR	432
Planned in year use of earmarked reserves	(1,450)
Surplus on Provision of Services	1,169

The surplus has been taken to IJB reserves as detailed in note 7.

During the year Health services were projected to underspend by an overall £1.692m due to a combination of factors including slippage on some projects, delays in filling vacancies, early delivery of future year savings and an anticipated underspend on Prescribing costs. The Period 9 monitoring report outlined the detail of this underspend, some of which was against ringfenced funding. The IJB agree to carry the underspend forward

for a range of specific projects within Earmarked reserves as detailed in the Period 9 report. Social Care core services were projecting a £0.065m overspend after transfers to Earmarked Reserves at Period 9. At that time new Earmarked Reserves created in year from a combination of underspends against Health and Social Care core recurrent budgets and some additional external funding were projected to be £3.909m and spend against reserves was projected at £3.811m. This gave a final projected outturn of £0.037m deficit for the IJB and total projected reserves balance of £7.244m.

At year end the actual surplus was comprised of:

- underspend on Health services of £1.043m, variance from the Period 9 projections, £0.650m, decrease in the underspend relates to:
 - final spend on prescribing in year being around £0.390m higher than projected due to an increase in prescribing costs in March 2020 linked to Covid-19, overall prescribing was still underspent by £0.300m.
 - the remainder relates to some vacancies being filled quicker than anticipated leading to reduced slippage on ringfenced projects and underspends on some other core budgets.
- underspend on Social Care services of £1.176m, variance from the Period 9 projection, £1.111m decrease in spend to take it from an overspend to underspend position, relates to:
 - £0.249m overspend on core services due mainly to additional client commitments and increased package costs within Learning Disabilities.
 - £0.432m carry forward for the Refugee Scheme, in previous years the accounting treatment for this funding was through accrual, in 2019/20 the Council changed the accounting treatment in year and this is now reflected as an Earmarked Reserve.
 - Additional in year funding for the tier 2 counselling service carried forward at the year end £0.258m.
 - Net underspend on Older People services £0.297m linked to additional monies received in year, partially offset by small overspends on Respite, Direct Payments and Additional Hours.
 - the remainder relates to delays in filling vacancies and other additional funding received in year which has been carried forward for future year use.
- at the year end a net £1.450m of Earmarked Reserves had been spent on agreed projects.
- a new Earmarked Reserve was created in relation to ringfenced 2019/20 Covid-19 funding received from Scottish Government.

Budget agreed at Period 9 vs Final Outturn

Revised Budget	IJB	Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
73,179	Health Funding	73,179	76,059	2,880
73,179	Health Spend	73,179	76,059	2,880
0	Contribution	0	0	0
50,777	Social Care Funding	50,777	50,722	(55)
49,922	Social Care Spend	49,987	49,553	(434)
855	Contribution	790	1,169	379
16,662	Resource Transfer Funding	16,662	16,658	(4)
16,662	Resource Transfer Spend	16,662	16,658	(4)
0	Contribution	0	0	0
16,857	Set Aside Funding	16,857	23,635	6,778
16,857	Set Aside Spend	16,857	23,635	6,778
0	Contribution	0	0	0
(827)	Movement in Reserves	(827)	0	827
28	Surplus/(Deficit) on Provision of Operating Services	(37)	1,169	1,206

Revised Budget		Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
157,475	IJB Funding	157,475	167,074	9,599
156,620	IJB Expenditure	156,685	165,905	9,220
827	Movement on Earmarked Reserves (Decrease)/Increase	827	0	(827)
28		(37)	1,169	1,206

(b) The Balance Sheet

The Balance Sheet summarises the IJB's assets and liabilities as at 31 March 2020, 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 imminent 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 £148m was announced for Integration Authorities across Scotland from 2019/20 to support the delivery of new policy initiatives such as the Carers Act and Free Personal Care for under 65s and to fund general demographic and demand pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted. In addition to economic performance, other factors influence the availability of funding for the public sector including demographic challenges that Inverclyde is facing. In response to the Covid-19 pandemic HSCPs are submitting regular financial mobilisation plans to Scottish Government detailing the additional costs being incurred in addressing the pandemic both by HSCPs and their providers. Anticipation is that these costs will be funded centrally. Across Scotland they are expected to equate to around 4-5% of HSCP expenditure budgets over the full year.

The HSCP has a Covid-19 risk register that is reviewed weekly through the Local Resilience Management Team meetings. The IJB risk register was updated in May to reflect the impact of responding to the Covid-19 pandemic. 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 around cost pressures and funding linked to unfunded/ unanticipated/ unplanned demand for services and/or partners being unable to allocate sufficient resources, and
- Financial Implications of Responding to Covid-19 – All costs are being tracked and the IJB is actively engaged with Scottish Government and providing regular updates on associated costs. Governance arrangements are in place re approval and monitoring of costs. The IJB is actively engaging with the third and independent sector in relation to their associated costs.

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.

The planning and delivery of health and social care services has had to adapt to meet the significant public health challenge presented by the Covid-19 pandemic. In response to the pandemic the IJB has been required to move quickly and decisively.

There has been significant disruption to how health and social care services across Inverclyde are currently being delivered and experienced by service users, patients and carers and this is likely to continue in the short to medium term. The HSCP has also had to implement new service hubs in response to the pandemic, examples of which have included the establishment of assessment and testing centres to support assessment and testing of potential Covid-19 patients and the creation of a hub to support the distribution of PPE to our

social care services and those delivered by the third and independent sector and personal assistants and carers.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. The Governance Statement outlines the governance arrangements which are in place during this challenging time. These accounts have been prepared on the assumption that the Scottish Government will meet the additional costs experienced by the IJB and this is also the assumption which has been made moving forward into 2020/21.

Moving into 2020/21, we are working to proactively address the funding challenges presented while, at the same time, providing effective services for the residents of Inverclyde throughout the Covid-19 pandemic. In March 2020 the IJB agreed a balanced budget which included a savings plan totalling £1.044m for 2020/21 and an updated 5 year budget to 2025. As a result of the Covid-19 pandemic £0.050m of those savings may not be deliverable in year, this has been reflected in the Covid-19 mobilisation plan submitted to Scottish Government. The remaining savings are expected to be delivered in full in 2020/21, in line with the IJB's Medium Term Financial Plan.

The 2020/21 budget remains an indicative budget at this time as the formal funding offer from the Health Board has not yet been agreed. The Health Board's draft financial plan for 2020/21 was presented to the Health Board in February 2020. An updated version was due to be presented at the April meeting however due to the Covid-19 pandemic this was not possible as the full Board did not meet in April as it has been replaced by an Interim Board. The Board's Operational Plan has been suspended and both it and the supporting Financial Plan will require to be reviewed in light of the Covid-19 pandemic. This has led to a delay in IJB's being given their formal 20/21 budget allocation, however, it is anticipated this will be in line with the interim budget offer made in March.

We have well established plans for the future, and the IJB Strategic Plan 2019/20 to 2023/24 and 5 year Financial Plan were approved by the IJB in March 2019 these plans outlined the overarching vision and financial landscape for the coming years.



Following on from our last Strategic Plan we are still committed to “Improving Lives”, and our vision is underpinned by the “Big Actions” and the following values based on the human rights and wellbeing of:

- **Dignity and Respect**
- **Responsive Care and Support**
- **Compassion**
- **Wellbeing**
- **Be Included**
- **Accountability**

6 Big Actions

Big Action 1:
Reducing Health Inequalities by Building Stronger Communities and Improving Physical and Mental Health

Big Action 2:
A Nurturing Inverclyde will give our Children & Young People the Best Start in Life

Big Action 3:
Together we will Protect Our Population

Big Action 4:
We will Support more People to fulfil their right to live at home or within a homely setting and Promote Independent Living

Big Action 5:
Together we will reduce the use of, and harm from alcohol, tobacco and drugs

Big Action 6:
We will build on the strengths of our people and our community

Conclusion

In a challenging financial and operating environment the IJB successfully oversaw 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. In 2019/20 there have been many successes within year 1 of the new Strategic Plan, including delivery of significant change and foundations set for more changes in the year ahead. Since Covid-19 emerged as a pandemic and business as usual was no longer an option, services were mobilised into hubs and new operating procedures brought in to respond to the pandemic and ensure the ongoing safety of our staff and service users. Covid-19 will inevitably impact on the next year in terms of delivering the Strategic Plan. As time has moved on the IJB is moving now into the recovery phase where services can begin to be stepped back up in line with national guidance and safety protocols.

The Strategic Plan, associated Implementation Plan and Medium Term Financial Plan will lead the IJB forward over the next 5 years and improve the lives of the people of Inverclyde and the Strategic Plan will be reviewed in response to the pandemic.

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: 2 November 2020

Lesley Aird, CPFA

Chief Financial Officer

Date: 2 November 2020

Councillor Jim Clocherty

IJB Chair

Date: 2 November 2020

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 2 November 2020.

Signed on behalf of the Inverclyde IJB

Councillor Jim Clocherty

IJB Chair

Date: 2 November 2020

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 2020 and the transactions for the year then ended.

Lesley Aird, CPFA

Chief Financial Officer

Date: 2 November 2020

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 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 2018/19 £	Name and Post Title	Salary, Fees & Allowances 2019/20 £
109,475	Louise Long Chief Officer	116,221
45,500	Lesley Aird (part time 0.5 WTE) Chief Financial Officer	46,217

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.

Voting IJB Members Remuneration Table

Name	Post(s) Held	Nominated By
Councillor Jim Clocherty	IJB Chair (from 24/06/2019)	Inverclyde Council
Alan Cowan	IJB Member, Vice Chair (from 24/06/2019) Chair Audit Committee	NHS GG&C
Simon Carr	IJB Member	NHS GG&C
Dr Donald Lyons	IJB Member Audit Committee Member	NHS GG&C
Dorothy McErlean	IJB Member	NHS GG&C
Councillor Lynne Quinn	IJB Member Vic Chair Audit Committee (until 17/03/2020)	Inverclyde Council
Councillor Ciano Rebecchi	IJB Member Audit Committee Member (from 17/03/2020)	Inverclyde Council
Councillor Elizabeth Robertson	IJB Member Audit Committee Member	Inverclyde Council

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2019/20. 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 Contributions		Accrued Pension Benefits		
	For Year to 31/03/19 £	For Year to 31/03/20 £		Difference from 31/03/19 £	As at 31/03/20 £
Louise Long Chief Officer	21,073	22,328	Pension	2,536	15,970
			Lump Sum	0	0
Lesley Aird Chief Financial Officer	5,342	5,778	Pension	762	2,881
			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

Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

Louise Long

Chief Officer

Date: 2 November 2020

Councillor Jim Clocherty

IJB Chair

Date: 2 November 2020

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. The Integration Scheme was reviewed during 2019/20 and an updated version of the Scheme was prepared but the Covid 19 pandemic led to this being delayed and the existing scheme rolled on into 2020/21. Inverclyde IJB 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 considers 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 on 19 March 2019 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 6 localities to 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 are published on the HSCP website.

The governance framework was in place throughout 2019/20.

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 2019/20 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 2019/20, 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 2019/20

The Internal Audit Annual Reports 2019/20 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 2019/20 concludes: *“Due to Covid-19 the presentation of Annual Internal Audit report for GG&C has been deferred until September. This means the IJB Chief Internal Auditor is unable to conclude the IJB’s Annual report and provide an assurance statement opinion at this time. However, based on in year reports, Officers are confident that the overall opinion will be **Satisfactory** but this is not confirmed at this time. The final accounts will include the view once it is available in September.*

The significant incident in late March tested how well the IJB’s risk management, governance and internal controls framework is operating. It will be important for the IJB, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.”

Covid-19

From March 2020 the governance context in which the IJB operates has been impacted by the need to implement business continuity processes in response to the significant public health challenge presented by the Covid-19 pandemic. The planning and delivery of health and social care services has had to adapt to meet this challenge and the IJB has had to adapt its governance structures accordingly.

In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services, the IJB approved and initiated temporary decision making arrangements. The temporary arrangements will be in place for as long as is necessary, subject to ongoing review.

Under these temporary arrangements authority is delegated, if required to meet immediate operational demand, to the Chief Officer and the Chief Financial Officer in consultation with the Chair and Vice Chair of the IJB. Interim arrangements were also put in place for the IJB which were formally ratified at the May meeting.

Any decisions made under temporary delegated authority are recorded in the approvals/decision tracker log that captures the approval timeline, with reports shared with IJB Members for information. IJB papers are available through the Inverclyde Council website.

The IJB is working with partners to participate in the wider response to the pandemic at Health Board and national level and is a key participant in the Council and Greater Glasgow and Clyde governance structures, working with other HSCPs to manage the impact of the pandemic.

New service hubs were set up in March to deliver an agile response to the pandemic, this included the establishment of an assessment centre and testing centre to support assessment and testing of potential Covid-19 patients and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.

With significant disruption to how health and social care services are currently being delivered and experienced by service users, patients and carers likely to continue in the short to medium term, officers within the HSCP are developing plans to capture the extent of the shift from business as usual activity and ensure the IJB can continue to meet need and achieve the strategic priorities set out in the Strategic Plan. Planning activity takes into consideration the learning from the first phase of responding to the pandemic and engaging with and listening to key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. A detailed approval/decision tracker log is being maintained internally and scrutinised by senior management to record the details, including approval routes, of any decisions with financial implications for the IJB. This

is supported by a mobilisation plan which has been approved by the Scottish Government, with discussions in relation to funding ongoing.

A vital element of the recovery planning activity being undertaken is learning from the interim changes put in place. The HSCP are actively seeking to understand the impact of the measures implemented and are engaging with service users to understand which could be retained or adapted to improve services and continue to meet individuals' outcomes. The IJB will consider the learning from the pandemic including the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure that from the current crisis emerges a more efficient and effective health and social care system that delivers on the priorities set out in the Strategic Plan.

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. A number of actions were identified to enhance local governance and ensure continual improvement of the IJB's governance, all of those actions have been delivered in full.

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: 2 November 2020

Councillor Jim Clocherty

IJB Chair

Date: 2 November 2020

The Financial Statements

Comprehensive Income and Expenditure Statement

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

2018/19 Restated*			2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,520	(1,104)	2,416	2,845	(734)	2,111
29,302	(2,282)	27,020	30,508	(2,101)	28,407
12,157	(259)	11,898	12,814	(269)	12,545
6,862	(150)	6,712	7,225	(124)	7,101
9,017	(288)	8,729	10,115	(378)	9,737
14,353	(615)	13,738	15,496	(1,382)	14,114
3,376	(259)	3,117	3,353	(150)	3,203
3,464	0	3,464	3,498	(317)	3,181
8,548	(290)	8,258	10,408	(427)	9,981
4,951	(1,038)	3,913	6,917	(2,845)	4,072
1,932	(1,906)	26	2,163	(2,114)	49
1,442	(651)	791	1,632	(589)	1,043
26,528	(981)	25,547	28,010	(954)	27,056
18,591	0	18,591	18,359	0	18,359
1,133	0	1,133	1,044	0	1,044
261	0	261	267	0	267
145,437	(9,823)	135,614	154,654	(12,384)	142,270
22,632	0	22,632	23,635	0	23,635
168,069	(9,823)	158,246	178,289	(12,384)	165,905
0	(159,731)	(159,731)	0	(167,074)	(167,074)
168,069	(169,554)	(1,485)	178,289	(179,458)	(1,169)
		(1,485)			(1,169)

* The 2018/19 Accounts have been restated to reflect updated Set Aside figures and associated funding based on actual spend rather than notional budgets.

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 2019/20	General Reserves £000	Earmarked Reserves £000	TOTAL Reserves £000
Opening Balance at 31 March 2019	(1,010)	(6,271)	(7,281)
Total Comprehensive Income and Expenditure	269	(1,438)	(1,169)
Closing Balance at 31 March 2020	(741)	(7,709)	(8,450)

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 2019 Restated £000		Notes	31 March 2020 £000
Current Assets			
7,298	Short term debtors	5	8,467
Current Liabilities			
(17)	Short term creditors	6	(17)
7,281	Net Assets		8,450
7,281	Reserves	8	8,450
7,281	Total Reserves		8,450

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2020 and its income and expenditure for the year then ended.

The audited financial statements were authorised for issue on 2 November 2020.

Lesley Aird, CPFA

Chief Financial Officer _____ **Date:** 2 November 2020

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 2019/20 financial year and its position at the year end of 31 March 2020.

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 2019 Restated £000	Taxation and Non-Specific Grant Income	31 March 2020 £000
110,078	NHS Greater Glasgow and Clyde Health Board	116,352
47,321	Inverclyde Council	50,722
157,399	TOTAL	167,074

Health Board Contribution

The funding contribution from the Health Board above includes £23.635m 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 2019 Restated £000		31 March 2020 £000
Transactions with NHS Greater Glasgow & Clyde		
(110,078)	Funding Contributions received	(116,352)
(2,151)	Service Income received	(2,506)
95,463	Expenditure on Services Provided	102,200
(16,766)	TOTAL	(16,658)
Transactions with Inverclyde Council		
(47,321)	Funding Contributions received	(50,722)
(6,829)	Service Income received	(9,878)
68,515	Expenditure on Services Provided	76,089
14,365	TOTAL	15,489

31 March 2019 Restated £000		31 March 2020 £000
Balances with NHS Greater Glasgow & Clyde		
0	Debtor balances: Amounts due to the NHS	0
0	Creditor balances: Amounts due from the NHS	0
0	Net Balance with the NHS Board	0
Balances with Inverclyde Council		
0	Debtor balances: Amounts due to the Council	0
5,820	Creditor balances: Amounts due from the Council	8,467
(5,820)	Net Balance with the Council	(8,467)

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 2019 Restated £000	Core and Democratic Core Services	31 March 2020 £000
194	Staff costs	203
42	Administrative costs	37
25	Audit fees	27
261	TOTAL	267

The cost associated with running the IJB has been met in full by NHS Greater Glasgow and Clyde and Inverclyde Council. For the 2019/20 Accounts this is combined within the gross expenditure for both partners.

5 Short Term Debtors

31 March 2019 Restated £000	Short Term Debtors	31 March 2020 £000
7,298	Other local authorities	8,467
7,298	TOTAL	8,467

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 2019 Restated £000	Short Term Creditors	31 March 2020 £000
(17)	Other local authorities	(17)
(17)	TOTAL	(17)

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.

2018/19		2019/20			
Balance at 31 March 2019 £000		To be used by	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31 March 2020 £000
SCOTTISH GOVERNMENT FUNDING					
98	Mental Health Action 15	31/03/2021	98	132	132
235	Alcohol & Drug Partnerships	31/03/2021	236	94	93
0	Covid - 19	31/03/2021	23	423	400
0	Primary Care Improvement Programme	31/03/2021	0	124	124
EXISTING PROJECTS/COMMITMENTS					
43	Self Directed Support/SWIFT Finance Module	31/03/2021	0	0	43
25	Growth Fund - Loan Default Write Off	ongoing	1	0	24
11	Integrated Care Fund	ongoing	974	1,044	81
428	Delayed Discharge	ongoing	533	300	195
112	CJA Preparatory Work	31/03/2021	65	65	112
240	Service Reviews	complete	240	0	0
241	Primary Care Support	31/03/2021	178	209	272
27	SWIFT Replacement Project	complete	27	0	0
30	Rapid Rehousing Transition Plan (RRTP)	31/03/2021	0	53	83
0	Franks Law	complete	34	34	0
0	Physical Disabilities - CFCR	complete	70	70	0
0	Older People Wifi	31/03/2021	0	20	20
0	LD Estates	tbc	46	398	352
0	Refugee Scheme	31/03/2025	0	432	432
0	Tier 2 Counselling	31/03/2024	0	258	258
0	Complex Care	31/03/2021	0	0	0
0	Pay & Grading	complete	200	200	0
0	CAMHS Post	31/03/2022	0	90	90
100	Dementia Friendly Inverclyde	tbc	0	0	100
145	Contribution to Partner Capital Projects	ongoing	93	580	632
675	Continuous Care	ongoing	110	0	565
TRANSFORMATION PROJECTS					
2,505	IJB Transformation Fund	ongoing	506	46	2,045
0	Addictions Review	31/03/2021	0	198	198
310	Mental Health Transformation	ongoing	0	300	610
BUDGET SMOOTHING					
732	Adoption/Fostering/Residential Childcare	ongoing	407	0	325
88	Advice Service Smoothing Reserve	ongoing	88	0	0
0	Prescribing	ongoing	0	300	300
226	Residential & Nursing Placements	ongoing	3	0	223
6,271	Total Earmarked		3,932	5,370	7,709
UN-EARMARKED RESERVES					
1,010	General		269	0	741
1,010	Un-Earmarked Reserves		269	0	741
7,281	TOTAL Reserves		4,201	5,370	8,450

8 Expenditure and Funding Analysis

31 March 2019 Restated £000	Inverclyde Integration Joint Board	31 March 2020 £000
	HEALTH SERVICES	
22,030	Employee Costs	24,630
20	Property Costs	37
5,815	Supplies & Services	7,667
25,547	Family Health Service	27,058
18,394	Prescribing	18,172
22,632	Set Aside	23,635
(1,171)	Income	(1,551)
	SOCIAL CARE SERVICES	
28,372	Employee Costs	29,814
1,028	Property Costs	1,060
1,242	Supplies & Services	1,207
411	Transport	416
770	Administration	736
40,568	Payments to Other Bodies	42,889
(7,672)	Income	(10,132)
	CORPORATE & DEMOCRATIC CORE/IJB COSTS	
194	Employee Costs	203
42	Administration	37
25	Audit Fee	27
158,246	TOTAL NET EXPENDITURE	165,905
(159,731)	Grant Income	(167,074)
(1,485)	(SURPLUS) ON PROVISION OF SERVICES	(1,169)

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 2019/20 are £26,500. There were no fees paid to Audit Scotland in respect of any other services.

10 Post balance sheet events

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

The Chief Financial Officer issued the Unaudited Statement of Accounts on 23 June 2020. There have been no material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

The Annual Accounts were authorised for issue by the Chief Financial Officer on 2 November 2020. Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue.

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

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 Inverclyde Integration Joint Board for the year ended 31 March 2020 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the body as at 31 March 2020 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 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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 the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Chief 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 body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

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

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

Other information in the annual accounts

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

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If

I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Brian Howarth
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

2 November 2020



Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 2 November 2020

Report By: Louise Long, Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership **Report No:** IJBA/11/2020/LA

Contact Officer: Lesley Aird **Contact No:** 01475 715381

Subject: IJB BEST VALUE STATEMENT 2019/20

1.0 PURPOSE

- 1.1 The purpose of this report is to provide a statement in relation to how the IJB has delivered Best Value during the previous financial year.

2.0 SUMMARY

- 2.1 Appendix A contains the Best Value Statement for 2019/20. This is reviewed and updated annually as part of the annual accounts process.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the IJB Audit Committee note the report.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve this, IJBs are required to have effective arrangements in place for scrutinising performance, monitoring progress towards achieving strategic objectives and holding partners to account.
- 4.2 Part of evidencing the work that the IJB does in relation to this is through officers reviewing and updating the Best Value Statement enclosed at Appendix A each year as part of the annual accounts process.
- 4.3 The statement considers Inverclyde's position in relation to 10 key Audit Scotland Best Value prompts. Based on this statement and placing appropriate reliance on the Best Value arrangements in place through the Council and Health Board no additional action is required by the IJB at this time over and above the actions already taking place as detailed in the statement.

5.0 DIRECTIONS

5.1 Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Inverclyde Council	
	3. NHS Greater Glasgow & Clyde (GG&C)	
	4. Inverclyde Council and NHS GG&C	

6.0 IMPLICATIONS

FINANCE

- 6.1 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					

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.

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.

6.5 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

6.6 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

There are /are no governance issues within this report.

6.7 **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

7.0 CONSULTATION

7.1 This report was prepared in consultation with the Chief Officer and External Audit.

8.0 BACKGROUND PAPERS

8.1 None.

IJB Best Value

	Audit Scotland Prompt	IJB Response
1	Who do you consider to be accountable for securing Best Value in the IJB?	<p>The IJB does not directly commission or contract work, instead it is responsible for directing its partners (the Council and Health Board) to commission on the IJB's behalf within the principles of Best Value. Ultimately the Chief Officer is accountable to the IJB. This does not remove the accountability within partner organisations for their own responsibilities under Best Value legislation. Commissioning from third sector providers is evaluated in line with Best Value principles during procurement by both the Council and Health Board.</p>
2	How do you receive assurance that the services supporting the delivery of the strategic plan are securing Best Value?	<p>There are current arrangements for monitoring performance and progress against delivery of strategic objectives in line with the Best Value guidance. This is achieved through various forums:</p> <ul style="list-style-type: none"> • Integration Joint Board Meetings • Transformation Board • Audit Committee • Inverclyde Health & Social Care Committee • Clinical & Care Governance Committee • Strategic Planning Group • Senior Management Team (HSCP) • Corporate Management Teams of the Health Board and Council <p>Performance reporting is a regular agenda item for the SMT, IJB and other groups listed above. Performance is scrutinised by officers throughout the year in respect of the targets met or any issues that arise from this.</p> <p>The IJB also places reliance on the controls and procedures of our partner organisations in terms of Best Value delivery.</p> <p>IJB directions to the Council and Health Board clearly require them to deliver services in line with our Strategic Plan and that all services must be procured and delivered in line with Best Value principles.</p>

	Audit Scotland Prompt	IJB Response
3	Do you consider there to be sufficient buy-in to the IJB's longer term vision from partner officers and members?	<p>Yes – the IJB has good joint working arrangements in place and has benefited from ongoing support from members and officers within our partner organisations throughout the last financial year in order to deliver the IJBs longer term vision.</p> <p>This support has been evident through additional funding agreed by both partners to address demographic pressures as they arise.</p> <p>The IJB also works closely with Community Planning Partners through the Strategic Alliance</p>
4	How is value for money demonstrated in the decisions made by the IJB?	<p>All IJB papers carry a section that clearly outlines the financial implications of each proposal as well as other implications in terms of legal, HR, equality and diversity and linkage to the IJBs strategic objectives.</p> <p>The IJB engages in healthy debate and discussions around any proposed investment decisions and savings proposals, many of which are supported by additional IJB development sessions. In addition IJB directions to the Health Board and Council require them to deliver our services in line with Best Value principles.</p>
5	Do you consider there to be a culture of continuous improvement?	<p>Yes – IJB, SPG and SMT development sessions over the past financial year have sought to enhance the operational effectiveness of the IJB, SPG and SMT and of the services the HSCP delivers.</p> <p>Many of these development sessions have been focussed around service redesign and improvement plans within services to ensure the IJB and SPG members are fully informed and engaged in our continuous improvement process. Both the IJB and SPG have staff-side representation, so staff and trade unions are also fully involved in shaping continuous improvement.</p> <p>Our Transformation Board arrangements provide clear and close links between the work of that Board, the Strategic Plan and the Strategic Planning Group. Our Transformation Fund supports change and service enhancement initiatives with regular reporting back on outcomes from each investment.</p>

	Audit Scotland Prompt	IJB Response
6	Have there been any service reviews undertaken since establishment – have improvements been identified? Is there any evidence of improvements in services and/or reductions in pressures as a result of joint working?	<p>Several reviews have taken place with many still ongoing. This work is overseen operationally by Review Boards for each Service Review and the Transformation Board oversees all of the reviews and redesigns with feedback on the planned and delivered service improvements and efficiencies of each.</p> <p>Some major reviews include: Learning Disabilities Review, Addictions Review and AHP Review. All of these redesigns have been very recent or are still ongoing, and the impacts are not yet able to be evaluated.</p>
7	Have identified improvement actions been prioritised in terms of those likely to have the greatest impact?	Yes – this is managed through the Service Review Boards, Heads of Service, Transformation Board and the SMT with the Health Board and Council CMTs involved as required
8	What steps are taken to ensure that quality of care and service provided is not compromised as a result of costs saving measures?	Staff and clinical representation is in place on all Review Boards, the SPG and IJB. All redesigns are discussed at the Clinical and Care Governance Group, and potential implications are required to be assessed and included in IJB reports. In addition, Equality Impact Assessments are required for savings proposals.
9	Is performance information reported to the board of sufficient detail to enable value for money to be assessed?	<p>The Board has full oversight of IJB performance both operationally and financially through regular financial and performance monitoring reports</p> <p>Going forward through the new Strategic Plan, we are focussing more closely on outcomes through progress update reporting and in year performance reporting.</p>
10	How does the IJB ensure that management of resources (finances, workforce etc.) is effective and sustainable?	<p>Regular budget and performance monitoring reports to the IJB give oversight of this.</p> <p>All IJB reports contain a section outlining the financial implications of each paper.</p> <p>At least one IJB development session per year is primarily focussed on financial planning for the coming year.</p>

Report To:	Inverclyde Integration Joint Board Audit Committee	Date: 2 November 2020
Report By:	Louise Long, Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership	Report No: IJBA/10/2020/LA
Contact Officer:	Lesley Aird	Contact No: 01475 715381
Subject:	AUDIT SCOTLAND COVID 19 GUIDE FOR AUDIT COMMITTEE	

1.0 PURPOSE

- 1.1 The purpose of this report is to provide a position statement and action plan in relation to the Audit Scotland Covid 19 Guide for Audit Committees which was published in August 2020.

2.0 SUMMARY

- 2.1 Appendix A contains the Audit Scotland Covid 19 Guide for Audit and Risk Committees. This report highlights current recommended practice in responding to the pandemic and provides an opportunity to highlight some of the good work that has already taken place locally around this.
- 2.2 This report provides an update on the Inverclyde IJB position in relation to the recommendations detailed in the Audit Scotland report. The Audit Scotland report contains 46 recommended areas for review by Audit Committees, against this for Inverclyde:
- 23 actions are complete or require no IJB action,
 - 20 are considered low risk and work is already in progress,
 - 2 are considered low-medium risk and actions are in place already to mitigate these as well.
 - UPDATE ONCE QUESTION 6 is ranked

No further actions beyond those already in place are recommended in light of the Audit Scotland report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the IJB Audit Committee notes the report and the work that has taken place around this.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 INVERCLYDE POSITION

4.1 The Audit Scotland report splits into 4 main control areas and poses a number of questions in relation to each of these. The questions and Inverclyde IJB position against each are noted below. An overarching summary is shown in the table below:

	Complete/Not Applicable or For Info	Low Risk – work in progress	Low-Medium Risk work in progress
Internal Controls and Assurance	9	6	1
Financial Management & Reporting	6	3	-
Governance	5	6	-
Risk Management	5	4	1
TOTAL	25	19	2

On all of the questions raised actions are already in place to address the control risks concerned. No additional actions recommended at this time.

4.2 Internal Controls and Assurance

The IJB places reliance on the internal controls in place through the Council and Health Board where all contracts and transactions are managed. The following responses are predicated on that approach and are ranked:

- 7 Blue – completed actions and actions not applicable to the IJB
- 7 Green – work in progress/low risk
- 1 Amber – low-medium risk, work ongoing
- 0 Red – high risk, more work required

	Consideration	Inverclyde IJB Position
1	What changes to internal controls have been required due to Covid-19?	<u>Complete</u> HOS HCC responsible for authorising all Covid related spend Additional monitoring of Covid spend through SMT and the LMP process reported to IJB and Scot Govt
2	Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?	<u>Risk Low</u> Not specifically, although the Chief Internal Auditor was consulted as part of the agreed authorisation process. The Chief Internal Auditor for the Council has provide input to the design of revised internal controls for the Council as appropriate.
3	What new controls have been established to account for the distribution of any additional funds received?	<u>Complete</u> <u>Provider Sustainability Payments</u> is the main payment to external parties. SG/COSLA guidance is in place around these payments. To oversee this internally a new Claim Approval Group and Process has been set up.

		Internal Audit was consulted in finalising these arrangements
4	Have officers identified any weaknesses in new controls and if so, how are these being addressed?	<u>Complete</u> There was a potential weakness around the provider payments and the actions outlined in 3 above were put in place to address this
5	To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?	<u>Complete</u> Risk assessments were carried out for all staff when working arrangements were changed and these are updated if/when the arrangements change
6	Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?	Complete The Internal Audit plan for 20/21 for the Integration Joint Board considers key risks identified in the IJB's risk register. The provision of Internal Audit Services to the IJB is through Inverclyde Council and there is contingency time available within the Council's annual audit plan for 20/21 should specific work be required in relation to the IJB.
7	How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?	<u>Risk Low – work ongoing</u> IJB audit days are minimal – management are able to fully support these as required
8	What impact has Covid-19 had on the annual reporting and accounting process? <ul style="list-style-type: none"> • Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly? • Has the external auditor's annual audit plan been updated to assess and address new risks? 	<u>Complete</u> Internal Audit and Finance were able to stick to usual deadlines for the 2019/20 annual report and accounts and expect to be able to do the same for 2020/21. Audit Scotland (AS) deferred the external audit process. Annual Accounts due to go to the IJB 2 nd Nov for final sign off AS did not update their 19/20 audit plan for covid risks. As the pandemic broke in March 2020 it didn't have a huge impact on the 19/20 financial year so no additional risks were included in AS work. AS have confirmed they will assess the risk for the 20/21 financial year – the AS Annual Audit Report for this year will outline this assessment looking forward.
9	To what extent has your organisation considered work undertaken by other	<u>Complete</u> The CO, CSWO and CFO are in

	organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?	regular contact with sector networks to ensure we align with best practice across the sector. In addition we work closely with HB and Council colleagues to ensure we align with their pandemic response and planning too.
10	How have IT services performed during the pandemic?	<u>Risk Low/Medium – work ongoing</u> There were some understandable initial IT issues as staff moved quickly to agile working platforms at the start of the pandemic. IT is working better now but is still limited by the fact that Council IT use WebEx as their video conferencing platform and Council staff don't have proper access to MS Teams
11	To what extent have cyber security controls been considered?	<u>Not Applicable to IJB</u> The HSCP relies on the security controls in place within the Council and Health Board IT structures
12	To what extent has management assessed the impact of Covid-19 on overall staff capacity?	<u>Risk Low – work ongoing</u> Initially the SMT and Service Managers reviewed staffing levels and identified potential gaps on a daily basis. As the pandemic progressed staff absence reduced and this was moved to a weekly review. A staff wellbeing initiative has also been put in place to support staff throughout the pandemic
13	What areas have been identified as being under resourced and how is this being addressed?	<u>Risk Low – work ongoing</u> Homecare was an initial area of concern due to high staff absence at the beginning of the pandemic. Additional temp staffing was brought in to address this. This process has continued throughout as required and if appropriate staff have been redeployed from other services
14	What is your organisation doing to support its staff during the pandemic? <ul style="list-style-type: none"> To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely? What guidance, advice or signposting has your organisation put in place to support staff wellbeing? 	<u>Risk Low – work ongoing</u> A staff wellbeing initiative has been developed to ensure we have a robust understanding of any staff concerns/wellbeing issues and ensure that we are effectively addressing these. All staff have been encouraged to fill in surveys and make use of the available wellbeing resources and supports
15	What opportunities and risks have arisen as staff are deployed across departments?	<u>Complete</u> Training has been done prior to staff transferring into key services

		as required to minimise risks. The opportunity that has arisen is that recruitment in home care is at an all time high as a result of the pandemic
16	How is your organisation capturing the learning and opportunities that arise from new ways of working?	<u>Risk Low – work ongoing</u> A lessons learned report was prepared and is being regularly reviewed and updated as we move through the pandemic. Action plans are developed as required as part of this process

4.3 Financial management and reporting

The IJB places reliance on the financial monitoring and reporting processes in place through the Council and Health Board. The CFO has access to Health systems and detailed reporting but for Social Care reliance is placed on the work done by the Council Finance department. The following responses are predicated on that approach and are ranked:

- 6 Blue – completed actions and actions not applicable to the IJB
- 3 Green – work in progress/low risk
- 0 Amber – low-medium risk, work ongoing
- 0 Red – high risk, more work required

	Consideration	Inverclyde IJB Position
1	Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?	<u>Risk Low – work ongoing</u> Financial information was initially submitted to Scot Govt on a weekly basis, this has now moved to monthly. The financial information is reviewed regularly as part of this process. This is reviewed regularly by the SMT and reported to each IJB meeting with verbal updates for significant changes since the paper has been written
2	How is management assessing the financial impact of Covid-19 on income and expenditure? What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?	<u>Risk Low – work ongoing</u> This is reviewed through the Management Accounts process. New demands and costs are being reviewed and factoring in to the monitoring processes as are any offsetting underspends
3	What information has been used in determining the value of assets and liabilities? <ul style="list-style-type: none"> • To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on 	Not applicable for an IJB

	<p>investments?</p> <ul style="list-style-type: none"> • What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation? 	
4	<p>What commitments and guarantees have been made to third parties, and how are these being monitored?</p>	<p><u>Complete</u> SG made a commitment around Provider Sustainability Payments. COSLA developed and circulate guidance to IJBs and providers around the claim process for these payments. Internally we have created a claims approval process and claims approval group to monitor and control these commitments and payments</p>
5	<p>Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?</p>	<p>Not applicable – no ALEOs</p>
6	<p>What impact has Covid-19 had on savings plans? Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?</p>	<p><u>Complete</u> For Inverclyde only £50k of our 20/21 agreed savings was impacted by covid. This saving related to a charging increase which has not been able to be delivered. This £50k is reflected in the LMP return</p>
7	<p>What impact has Covid-19 had on transformational activity?</p>	<p><u>Complete</u> The pandemic required services to transform in a very short timeframe. Longer term non essential transformation projects have been put on hold and transformation work is focussed on business continuity during the pandemic</p>
8	<p>If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?</p>	<p><u>Complete</u> See 6 above - £50k total impact and this has been included in the LMP</p>
9	<p>Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?</p>	<p><u>Risk Low – work ongoing</u> The IJB Finance team is only 1.5 WTE strong. A part time CFO and a full time Health Management Accountant. Social Care financial info is provided by the Council finance team. Based on that, while it has been challenging at times there has sufficient capacity within the IJB team to deliver everything we are required to deliver</p>

4.4 Governance

The following responses are predicated on that approach and are ranked:

- 5 Blue – completed actions and update for info, no specific action required
- 6 Green – work in progress/low risk
- 0 Amber – low-medium risk, work ongoing
- 0 Red – high risk, more work required

	Consideration	Inverclyde IJB Position
1	How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?	<p><u>Risk Low – work ongoing</u> SMT is meeting several times a week and a formal weekly meeting is minuted as are all sub groups which are in place or have been set up during the pandemic eg SPF, Recovery Group etc</p> <p>The IJB is also a formally minuted meeting</p> <p>Agreed/outstanding actions are reviewed at the start of each meeting to ensure we don't lose sight of agreed actions over time</p>
2	Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?	<p><u>Complete</u> The IJB and Audit Committee moved to virtual meetings due to the pandemic, new meeting protocols were put in place around this. In the first few weeks of the pandemic the Chief Officer used emergency powers to authorise Covid-related spend. These decisions were ratified through weekly meetings with the IJB Chair and Vice Chair and formally ratified by the IJB through the regular monitoring report process</p>
3	Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?	<p><u>Complete</u> Recording & publication of decisions – Regular updates on decisions made relating to covid 19 are given to the IJB at each meeting.</p> <p>IJB and Audit Committee meetings are open to the public and papers and minutes are published on the Council website</p>
4	Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?	<p><u>Complete</u> A paper detailed interim governance arrangements and a move to virtual meetings went to the IJB in May – this paper is available on the website</p>
5	Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?	<p><u>Risk Low – work ongoing</u> These arrangements are regularly reviewed by the Chief Officer, Chair and Vice Chair through their</p>

		weekly review meetings
6	Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?	<p><u>Risk Low – work ongoing</u></p> <p>IJB scrutiny has always been good within Inverclyde with members being fully engaged and happy to scrutinise, query and challenge as appropriate. This has continued throughout the pandemic.</p>
7	<p>What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?</p> <p>How have these barriers been overcome?</p> <p>What was the impact on service users?</p>	<p><u>Risk Low – work ongoing</u></p> <p>Social distancing and lockdown made face to face service delivery difficult for some services. Alternative contact arrangements were made for not essential services initially eg telephone and video calls. This was monitored closely throughout by service managers to ensure safe service delivery was maintained. As part of the recovery planning work phased step up arrangements were carefully planned and implemented as lockdown restrictions changed</p>
8	What impact has Covid-19 had on your organisation achieving its stated objectives?	<p><u>Update for Info no specific action required</u></p> <p>The pandemic has led to early delivery of some objectives around digital roll out and agile working. It has also led to delay in other objectives. The SMT, EMT, SPG and IJB are reviewing and updating the strategic plan objectives for 20/21 and 21/22 to reflect this and ensure we are also reflecting new Scot Govt objectives around things like expanded flu vaccinations and track & trace etc</p>
9	Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?	<p><u>Risk Low – work ongoing</u></p> <p>Performance monitoring is ongoing and it is anticipated that this will have an impact on the delivery of some objectives and outcomes this year.</p> <p>The SMT, EMT, SPG and IJB are reviewing and updating the strategic plan objectives for 20/21 and 21/22 to reflect this and ensure we are also reflecting new Scot Govt objectives around things like expanded flu vaccinations and track & trace etc</p>
10	Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?	<p><u>Complete</u></p> <p>At the start of the pandemic a covid risk register was created. This has now been merged with the operational risk register and is</p>

		reviewed and updated weekly through the LRMT meetings
11	What impact has Covid-19 had on collaborative working?	<u>Risk Low – work ongoing</u> Inverclyde was already doing a lot of collaborative working before the pandemic. Since March it's a mixed picture some additional work has taken place but some planned collaborative projects have had to be put on hold

4.5 Risk Management

Operational risks are managed through the Council and Health Board risk management processes and high level operational risks are reported to the IJB for noting. The IJB is responsible for oversight and management of strategic risks. The IJB risk register was updated in June to reflect the impact of the pandemic. The following responses are predicated on that approach and are ranked:

- 5 Blue – completed actions and actions not applicable to the IJB
- 4 Green – work in progress/low risk
- 1 Amber – low-medium risk, work ongoing
- 0 Red – high risk, more work required

	Consideration	Inverclyde IJB Position
1	Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?	<u>Risk Low – work ongoing</u> See Finance section above. SG made a commitment around Provider Sustainability Payments. COSLA developed and circulate guidance to IJBs and providers around the claim process for these payments. This guidance makes it clear that it only covers existing providers for each IJB so there is no additional procurement stream around this. Internally we have created a claims approval process and claims approval group to monitor and control these commitments and payments
2	What indicators does management have to support informed decisions on risk and is this data available in real time?	<u>Risk Low – work ongoing</u> The risk register is reviewed and updated weekly through the Covid LRMT meetings. Key risk scores are reviewed and updated as part of this process
3	Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?	<u>Complete</u> A Covid risk register is in place and reviewed weekly
4	What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?	<u>Risk Low – work ongoing</u> Risks identified initially have changed over the course of the pandemic. Initially staff absence was a very high risk but over time this risk has reduced significantly

		as staff returned to work. This is monitored and controlled through the LRMT risk register review each week
5	Are risks being reported to the relevant committee?	<u>Complete</u> The risk register is reviewed weekly through LRMT and reported regularly through the Health Board and Council risk reporting processes and twice a year to the IJB Audit Committee
6	Has your organisation's risk register been updated to reflect new risks arising from Covid-19?	<u>Complete</u> Covid risk register created and reviewed/updated weekly
7	Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?	<u>Complete</u> We are working closely with the Council and Health Board in relation to this as operational risks are their responsibility not the IJBs. The IJB is just responsible for Strategic Risk and its risk register was updated in June 2020 linked to Covid. Risks are being closely monitored throughout and are in keeping with the current risk appetite
8	If so, when will the committee be informed of the outcome and any next steps?	<u>Complete</u> Already done see above
9	How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?	<u>Risk low-medium – work ongoing</u> Costs relating to Covid are closely monitored and reported to SG. The risk around this relates to costs vs additional funding and whether final funding will cover the entirety if the additional costs or if the IJB will have to cover a gap in this funding. The CO and CFO are part of national networks in regular discussion with SG to minimise this risk. The medium-long term financial plan is reviewed and updated annually and any potential Covid impact will be factored into that process
10	What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?	<u>Risk Low – work ongoing</u> Brexit contingency planning has continued and planning is being updated to reflect the impact of the pandemic. As the pandemic continues this is an ongoing piece of work. Scenario planning exercises are facilitated by CCS around the implication of local outbreaks occurring at the same

5.0 DIRECTIONS

5.1 Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Inverclyde Council	
	3. NHS Greater Glasgow & Clyde (GG&C)	
	4. Inverclyde Council and NHS GG&C	

6.0 IMPLICATIONS

6.1 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					

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.

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.

6.5 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

6.6 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are /are no governance issues within this report.

6.7 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

7.0 CONSULTATION

7.1 This report was prepared in consultation with the Chief Officer, Chief Internal Auditor, IJB Chief Finance Officer and the IJB Standards Officer.

8.0 BACKGROUND PAPERS

8.1 None.

Covid-19

Guide for audit and risk committees

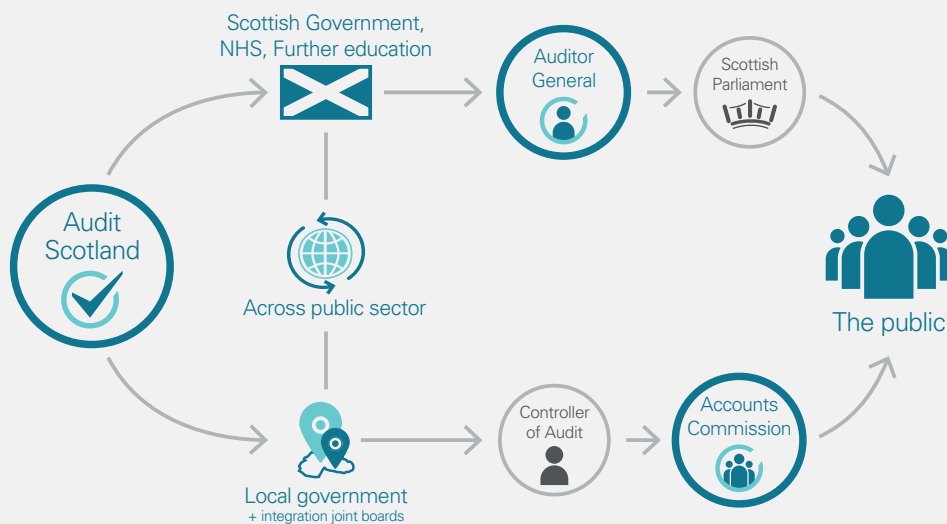


Prepared for public bodies and auditors
August 2020

Who we are

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

- **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.
- 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.



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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Introduction

1. Covid-19 has already had a significant impact on every aspect of society in Scotland. It has affected individuals and communities, public services and the economy.
2. The response of public-sector bodies has been strong, and the pandemic has highlighted some of their key strengths, such as agility and partnership working. But Covid-19 has also exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures. A difficult road lies ahead as public bodies move from response to recovery and renewal.
3. Audit and risk committees have a crucial role to play in providing effective scrutiny and challenge. They help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance and governance arrangements. As public bodies manage their business during this global pandemic, the role of audit and risk committees becomes even more important.
4. This guide for audit and risk committees draws on our recent experience of auditing public bodies during the pandemic. It also refers to key sources of guidance such as the Scottish Government's [Scottish Public Finance Manual](#) and [On Board: a guide for members of statutory boards](#) and the Chartered Institute of Public Finance and Accountancy's *Audit Committees: Practical Guidance for Local Authorities and Police*.

Key issues for consideration by audit and risk committees during the Covid-19 pandemic

5. There are a wide range of short, medium and long-term risks and issues emerging from Covid-19 for public bodies to consider. This guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:
 - internal controls and assurance
 - financial management and reporting
 - governance
 - risk management.
6. This guide provides audit and risk committee members with suggested questions to help them effectively scrutinise and challenge in these key areas. Answering the questions in this guide will help audit and risk committees better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.
7. Audit and risk committees must assure themselves that they are engaged and well-informed about the changes that are occurring and affecting their organisation due to Covid-19. For example, they should be informed of changes to internal reporting arrangements, and policy and legislative changes and the impact they are likely to have on the organisation. They should also be apprised of any fraud and error risks arising from the response to Covid-19.¹

¹ *Covid-19: Emerging fraud risks*, Audit Scotland, July 2020.

Internal controls and assurance

8. Public-sector staff are working under extreme pressure as a consequence of the scale and pace of change created by the pandemic and the need to respond rapidly to unfolding events. This may mean that some internal controls are suspended or relaxed. For example, the segregation of duties between colleagues for completing tasks and subsequent checks may not be possible due to unforeseen capacity issues or the lack of availability of more senior or experienced staff. Staff transfer between departments, for example, to new areas such as those responsible for distributing funding to support people and businesses most affected by Covid-19, may also leave some areas under-staffed. Furthermore, inexperienced staff may be working remotely without a full understanding of the required procedures and controls.

9. Internal audit provides independent assurance on governance arrangements, risk management and internal control processes. As the landscape changes, internal audit will have to consider its approach to audit planning and how it continues to deliver its assurance activities while balancing the workload created by new risks emerging from Covid-19.

10. As staff work remotely, there may also be potential security risks such as an increase in cyber-crime. For example, fraudsters may try to access public-sector systems by claiming to be legitimate technical support services or through phishing emails and scams.

11. [Exhibit 1](#) proposes potential questions for audit and risk committee members to consider.

Exhibit 1

Internal controls and assurance – questions to consider

What changes to internal controls have been required due to Covid-19?

- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?

What new controls have been established to account for the distribution of any additional funds received?

- Have officers identified any weaknesses in new controls and if so, how are these being addressed?

To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?

Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?

How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?

What impact has Covid-19 had on the annual reporting and accounting process?

- Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?
- Has the external auditor's annual audit plan been updated to assess and address new risks?

To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?

How have IT services performed during the pandemic?

- To what extent have cyber security controls been considered?
-

To what extent has management assessed the impact of Covid-19 on overall staff capacity?

- What areas have been identified as being under resourced and how is this being addressed?

What is your organisation doing to support its staff during the pandemic?

- To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely?
- What guidance, advice or signposting has your organisation put in place to support staff wellbeing?

What opportunities and risks have arisen as staff are deployed across departments?

How is your organisation capturing the learning and opportunities that arise from new ways of working?

Financial management and reporting

12. Public bodies face considerable uncertainty during the pandemic and as they plan for the future. Having robust financial management and transparent reporting arrangements in place is critical to ensuring that an organisation can manage its finances and deliver services effectively, identify issues and challenges early and act on them promptly.

13. Financial impacts of the pandemic could include a reduction in income generated from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Organisations may also face increased costs such as higher staff costs to cover the delivery of services. The economic uncertainty and market volatility caused by the pandemic also make it difficult for public bodies to value, for example, property portfolios, inventories and pension schemes.

14. A number of factors will affect how well an organisation can report on and manage its financial position at a time where it is facing significant pressure and challenge. For example, there is likely to be competing pressures on finance staff, significant changes in financial processes and procedures and the introduction of financial systems in new areas, such as those for Covid-19-related government relief, assistance and stimulus packages. [Exhibit 2](#) proposes potential questions for audit and risk committee members to consider.

Exhibit 2

Financial management and reporting – questions to consider

Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?

How is management assessing the financial impact of Covid-19 on income and expenditure?

- What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?

What information has been used in determining the value of assets and liabilities?

- To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?
- What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?

What commitments and guarantees have been made to third parties, and how are these being monitored?

- Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?
-

What impact has Covid-19 had on savings plans?

- Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?

What impact has Covid-19 had on transformational activity?

- If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?

Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?**Governance**

15. The pace and scale of change is unprecedented, and changes in governance arrangements are likely to have taken place. This may mean that there has been less opportunity for scrutiny and due diligence as public bodies respond rapidly to the challenges arising from Covid-19. For example, urgent procurement decisions and changes to delegated authority arrangements may have impacted on the level of scrutiny.

16. Governance and accountability arrangements around collaborative working may be increasingly complex but when done effectively, allows for better planning, design and coordination of services. Many aspects of public bodies' responses to the pandemic can only be done in partnership with others.

17. Recent changes to governance arrangements due to Covid-19 may include basic alterations such as documenting authorisation processes through to oversight of the overall running of the business. [Exhibit 3](#) proposes potential questions for audit and risk committee members to consider.

Exhibit 3**Governance – questions to consider****What impact has Covid-19 had on governance arrangements?**

- How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?
- Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?
- Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?
- Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?

Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?**Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?****What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?**

- How have these barriers been overcome?
- What was the impact on service users?

What impact has Covid-19 had on your organisation achieving its stated objectives?

- Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?

- Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?

What impact has Covid-19 had on collaborative working?

Risk management

18. While public bodies will have risk management processes in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There may also be a change in the risk appetite during the pandemic to allow for services to operate effectively and respond to issues in a timely manner. Some changes may be significant therefore officers and audit and risk committee members need to consider how sustainable these changes will be in the longer term.

19. Public bodies were already facing risks and challenges around, for example, financial sustainability, outcomes and inequalities. These risks and challenges have become greater due to Covid-19. They are also heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures.

20. [Exhibit 4](#) proposes potential questions for audit and risk committee members to consider.

Exhibit 4

Risk management – questions to consider

Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?

- What indicators does management have to support informed decisions on risk and is this data available in real time?
- Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?
- What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?
- Are risks being reported to the relevant committee?

Has your organisation's risk register been updated to reflect new risks arising from Covid-19?

Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?

- If so, when will the committee be informed of the outcome and any next steps?

How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?

What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?

Looking ahead

21. This is the second in a series of Covid-19 guides prepared for public bodies and auditors. Our first publication, [Covid-19 Emerging fraud risks](#), sets out a range of fraud risks that may arise due to the pandemic. By drawing on our position as external auditors across the public sector in Scotland, we have used our recent experience to develop these Covid-19 outputs. We will be issuing further guidance to public bodies to support them as they move beyond the response phase of the pandemic into recovery and renewal.

22. We invite feedback on how the role of external audit can further support public bodies as they respond to the challenges Covid-19 presents.

Further reading


- [*Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19*](#), National Audit Office, June 2020.
- Financial scrutiny practice guide, The Chartered Institute of Public Finance and Accountancy, June 2020.
- <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/implications-audit-committees-arising-covid-19>
- <https://www.iaa.org.uk/covid-19-hub/covid-19-guidance/>

Covid-19

Guide for audit and risk committees

This report is available in PDF and RTF formats,
along with a podcast summary at:

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