

Agenda Item 4

Falkirk IJB 2020/21 Audited Annual Accounts



Falkirk Integration Joint Board Audit Committee

24 September 2021

Falkirk IJB 2020/21 Audited Annual Accounts

For Decision

1. Executive Summary

- 1.1 The purpose of this report is to present the audited accounts of Falkirk Integration Joint Board (IJB) for the year to 31 March 2021.

2. Recommendations

The Audit Committee is asked to:

- 2.1 approve the Audited Annual Accounts of Falkirk IJB to 31 March 2021.
- 2.2 Agree that regular progress reports on implementation of improvement actions (including audit recommendations) is presented at all future audit committee meetings as a standing agenda item.

3. Background

- 3.1 The 2020/21 draft annual accounts were submitted to the External Auditor by 30th June in line with timescales stipulated in the Local Authority Accounts (Scotland) Regulations 2014.
- 3.2 Following the audit process, the Regulations state that the IJB, or a Committee of the IJB charged with governance, must meet to consider the audited annual accounts and approve the accounts for signature by 30th September.

4. 2020/21 annual accounts

- 4.1 The annual accounts of the IJB have now been audited and are included as Appendix 1. The External Auditor has provided an unqualified opinion on the accounts.
- 4.2 The specific findings arising from the audit are reported as part of the External Auditors Annual Report, as included in Appendix 2.
- 4.3 Copies of the audited accounts will be posted to the Falkirk Health and Social Care Partnership website and hard copies made available in local libraries, pending approval by the audit committee.

5. Key Actions and considerations

- 5.1 As part of the annual accounts, the governance statement identifies a range of improvement actions designed to enhance our governance arrangements and system of internal control (including recommendations from both internal and external audit).

For ease of reference, a summary of all improvement actions reported in the 2020/21 accounts is presented in the table below. In order to track progress against the actions it is proposed that a regular update is provided to each audit committee as a standing agenda item going forward.

Area Identified for improvement as per 2020/21 annual accounts	Current Status
Completion of the transfer of planning and operational management responsibility for all outstanding healthcare services (including agreement of hosting arrangements where appropriate).	<p>In progress. Primary Care is the only service area that has not yet transferred to the IJB, discussions are ongoing with the Chief Officer and Chief Executive of NHS Forth Valley.</p> <p>In terms of hosting arrangements, a pan Forth Valley wide finance group was set up during 2020-21 to review area wide health services and consider hosting arrangements in conjunction with Clackmannanshire and Stirling IJB.</p>
Implementation of statutory guidance published in January 2020 in respect of Directions.	Complete. A new format and layout for Directions was approved by the IJB in September 2020 followed by formal Directions policy in March 2021.
Implementation of statutory guidance regarding set aside services in collaboration with NHS Forth Valley and Clackmannanshire and Stirling IJB.	Delayed. An expert working group was set up during 2019/20 (with dedicated external modelling and statistical support) to progress the set aside arrangements. However further activity scheduled for 2020/21 to conclude this work was delayed due to Covid. The working group is expected to be reconvened during 2021-22.
Implementation of the CIPFA Financial Management code.	In progress. Self-assessment of IJB financial management arrangements against CIPFA recommended standards is underway and is expected to be complete by Dec 2021. The outcome and associated action plan will be reported and monitored via the Audit Committee.
Internal Audit: review of risk management framework and how this is linked to those of partners (including partner resources to support IJB risk management)	In progress. The review of the IJB's risk management arrangements forms part of the 2020/21 Internal Audit Plan as agreed by the Audit Committee on 6 March 2020. The field work is complete and expected to report back in early 2021-22.

Area Identified for improvement as per 2020/21 annual accounts	Current Status
Internal Audit: review of Directions – specifically the extent to which Section 3 (Process for Issuing Directions), Section 4 (Form and Content of Directions) and Section 5 (Process for Issuing and Revising Directions) of the Guidance are being applied.	Delayed. The review of compliance with statutory guidance on Directions forms part of the 2020-21 Internal Audit workplan agreed by the Audit Committee on 6 March 2020. The field work was originally scheduled for late 2020-21 but has been delayed due to Covid and will be carried forward to 2021-22.
External Audit 2018-19 recommendation: Longer term budget management arrangements, especially in respect of risk sharing arrangements need to be embedded and agreed between the partners. Robust recovery plans must be developed for areas of overspend to ensure that partners are not subject to unexpected financial risk.	Superseded by external audit recommendations for 2019-20.
External Audit 2018-19 recommendation: Continued work is required to finalise a medium term financial strategy, underpinned by identified and agreed budget savings over the term of the plan to not only manage in year financial positions, but also to ensure that the forecast pressures are addressed on a timely basis and the IJBs Strategic Plan is delivered.	Superseded by external audit recommendations for 2019-20.
External Audit 2018-19 recommendation: The IJB must satisfy itself that risk management support is sufficient from both partners, and that mitigation arrangements for key strategic risks are prioritised and appropriate.	Complete. The ability to successfully incorporate risk management policies and procedures across the IJB is reliant on the provision of specific support from both Partners in line with the requirements of the Integration scheme. This is now facilitated by Falkirk Council's Corporate Risk Co-ordinator and NHS Forth Valley's newly appointed Corporate Risk Manager.
External Audit 2018-19 recommendation: The IJB should review the processes in place to produce the Annual Performance Report to ensure that it provides sufficient information to allow users to assess whether the IJB is achieving Best Value.	Complete. The planned review and publication of the 2019/20 Annual Performance Report was delayed due to the impact of Covid-19 (published Nov 2020).

Area Identified for improvement as per 2020/21 annual accounts	Current Status
External Audit 2018-19 recommendation: The IJB must ensure that key areas of performance are prioritised to deliver constituent improvement and pace. In addition, Partners must agree support service arrangements to provide additional resource and capacity for the IJB to deliver the Strategic Plan.	In progress. Implementation of the integrated management structure and recruitment of key posts progressed well during 2020-21 (including appointment to the Business Management Coordinator, Policy & Research Officer and PMO Coordinator posts). Provision of corporate support arrangements will be considered as part of the review of the Integration Scheme which will be undertaken during 2021-22.
External Audit 2018-19 recommendation: Board members need to be clear about their corporate responsibilities to the IJB, and demonstrate the leadership needed to deliver the necessary change and make key decisions about the future shape of services.	In progress. To date, three externally facilitated collaborative leadership sessions have taken place in a bid to develop how the IJB and its constituent authorities can work together to accelerate integration and deliver the MSG Improvement Plan. Further work is required and a series of follow up sessions have been arranged for 2021/22.
External Audit 2019-20 recommendation: The IJB must review the 5 Year Financial Plan, and Strategic Plan, to respond to the impact of the global pandemic. This should include an assessment about the appropriateness and achievability of savings moving forward.	In progress. The IJB's Medium Term Financial Plan was approved in December 2019. It will be revised during 2021-22 to reflect new financial planning assumptions, the refresh of the strategic plan and the recurring cost impact of Covid.
External audit 2019-20 recommendation: Falkirk IJB and partner bodies should take further steps to allow for full integration, in line with the expectation of the MSG and Audit Scotland. The MSG draft improvement plan should be finalised and follow up reports presented to the Board on a regular basis to allow for appropriate governance overview regarding integration.	In progress. Improvement was made in a number of key areas during 2020-21. However it is recognised that the overall pace of change remains slow and further work is necessary to achieve full integration.
External Audit 2019-20 recommendation: The IJB should ensure that risk sharing is embedded into the integration scheme which is due to be formally reviewed by November 2020. This will allow for longer-term financial management.	Delayed. The Integration Scheme was due to be reviewed by November 2020 in line with legislative requirements. However this was delayed to Covid. A working group has now been established to take this forward and is expected to be complete by September 2021.

Area Identified for improvement as per 2020/21 annual accounts	Current Status
External Audit 2019-20 recommendation: The IJB should conduct a self-assessment against Best Value guidance to allow it to demonstrate to the Board key requirements are in place. Results can be considered in conjunction with the MSG integration improvement plan to further embed integration with the partnership.	In progress. Work in this area will be undertaken during 2021-22 supported by External Audit.

6. Conclusions

- 6.1 The 2020/21 annual accounts were submitted to our External Auditors (Ernst & Young) in compliance with the statutory timescales. The audit has now been completed and the accounts are free from qualification.
- 6.2 Regular reports will be provided to future audit committee meetings to update on progress to implement all outstanding improvement actions identified through governance statement (including internal and external audit recommendations as appropriate).

Resource Implications

There are no resource implications arising from the report recommendations.

Impact on IJB Outcomes and Priorities

The production and audit of annual accounts is a statutory requirement of the IJB.

Directions

A new Direction or amendment to an existing Direction is not required as a result of the recommendations of this report.

Legal & Risk Implications

There are no legal or risk implications arising from the report recommendations.

Consultation

No consultation is required on this report. The audited accounts will be available online.

Equalities Assessment

There are no equality implications arising from the report recommendations.

7. Report Author

7.1 Jillian Thomson – Chief Finance Officer

8. List of Background Papers

8.1 N/A

9. Appendices

Appendix 1:	Audited Annual Accounts 2020/21
Appendix 2:	External Audit report 2020/21