

Agenda

West Dunbartonshire
Health & Social Care Partnership

West Dunbartonshire Health & Social Care Partnership Board Audit Committee

Date: Wednesday, 14 September 2016

Time: 10:00

Venue: Committee Room 3, Council Offices, Garshake Road, Dumbarton

Contact: Nuala Borthwick, Committee Officer
Tel: 01389 737594 Email: nuala.borthwick@west-dunbarton.gov.uk

Dear Member

ITEMS TO FOLLOW

I refer to the agenda for the above which was issued on 5 September 2016 and now enclose for your attention the undernoted reports which were not available for issue at that time.

Yours faithfully

JEANNE MIDDLETON

Chief Financial Officer of the
Health & Social Care Partnership

5 AUDIT SCOTLAND – 2015/16 DRAFT ANNUAL AUDIT REPORT 5 - 45

Submit report by the Chief Financial Officer presenting the Annual Report and Auditors letter to HSCP Board Members for the financial year ended 31 March 2016 which has been prepared by the HSCP Boards external auditors, Audit Scotland.

6 AUDITED ANNUAL ACCOUNTS 2015/2016 47 - 77

Submit report by the Chief Financial Officer presenting the audited annual Accounts for the year ended 31 March 2016 and to highlight matters of interest, as delegated by the HSCP Board on 15 June 2016 (item 12).

14 EXCLUSION OF PRESS AND PUBLIC 79

The Committee is asked to approve the undernoted Resolution:-

“In terms of Section 50 (A) of the Local Government (Scotland) Act, 1973 that the press and public be excluded from the remainder of the meeting as the following item of business involves the likely disclosure of exempt information as defined in Paragraph 11 of Part 1 of Schedule 7A to the Act.”

15 2016/17 HEALTH CARE SAVINGS OPTIONS 81 - 84

Submit report by the Chief Financial Officer providing an update on the 2016/17 Health Care Savings options.

Distribution:-

Voting Members

Allan Macleod (Chair)
Gail Casey (Vice Chair)
Heather Cameron
Jonathan McColl
Martin Rooney
Rona Sweeney

Senior Management Team – Health & Social Care Partnership
Mr C. McDougall
Mr P. Lindsay
Mr L. Slavin

Date of issue: 9 September 2016

WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP

Audit Committee : 14 September 2016

Subject: Audit Scotland – 2015/16 Draft Annual Audit Report

1. Purpose

- 1.1 The purpose of this report is to present the Annual Report and Auditors letter to HSCP Board Members for the financial year ended 31 March 2016 which has been prepared by the HSCP Boards external auditors, Audit Scotland. David McConnell from Audit Scotland will be at the meeting to present the report.

2. Recommendations

2.1 It is recommended that the HSCP Board:

1. Consider the contents of the Annual Report to the IJB and Controller of Audit for the Financial Year ending 31 March 2016
2. Welcome the achievement of a qualification free first set of HSCP Board accounts
3. Consider the issues raised in the attached appendices relating to the 2015/16 audited Annual Accounts
4. Authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the final 2015/16 Accounts on behalf of the IJB.

2. Summary

- 2.1 It is a statutory requirement of the accounts closure process that the HSCP Board receive a letter (ISA260) from the appointed External Auditors highlighting the main matters arising in respect of prior years accounts.
- 2.2 The Annual Report to the HSCP Board is attached at Appendix 1 and includes the letter of representation from the Chief Financial Officer. This letter provides External Auditors with assurance regarding some of the key accounting requirements and assumptions utilised when closing the 2015/16 Accounts. From this letter, the HSCP Boards 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 West Dumbartonshire HSCP Board at 31 March 2016.

- 2.3 In addition to the above, a copy of the final 2015/16 Annual Accounts is included within member's papers under item 6 of the agenda. The HSCP Board approved submission of the unaudited accounts to External Audit. The Audit Committee reviewed the unaudited accounts prior to their finalisation. There were a number of presentational changes arising from the audit. The ISA 260 and Annual Report to the IJB are prepared by the HSCP Boards External Auditors. It covers the nature and scope of the audit, details any qualifications, details of any unadjusted misstatements, details of any material weaknesses in the accounting and internal control systems, gives a view on the qualitative aspects of the accounting practices and any other matters specifically required to be communicated to the HSCP Board.
- 2.4 The Chief Financial Officer, Chief Officer and the External Auditors will be present at the meeting to answer any questions members may have in regard to this paper.
- 2.5 The information provided is the culmination of a significant amount of work by Officers and the HSCP Boards External Auditors. Based on the reports presented today, the HSCP Board are advised that the accounts closure process for 2015/16 has been of a high quality. This is a testament to the significant work by Officers and the positive working relationship with Audit Scotland.

3. People Implications

- 3.1 There are no people implications.

4. Financial Implications

- 4.1 There are no financial implications arising from this report.

5. Risk Analysis

- 5.1 No risk analysis was required.

6. Equalities Impact Assessment (EIA)

- 7.1 No equalities impact was required in relation to the preparation of this report.

8. Consultation

- 8.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns with the report.

9. Strategic Assessment

- 9.1** The report is in relation to a statutory function. As such, it does not directly affect any of the strategic priorities.

Jeanne Middleton – Chief Financial Officer

Date: 14 September 2016

Person to Contact:	Jeanne Middleton – Chief Financial Officer, Garshake Road, Dumbarton, G82 3PU. Telephone: 01389 737311 e-mail : jeanne.middleton@ggc.scot.nhs.uk
Appendices:	Appendix 1 Audit Annual Report and ISA 260 audit controller letter
Background Papers:	1. Report to Council of 15 June 2016: Draft Annual Accounts 2015/2016; and
Wards Affected:	All

Jeanne Middleton
Chief Finance Officer
West Dunbartonshire Health & Social Care Partnership
Council Offices
Garshake Road
Dumbarton
G82 3PU

14 September 2016

West Dunbartonshire Health & Social Care Partnership 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to 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 are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters, we anticipate being able to issue an unqualified auditor's report on 15 September 2016 (the proposed report is attached at [Appendix A](#)). There are no anticipated modifications to the audit report.
3. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to 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. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Proper Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Proper Officer with the signed financial statements prior to the independent auditor's opinion being certified.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of the West Dunbartonshire Health and Social Care Partnership and the Accounts Commission for Scotland

I certify that I have audited the financial statements of West Dunbartonshire Health and Social Care Partnership for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the West Dunbartonshire Health and Social Care Partnership and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the West Dunbartonshire Health and Social Care Partnership as at 31 March 2016 and of the income and expenditure for the nine months then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or

I have nothing to report in respect of these matters.

David McConnell, MA, CPFA

Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

15 September 2016

APPENDIX B: Letter of Representation (ISA 580)

To be reproduced on West Dunbartonshire HSCP letterhead and returned with the signed accounts

David McConnell, Assistant Director
Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

14 September 2016

Dear David

West Dunbartonshire Health and Social Care Partnership Annual Accounts 2015/16

1. This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Health and Social Care Partnership for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of West Dunbartonshire Health and Social Care Partnership, as at 31 March 2016 and its income and expenditure for the year then ended.
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 West Dunbartonshire Health and Social Care Partnership Integration Joint Board for the nine months ended 31 March 2016.

General

3. I acknowledge my responsibility and that of West Dunbartonshire Health and Social Care Partnership for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by West Dunbartonshire Health and Social Care Partnership have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Management Commentary and Remuneration Report to the financial statements, presents a balanced picture of West Dunbartonshire Health and Social Care Partnership and is consistent with the financial statements.
5. 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 identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and 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 and directions

made thereunder by the Scottish Ministers including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of West Dunbartonshire Health and Social Care Partnership for the nine months ended 31 March 2016.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the 2015/16 Code of Practice on Local Authority Accounting.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

10. The Board has assessed West Dunbartonshire Health and Social Care Partnership's ability to carry on as a going concern, as identified in the Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Events Subsequent to the Date of the Balance Sheet

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge as Chief Financial Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, which require disclosure.

Fraud

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

17. The assets shown in the Balance Sheet on at 31 March 2016 were owned by West Dunbartonshire Health and Social Care Partnership, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

Carrying Value of Assets and Liabilities

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Provisions

20. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2016 and of which West Dunbartonshire Health and Social Care Partnership could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2016.

Yours sincerely

Chief Financial Officer (Proper Officer)



West Dunbartonshire Health and Social Care Partnership

DRAFT 2015/16 Annual
Audit Report for members
of West Dunbartonshire
Health and Social Care
Partnership Board and the
Controller of Audit

September 2016

Key contacts

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about/).

David McConnell, Assistant Director, Audit Scotland is the Engagement Lead for West Dunbartonshire Health and Social Care Partnership for the 2015/16 year.

This report has been prepared for the use of West Dunbartonshire Health and Social Care Partnership and no responsibility to any member or officer in their individual capacity or any third party is accepted.

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Key messages

Audit of financial statements

- This is the first year that the Partnership has operated, and published its accounts.
- We have issued an unqualified independent auditor's report on the 2015/16 financial statements. They have been prepared in accordance with accounting regulations and guidance.

Financial management & sustainability

- The Partnership spent almost £138 million on delivering health and social care services for the residents of West Dunbartonshire during the period 1 July 2015 to 31 March 2016.
- The Partnership has introduced effective financial management arrangements and the financial position is sustainable but challenging.
- Regular budgetary control reports are provided to the Partnership Board and to the partner bodies.
- There was an underspend of £0.492 million in 2015/16 against budget and related solely to services provided by West Dunbartonshire Council. At 31 March 2016 the Partnership also has £1.119 million of earmarked reserves which have been ring-fenced to be used for a specific purpose in 2016/17.

Governance & transparency

- Appropriate governance arrangements are in place.
- We obtained audit assurance over the accuracy and completeness of financial transactions processed by the partner bodies.
- Internal audit services provided to the Partnership comply with Public Sector Internal Audit Standards.

Best Value

- The Partnership was one of the first established in Scotland, and has shown a high level of commitment to the integration agenda.
- An annual performance report has been published which provides details of progress against performance targets set out in the Strategic Plan.

Outlook

- Whilst the Partnership's commitment to providing better preventative and community based care is encouraging, it is too early to judge its impact. The Partnership will need to demonstrate its evolving approach is making a positive impact on users and outcome measures.

Introduction

1. In October 2015 the Accounts Commission approved the appointment of Audit Scotland's Audit Services Group as external auditors of West Dunbartonshire Health and Social Care Partnership (the "Partnership"). Our audit appointment is for one year, covering the 2015/16 financial year. This is the first period for which the Partnership has prepared financial statements.
2. This report is a summary of our findings arising from the 2015/16 audit. The report is divided into sections which reflect our public sector audit model.
3. The management of the Partnership is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
4. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
5. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility to prepare financial statements which give a true and fair view.
6. [Appendix I](#) lists the audit risks that we identified in the annual audit plan we issued in March 2016. It also summarises the assurances provided by management to demonstrate that risks are being addressed and the conclusions of our audit work. [Appendix II](#) lists the reports we issued to the Partnership during the year. A number of national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at [Appendix III](#), include recommendations for improvements.
7. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers considered the issues and agreed to take steps to address them. The Partnership should ensure it has a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2015/16 financial statements

Audit opinion	<ul style="list-style-type: none">• We have completed our audit and issued an unqualified independent auditor's report.
Going concern	<ul style="list-style-type: none">• The financial statements were prepared on the going concern basis.• There is increased financial risk for the Partnership through having to set its 2016/17 budget in advance of NHS Greater Glasgow & Clyde approving its budget. However, we do not consider that this or any other events or conditions cast significant doubt on the Partnership's ability to continue as a going concern.
Other information	<ul style="list-style-type: none">• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of this information.

Submission of financial statements for audit

10. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the Local Government (Scotland) Act 1973. The financial statements of the Partnership are prepared in accordance with the 1973 Act and the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
11. The Partnership put arrangements in place to provide information to its partners for their group accounts, per an agreed timetable. This was particularly important for NHS Greater Glasgow & Clyde which is required to submit audited accounts by 30 June. This included details of balances held at the year-end, the transactions in the year and other information including assurances needed for the governance statements.
12. We received the unaudited financial statements of the Partnership on 31 May 2016, in accordance with the agreed timetable. The working papers were of a good standard and finance staff provided good support to the audit team which assisted the delivery of the audit by the deadline.

Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 23 March 2016.

14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee for the audit was set out in the Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
15. The concept of audit risk is central to our audit approach. We focus on those areas that are most at risk of causing material misstatement in the financial statements. In addition, we consider what risks are present in respect of our wider responsibility, as public sector auditors, under Audit Scotland's Code of Audit Practice.
16. During the planning phase of our audit we identified a number of risks and reported these to you in our Annual Audit Plan along with the work we proposed doing in order to obtain appropriate levels of assurance. [Appendix I](#) sets out the significant audit risks identified and how we addressed each risk.
17. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

18. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial

statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

19. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
20. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the Partnership we set our planning materiality for 2015/16 at £1.36 million (or 1% of budgeted gross expenditure). Performance materiality was calculated at £0.816 million, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level. Additionally, we set a misstatement threshold of £0.020 million (approximately 1% of planning materiality) for reporting errors. Our annual audit plan highlighted that we would report all misstatements greater than £0.020 million.
21. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels, and concluded that our original calculations remained appropriate.

Evaluation of misstatements

22. The audit identified some minor presentational items in the unaudited accounts which were discussed and agreed with

management. There was also agreed adjustment of £19.542 million which is explained in table 1. This had no impact on the Board's net surplus for the year of £0.492 million.

Significant findings from the audit

23. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.
 - Other matters which in the auditor's professional judgment are significant to the oversight of the financial reporting process.
24. There are no matters other than those set out in this report that we want to bring to your attention. Table 1 below details issues from the audit of the financial statements that, in our view require to be communicated to those charged with governance in accordance with ISA 260.
25. The financial statements have been compiled in accordance with regulations and we have issued an unqualified independent auditor's report.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Comprehensive Income and Expenditure Statement

The unaudited accounts disclosed gross expenditure and gross income of £118.374 million and £118.865 million respectively. However, these amounts are shown net of income of £19.542 million and, at the request of external audit, the accounts have been adjusted to ensure the gross position is reported. This results in the gross expenditure and gross income being adjusted to of £137.915 million and £138.407 million respectively. There was no impact on the Board's overall financial position.

Resolution: The audited accounts have been updated to reflect this.

Future accounting and auditing developments

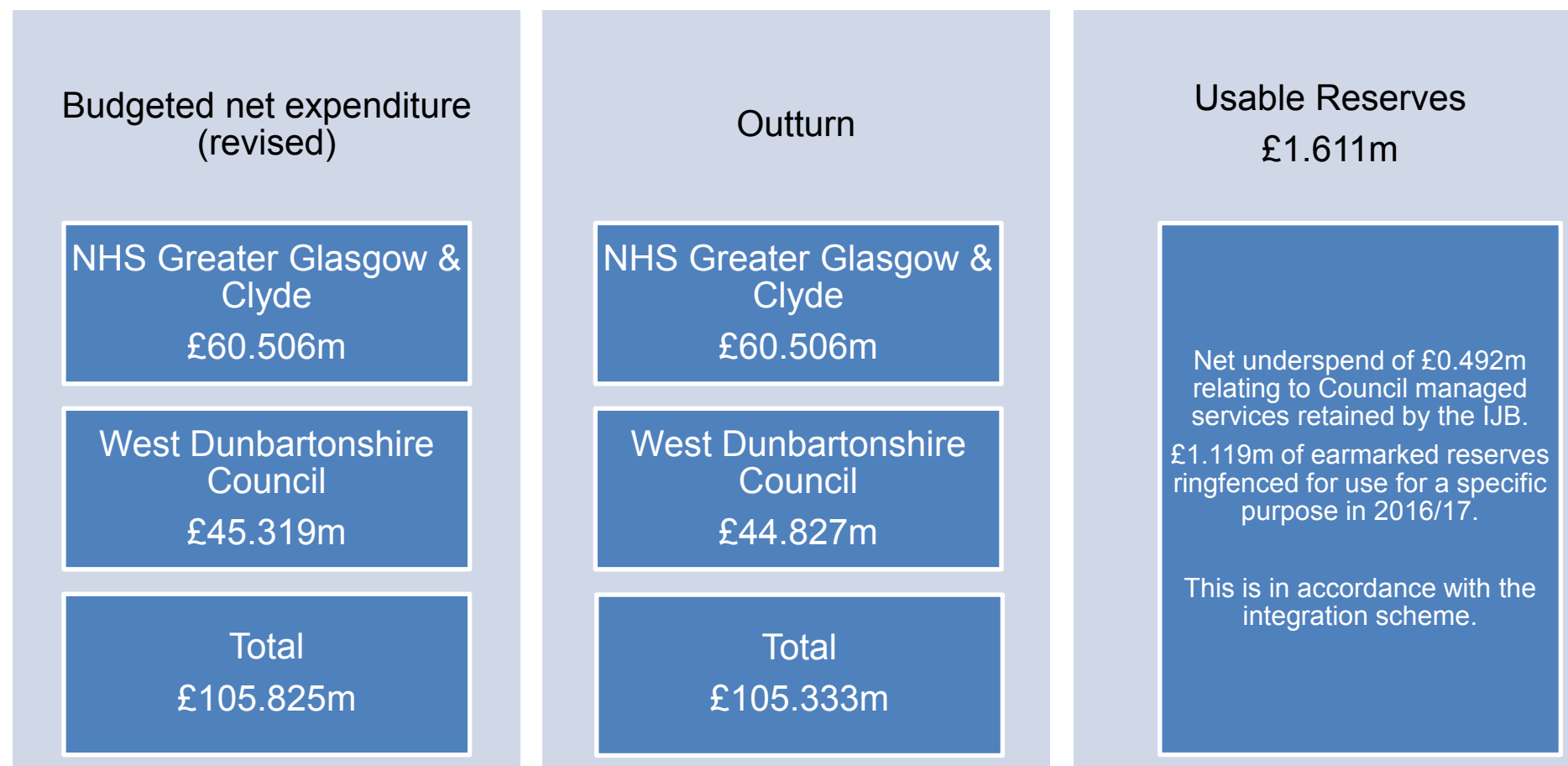
Audit appointment from 2016/17

26. The Accounts Commission is responsible for the appointment of external auditors to health and social care Partnerships. Paragraph 1 referred to Audit Scotland's one year appointment as the auditor of the Partnership in 2015/16. This was restricted to one year to reflect the final year of our five year appointment as auditors of NHS Greater Glasgow & Clyde and West Dunbartonshire Council. External auditors are appointed for a five year term either from Audit Scotland's Audit Services Group or private firms of accountants.
27. The procurement process for the new round of audit appointments was completed in March 2016. From next year (2016/17) Audit Scotland will be the appointed auditor for the Partnership.

Code of Audit Practice

28. A new Code of Audit Practice applies to public sector audits for financial years starting on or after 1 April 2016. It replaces the Code issued in May 2011. It outlines the objectives and principles to be followed by auditors.
29. The new Code increases the transparency of our work by making more audit outputs available on Audit Scotland's website. In addition to publishing all annual audit reports, annual audit plans and other significant audit outputs will be put on the website for all audited bodies. This is irrespective of whether the body meets in public or makes documents available to the public.

Financial management and sustainability



The figures above represent the net costs of services managed by the Partnership for the period 1 July 2015 to 31 March 2016. They exclude the acute services set aside of £13.040 million.

Financial management

- 30. In this section we comment on the Partnership's financial performance and assess the Partnership's financial management arrangements.
- 31. The Partnership does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure for the Partnership is processed in the stakeholders' accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the Board.
- 32. The integration scheme between NHS Greater Glasgow & Clyde and West Dunbartonshire Council sets out the amount to be paid by the parties to the Partnership. Delegated baseline budgets for 2015/16 were subject to due diligence and comparison to actual expenditure in previous years.
- 33. Legislation empowers the Partnership to hold reserves. The integration scheme and the reserves policy set out the arrangements between the partners for addressing and financing any overspends or underspends. It highlights that underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity, or be carried forward to fund capacity in future years of the Strategic Plan. Alternatively, these can be returned to the partner bodies in the event of a windfall saving.

- 34. Where there is a forecast overspend the partner bodies must agree a recovery plan to balance the budget.

Financial performance 2015/16

- 35. The Partnership set a breakeven budget for 2015/16. This was based on budgeted net expenditure of £102.219 million to deliver Partnership services with £56.228 million contributed from NHS Greater Glasgow & Clyde and £45.991 million contributed by West Dunbartonshire Council. The Partnership was allocated a savings target of £0.630m against its directly managed services by the health board and a savings target of £1.47m against the council's social care budget. Progress against these targets was reported regularly to the Partnership Board and to the partner bodies.
- 36. The budgeted net expenditure was increased by £3.606 million during the year to £105.825 million. The majority of the increase in the expenditure budget related to additional allocations from the health board for specific health improvement programmes, GP prescribing and for services previously hosted by other bodies.
- 37. Actual net expenditure of £105.333 million was incurred by the Partnership in 2015/16, resulting in an underspend of £0.492 million which has been retained by the Partnership, as illustrated in Table 2.

Table 2: Summary of financial performance (1 July 2015 to 31 March 2016)

Partnership budget objective summary	Budget (£m)	Actual (£m)	Variance (£m)
Net Expenditure			
NHS Greater Glasgow & Clyde	60.506	60.506	Nil
West Dunbartonshire Council	45.319	44.827	(0.492)
Total Net Expenditure	105.825	105.333	(0.492)
Surplus (from WDC to be retained by the IJB)			(0.492)
Earmarked Reserves			(1.119)
Add Acute Services Set Aside		13.040	
Add Back Income		19.542	
Services commissioned by Partnership (Gross Expenditure per CIES)		137.915	

Source: West Dunbartonshire Health and Social Care Partnership Annual Accounts 2015/16

38. West Dunbartonshire Council approved that the underspend of £0.492 million relating to council managed services will be retained

by the Partnership to meet the cost of relevant future expenditure. This principally relates to underspends in external residential care for older people, underspends in staffing costs and training costs within Strategy, Planning & Health Improvement and underspends in relation to residential cost for learning disability.

39. In addition, at 31 March 2016 the Partnership has £1.119 million of earmarked reserves ring-fenced for use for a specific purpose in 2016/17, including Integrated Care Fund (£0.3 million), Delayed Discharge (£0.275 million), GIRFEC (£0.230 million) and DWP Conditions Management (£0.2 million). Note that £0.205 million of the GIRFEC funds are not specifically held for Partnership planned spend. It is held by the Partnership and managed on behalf of all integrated joint boards.
40. The management commentary in the accounts provides a summary of the reasons for key variances from budget.

Financial management arrangements

41. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the Chief Financial Officer has sufficient status to be able to deliver good financial management
 - standing financial instructions and standing orders are comprehensive, current and promoted within the Partnership
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders

- monitoring reports do not just contain financial data but are linked to information about performance
 - Partnership Board members provide a good level of challenge and question budget holders on significant variances.
42. The Chief Finance Officer was in post throughout the accounting year, and is responsible for ensuring that appropriate financial services are available to the Partnership Board and the Chief Officer.
43. We reviewed the standing financial instructions and standing orders, which were created on the formation of the Partnership. These were approved by the Partnership Board and we consider these to be comprehensive.
44. Financial monitoring of the Partnership budget is reported in an agreed format to the Board, the Audit Committee, and externally to NHS Greater Glasgow & Clyde and West Dunbartonshire Council. The Partnership Board is provided with regular finance reports during the year.
45. Projections of the year end position are included in the budget monitoring reports. These provide information on any adjustments to the baseline budgets, together with forecast outturn for the year and reasons for variances. Income and expenditure is analysed in accordance with the joint services provided by the Partnership. Underspends and overspends are also attributed to the relevant partner body. The Partnership Board has responsibility for carrying out detailed scrutiny of the financial and operational performance

and ensuring that prompt corrective actions are taken where appropriate.

46. We attended a number of Audit Committee meetings during the year. These provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

47. We have concluded that the Partnership has introduced effective financial management arrangements. These support the review and scrutiny of financial performance, the achievement of financial targets, and awareness of any potential overspends.

Financial sustainability

48. Financial sustainability means that the Partnership has the capacity to meet its current and future plans. In assessing financial sustainability we are concerned with whether:
- spending is being balanced with income in the short term
 - long-term financial pressures are understood and planned for.

Financial planning

49. The Partnership allocates the resources it receives from the health board and council in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2015/16 budget provided for the Partnership.

50. Delays to the agreement of the Scottish Government's financial plans meant that the Partnership budget for 2016/17 was not formally set at the beginning of the financial year. The council budget was set on 24 February 2016. This provided confirmation around the council element of the Partnership funding for 2016/17. The health board budget was formally approved on 28 June 2016. During the intervening period the Partnership set an interim working budget in May 2016, based on assumed funding from the health board.
51. This meant that for the first few months of 2016/17 the Partnership were pursuing its strategic plan activities but were unable to carry out the planned due diligence on its 2016/17 budget. There was therefore uncertainty during this period regarding the extent to which the Partnership could develop and implement its strategic plan objectives.
52. The interim budget agreed in May 2016 had total net expenditure of £137.377 million, comprising of contributions from the council and health board of £61.538 million and £75.839 million respectively. Following receipt of formal notification of the Partnership's 2016/17 funding from the health board in July 2016, the final budget was presented to the Partnership Board in August 2016 and total net expenditure is £142.874 million, comprising of contributions from the council and health board of £61.539 million and £81.335 million respectively. This includes the Partnership's £4.921 million share of the increased investment by the Scottish Government.
53. The financial report as at 30 June 2016 presented to the Partnership Board is reporting a projected overspend of £1.408 million for 2016/17. In this report the Chief Finance Officer highlights that no approved plans are in place to deliver the health care savings gap of £0.955 million. However, draft savings options to restore financial balance to the health care budget in 2016/17 will be presented to the Audit Committee in September 2016 for review. In addition, the report states that the projected overspend position will continue unless service changes and cost reductions are achieved.
54. If savings plans are insufficient to deliver a break even position in 2016/17 then the Partnership will need to consider how to address this taking account of the options set out in the Integration Scheme. It is essential that the Partnership continues to monitor its financial position closely throughout the year and engages with its funding partners on a regular basis to review the financial position. With significant pressures on the Partnership's budget, it is important that budget monitoring continues to be presented on a timely basis so that a financial recovery plan can be developed and agreed in time for actions to be successful.

Action Plan No. 1

Conclusion on financial sustainability

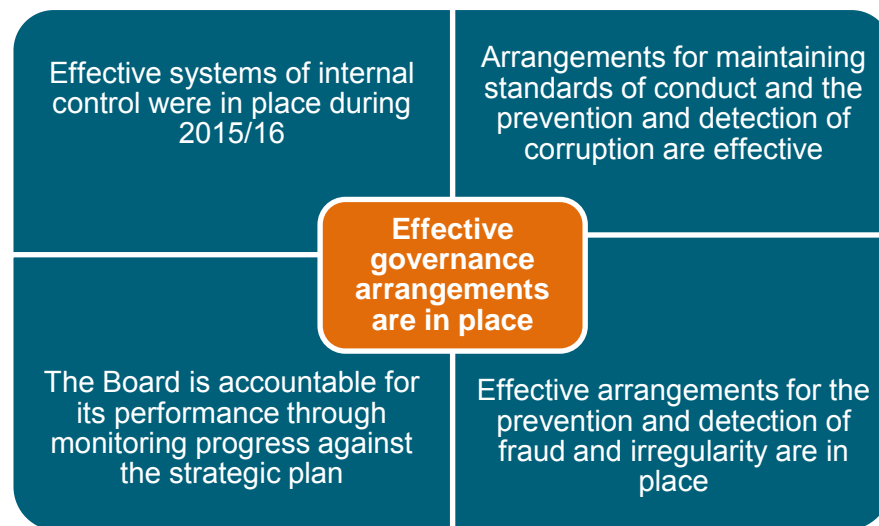
55. While there were well documented reasons why the Partnership required to set an interim working budget for 2016/17, there are risks to service delivery when operating without an agreed budget.

56. Overall we conclude that the Partnership's financial position is sustainable but challenging currently and in the foreseeable future. Adequate financial planning arrangements are in place and we have also relied on the West Dunbartonshire Council's and NHS Greater Glasgow & Clyde's track record of delivering efficiency savings.

Outlook

57. NHS boards and councils have faced several years of financial constraints and this is expected to continue in the coming years. The ageing population and increasing numbers of people with long term conditions and complex needs have already placed significant pressure on health and social care budgets. This puts further pressure on finances.
58. Strategic plans, while setting out the broad direction, will need to be clear regarding the Partnership's priorities and the financing and staff that will be available over the longer term to match these priorities. It is important that they provide detail on the level of resources required in each key area and how they will shift resources towards preventative and community based care.

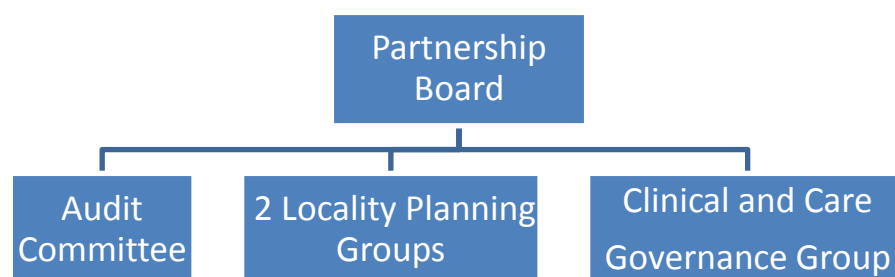
Governance and transparency



59. Good governance is vital to ensure that public bodies perform effectively. This can be a particular challenge in Partnerships, with board members drawn from a wide range of backgrounds.
60. The integration scheme between West Dunbartonshire Council and NHS Greater Glasgow & Clyde sets out the key governance arrangements. It also sets out the requirement to identify and collate a core set of indicators and measures which relate to integrated functions to enable the reporting of performance targets and improvement measures.

61. The Partnership Board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the Partnership and for monitoring the adequacy of these arrangements.
62. The Partnership Board comprises a wide range of service users and partners including three elected councillors nominated by West Dunbartonshire Council and three non-executive directors nominated by NHS Greater Glasgow & Clyde.
63. The Partnership Board is supported by a Chief Officer who provides overall strategic and operational advice to, and is directly accountable to the Partnership Board for all of its responsibilities. The Chief Officer is also accountable to both the Chief Executive of West Dunbartonshire Council and the Chief Executive of NHS Greater Glasgow & Clyde. The Chief Officer also provides regular reports to both the council and the health board.
64. The Partnership is responsible for the management and delivery of health and social care services in West Dunbartonshire, and is supported by a number of groups as illustrated at [Exhibit 1](#).
65. The Partnership Board and each of the groups met on a regular basis throughout the year. We review Partnership Board minutes and Audit Committee minutes to ensure they are fulfilling their responsibilities. We also periodically attend meetings of the Audit Committee. Additionally, we attend selected Partnership Board meetings to observe how they perform.

Exhibit 1: Committees and Groups at West Dunbartonshire Health and Social Care Partnership



66. Standing Orders for the Partnership were approved when it was established in July 2015. Schemes of Delegation are in place which clarify the functions delegated by West Dunbartonshire Council and NHS Greater Glasgow & Clyde. These delegate operational management of services to the Chief Officer. We concluded that the Partnership has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.
67. A Clinical and Care Governance Group has been established which will report to the Chief Officer and through him to the Partnership

Board. The membership reflects the professional groups within the Partnership including nursing, medical, social work and primary care colleagues.

68. The role of the Clinical and Care Governance Group is to consider matters relating to Strategic Plan development, governance, risk management, service user feedback and complaints, standards, education, learning, continuous improvement and inspection activity.
69. We concluded that the Partnership has appropriate governance arrangements in place and they provide a framework for effective organisational decision making.

Internal control

70. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
71. All financial transactions of the Partnership are processed through the financial systems of West Dunbartonshire Council and NHS Greater Glasgow & Clyde. They are subject to the same controls and scrutiny of the council and health board, including the work performed by internal audit.
72. The Partnership is keen to ensure only relevant information is shared and accessed by relevant people, and therefore keeping

information secure. Until the structure of service provision has been developed further each party will remain responsible for its element of data security, protection, maintenance, training and technical support.

- 73. We sought and obtained assurances from the external auditor of the council and health board regarding the systems of internal control used to produce the transactions and balances recorded in the Partnership's annual accounts.
- 74. We also reviewed the Partnership's budget setting and financial monitoring arrangements. We consider the systems of internal control to be effective.

Internal audit

- 75. Internal audit provides the Partnership Board and Chief Officer with independent assurance on the Partnership's overall risk management, internal control and corporate governance processes. Internal audit services are provided to the Partnership by the respective internal auditors at both West Dunbartonshire Council and NHS Greater Glasgow & Clyde. We carried out a review of the adequacy of the internal audit functions at each of the partner bodies. We concluded that internal audit at each partner body operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
- 76. The Partnership's Chief Internal Auditor concluded that reasonable assurance can be placed on the adequacy and effectiveness of the

Partnership's systems of governance, risk and internal control. This conclusion was based on the Chief Internal Auditor's audit work carried out at West Dunbartonshire Council that related to the Partnership and by reviewing reports issued by the NHS Greater Glasgow & Clyde internal auditor.

- 77. In 2015/16, there was no mechanism in place for the internal audit service provider for NHS Greater Glasgow & Clyde, PricewaterhouseCoopers (PwC), to consult with the Audit Committee regarding the audit work they planned to carry out regarding the Partnership, nor was there a protocol for PwC reports to be presented to the Audit Committee. However, PwC have recently agreed that only the annual audit plans and annual audit reports that they issue to NHS Greater Glasgow & Clyde will be shared with the Partnership's Chief Internal Auditor, although PwC would not attend meetings of the Partnership's Audit Committee.
- 78. As services become more integrated this will present a greater challenge to internal audit to produce audit plans that cover the accounting systems and governance arrangements for all the organisations.

Arrangements for the prevention and detection of fraud and other irregularities

- 79. Arrangements are in place to ensure that suspected or alleged frauds or irregularities are investigated by one of the partner bodies internal audit sections. Since the Partnership does not directly employ staff, it has been agreed that investigations will be carried

out by the internal audit service of the partner body where any fraud or irregularity originates. If this relates to NHS Greater Glasgow & Clyde, there are arrangements in place to use the Counter Fraud Services.

80. We concluded that the Partnership had effective arrangements in place for fraud detection and prevention during 2015/16.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

81. The Partnership Board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of Devolved Public Bodies. In May 2016 the Partnership Board agreed to adopt the template Code of Conduct for Integration Joint Boards which had been produced by the Scottish Government.
82. Based on our review of the evidence we concluded that the Partnership has effective arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record in this report.

Transparency

83. The Partnership is committed to ensuring that a wide range of partners including Community Planning Partners, third sector, independent sector and communities have an opportunity to become engaged, involved and are able to contribute to the success of the Partnership. The Strategic Plan and locality planning

arrangements enable wider partners to engage in, and support the delivery of the Strategic Plan. The Integration Scheme sets out the requirement for the consultation and engagement of key groups.

84. In addition to West Dunbartonshire Council and NHS Greater Glasgow & Clyde representation, the Partnership Board includes a number of representatives from health and social care professionals, including GPs, employees, unpaid carers, service users, and the third sector.
85. The Partnership Board receives regular financial monitoring reports, which are clear and concise.
86. Local residents should be able to hold the Partnership to account for the services it provides. Transparency means that residents have access to understandable, relevant and timely information about how the Partnership Board is taking decisions and how it is using its resources.
87. The Partnership has its own website which contains information about services provided by the Partnership and details of the meetings held by the Partnership Board, including access to committee papers and minutes of meetings.
88. Members of the public can attend meetings of the Partnership Board. A significant amount of the Partnership's business is transacted through the Audit Committee, or through the groups listed at [Exhibit 1](#). Minutes and related papers for the Partnership Board, Audit Committee and groups are available on the

Partnership's websites which highlights that the Partnership demonstrates transparency.

Outlook

89. Embedding the Partnership's governance arrangements will be an essential element in meeting its future challenges and maintaining accountability. All stakeholders including patients, clinicians, carers, the public, staff, partner bodies and the Scottish Government, benefit from the assurance and confidence a good governance regime brings.
90. The structure of health and social care Partnerships brings the potential for real or perceived conflicts of interest for board members and senior managers. For example, there is the risk that efficiency savings achieved by the Partnership may not be passed on by the partners who, themselves, are under pressure to deliver services with reduced financial resources. This could hamper the Partnership's ability to make decisions about the changes involved in redesigning services. Members of the public may also be unclear who is ultimately responsible for the quality of care. Going forward partners will need to keep governance arrangements under review to ensure they are effective, particularly when disagreements arise.

Best Value



91. The Public Bodies (Joint Working) (Scotland) Act 2014 set out a broad framework for creating integration authorities and gave councils and NHS boards a great deal of flexibility to enable them to develop integrated services that are best suited to local circumstances.
92. Integration authorities are required to contribute towards nine national health and wellbeing outcomes. These high level outcomes seek to measure the quality of health and social care services and their impact on, for example, allowing people to live independently and in good health, and reducing health inequalities. This signals an

important shift from measuring internal processes to assessing the impact on people using health and social care services. The Strategic Plan has adopted the nine national wellbeing outcomes, together with the six additional outcomes for children and community justice.

93. The Partnership Board approved the Strategic Plan on 1 July 2015 which is predominantly based on the previously approved targets and actions set out in strategic plans already produced during the previous Community Healthcare Partnership (CHCP). This is a logical process to adopt as it reflects the fact that West Dunbartonshire has had in place integrated working via the CHCP and collaboration within the Community Planning Partnership for a number of years.
94. We noted from our review of the Strategic Plan that it is focused upon 2015/16 with no reference to the three year timescale as set out in the guidance. In addition the Partnership Board is required to review the Strategic Plan annually. However, we noted that in place of an annual review, in May 2016, the Partnership Board approved the roll-forward of the current Strategic Plan for the first six months of 2016/17, in anticipation of a new Strategic Plan being presented by officers as soon as the health board had confirmed its funding contribution as part of its normal budget setting process. In August 2016 the Partnership Board approved the updated Strategic Plan which covers the three years from 2016 to 2019. A performance report has been published which highlights the Partnership's main achievements and progress against Strategic Plan targets in 2015/16.

- 95. The Partnership was one of the first to be established in Scotland, and has demonstrated a very high level of commitment to the integration agenda throughout. The integration scheme specifies the wide range of functions delegated by the council and the health board to the Partnership. These include all services previously carried out by the council's social services department, plus a wide range of services previously carried out by the health board. Good progress is being made.
- 96. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. Health and social care Partnerships need to establish effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. There is also a need for regular reporting to partner organisations. This is particularly important as most members of West Dunbartonshire Council and NHS Greater Glasgow & Clyde are not directly involved in the Partnership's work.

Arrangements for securing Best Value

- 97. The integration scheme committed the Partnership to delivering the national outcomes for Health & Wellbeing, Children and Criminal Justice. Partners identified a core set of indicators and targets and then agreed a framework for reporting progress against these. Locality planning arrangements are also in place which are multi disciplinary and multi sectorial and allow for different local needs to be taken into account in strategic planning.

- 98. The Integration Scheme sets out that the council and health board, through the Chief Officer will develop a joint Workforce Development and Support Plan and Organisational Development strategy in relation to staff delivering integrated services (except for NHS acute hospitals services), taking account of existing workforce development policies and procedures of both parties, and rationalising these in Partnership with other integration authorities within the same the health board area. Consequently, in November 2015 the Partnership Board agreed to endorse the Workforce and Organisational Development Strategy for the three year period 2015 to 2018 and Support Plan for 2015/16.
- 99. Overall, we concluded that the Partnership has arrangements for securing Best Value and continuous improvement.

Performance management

- 100. Performance management is focused on an approach aimed to deliver improved outcomes for individuals and communities.
- 101. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. This report should cover areas including: service type and balance of care; key care groups; localities; and assessment of performance in achieving best value. While the publication of the performance report is not a statutory requirement until 2016/17, the Partnership has produced this report for 2015/16.

102. Satisfactory financial monitoring reports are submitted four times a year to the Partnership Board. These reports include progress in achieving savings targets.
103. We concluded that the Partnership has established a satisfactory performance management framework.

Overview of performance targets in 2015/16

104. Of the 36 key performance indicators detailed in the Partnership's annual performance report for 2015/16, 22 were categorised as green, eight amber and six red, where:
- Green means target achieved or exceeded
 - Amber means target narrowly missed
 - Red means target missed by 15% or more
105. Areas where actual performance is on or exceeds target includes:
- Balance of care for looked after children.
 - Number of emergency admissions aged 65+.
 - Percentage of care plans reviewed within agreed timescale.
 - Total number of respite weeks provided to all client groups.
106. However, there are also more challenging areas for the Partnership. These include acute bed days lost to delayed discharges for adults with incapacity, patients dying in hospital for non-cancer deaths, patients seen within nine weeks for musculoskeletal physiotherapy and patients dying in hospital for cancer deaths. These indicators have not improved to the extent expected.

National performance audit reports

107. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which are of direct interest to the Board. These are outlined in [Appendix III](#) accompanying this report.
108. The Partnership has processes in place to ensure that all national performance reports and their impact on the Partnership are considered by the Partnership Board/Audit Committee, as appropriate. The Chief Officer prepares a covering report highlighting the key issues in national performance reports relevant to the Partnership.

Outlook

109. The Partnership faces continuing challenges on a number of fronts including mounting financial challenges, meeting exacting performance targets, and delivering the Scottish Government's aim of having people living longer and healthier lives at home or a homely setting (i.e. the 2020 Vision).
110. The Partnership is responsible for co-ordinating health and social care services and commissioning NHS Greater Glasgow & Clyde and West Dunbartonshire Council to deliver services in line with the strategic plan. Over time, there will be a shift in resources that will lead to a change in how services are provided, with a greater emphasis on preventative services and allowing people to receive care and support in their home or local community.

111. The Partnership will need to continue to demonstrate and report whether this is making a positive impact on service users and improving outcomes. To help achieve this it is important that the Partnership has strategies covering the workforce, risk management, engagement with service users, and data sharing arrangements which help to enable delivery of the Partnership's strategic priorities.

Appendix I: Significant audit risks

The table below sets out the audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

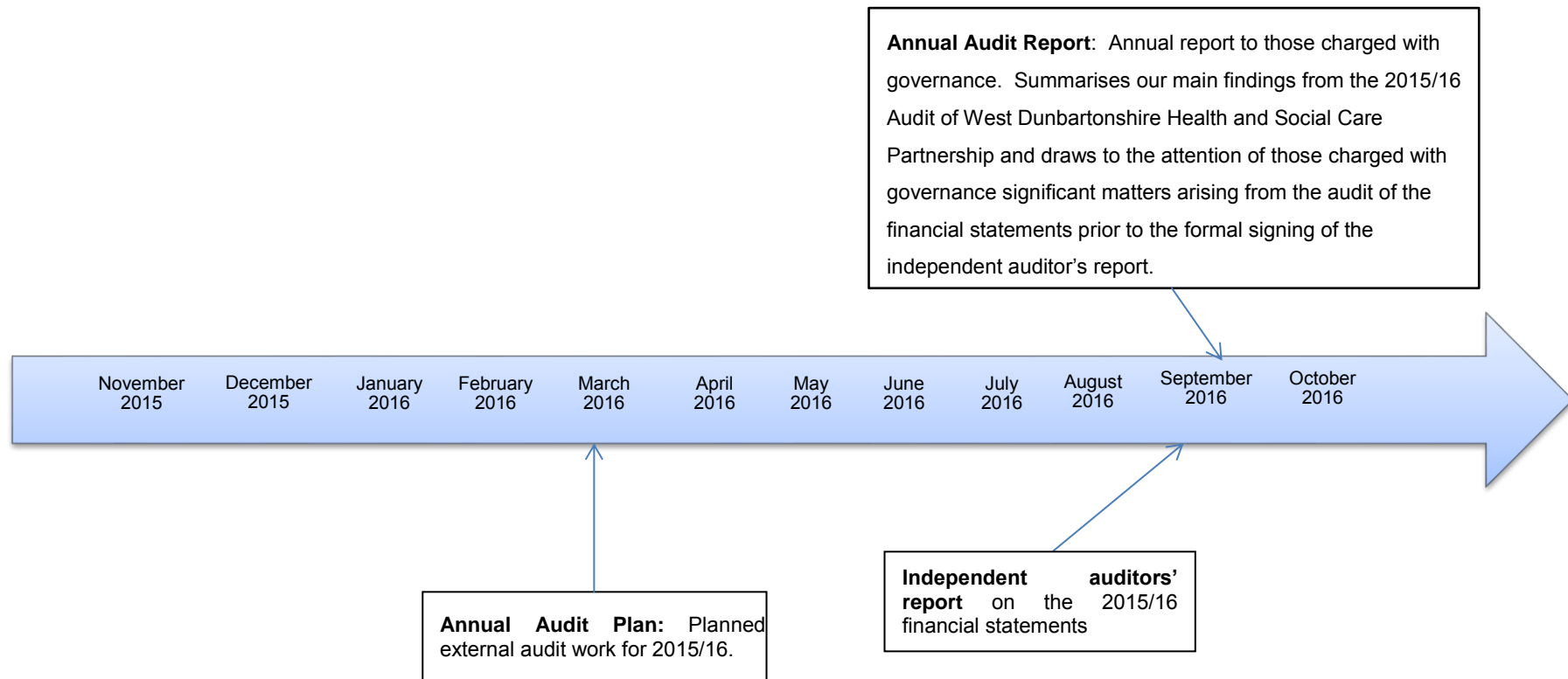
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement in the financial statements		
<p>Financial statements</p> <p>Financial statements are being prepared for the first time in 2015/16, and will require income, expenditure and year end balances between West Dunbartonshire Council, NHS Greater Glasgow & Clyde, and the Partnership to be agreed.</p> <p>Risk: There is a risk that year end procedures for agreeing year end balances are not fully embedded to enable the Partnership to present its financial statements in accordance with the Code and in accordance with timescales to meet NHS reporting requirements.</p>	<ul style="list-style-type: none"> • We continued to engage with officers prior to the accounts being prepared to help ensure the relevant information was disclosed and timetable met. • We tested to ensure the governance statement is in accordance with the Code requirements. • We reviewed technical guidance from IRAG and LASAAC. • We ensured accounting policies were appropriate and complete. • We obtained assurances from the auditors of West Dunbartonshire Council and NHS Greater Glasgow & Clyde over the accuracy, completeness and appropriate allocation of the Partnership ledger entries. 	<ul style="list-style-type: none"> • Financial statements were prepared in accordance with the Code and in accordance with timescales to meet NHS reporting requirements.

Audit Risk	Assurance procedure	Results and conclusions
<p>Management assurances</p> <p>The preparation of the financial statements of the Partnership relies on the provision of financial and non-financial information from the systems of the two partner bodies. The Chief Finance Officer of the Partnership must obtain assurances that the costs transferred to the accounts of the Partnership are complete and accurate and were incurred on behalf of the Partnership for services prescribed in the integration scheme.</p> <p>Risk: The Chief Finance Officer does not have adequate assurance that information received from each party is accurate and complete.</p>	<ul style="list-style-type: none"> • We ensured the governance statement adequately reflects the position of Partnership. • We ensured that financial reporting throughout the year is accurately reflected in the year end position. • We considered whether appropriate action is taken on issues raised in Internal Audit reports. • We obtained audit assurances from the auditor of the council and health board regarding the accuracy and allocation of Partnership transactions and to ensure they are recorded in the correct financial year. 	<ul style="list-style-type: none"> • The governance statement reflected the position of the Partnership. • The year end position of the board has been accurately reflected. • Satisfactory consideration has been given to issues raised by Internal Audit. • Satisfactory written assurances were received from the external auditors of the council and health board regarding accuracy, allocation and cut-off of Partnership transactions.

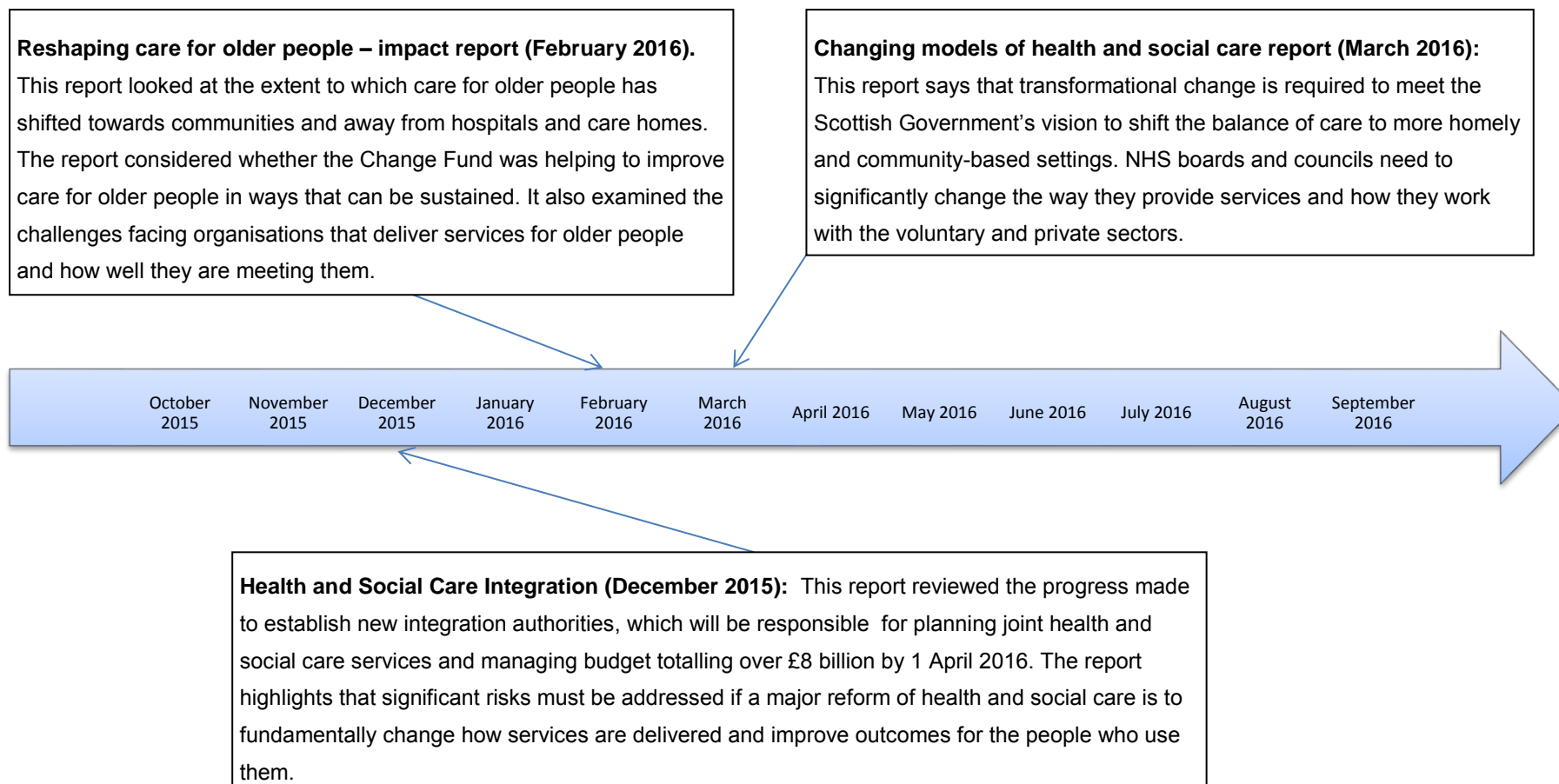
Audit Risk	Assurance procedure	Results and conclusions
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>Financial Sustainability</p> <p>The Partnership will need strong financial management and budgetary control to address the challenges and risks to future finances.</p> <p>Risk: There Partnership does not achieve the efficiencies or service improvements required to meet the challenges caused by reduced funding combined with increasing demand for services.</p>	<ul style="list-style-type: none"> • We ensured that the ongoing budget monitoring accurately reflects the position of the Partnership. • Obtained evidence of remedial action being taken on areas of overspend. 	<ul style="list-style-type: none"> • Ongoing financial monitoring was consistently reported to the Partnership Board. Budget movements and variances from previous periods were explained, as were forecast year end positions. Periodic reports throughout the year accurately reflected the year end position. • Both West Dunbartonshire Council and NHS Greater Glasgow & Clyde separately reported their own budget position to committee in an accurate and appropriate manner. • From review of budget monitoring reports to the Partnership Board, year end variances, service pressures and potential areas of overspend were discussed at an early stage. It was clear that options for remedial actions were discussed and implemented where necessary.

Audit Risk	Assurance procedure	Results and conclusions
<p>Annual Performance Report</p> <p>The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end.</p> <p>Risk: The Partnership may not be able to comply with this requirement and deadline, given that this is the first year of operation and external guidance regarding how this should be presented is not yet available.</p>	<ul style="list-style-type: none"> • We reviewed the quality of ongoing performance reporting to the Partnership Board and Audit Committee. • Considered progress towards issuing the annual performance report and whether this covers the information required by the, still to be issued, guidance. 	<ul style="list-style-type: none"> • Scottish Government guidance issued in March 2016 has advised that the first required publication of the annual performance report is for 2016/17. • The Partnership has chosen to issue a performance report for 2015/16 and it covers most of the areas required by guidelines. • The format for regular performance reporting to the Audit Committee needs to continue to be developed.

Appendix II: Summary of West Dunbartonshire HSCP local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1	54	<p>2016/17 Projected Revenue Budget Overspend</p> <p>The Partnership is forecasting a revenue budget overspend of £1.408 million for 2016/17 and may not be able to generate sufficient efficiencies and cost savings to address the projected overspend.</p> <p>Recommendation</p> <p>The Partnership should monitor its financial position closely throughout the year and engage with its funding partners on a regular basis to review the financial position, including the achievement of savings and take appropriate action to address existing and emerging budget pressures.</p>	<p>Budget monitoring reports are presented routinely to the SMT, Partnership Board and the Audit Committee. Performance is monitored routinely and recovery plan is in place. Healthcare savings plan submitted to Audit Committee in September 2016 for review and onward approval by the Partnership Board in November 2016.</p>	<p>Chief Finance Officer</p> <p>Ongoing</p>

WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP

Audit Committee : 14 September 2016

Subject: Audited Annual Accounts 2015/2016

1. Purpose

- 1.1** The purpose of this report is to submit to Committee the audited Annual Accounts for the year ended 31 March 2016 and to highlight matters of interest, as delegated by the HSCP Board on 15 June 2016 (item 12).

2. Recommendations

- 2.1** Members are asked to note the contents of this report and approve the audited Annual Accounts for 2015/16.

3. Background

- 3.1** The draft, unaudited annual accounts for 2015/16 were reported to the Board on 15 June 2016 and passed to the Accounts Commission before the statutory deadline on 30 June 2015.
- 3.2** The report submitted to the Board on 15 June 2016 identified a draft position of an unearmarked General Service reserve of £0.491m and provided Members with information as to variances for the year.

4. Main Issues

- 4.1** The audit of the Annual Accounts has now been completed by the Boards external auditor (Audit Scotland) and the audited Annual Accounts are appended to this report. Thereafter, the Annual Accounts will be reported to the HCSP Board on 16 November 2016 for noting.
- 4.2** A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a slight net increase in the HSCP Boards General Fund reserve balance of £0.001m.
- 4.3** We are pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.4** A report from Laurence Slavin, Audit Manager, Audit Scotland detailing the main issues arising from the audit of the HSCP and its Annual Accounts has been reported elsewhere on the agenda for the Committee.

4.5 The management commentary on pages 3 to 9 of the Annual Accounts summarises the major matters contained within the document and provides an explanation of the Boards financial position as at 31 March 2016. In particular:

4.5.1 In relation to the General Fund:

- The accounts show a General Fund balance of £1.6m as at 31 March 2015. Of this balance, £1.119m is earmarked for ring-fenced purposes, leaving an unearmarked balance of £0.492m. This is an increase from the draft position reported to Audit Committee on 15 June 2016 of £0.001m, the movement being the change noted in 4.2;
- The level of unearmarked balance of £1.119m is summarised as follows:

To 31 March 2016

	£'000
Balance at 31 March brought forward	0
Surplus/(deficit) on provision of services	492
Earmarked reserves	1,119
Other comprehensive expenditure and income	-
Total comprehensive expenditure and income	1,611

Balance at 31 March carried forward **1,611**

The main earmarked income held for future specific purposes:

	£'000
Earmarked Balance:	
Integrated Care Fund	300
Delayed Discharge	275
GIRFEC NHS	205
GIRFEC Council	24
MSK Physio	46
Ophthalmolgy	21
Criminal Justice - transitional funds	48
DWP Conditions Management	200
	£ 1,119

The GIRFEC NHS funds are held within the HSCP and are managed on behalf of all HSCPs and are not held specifically for the HSCP planned spend.

The unearmarked balance of £0.492m will be utilised for HSCP priorities in 2016/17 going forward.

4.5 On pages 11 to 14 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Board has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

5. People Implications

5.1 There are no people implications.

6. Financial Implications

6.1 Other than as described above there are no financial implications.

7. Risk Analysis

7.1 No risk analysis was required.

8. Equalities Impact Assessment (EIA)

8.1 No equalities impact was required in relation to the preparation of this report.

9. Consultation

9.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns with the report.

10. Strategic Assessment

10.1 The report is in relation to a statutory function. As such, it does not directly affect any of the strategic priorities.

Jeanne Middleton – Chief Financial Officer

Date: 14 September 2016

Person to Contact: Jeanne Middleton – Chief Financial Officer,
Garshake Road, Dumbarton, G82 3PU.
Telephone: 01389 737311
e-mail : jeanne.middleton@ggc.scot.nhs.uk

Appendices: **Appendix 1** Financial Statement of Accounts -
1 April to 31 March 2016;

Background Papers: 1. Draft Financial Statements for the year ended 31 March 2016;
2. Report to Council of 15 June 2016: Draft Annual Accounts 2015/2016; and

Wards Affected: All

West Dunbartonshire Health & Social Care Partnership

West Dunbartonshire Health & Social Care Partnership Board

**Annual Accounts for
Year Ended 31 March 2016**

(9 month period - 1 July to 31 March 2016)

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EXPLANATORY AND ASSURANCE STATEMENTS

Management Commentary

This publication contains the financial statements for the first year of West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) for the year ended 31 March 2016.

The purpose of the Management Commentary is to provide clear information about the HSCP Board's Financial Statements and performance (including its financial position) during the year 2015/16 and as at financial year end being 31 March 2016.

The West Dunbartonshire Health & Social Care Partnership Board

The Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government-approved Integration Scheme for West Dunbartonshire details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board (NHS GG&C) and West Dunbartonshire Council agreed to formally delegate health and social care services for adults and children (including criminal justice social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board).

The HSCP Board's:

- Mission is to improve the health and wellbeing of West Dunbartonshire.
- Purpose is to plan for and ensure the delivery of high quality health and social care services to and with the communities of West Dunbartonshire.
- Core values are protection; improvement; efficiency; transparency; fairness; collaboration; respect; and compassion.

The HSCP Board is responsible for the operational oversight of West Dunbartonshire Health & Social Care Partnership (WD HSCP), which is the joint delivery vehicle for those integrated services delegated to it (except for any NHS acute hospital services, as these are managed directly by the Health Board). Staff who work within the management of WD HSCP continue to be employed by either the Health Board or the Council, retaining their respective terms and conditions. These arrangements for integrated service delivery are conducted within an operational service delivery framework established by the Health Board and Council for their respective functions, ensuring both those organisations can continue to discharge their retained governance responsibilities.

The constitution of the Health & Social Care Partnership Board is established through the Public Bodies (Joint Working) (Scotland) Act 2014. As confirmed within the approved Integration Scheme for West Dunbartonshire:

- The Council has formally identified three representatives to be voting members on the HSCP Board, to serve for a period of three years.
- The Health Board has formally identified three representatives to be voting members on the HSCP Board, to serve for a period of three years.

As agreed, the first chair of the HSCP Board was nominated by the Council; and the first vice-chair was nominated by the Health Board.

The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 states that when an integration joint board is established it must include the following non-voting members:

- The chief officer of the integration joint board.
- The proper officer of the integration joint board appointed under section 95 of the Local Government (Scotland) Act 1973(1) – known as the Chief Financial Officer.

The following professional advisors:

- The chief social work officer of the local authority.
- A registered medical practitioner whose name is included in the list of primary medical services performers prepared by the Health Board in accordance with Regulations made under section 17P of the National Health Service (Scotland) Act 1978(2).
- A registered nurse who is employed by the Health Board or by a person or body with which the Health Board has entered into a general medical services contract.
- A registered medical practitioner employed by the Health Board and not providing primary medical services.
- At least one member in respect of each of the following groups:
 - Staff of the constituent authorities engaged in the provision of services provided under integration functions.
 - Third sector bodies carrying out activities related to health or social care in the area of the local authority.
 - Service users residing in the area of the local authority.
 - Persons providing unpaid care in the area of the local authority.

Integration joint boards are also to incorporate representation from each of their area's agreed localities as detailed within their first year Strategic Plan. Given the delegations of the Integration Scheme, an additional two professional advisors were approved by the voting members for inclusion as non-voting members on the Partnership Board:

- A registered Allied Health Professional who is employed by the Health Board.
- A senior and appropriately qualified housing professional employed by the Council in its role as strategic housing authority.

The inaugural meeting of the new West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) took place on the 1 July 2015; and it has been meeting regularly since.

At its 19th August meeting, the HSCP Board also approved its audit arrangements, which Audit Scotland confirmed were balanced and included the establishment of an Audit Committee for the HSCP Board. That Audit Committee subsequently had its first meeting on 30 September 2015, and it has been meeting regularly since.

The Strategic Plan

The Act places a duty on the HSCP Board to create a "strategic plan" for the integrated functions and budgets that it controls. This strategic plan must, as a minimum:

- Set out the arrangements for carrying out the integration functions in West Dunbartonshire over the period of the plan. The area must be divided into a minimum of two localities for this purpose, and the arrangements for each locality must be set out separately.
- Set out the way in which the arrangements for carrying out the functions are intended to achieve or contribute towards achieving the national health and wellbeing outcomes.

The first strategic plan of an Integration Joint Board must be prepared before the integration start date, which is the date on which the Health Board and the Local Authority delegate functions to the Integration Joint Board. Scottish Ministers prescribed in Regulations that functions had to be delegated by the 1 April 2016 at the latest,

At its first meeting, the HSCP Board approved its first Strategic Plan. The Strategic Plan confirmed the 1 July 2015 as being the integration start day on which the new delegated arrangements commenced for West Dunbartonshire.

Equality Duties

The Equality Act 2010 strengthens, harmonises and streamlines 40 years of equalities law in relation to the nine “protected characteristics” of age; disability; gender; race; religion and belief; sexual orientation; gender reassignment; pregnancy and maternity; and marriage and civil partnership (noting that the latter refers only to the need to eliminate discrimination in the area of employment). Given its legal status, the Partnership Board is obliged to play its part in addressing the general public sector duties outlined in the Equality Act 2010, i.e. to have due regard to:

- Eliminate discrimination, harassment and victimisation.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Integration Joint Boards have been added to the listed bodies under the Equality Act 2010 (Specification of Public Authorities) (Scotland) Order 2015 and became subject to the general duties on 1 April 2015; and Amendment Regulations making them subject to three specific duties which came into force on 11 June 2015. By the 30 April 2016 (and within every subsequent four years) each Integration Joint Board must have published a set of outcomes (minimum of two) that addressed one or more of the three public sector duties (and are not outcomes of the Health Board or Local Authority). Similarly, by 30 April 2016 (and within every subsequent two years) each Integration Joint Board must have published a report on the progress it has made to make the three general public sector duties integral to its functions and the progress made regarding the achievement of these specific outcomes.

The WD HSCP Mainstreaming Report was formally presented to and endorsed for publication by the HSCP Board's Audit Committee at its March 2016 meeting. Thereafter it was presented to and confirmed by the HSCP Board at its meeting of 25 May 2016. That mainstreaming report confirmed an initial set of equality outcome measures; and that streamlined equality impact assessment processes are a routine element of all reports considered by and any decisions recommended to the HSCP Board and its Audit Committee.

Performance Reporting

To ensure that performance is open and accountable, the Act requires that an Annual Performance Report is prepared and published by the HSCP Board, setting out an assessment of performance in planning and carrying out the integration functions for which it is responsible. The Annual Performance Report is primarily produced for the consideration of the HSCP Board itself; and it is primarily its responsibility to act upon the information and recommendations within it. The required content of the Annual Performance Report is set out in The Public Bodies (Joint Working) (Content of Performance Reports) (Scotland) Regulations 2014.

The Act obliges all Integration Joint Boards to publish a Performance Report covering performance over the reporting year no later than four months after the end of that reporting year (i.e. no later than the end of July). As the Act required that all Integration Joint Boards were to be fully operational, by 1 April 2016, then the first year for which they must report is 2016/17. However, where integration arrangements have commenced in advance of the 1 April 2016, the Integration Joint Board can consider publishing a report covering the period of establishment until the 1 April 2016, or to include an assessment of performance during this period in their 2016/17 Performance Report.

The HSCP Board's first Annual Performance Report was prepared for the period 1 July 2015 up to 31 March 2016 (i.e. for the same period as these annual accounts); and then presented and scrutinised at its meeting of 25 May 2016. Thereafter it was made publicly available on the WDHSCP website; and submitted to the Health Board, the Council, the local Community Planning Partnership Management Group and Scottish Government. That Annual Performance Report included information on financial performance (in accordance with the national Finance Guidance for Health and Social Care Integration) and best value (with reference to the national Best Value Guidance for Local Authorities).

Financial Performance

Financial performance is an integral element of the HSCP Board's overall performance management framework, with regular reporting and scrutiny of financial performance at the meetings of the HSCP Board and its Audit Committee. Moreover, the HSCP Board's Financial Performance Reports have been prepared throughout the financial for the period up to 31 March 2016 (i.e. for the same period as these annual accounts); and then presented and scrutinised at its meeting of 25 May 2016.

The HSCP Board is obliged to account for its spending and income in a way which complies with its legislative responsibilities. The Annual Accounts report the financial performance of the HSCP Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the HSCP Board'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 2015/16 Accounts have been prepared in accordance with this Code. Events from the Balance Sheet date (31 March 2016) until the date of signing the Statement of Accounts (30 June 2016) have been taken into consideration (note 8 page 25).

For the 2015/16 part Financial Year following to formal integration, the HSCP Board budgeted to deliver integrated services at a cost of £102.2m. In-year funding adjustments increased this budget to £118.9m.

This following section summarises the main elements of our financial performance for Financial Year 2015/16.

OVERVIEW OF CORE FINANCIAL STATEMENTS

The Statement of Accounts contains the financial statements of the HSCP Board for the year ended 31 March 2016, which holds all of the expenditure and income associated with the operating of all WD HSCP services.

The financial statements comply fully with the Code of Practice on the Local Authority Accounts (Scotland) Regulations 2014 which came into force on 10 October 2014.

The category of expenditure included in the financial statements is as follows:

- Revenue expenditure is recorded in the following main statements in these accounts with the purposes of these main statements summarised as follows:
 - *The Movement in Reserves Statement* shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on Reserves for the year.
 - *The Comprehensive Income and Expenditure Statement* shows the income and expenditure for all Health & Social Care services. It is shown below; and

The *Balance Sheet* on page 19 summarises the assets and liabilities of the HSCP Board. It is also a report on the HSCP Board's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms. The net assets of the HSCP Board (assets less liabilities) are matched by the reserves held by the HSCP Board.

Notes to The Core Statement of Accounts are provided on pages 19 to 25, which give further information and analysis relevant to each statement.

Comprehensive Income and Expenditure Statement

This account covers the day to day operational income and expenditure for each care group within WD HSCP. Income from the Health Board and Council was as follows:

- £105.825m with a net expenditure on services for the year of £105.333m (cost of services £105.333m).
- £138.407m with the gross expenditure on services for the year of £137.915m (gross cost of services £137.915m) with further details reported within the CIES Statement on page 17 and within the Segmental Reporting section on page 22.

In July 2015 a financial assurance exercise was carried out to consider the sufficiency of the budget provided for the HSCP Board by the Health Board and Council. The Financial Assurance Report stated the initial budget allocated to the HSCP Board was deemed sufficient to deliver on the outcomes highlighted within the Strategic Plan, and were subject to effective risk mitigation and the successful delivery of planned efficiency initiatives.

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16 and is reported separately from the table below. The latest notional income and expenditure budget is summarised within Health Care, as shown on page 18, and reflects an average of £13.040m per annum based on current service average consumption costs for the period 1 July to 31 March 2016.

Due to tight financial control over service spending, the HSCP Board was able to generate an in-year surplus from services of £0.492m against original budget for the period 1 July to 31 March 2016 (9 months). The HSCP's financial performance for the year is summarised in note 1.14 and sets out the 2015/16 spend against budget.

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16 and is reported separately on page 18 included within the Comprehensive Income and Expenditure Statement and explanatory note 2 on page 24 under Related Party Transactions.

The in-year surplus against original budget is £0.492m is the favourable variance against the overall budget in year and represents an un-earmarked balance at 31 March 2016.

The majority of the favorable variances are due to specific management action in areas such as general process and efficiency review; specific restructuring of service delivery, and implementation of agreed savings targets, including early implementation of efficiencies originally identified for 2016/17. The level of favorable variance has been reduced due to some areas of overspend.

During the year the Chief Officer and the Senior Management Team successfully mitigated the full value of the Social Care baseline budget pressure through a combination of improved cost control and tighter absence management arrangements; together with the use of one off monies received during the year for related activity. The Health services expenditure therefore matched income from the Health Board.

WD HSCP services saw continued demand growth. The Chief Officer and the Senior Management Team were able to reduce the cost of the packages across all services, although in some areas the increased demand led to in-year overspends against the original approved 2015/16 funding.

The main financial challenges faced in the financial year 2015/16 were as follows:

- **Children's Residential Schools** costs were higher than anticipated due to residential client placements in 2015/16;
- **External Residential Accommodation for Elderly** favourable variance is due to lower placement costs, new improvement money and income from property sales. The reduction is mainly a result of increased Self Directed support packages;
- **Residential Accommodation for the Elderly** costs, offset by above, were higher mainly due to staff absence and vacancies resulting in backfill pay cost pressures;
- **Residential Learning Disability** favourable variance is due to reduced client package costs;
- **Homecare** is reporting higher than budgeted costs due to increased number of homecare hours being delivered based on current client assessed needs. Also higher than estimated costs due to overtime costs and agency usage to cover for sickness and vacancies.

The Balance Sheet

The Balance Sheet on page 19 summarises the HSCP Board's assets and liabilities as at 31 March 2016, with explanatory notes provided in the full accounts.

Financial Outlook, Risks and Plans for the Future

The UK economy continues to show signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. Additional funding of £250m has been announced for Health and Social Care Partnerships for 2016/17 to address social care pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted to 2018/19.

In addition to economic performance, other factors will influence the availability and amount of funding allocated to health and social care, including local elections in 2017; the implications of financial powers assumed by the Scottish Parliament arising from the Scotland Act 2012; and the introduction of a Single Tier Pension Scheme in 2016.

The most significant risks faced by the HSCP Board over the medium to longer term stem from the central challenge to ensure the delivery and development of services that are safe, effective and (increasingly) seamless within a context of a changing population demographic; increased demands; heightened expectations; and an increasingly difficult financial environment.

Moving into 2016/17, the HSCP Board with the Chief Officer and the Senior Management Team are working to proactively address that challenge, building on the positive progress detailed within the Annual Performance Report for 2015/16. The next Strategic Plan will build upon what has been achieved to-date so as to deliver the HSCP Board's mission to improve the health and wellbeing of West Dunbartonshire. The Strategic Plan will incorporate a medium term financial plan (3 years) for the HSCP Board resources within scope and will publish an annual financial statement setting this out in the next Strategic Plan.

Conclusion

During its first year, in a challenging financial and operating environment, the HSCP Board has seen the successful delivery of the first Strategic Plan as detailed within the first Annual Performance Report 2015/16. The activity and outcomes delivered within that Annual Performance Report also underscore the HSCP Board's commitment to clinical and care governance; and particularly emphasises two key principles articulated within the National Framework for Clinical & Care Governance, namely:

- Values of openness and accountability are promoted and demonstrated through actions.
- All actions are focused on the provision of high quality, safe, effective and person-centred services.

In line with best value duties the HSCP Board's financial arrangements have secured continuous improvement in performance, while maintaining an appropriate balance between quality and cost. In achieving a balanced budget in financial year 2015/16, the Chief Officer, Chief Financial Officer and the other members of the Senior Management Team have managed the HSCP Board's affairs to secure economic, efficient and effective use of resources; equal opportunities requirements; and contributed to the achievement of sustainable development.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and I wish to record our thanks to both Finance staff and to colleagues in all services whose efforts have contributed to the completion of this Statement of Accounts.

Where to Find More Information

If you would like more information please visit the WD HSCP website at: www.wdhscp.org.uk

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

Jeanne Middleton

Chief Finance Officer

Date: 30 September 2016

Statement of Responsibilities

Responsibilities of the HSCP Board

The HSCP Board is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For the HSCP Board, the proper officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the Audit Committee on 15 September 2016.

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the HSCP Board's annual accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to present a true and fair view of the financial position of the HSCP Board at the accounting date and its transactions for the year.

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

- Selected appropriate accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.
- Kept proper accounting records that 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 West Dunbartonshire Health & Social Care Partnership Board at the reporting date and the transactions of West Dunbartonshire Health & Social Care Partnership Board for the year ended 31 March 2016.

Jeanne Middleton

Chief Financial Officer

Date: 30 September 2016

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement explains how the HSCP Board complies with the Code of Corporate Governance and meets the requirements of the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

Scope of Responsibility

The HSCP Board 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. The HSCP Board is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk to failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

A copy of the code adopted is available from the following Council and Health Board link at:

<http://www.west-dunbarton.gov.uk/media/2455272/wdc-local-code.pdf>
<http://www.nhsggc.org.uk/working-with-us/hr-connect/policies-and-staff-governance/policies/code-of-conduct-for-staff-includes-whistleblowing/>

The Governance Framework

The timeline below summarised the key milestones met in establishing the governance arrangements for the HSCP Board as of the 31 March 2016.

- 2010 – 2014 Community Health & Care Partnership in place
- 2014/15 Shadow Health & Social Care Partnership established by West Dunbartonshire Council and NHS GG&C Health Board (transition year)

West Dunbartonshire Integration Scheme 2015 agreed by West Dunbartonshire Council and NHS GG&C Health Board
- April 2015 Public Bodies (Joint Working) (Scotland) Act enacted
- May 2015 West Dunbartonshire Integration Scheme agreed by Scottish Ministers – including all community adult and children's health and care services plus criminal justice social work
- July 2015 West Dunbartonshire Health & Social Care Partnership Board established as Integrated Joint Board (Body Corporate – Integration Authority) for West Dunbartonshire.

West Dunbartonshire Health & Social Care Partnership Board approves Standing Orders, including Code of Conduct.

West Dunbartonshire Health & Social Care Partnership Board appoints Chief Officer and Chief Financial Officer.

West Dunbartonshire Health & Social Care Partnership Board approves first Strategic Plan.

Strategic Plan 2015/16 confirms integration commencement (start)
Date of 1 July 2015.

Strategic Plan 2015/16 identifies locality areas of Alexandria and
Dumbarton; and Clydebank.

- August 2015 West Dunbartonshire Health & Social Care Partnership Board agrees
Financial Regulations.

West Dunbartonshire Health & Social Care Partnership Board agrees
audit arrangements, including creation of Audit (Sub) Committee.

West Dunbartonshire Health & Social Care Partnership Board agrees
Risk Management Policy and Strategy.

West Dunbartonshire Health & Social Care Partnership integrated
clinical and care governance arrangements confirmed.
- Sept 2015 West Dunbartonshire Health & Social Care Partnership Board Audit
Committee established.

Internal Audit Operational Agreement confirmed; and Audit Scotland
confirmed by the Accounts Commission as the external auditors of
the West Dunbartonshire Health & Social Care Partnership Board.
- Nov 2015 West Dunbartonshire Health & Social Care Partnership Board
Endorses WD HSCP Workforce and Organisational Development
Strategy.

West Dunbartonshire Health & Social Care Partnership Board
approves first Strategic Risk Register.
- Jan 2016 West Dunbartonshire Health & Social Care Partnership Board
agrees Financial Reserves Policy.

West Dunbartonshire Health & Social Care Partnership Board Audit
Committee approves the Scheme of Delegation arising from the
Financial Regulations.

West Dunbartonshire Health & Social Care Partnership Board Audit
Committee agrees Financial Reserves Policy.

West Dunbartonshire Health & Social Care Partnership Board Audit
Committee agrees to the Partnership Board joining the Clinical
Negligence and Other Risks Indemnity Scheme (CNORIS).

West Dunbartonshire Health & Social Care Partnership Board Audit
Committee endorses the integrated approach to business continuity
developed by WD HSCP, the Health Board and the Council.

West Dunbartonshire Health & Social Care Partnership Joint Staff
Forum constitution confirmed.

West Dunbartonshire Health & Social Care Partnership Board Audit
Committee endorses WD HSCP Equalities Mainstreaming Report for
public publication.

The governance framework created by the above – and subsequent – documents has established the systems and processes by which WD HSCP is directed and controlled; and the activities through which the Chief Officer and the Senior Management Team works with and accounts to the HSCP Board. It enables the HSCP Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the delivery of the Strategic Plan; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The System of Internal Financial Control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of WD HSCP. In particular, these systems include:

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

The HSCP Board's financial management arrangements conform to the governance requirements of the CIPFA statement *The Role of the Chief Financial Officer in Local Government (2010)*.

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

Review of Effectiveness

The HSCP Board 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 Chief Officer and 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 Chief Internal Auditor reports directly to the HSCP Board's Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the HSCP Board's Audit Committee during 2015/16. The Chief Internal Auditor prepares an annual report to the Audit Committee, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

Roles and Responsibilities of the Audit Committee and Chief Internal Auditor

Board members and officers of the HSCP Board are committed to the concept of sound internal control and the effective delivery of HSCP Board services. The HSCP Board's Audit Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and two or three times per year monitors the performance of the Partnership's internal audit service. The appointed Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with PSIAS.

The internal audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The appointed Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of internal control.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in the financial year and Certificates of Assurance from the Senior Management Team. In conclusion, although no system of internal control can provide absolute assurance nor can Internal Audit give that assurance, on the basis of audit work undertaken during the reporting period, there have been no significant issues reported by Internal Audit.

Furthermore, on the basis of the audit work undertaken during the reporting period, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the organisation.

Further Actions

There is already a commitment in place for an internal audit of the implementation of the Public Bodies (Joint Working) Act following the first year of the establishment of the Partnership Board to be undertaken by the Chief Internal Auditor during 2016/17 for the HSCP Board Audit Committee; the Health Board's Audit Committee; and the Council's Audit and Performance Review Committee. It has been agreed by the HSCP Audit Committee that the Chief Internal Auditor use the relevant recommendations made by Audit Scotland (in its national report on Health and Social Care Integration – December 2015) to inform and shape that planned internal audit.

Internal audit, as part of their 2016/16 plan, also intend to carry out an audit of governance and assurance to consider how the IJB links to the council's governance arrangements and the flow of information between the IJB and the Council.

Certification

It is our opinion that reasonable assurance, subject to the matters noted above, can be placed upon the adequacy and effectiveness of the HSCP Boards system of governance.

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

REMUNERATION REPORT

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The HSCP Board does not directly employ any staff. All staff working within WD HSCP are employed through either the Health Board or Council; and remuneration for senior staff is reported through those bodies. The role of Chief Financial Officer for the HSCP Board is carried out by the HSCP Chief Financial Officer. The Health Board and the Council meets the full cost of this remuneration. This report contains information on the HSCP Board Chief Officer's remuneration together with details of any taxable expenses relating to HSCP Board voting members claimed in the year. HSCP Board membership is non-remunerated.

1 HSCP Board

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

2 Senior Officers

The HSCP Board does not directly employ any staff. All staff working within WD HSCP are employed through either the Health Board or Council; and remuneration for senior staff is reported through those bodies.

The Chief Officer is appointed by the HSCP Board in consultation with the Health Board and Local Authority. The current Chief Officer (Mr Keith Redpath) is employed by the Health Board; holds an honorary contract with the Council; and is seconded to the HSCP Board.

This report contains information on the HSCP Board Chief Officer's full year remuneration together with details of nil taxable expenses relating to HSCP Board voting members claimed in 2015/16. HSCP Board membership is non remunerated as the HSCP Board does not pay allowances or remuneration to voting members. Mrs Casey is remunerated by the Council and Mrs Micklem is remunerated by the Health Board.

	Total Earnings in Year (Bands of £5,000)	Taxable Expenses	2015-16 Total Remuneration (Bands of £5,000)
	£	£	£
Keith Redpath, Chief Officer	100 - 105	-	100 - 105
* Gail Casey - Chair, HSCP Board	-	-	-
* Ros Micklem, Vice chair HSCP Board	-	-	-
	£100-105	£ -	£100-105

The figures shown above for Mr Redpath, under total remuneration, represents the equal contribution made by West Dunbartonshire Council and NHS Greater Glasgow & Clyde towards Mr Redpath's salary.

- * Details of Mrs Casey's remuneration are included within the accounts of West Dunbartonshire Council.
- * Details of Mrs Micklem remuneration are included within the accounts of NHS Greater Glasgow & Clyde Health Board

Remuneration Report (Cont'd)

Pension entitlement for the Chief Officer for the year to 31 March 2016 is shown in the table below, together with the contribution made by the employing body to this pension during the year.

	To 31 March 2016
Keith Redpath	£
In-year pension contributions	14,779
Accrued pension benefits	14,887
Movement in accrued pension benefits	1,786

Mr. Redpath is a member of the NHS Superannuation Scheme (Scotland). The pension figures shown relate to the benefits that the person has accrued as a consequence of his total public sector service, and not just his current appointment. The contractual liability for employer pension's contributions rests with NHS Greater Glasgow & Clyde. On this basis there is no pension liability reflected on the HSCP Board balance sheet.

General Disclosure by Pay Bands

The regulations require the Remuneration Report to provide information on the number of persons whose remuneration was £50,000 or above. This information is provided in bands of £5,000.

Remuneration Bands	Number of Employees 31-Mar-16
£100,000-£104,999	1

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

FINANCIAL STATEMENT OF ACCOUNTS

Core Statement of Accounts:

The financial statement comprise of the following primary statements:

- Movement in the Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the HSCP Board, analysed into unearmarked reserves and earmarked reserves.

	Unearmarked	Earmarked	Total Reserves
	£'000	£'000	£'000
<u>2015/16</u>			
Opening Balance at 1 April 2015	0	0	0
Movement in reserve 2015/16			
(Surplus) or deficit on provision of services	492	1,119	1,611
Net Increase/(Decrease)	492	1,119	1,611
Closing Balance at 31 March 2016	492	1,119	1,611

Comprehensive Income and Expenditure Statement

The statement shows the accounting cost, for 2015/16, of providing services in accordance the integrated delegated services and shows the income and expenditure delegated back to the Health Board and Council for the delivery of integrated services.

	2015/16 Gross Expenditure £,000	2015/16 Gross Income £,000	2015/16 Net Expenditure £,000
Health Care	64,418	(64,418)	0
Social Care Services	60,213	(60,705)	(492)
Heath Care Acute Hospital Services	13,040	(13,040)	0
Corporate Services (HSCP Board)	244	(244)	0
(Surplus) / Deficit on provision of services	137,915	(138,407)	(492)

Further details on the accounting cost, for 2015/16, is reported within the section Segmental Reporting on page 17.

Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the HSCP Board. The net assets of the HSCP Board (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories:

1. Unearmarked Reserves i.e. those reserves that the HSCP Board may use to provide services in line with service planning within the relevant financial year
2. Earmarked Reserves – i.e. those reserves that the HSCP Board have ringfenced for a specific service purpose, and any statutory limitations

BALANCE SHEET

	Notes	31 March 2016 £'000
Current assets		
Short term debtors	4	1,628
Current liabilities		
Short term creditors	5	(17)
Net Assets		1,611
Usable Reserves	6	492
Earmarked Reserves	6	1,119
Total Reserves		1,611

The Statement of Accounts present a true and fair view of the financial position of the HSCP Board as at 31 March 2016 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on 15 June 2016 and the audited financial statement were authorised for issue on 14 September 2016.

Jeanne Middleton

Chief Financial Officer

Date: 30 September 2016

NOTES TO THE FINANCIAL STATEMENT OF ACCOUNTS

1. Accounting Policies

1.1 General principles

The West Dunbartonshire Health & Social Care Partnership (HSCP) Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014; and is a Joint Venture between West Dunbartonshire Council and Greater Glasgow and Clyde Health Board.

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 Code of Practice on Accounting for Local Authorities in the United Kingdom.

The Annual Accounts summarise the HSCP Board's transactions for the 2015-2016 financial year and its position at the year end of 31 March 2016.

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:

- All known specific and material sums payable to the IJB have been brought into account.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Supplies are recorded as expenditure when they are consumed. Expenses in relation to services received are recorded as expenditure when the service is received rather than when payments are made.

1.3 Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

1.4 Accounting Convention

The Accounts are prepared on an historical cost basis.

1.5 Funding

The HSCP Board receives contributions from its funding partners - namely West Dunbartonshire Council and Greater Glasgow and Clyde Health Board – that it then allocates against its commitments within its Strategic Plan. Expenditure is incurred in the form of charges for services provided to the HSCP Board by these partners.

1.6 Events After The Balance Sheet Date

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 is 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.

1.7 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 HSCP Board's performance.

1.8 Related Party Transactions

Related parties are organisations that the HSCP can control or influence or who can control or influence the HSCP.

As Partners in the Joint Venture of West Dunbartonshire Health & Social Care Partnership Board, both West Dunbartonshire Council and Greater Glasgow & Clyde Health Board are related parties and material transactions with those bodies are disclosed in Note 2 in line with requirements of IAS 24.

1.9 Support Services

Support Services are not delegated to the HSCP Board 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 is mainly comprised of: provision of the financial management; human resources; legal; committee services; ICT; payroll; internal audit; and the provision of the Chief Internal Auditor. Had the HSCP Board been charged for these support services it is not considered that they would be material to the financial statements.

1.10 Provisions, contingent assets and liabilities

Provisions

Provisions are made where an event has taken place that gives the HSCP Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the HSCP Board becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision held in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent assets and liabilities

A contingent asset or liability arises where an event has taken place that gives the HSCP Board a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the HSCP Board. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made but, either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts where they are deemed material.

1.11 Claims Handling, Liability and Indemnity

The HSCP Board, while having legal personality in its own right, has neither replaced nor assumed the rights or responsibilities of either the Health Board or the Council as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. The Health Board and Council continue to indemnify, insure and accept responsibility for the staff that they each employ; their particular capital assets that integrated services are delivered from or with; and the respective services themselves that each has delegated to the HSCP Board. Liabilities arising from decisions taken by the HSCP Board will be equally shared between the Council and Health Board.

With specific respect to the HSCP Board's strategic planning responsibilities and decisions that it may make, during 2015/16 arrangements were made for members of the HSCP Board to join the Clinical Negligence & Other Risks Indemnity (CNORIS) scheme. The risks associated with Integration Joint Boards membership of CNORIS is considered low and therefore an annual contribution of £3,000, payable each financial year; has been set, with the Health Board having agreed to meet this cost for all of the IJBs within its area. The contribution level has been assessed at this level due to the limited risks anticipated in relation to the statutory status of IJBs; and CNORIS cover being provided mainly in relation to indemnity for IJB members and officials.

1.12 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.

1.13 Corresponding Amounts

The HSCP Board was established on 1 July 2015 and hence the period to 31 March 2016 is its first year of operation. Consequently there are no corresponding amounts for previous years to be shown.

1.14 Segmental Reporting

Expenditure on services commissioned by the HSCP Board from its partner agencies is analysed over the following services:

	Budget	Spend Against Budget	Variance	
	£000's	£000's	£000's	£000's
Opening unearmarked balance				-
Older People Residential, Health and Community Care	27,680	27,977	(297)	
Homecare	9,612	10,055	(443)	
Physical Disability	1,815	1,927	(112)	
Children's Residential Care and Community Services (incl specialist)	14,865	15,052	(187)	
Strategy Planning and Health Improvement	1,824	1,561	263	
Mental Health Services - Adult & Elderly Community and Inpatients	8,505	8,520	(15)	
Addictions	3,020	3,017	3	
Learning Disabilities - Residential and Community Services	11,646	11,553	93	
Family Health Services (FHS)	18,372	18,372	0	
GP Prescribing	14,010	14,010	0	
Hosted Services	685	593	93	
Integrated Care Fund	1,458	1,458	0	
Resource Transfer	5,833	5,833	0	
HSCP Corporate and Other Services	4,824	4,949	(126)	
Gross Expenditure	124,147	124,876	(729)	
Income	(18,322)	(19,542)	1,221	
Total Net Expenditure	105,825	105,333	492	
Movement in Reserves to 31/03/16				
Unearmarked Balance at 31 March 2016				492

Reconciliation to CIEs table on page 17

	£'000
Net expenditure at 31 March 2016 (as per above)	105,333
Income	19,542
Set Aside	13,040
Gross expenditure at 31 March 2016	137,915

1.15 VAT

The VAT treatment of expenditure in the HSCP Board's accounts depends on which partner agency 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 Health Board (NHS) is the provider agency, 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 Integrated Joint Board, which in this instance is the HSCP Board.

2 Related Party Transactions

The HSCP Board was established on 1 July 2015. In the year following financial transactions were made with the Greater Glasgow and Clyde Health Board and West Dunbartonshire Council relating to integrated health and social care functions:

	2015/16 £'000
Income – payments for integrated functions	
NHS Greater Glasgow & Clyde Health Board	73,546
West Dunbartonshire Council	45,075
Corporate - HSCP Board	244
TOTAL	£ 118,865

	2015/16 £'000
Expenditure – payments for delivery of integrated functions	
NHS Greater Glasgow & Clyde Health Board	73,546
West Dunbartonshire Council	44,583
Corporate - HSCP Board	244
TOTAL	£ 118,373

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16. The latest notional budget is included above within Health Care and reflects an average of £13m per annum based on current service average consumption costs for the period 1 July to 31 March 2016.

3. Corporate Expenditure

To 31 March 2016

	£'000
Staff costs	227
Administrative costs:	
Audit Fees	17
Total	<u>£ 244</u>

4. Short Term Debtors

To 31 March 2016

	£'000
Central Government bodies	17
Other Local Authorities	1,611
Total	<u>1,628</u>

The balance under Other Local Authorities predominantly relates to earmarked income for future specific purposes held on behalf of the HSCP Board by the Council.

5. Short Term Creditors

To 31 March 2016

	£'000
Central Government bodies	17
Other Local Authorities	0
Total	<u>17</u>

6. Movement in Reserves

The Council holds reserves on behalf of the HSCP Board on the Balance Sheet in respect of General Fund surpluses:

The General Fund balance stands at £1.611m on 31 March 2016, of which £1.119m is earmarked for ringfenced purposes, leaving an unearmarked balance of £0.492m.

To 31 March 2016

	£'000
Balance at 31 March brought forward	0
Surplus/(deficit) on provision of services	492
Earmarked reserves	1,119
Other comprehensive expenditure and income	-
Total comprehensive expenditure and income	1,611

Balance at 31 March carried forward **1,611**

The main earmarked income held for future specific purposes:

	£'000
Earmarked Balance:	
Integrated Care Fund	300
Delayed Discharge	275
GIRFEC NHS	205
GIRFEC Council	24
MSK Physio	46
Ophthalmology	21
Criminal Justice - transitional funds	48
DWP Conditions Management	200
	£ 1,119

The GIRFEC NHS funds are held within the HSCP and are managed on behalf of all HSCPs and are not held specifically for the HSCP planned spend.

7. External Audit Costs

In 2015/16 the HSCP Board incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2015/16	£
Fees Payable	17,100

8. Post Balance Sheet Events

The draft Financial Statements were authorised for issue by the Chief Financial Officer on 30 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing as at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

9. Contingent Liabilities

There are no contingent liabilities at 31 March 2016.

10. Accounting Policies, Changes in Accounting Estimates and Errors

The required disclosure of information on the expected impact of new accounting standards that have been issued but are not yet effective. These have been reviewed and are not deemed to be significant for the financial statements

Independent Auditor's Report

Independent auditor's report to the members of the West Dunbartonshire Health and Social Care Partnership and the Accounts Commission for Scotland

I certify that I have audited the financial statements of **West Dunbartonshire Health and Social Care Partnership** for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the **West Dunbartonshire Health and Social Care Partnership** and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the **West Dunbartonshire Health and Social Care Partnership** as at 31 March 2016 and of the income and expenditure for the nine months then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or

I have nothing to report in respect of these matters.

David McConnell, MA, CPFA

Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

15 September 2016



NOT FOR PUBLICATION

**by virtue of Paragraph 11 of Part 1 of Schedule 7A of
the Local Government (Scotland) Act, 1973**

INFORMATION RELATING TO ANY
CONSULTATIONS OR NEGOTIATIONS, OR
CONTEMPLATED CONSULTATIONS OR
NEGOTIATIONS IN CONNECTION WITH ANY
LABOUR RELATIONS MATTER ARISING BETWEEN
THE AUTHORITY OR A MINISTER OF THE CROWN
AND EMPLOYEES OF, OR OFFICE-HOLDERS
UNDER, THE AUTHORITY