

# Agenda

West Dunbartonshire  
Health & Social Care Partnership

## West Dunbartonshire Health & Social Care Partnership Board Audit Committee

**Date:** Wednesday, 20 September 2017

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**Time:** 14:00

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**Venue:** Council Chamber, Clydebank Town Hall, Clydebank

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**Contact:** Nuala Borthwick, Committee Officer  
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Dear Member

### ITEMS TO FOLLOW

I refer to the agenda for the above which was issued on 11 September 2017 and now enclose for your attention the undernoted reports which were not available for issue at that time.

Yours faithfully

**JULIE SLAVIN**

Chief Financial Officer of the  
Health & Social Care Partnership

**7      AUDIT SCOTLAND: WEST DUNBARTONSHIRE INTEGRATED      5 - 44**  
**JOINT BOARD - DRAFT ANNUAL AUDIT REPORT 2016/17**

Submit report by the Chief Financial Officer presenting the Annual Report and Auditors letter for the audit of the financial year 2016/17, as prepared by the Health and Social Care Partnership Board's external auditors, Audit Scotland.

**8      AUDITED ANNUAL ACCOUNTS 2016/17      45 - 83**

Submit report by the Chief Financial Officer presenting the audited Annual Accounts for the year ended 31 March 2017 as delegated by the Health and Social Care Partnership Board on 23 August 2017 and highlighting matters of interest.

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**Distribution:-**

**Voting Members**

Allan Macleod (Chair)  
Marie McNair (Vice Chair)  
Denis Agnew  
John Mooney  
Rona Sweeney  
Audrey Thompson

Senior Management Team – Health & Social Care Partnership  
Mr C. McDougall  
Ms Z. Mahmood

Date of issue: 13 September 2017



## **WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP**

**Audit Committee: 20 September 2017**

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**Subject:      Audit Scotland: West Dunbartonshire Integrated Joint Board -  
Draft Annual Audit Report 2016/17**

### **1.      Purpose**

- 1.1**      To present the Annual Report and Auditor's letter, for the audit of the financial year 2016/17, as prepared by the Health and Social Care Partnership Board's external auditors, Audit Scotland.

### **2.      Recommendations**

- 2.1**      It is recommended that the HSCP Audit Committee:

- Consider the contents of the Annual Report to the IJB and the Controller of Audit for the financial year ended 31 March 2017;
- Welcome the achievement of an unqualified report covering the HSCP Board's first full financial year;
- Consider the issues raised, recommendations and agreed management actions contained in the attached appendices relating to the audited Annual Accounts; and
- Authorise the Chair of the HSCP Board, Chief Officer and Chief Financial Officer to accept and sign the final 2016/17 Annual Accounts on behalf of the Board.

### **3.      Background**

- 3.1**      It is a statutory requirement of the accounts closure process (ISA 260) that those charged with the governance of the HSCP Board receives a report from the appointed external auditors, highlighting the main matters arising in respect of their audit of the financial statements.
- 3.2**      The ISA 260 and Annual Report 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 around accounting practices and any other matters specifically required to be communicated to the HSCP Board.
- 3.3**      The Annual Report with letter containing Independent Auditor's Opinion to the HSCP Board is attached at Appendix 1. Also included in the pack is a copy of

the letter of Representation from the Chief Financial Officer. This letter provides external auditors with assurance around the key accounting requirements and judgements made when closing the 2016/17 Accounts and are issued with the signed version of the Annual Accounts.

- 3.4** From this letter, the HSCP Board's external auditors can arrive at a view when expressing an opinion as to whether the financial statements present a true and fair view of the financial position of the HSCP Board as at 31 March 2017.
- 3.5** In addition to the above, a copy of the final 2016/17 Annual Accounts is included within the member's papers under item 8 of the agenda. The Audit Committee reviewed the unaudited accounts prior to their submission to external audit and the final version reflect both the presentational recommendations made by the committee and external audit in the course of the audit.
- 3.6** The information provided is a culmination of a significant amount of work by officers and the HSCP Board's external auditors. Based on the reports presented today, the HSCP Board are advised that the accounts closure for 2016/17 has been of a high quality. This is testament to the significant commitment by officers across the HSCP, the council, health board and members of the National CFO Network and the positive working relationship with our external auditor's Audit Scotland.

#### **4. Main Issues**

- 4.1** It is the auditor's opinion that the financial statements of the HSCP Board for 2016/17 give a true and fair view of the state of affairs and its net expenditure for the year. Therefore an unqualified independent auditor's report is attached at Appendix 1.
- 4.2** The HSCP Board has effective governance arrangements in place and will further be strengthened as the recommendations made in the report are actioned as the year progresses. These include:
- In partnership with NHS GGC, Scottish Government and GGC IJBs agree on methodology that allows Set Aside resources to be quantified and reflect actual activity to comply with legislation on the use of this resource in shifting the balance of care;
  - Develop a medium term financial strategy fully reflective of demand pressures and anticipated funding settlements to support the delivery of the Strategic Plan; and
  - Continue to work with our partner organisations to align budget setting processes.

## **5. People Implications**

**5.1** None associated with this report.

## **6. Financial Implications**

**6.1** The HSCP Board achieved a surplus of £3.956m in 2016/17, which will be retained in accordance with the Integration Scheme and now holds cumulative reserves of £5.568m.

## **7. Professional Implications**

**7.1** None associated with this report.

## **8. Locality Implications**

**8.1** None associated with this report.

## **9. Risk Analysis**

**9.1** The HSCP Board has identified the requirement to develop a medium term financial plan to identify and help mitigate the risk of future funding gaps.

## **10. Impact Assessments**

**10.1** None required.

## **11. Consultation**

**11.1** This report has been completed in consultation with the HSCP Board's external auditor's Audit Scotland.

## **12. Strategic Assessment**

**12.1** This report is in relation to a statutory function.

**Author:** Julie Slavin – Chief Financial Officer,

**Date:** 20 September 2017

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**Appendices:** Audit Scotland - Annual Audit Report 2016/17

**Background Papers:** Audit Committee June 2017 – Draft Unaudited Annual  
Accounts

**Wards Affected:** All



# West Dunbartonshire IJB

2016/17 Annual Audit Report

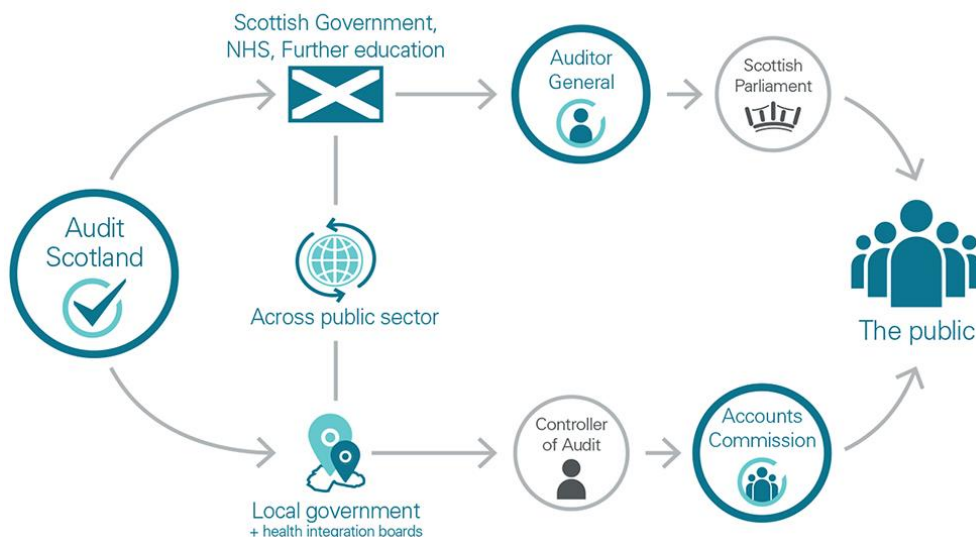


Prepared for the West Dunbartonshire IJB and the Accounts Commission  
20 September 2017

## Who we are

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

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



## About us

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

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

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

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# Key messages

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## 2016/17 annual accounts

- 1 The financial statements of West Dunbartonshire Integration Joint Board (WDIJB) for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.
- 2 We have issued an unqualified independent auditor's report on the Annual Report and Accounts for 2016/17.

## Financial management

- 3 WDIJB current budgetary process arrangements provide timely and reliable information for monitoring financial performance. However these arrangements should be strengthened by producing a year end report reconciling any differences between the budget reports and the unaudited accounts.
- 4 WDIJB achieved a surplus of £3.956 million. This is retained by the joint board in accordance with the integration scheme, to support financial management in future years.

## Financial sustainability

- 5 WDIJB now holds cumulative reserves of £5.568 million. £3.488 million has been earmarked for specific purposes with the balance held as a contingency fund.
- 6 The Board approved the 2017/18 budget at their meeting on the 23 August 2017, almost six months into the financial year. This was due to delays in agreement of the health allocation to WDIJB.
- 7 WDIJB should develop medium to long term financial planning to mitigate the risk of future funding gaps and potential delays in agreeing funding allocations.

## Governance and transparency

- 8 WDIJB has effective governance arrangements in place.
- 9 Internal audit arrangements and expectations need to be further clarified and formalised between the IJB and NHS Greater Glasgow & Clyde (NHSGGC).

## Value for money

- 10 The Annual Performance Report was formally approved and submitted on 23 August 2017, missing the statutory publication deadline of 31 July 2017. However we note that the draft report was available through committee reports a week after the deadline and the Scottish Government had been made aware of this.

- 11** The IJB should continue to develop systems and processes to ensure that it can demonstrate that it is delivering Best Value by assessing and reporting on its arrangements to promote continuous improvement and value for money in service provision.

# Introduction

1. This report is a summary of our findings arising from the 2016/17 audit of West Dunbartonshire IJB, hereby referred to as the 'WDIJB'. The report is divided into sections which reflect our public sector audit model.
2. The scope of our audit was set out in our Annual Audit Plan presented to the March 2017 special meeting of the Board. It comprises an audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public sector audit requirements as illustrated in [Exhibit 1](#).

## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2016/17 have been:
  - an interim audit of WDIJB's governance arrangements
  - obtaining service audit assurances from the auditors of NHS Greater Glasgow & Clyde (NHSGGC) and West Dunbartonshire Council (WDC)
  - an audit of WDIJB 2016/17 annual accounts.
4. WDIJB is responsible for preparing the annual accounts that show a true and fair view and, for establishing effective arrangements for governance, which enable them to successfully deliver their objectives.
5. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), and supplementary guidance, and are guided by the auditing profession's ethical guidance.

6. These responsibilities include giving independent opinions on the financial statements, the remuneration report, the management commentary and the annual governance statement. We also review and report on the arrangements within the IJB to manage its performance, and use of resources. In doing this, we aim to support improvement and accountability.
7. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice \(2016\)](#) and supplementary guidance.
8. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist. Also, our annual audit report contains an action plan at [Appendix 1 \(page 21\)](#). It sets out specific recommendations, responsible officers and dates for implementation.
9. Communication in this report of matters arising from the audit of the annual accounts or of risks or of weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
10. As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
11. This report is addressed to both the Board and the Accounts Commission and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
12. We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.

# Part 1

## Audit of 2016/17 annual accounts



### Main judgements

The financial statements of the joint board for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.

We have issued an unqualified independent auditor's report on the Annual Accounts for 2016/17.

### Unqualified audit opinions

**13.** The annual accounts for the year ended 31 March 2017 were approved by the Board on 20 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements;
- unqualified opinions on the remuneration, management commentary and the annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

### Submission of annual accounts for audit

**15.** We received the unaudited financial statements on 14 June 2017, in line with our agreed timetable within our Annual Audit Plan.

**16.** Information on year-end balances for consolidation purposes was provided by WDIJB to NHSGGC by the 30 May 2017, in line with the agreed timetable.

**17.** The preparation of the WDIJB financial statements relies on the provision of timely and reliable information from the systems of WDC and NHSGGC. Assurances were received by the IJB's Chief Financial Officer from its host bodies confirming the completeness and accuracy of the information supplied.

**18.** The working papers provided with the unaudited annual accounts were of a good standard and finance staff, including the Chief Financial Officer, provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

### Risks of material misstatement

**19.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the

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



greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider dimension risks, how we addressed these and conclusions.

## Materiality

**20.** Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**21.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and was reported in the Annual Audit Plan. We assess the materiality of uncorrected misstatements, both individually and collectively.

**22.** On receipt of the unaudited accounts we recalculated materiality and this is summarised at [Exhibit 2](#)

## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£1.8million
<b>Performance materiality</b> - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 50% of overall materiality.	£0.91 million
<b>Reporting threshold</b> - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of overall materiality.	£0.018 million

## Significant findings

**23.** International Standard on Auditing (UK and Ireland) 260 requires us to communicate to you significant findings from the audit. These are summarised in [Exhibit 3 \(page 10\)](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1 \(page 21\)](#) has been included.

## Agency Income and Expenditure

**24.** On behalf of all IJBs within the Greater Glasgow & Clyde (GGC) area, the WDIJB acts as the lead manager, or host, for a number of delegated services. Similarly other IJBs' within GGC area act as the lead manager, or host, for a number of delegated services on behalf of WDIJB.

**25.** According to the Code of Practice, by which the accounts of WDIJB are prepared, any transactions not relating to WDIJB should not feature within its financial statements.

**26.** For 2016/17 the payments that were made on behalf of the other GGC IJBs' (and the consequential reimbursement) are removed from the Comprehensive Income and Expenditure Statement (CIES). Similarly the payments that are made by the other IJBs on behalf of WDIJB (and the consequential reimbursement) are included in the CIES since this expenditure is incurred for the residents of West Dunbartonshire.

**27.** For 2015/16 there was no comparative data. Therefore in line with the Code of Practice we requested that management restate 2015/16 figures with the removal of the total cost of services hosted by WDIJB as there was no available cost data linking activity across all partnerships to expenditure.

**28.** The value of hosted services for the 9 months of 2015/16 was £5.128 million and when included the total "taxation and non-specific grant income" equals £118.865m which represents the actual funding for 2015/16.

### **Other findings**

**29.** We identified a number of other presentational and disclosure issues in the draft accounts. These were discussed with management and were adjusted for and have been reflected in the audited financial statements.

## Exhibit 3

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

Issue	Resolution
<p><b>1. Hospital Acute Services (Set Aside)</b></p> <p>A notional figure for the 'set aside' for hospital acute services under the control of WDIJB has been agreed with NHSGGC and included in the NHSGGC and WDIJB 2016/17 annual accounts. This is based on 2015/16 activities and the levels have been up-rated to reflect the 2016/17 position.</p> <p>As such the, the set aside sum disclosed within the 2016/17 annual accounts does not accurately reflect actual hospital use.</p>	<p>The Comprehensive Income and Expenditure Account in the annual accounts correctly incorporates the set aside costs.</p> <p>This is a transitional arrangement for 2016/17 which was agreed by the Scottish Government. Therefore this disclosure has been accepted for 2016/17.</p> <p><a href="#">Action Plan (Appendix 1, point 1)</a></p>

# Part 2

## Financial management



### Main judgements

**Current budgetary process arrangements provide timely and reliable information to the Board. However these arrangements should be strengthened by producing a year end report reconciling any differences between the budget reports and the unaudited accounts.**

**No weaknesses in internal controls were identified by either host body systems which are used to process IJB transactions.**

### Financial management

**30.** Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. It is the Board's responsibility to ensure that its financial affairs are conducted in a proper manner.

**31.** 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 WDIJB
- 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
- WDIJB members provide a good level of challenge and question budget holders on significant variances.

**32.** The previous Chief Financial Officer retired in October 2016 and the current Chief Financial Officer has been in post from August 2016, therefore there was a sufficient handover period between the outgoing and incoming CFO.

**33.** WDIJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure for WDIJB is incurred by partners' bodies and processed in their accounting records.

**34.** Three budget monitoring reports were reported to the Board during 2016/17, in line with the number of Board meetings. During the course of the financial year, the position changed significantly from a deficit (£1.408m) to a strong surplus

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

(£2.774m). This was mainly due to the unapplied Social Care Fund being omitted from earlier reports.

**35.** Budget monitoring reports for 2016/17 were submitted to the Board, with the unaudited accounts being submitted to the Audit Committee.

**36.** Following the year end, a report was taken to the May 2017 Board meeting which highlighted that since the March 2017 meeting the anticipated surplus for the year increased from £2.774 million to £3.112 million.

**37.** Subsequently the accounts which were taken to the June 2017 Audit Committee noted a year end surplus of £3.956m. The variance was mainly due to the delay in the opening of the Dumbarton Care Home (£0.250 million) and an increase in the surplus from the Health Board (£0.396 million) which related to part achievement of 2016/17 savings in Learning Disability and Mental Health not approved until late in the financial year.

**38.** While we note that a verbal update was provided on the accounts, a report which reconciled the movements from the final outturn report to the accounts was not provided. This should be provided to the Board as part of their financial monitoring responsibilities as well as the Audit Committee so that they may sufficiently scrutinise and challenge any movements from outturn reports throughout the year.

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

## Financial performance in 2016/17

**39.** The outturn is identified in [Exhibit 4](#). The underspend of £3.956 million has been retained by WDIJB with the reserves being apportioned between earmarked and contingency funds.

### Exhibit 4 Budget Summary

IJB budget objective summary	Funding £m	Expenditure £m	Variance £m
NHS Greater Glasgow & Clyde (NHSGGC)	105.477	104.897	(0.580)
West Dunbartonshire Council (WDC)	62.216	58.840	(3.376)
<b>Total Net Expenditure</b>	<b>167.693</b>	<b>163.737</b>	<b>(3.956)</b>
Reserves retained by WDIJB comprised of:			
Earmarked Reserves – for health services	-	-	0.580
Earmarked Reserves – for social care services	-	-	1.835
Surplus from health services	-	-	0.000
Surplus from social care services )	-	-	1.541

## Internal controls

**40.** WDIJB does not have any financial system of its own; instead it relies upon the financial system of its host bodies; NHSGGC and WDC to record all transactions.

The key financial systems which WDIJB relies upon include general ledger, trade payables, trade receivables and payroll.

**41.** As part of our audit approach we sought assurances from the external auditor of NHSGGC and WDC (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal controls.

# Part 3

## Financial sustainability



### Main judgements

**WDIJB should develop medium to long term financial plans to demonstrate financial sustainability and support future developments.**

### Financial planning

**42.** WDIJB allocates the resources it receives from NHSGGC and WDC in line with the Strategic Plan. Due diligence was undertaken to consider the sufficiency of the 2016/17 budget and no issues were identified.

**43.** The budget for 2017/18 was approved by the Board at its meeting on 23 August 2017, almost six months into the financial year. The allocation from WDC was agreed at the March 2017 meeting of the Board, however the initial allocation from NHSGGC was rejected by WDIJB at that time due to the fact that the application of historic savings targets would bring the contribution from NHSGGC below 2016/17 cash levels. This means that till August 2017, the Board was operating without a fully approved budget.

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

**44.** There have been ongoing discussions between WDIJB and NHSGGC around the funding allocation. The Board has been made aware of these discussions and correspondence has been appended to the reports submitted to the Board, which has provided a transparent approach.

**45.** Currently there are no financial forecasts or savings plans which look beyond the current year. Therefore we conclude that there are no medium to long term financial plans in place. However we do note that this is something which the Chief Financial Officer was aware of at the start of the financial year and is something which the Chief Financial Officer is looking to progress through the Improvement Action Plan.

[Action Plan \(Appendix 1, point 4\)](#)

### Reserves strategy

**46.** WDIJB is permitted to hold reserves under section 106 of the Local Government (Scotland) Act 1973. 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.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

**47.** WDIJB was able to demonstrate that due to their specific management action, they secured additional turnover in mental health and learning disabilities in early response to implementing the 2016/17 approved savings. The finance reports highlighting this were written in consultation with host bodies.

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

**49.** Reserves are an integral part of the medium and longer term financial plan of the IJB and its financial sustainability. A reserves policy was approved by the Audit Committee in January 2016. Reserves will be held by the IJB as both a contingency to mitigate the impact of unanticipated overspends and also to meet specific future commitments.

**50.** When determining the level of reserves to be held by the IJB, consideration was given to the strategic, operational and financial risks facing WDIJB in the medium term and the Board's overall approach to risk management. Based on the size and scale of the IJB, the Board has set a target level of general reserves at 2% of net expenditure. This is reviewed annually as part of the budget process and reported to the Board on 1 March 2017 and has remained at this level for 2017. Currently, 2% would equate to £2.83 million and therefore the unearmarked position within the accounts is within these parameters.

## Efficiency savings

**51.** The IJB is required to make efficiency savings to maintain financial balance. In 2016/17 the IJB was expected to make efficiency savings of £2.424 million. The actual outturn position was £1.515 million. NHSGGC agreed to cover the shortfall of £0.909 million on a non-recurring basis.

**52.** For 207/18, savings required to be made from the Council are £2 million savings and this was fully met from the unallocated portion of the 2016/17 Social Care Fund recurring allocation.

**53.** For Health given the difficulties agreeing an opening budget allocation it was reported to the Board that WDIJB would cover the 1% pay award, apprentice levy and pensions recharge by imposing a 2% turnover target.

**54.** It is early to say whether that will be fully achieved but the August report did not highlight any concern at this stage.

## Workforce planning

**55.** WDIJB relies on the workforce plans of the host bodies as IJB staff is employed by either WDC or NHSGGC. The IJB's Annual Performance Report, which was approved by the Board in August 2017, acknowledges the importance of workforce planning in WDIJB. This is reflected through integrated assessment process, shared planning arrangements, joint delivery of services and information sharing across community planning partners.



# Part 4

## Governance and transparency



### Main judgements

**WDIJB has effective governance arrangements in place that support the decisions by the Board.**

**There is currently no formal sharing protocol between the IJB and NHSGGC for the provision of Internal Audit Reviews.**

**The Board conducts their meetings in public and reports and minutes are available on their website.**

### Governance arrangements

**56.** The Board is responsible for the strategic planning, management and delivery of the health and social care services delegated to it in line with the Integration Scheme between its host bodies.

**57.** WDIJB has been fully operational since 1 July 2015. The Board has 22 members and is comprised of six voting members; equally split from both its partners. Non-voting members include a number of professional members and stakeholder representatives.

**58.** WDIJB is committed to ensuring the involvement of partner groups including community planning groups, the third sector, the independent sector and local communities. The Strategic Plan 2016-2019 and locality planning arrangements enable partners to engage in and support the delivery of the health and social care provision.

**59.** As stated on page five, we completed an interim audit of WDIJB's governance arrangements. We concluded that good progress has been made in establishing governance arrangements and its governance framework. Going forward WDIJB should continue to regularly review their arrangements to ensure arrangements are effective.

**60.** There was a requirement for the IJB to publicly report on their compliance against their Local Governance Code in 2016/17. While the Local Code has been completed, the review against this was not and therefore was not publicly reported. We note that WDIJB was aware of this requirement and has included this as an action for 2017/18 within their Annual Governance Statement. We also note that the review will be reported to the September Audit Committee.

[Action Plan \(Appendix 1, point 5\)](#)

**61.** Based on the work we have undertaken and knowledge of the WDIJB, we are satisfied that the governance arrangements in place at the IJB are sound and support governance and accountability.

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

## Internal audit

**62.** Internal audit provides the IJB Board and Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes. The IJB's internal audit function is carried out by the internal audit department of West Dunbartonshire Council. During our planning stage, we carried out a review of the adequacy of the internal audit function and concluded that it operates accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

**63.** To avoid duplication effort we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work of WDIJB. However, we considered the work of internal audit to inform our wider dimension work. We reviewed internal audit's findings in relation to WDIJB's governance, performance and financial management arrangements. There were no issues identified by internal audit that would have an impact on our audit of the IJB's annual accounts.

**64.** The IJB's Chief Internal Auditor concluded in the 2016/17 internal audit annual report that reasonable assurance can be placed on the adequacy and effectiveness of WDIJB's systems of governance, risk and internal control. This conclusion was based on the Chief Internal Auditor's audit work carried out at WDC that related to the IJB. The internal auditor at NHSGGC, PricewaterhouseCoopers (PwC), concluded in the 2016/17 internal audit annual report that NHSGGC's systems of governance, risk management and control were generally satisfactory.

**65.** In 2015/16 we reported that there was no mechanism in place for PwC to consult with the Audit Committee of the IJB regarding the audit work they planned to carry out relating to the IJB, nor was there a protocol for PwC reports to be presented to the Audit Committee.

**66.** In late 2016 PwC agreed that only the annual audit plans and annual audit reports that they issue to NHSGGC would be shared with the IJB's Chief Internal Auditor and that they would not attend meetings of the IJB's Audit Committee. In order for Board members to properly discharge their governance responsibilities, the Audit Committee needs to receive copies of all relevant reports affecting the IJB from the internal auditors at NHSGGC.

[Action Plan \(Appendix 1, point 6\)](#)

## Risk management

**67.** Risk management arrangements were initially drafted in May 2015 and subsequently revised and approved by the Board in November 2015. There is a commitment by WDIJB to review these annually and submit to the Board for approval. The most recent version was approved by the Board at their meeting on November 2016.

**68.** Based on our review of the evidence we concluded that the IJB has appropriate risk management arrangements which are subject to regular review by the board.

## Transparency

**69.** Transparency means that the public, and in particular, local residents, have access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**70.** There is evidence from a number of sources which demonstrate the IJB's commitment to transparency. For instance, full details of the meetings held by WDIJB are available on their website. The committee papers and minutes of

meetings are also publically available and members of the public are permitted to attend and observe board meetings. Public notice of each meeting is given on the WDIJB website. Audit Committee meetings are also open to members of the public.

**71.** Overall, we concluded that the IJB conducts its business in an open and transparent manner.

## **Complaints handling**

**72.** The Scottish Public Services Ombudsman (SPSO) issued guidance and a template to help IJBs develop an appropriate complaints handling procedure. The IJB's social work complaints handling policy and procedures, based on SPSO guidance, were approved by the Board at a meeting on 1 March 2017.

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

**73.** The Board requires that all members must comply with the Standards in Public Life - Code of Conduct for Members of Devolved Public Bodies. In August 2016 the Board agreed to adopt the template Code of Conduct for Integration Joint Boards which had been produced by the Scottish Government.

**74.** Based on our review of the evidence we concluded that the IJB 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.

# Part 5

## Value for money



### Main judgements

**The annual performance report did not meet the statutory deadline of 31 July 2017**

**The IJB should continue to develop systems and processes to ensure that it can demonstrate that it is delivering Best Value by assessing and reporting on its arrangements to promote continuous improvement and value for money in service provision.**

### Best Value

**75.** Local government bodies, including IJBs, have a statutory duty to make arrangements to secure Best Value, through the continuous improvement in the performance of their functions. The characteristics of a Best Value organisation are laid out in Scottish Government Guidance issued in 2004.

**76.** The audit findings included throughout this report, comment on arrangements that have been put in place by the Joint Board to secure Best Value in areas such as the financial position, financial management, governance and performance management arrangements. While there is evidence of elements of Best Value being demonstrated by the joint board, there is no mechanism for formal review. The Joint Board should have systems and processes to ensure that it can demonstrate that it is delivering Best Value by assessing and reporting on its arrangements to promote continuous improvement and value for money in service provision.

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

[Action Plan \(Appendix 1, point 7\).](#)

### Performance management

**77.** In order to achieve value for money WDIJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**78.** The Strategic Plan identifies three strategic commissioning priorities that are linked to the Scottish Government's nine health and wellbeing outcomes, together with the six additional outcomes for children and community justice. These are:

- Supporting Children & Young People
- Supporting Adults & Older People
- Supporting Safe, Strong & Involved Communities

**79.** These commissioning priorities are then further broken down into eleven strategic priorities, which can be found detailed within the Strategic Plan.

**80.** The Board receives performance reports on a quarterly basis to update on progress against the proposed targets and measures, with narrative to describe progress and actions for improvement.

**81.** The measures and targets demonstrate the IJB's progress against the three strategic priorities set out in the Strategic Plan and take account of national core indicators for integration, local delivery targets and relevant Single Outcome Agreement (SOA) targets.

**82.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end (31 July 2017). The performance report did not meet this deadline; it was submitted to the Board meeting on 23 August 2017. However we note that the draft report was available within Committee Reports one week after the deadline and that the Scottish Government had been made aware of this. In addition, 2016/17 was the first required publication of the Annual Performance Report; however WDIJB issued a report in 2015/16 which covered most of the areas required by the guidelines.

#### [Action Plan \(Appendix 1, point 9\)](#)

**83.** Of the 43 key performance indicators reported, for the end of 2016/17, 23 performance indicators were demonstrating positive performance against target, 10 were showing as narrowly missing the target, 8 performance indicators had been missed (i.e. target missed by 15% or over) and 1 had no current data available.

## National performance audit reports

**84.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland.

**85.** In December 2015, we published the first of three national reports looking at the integration of health and social care. In the report we recognised that The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a significant programme of reform affecting most health and care services and over £8 billion of public money. The reforms are far reaching and have scope to address previous barriers to providing the right care for people closer to home. We also reported some significant risks to the success of health and social care integration. These included complex governance arrangements, difficulties in budget-setting and consequent delays in strategic planning. The scale of the change is significant and will not happen quickly. Therefore, we will carry out a second audit in 2018, now integration authorities are more established, to look at progress and to follow up on these risks. The audit will also examine changes to the system, including evidence for shifts in service delivery from acute to community-based and preventative services, and for impact on the lives of local people.

**86.** During 2016/17, we published a number of reports which are of direct interest to WDIJB. These are outlined in [Appendix 3](#) accompanying this report. WDIJB has satisfactory arrangements in place for considering and reviewing national reports including any locally agreed actions, as evidenced by the updates taken to the Audit Committee in respect of Audit Scotland's Social Work in Scotland 2016 and NHS in Scotland 2016 reports.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Page no.	Issue/risk	Recommendation	Agreed management action/timing
11	<p><b>1. Hospital Acute Services (Set Aside)</b></p> <p>Arrangements for the sum set aside for hospital acute services under the control of WDIJB are not yet operating as required by legislation and statutory guidance.</p> <p>A notional figure was included in the accounts under a transitional arrangement agreed by the Scottish Government.</p> <p><b>Risk</b></p> <p>In future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>NHSGGC and WDIJB should establish processes for planning and performance management of delegated hospital functions and associated resources in 2017/18.</p>	<p>A working group has been formed with NHSGGC finance colleagues, CFOs and the Scottish Government to establish processes for planning, quantifying and performance management of delegated hospital functions and associated resources in 2017/18.</p> <p>Chief Financial Officer</p> <p>June 2018</p>
13	<p><b>2. Budget Monitoring</b></p> <p>There were differences in the figures reported to the Board in May and the surplus in the draft accounts reported to the Audit Committee in June.</p> <p><b>Risk</b></p> <p>Budget reports may not provide sufficient information to enable members to review performance and make the necessary decisions.</p>	<p>A report which reconciles any movements from the final outturn report to the accounts should be provided to the Board and Audit Committee.</p>	<p>Going forward, a year end summary report will be provided for the Board and Audit Committee.</p> <p>Chief Financial Officer</p> <p>June 2018</p>



Page  
no.

Issue/risk

Recommendation

Agreed  
management  
action/timing

15	<p><b>3. 2017/18 Budget</b></p> <p>The budget for 2017/18 was not approved till 23 August 2017, which means that the Board was operating without a fully approved budget for almost six months of the financial year.</p> <p><b>Risk</b></p> <p>Operating without a fully approved budget makes financial management and decision making more difficult and may negatively affect the quality of service delivery.</p>	<p>The Board should continue to ensure that budgets for future years are approved as a matter of urgency.</p>	<p>2017/18 Budget has been approved at the August 2017 Board Meeting. We will continue to ensure future budgets are agreed as a matter of priority.</p> <p>Chief Financial Officer</p> <p>June 2018</p>
15	<p><b>4. Medium to Long term Financial Plans</b></p> <p>There are no medium to long term financial plans in place. This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary.</p> <p><b>Risk</b></p> <p>WDIJB is not planning adequately over the medium to long term to manage or respond to significant financial risks. Services may be affected if their sustainability is not planned. I</p>	<p>A long term financial strategy (5 years +) supported by clear and detailed financial plans (3 years +) should be prepared. Plans should set out scenario plans (best, worst, most likely).</p>	<p>This has been committed through further actions in our Annual Governance Statement and is now also included in our Improvement Action Plan as part of our review of the Local Code of Governance.</p> <p>Chief Financial Officer</p> <p>February 2018</p>
17	<p><b>5. Local Code Good Governance Arrangements</b></p> <p>The requirement in 2016/17 for the IJB to publicly report on their compliance with their Local Governance Code was not met.</p> <p><b>Risk</b></p> <p>WDIJB did not adopt the requirements of the Delivering Good Governance Framework in 2016/17.</p>	<p>WDIJB should review compliance against their Local Code and publicly report on this for 2017/18.</p>	<p>This has been included as part of the agenda for the September Audit Committee for approval from the Board. Going forward the annual review will form part of our draft annual accounts timetable.</p> <p>Chief Financial Officer and Senior Management Team</p> <p>September 2017 and to be reported in 2017/18 annual report and accounts</p>





**Page no.** **Issue/risk**



**Recommendation**



**Agreed management action/timing**

18	<b>6. Internal Audit</b>  The internal auditors of NHSGGC do not share copies of individual internal audit reports with the IJB or attend meetings of the IJB's Audit Committee.  <b>Risk</b>  Officers and Board members may be unable properly discharge their scrutiny and governance responsibilities.	The WDIJB should develop a protocol with the auditors to facilitate for all internal audit reports that affect the IJB are made available to its Audit Committee.	Discussions have commenced with the NSGGC Assistant Director of Finance. We will work to develop an agreement, if possible within the existing terms of contract between HNSGGC and PwC.  Chief Internal Auditor and Chief Financial Officer  June 2018
20	<b>7. Value for Money</b>  While there is evidence of elements of Best Value being demonstrated by the joint board, there is no mechanism for formal review.  <b>Risk</b>  Opportunities for continuous improvement are missed.	The IJB should undertake a periodic and evidenced formal review of its performance against the Scottish Government Best Value framework	Work on developing links with Annual Performance Report data to demonstrate that in a climate of financial austerity targets are on track.  Head of Strategy, Planning and Health Improvement and Chief Financial Officer.  July 2018
21	<b>8. Annual Performance Report</b>  The 2014 Regulations require that an Annual Performance Report be approved and submitted within four months of the financial year end this was not achieved for 2016/17 with the report being submitted on 23 August  <b>Risk</b>  Non compliance with statutory regulations which is required to be reported by auditors. In addition, late submission delays the ability of Board members to review performance and progress improvement actions.	The WDIJB should ensure the Annual Performance Report is approved and submitted within the deadline.	To seek approval from the Board to publish a draft of the Annual Performance Report by 31 July subject to Board approval at the next available meeting.  Head of Strategy, Planning and Health Improvement  July 2018



# Appendix 2

## Significant risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<b>1 Risk of management override of controls</b>  ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.	Detailed testing of journal entries.  Review of accounting estimates.  Focused testing of accruals and prepayments.  Evaluation of significant transactions that are outside the normal course of business.	Satisfactory written assurances were received from the external auditors of the council and health board regarding journal testing and accuracy, allocation and cut-off of Joint Board transactions.
<b>2 Financial statements preparation</b>  The 2016/17 financial statements will require income, expenditure and year end balances to be agreed with West Dunbartonshire Council and NHS Greater Glasgow and Clyde. There is a risk that the procedures for agreeing the year end balances are not fully embedded and that the financial statements are not delivered to the agreed timescale and in the required format.	Continued engagement with officers prior to the accounts being prepared to ensure that the relevant information is disclosed and the timetable is met.  Service auditor assurances will be obtained from the auditors of West Dunbartonshire Council and NHS Greater Glasgow and Clyde over the completeness, accuracy and allocation of the income and expenditure.	The required information was disclosed within the accounts and the financial statements were prepared in accordance with the Code.  The timetable for reporting of inter partner balances was met.
<b>3 Risk of fraud over expenditure</b>  The expenditure of the IJB is processed through the financial systems of West Dunbartonshire Council and NHS Greater Glasgow and Clyde. There is a risk that non	Gaining assurances from the auditors of the council and health board over the accuracy, completeness and appropriate allocation of the IJB ledger entries.  Carry out audit testing to confirm the accuracy and	Satisfactory written assurances were received from the external auditors of WDC and NHSGGC regarding accuracy, allocation and cut-off of Joint Board transactions.

Audit risk	Assurance procedure	Results and conclusions
IJB related expenditure is incorrectly coded to IJB accounts.	correct allocation of IJB transactions, and that they are recorded in the correct financial year.	

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

<b>4 Financial sustainability</b> <p>The board will need strong financial management and budgetary control to address the challenges and risks to future finances.</p>	<p>Review ongoing budget monitoring reports to ensure they accurately reflects the position of the partnership.</p> <p>Obtain evidence of remedial action being taken on areas of overspend</p>	<p>Overall, the board has improved and strengthened its financial management arrangements. The board should continue to address the issues and risks. These areas have been reported in the Action Plan to officers.</p>
<b>5 Chief Officer</b> <p>The incumbent Chief Operating Officer is due to retire in July 2017. Recruitment for a replacement has commenced however there is a risk that the replacement will not have sufficient time for a comprehensive handover of duties.</p>	<p>We will liaise with the current Chief Operating Officer throughout the recruitment process.</p>	<p>Satisfactory arrangements were put in place, with a crossover period between the incoming and outgoing Chief Operating Officer. This allowed for sufficient time for a comprehensive handover of duties.</p> <p>No issues identified.</p>

# Appendix 3

## Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	Superfast broadband for Scotland: a progress update
			Scotland's colleges 2016
Sept		Social work in Scotland	Scotland's new financial powers
Oct		Angus Council: Best Value audit report	NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	i6: a review
			Managing new financial powers: an update

### IJB relevant reports

[The National Fraud Initiative in Scotland](#) – June 2016

[NHS in Scotland 2016](#) – October 2016

[Social work in Scotland](#) – September 2016

[Scotland's NHS workforce](#) – February 2017

# West Dunbartonshire IJB

## 2016/17 Annual Audit Report

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West Dunbartonshire Integration Joint Board  
Garshake Road  
Dumbarton  
G82 3PU

20 September 2017

## West Dunbartonshire Integration Joint Board 2016/17 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 2016/17 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 and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 20 September 2017 (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 Chief Financial 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 Chief Financial 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 West Dunbartonshire Integration Joint Board and the Accounts Commission

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

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the West Dunbartonshire Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis of opinion

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

#### Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 Integration Joint Board 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.

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

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

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

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to 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.

### **Report on other requirements**

#### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

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

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

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

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

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

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

I have nothing to report in respect of these matters.



Fiona Mitchell-Knight, FCA  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

20 September 2017

## APPENDIX B: Letter of Representation (ISA 580)

Fiona Mitchell-Knight  
Assistant Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

20 September 2017

Dear Fiona

### **West Dunbartonshire Integration Joint Board Annual Accounts 2016/17**

1. This representation letter is provided in connection with your audit of the financial statements of West Dunbartonshire Integration Joint Board for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Board, as at 31 March 2017 and its comprehensive net 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 the Board for the year ended 31 March 2017.

### **General**

3. I acknowledge my responsibility and that of the Board 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 the Board 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 Annual Report to the financial statements, including the Management Commentary and Remuneration Report, presents a balanced picture of the Board 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 (ISA260).

### **Regularity of Financial Transactions**

6. The financial transactions of the Board are in accordance with the relevant legislation and regulations governing its activities and expenditure and income were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

## **Financial Reporting Framework**

7. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and in accordance with the requirements of the Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements.
8. 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 the Board for the year ended 31 March 2017.

## **Accounting Policies & Estimates**

9. All material accounting policies adopted are as shown in the Statement of 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 Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
10. 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**

11. The Board has assessed the Integration Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

## **Related Party Transactions**

12. 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 2016/17.

## **Events Subsequent to the Date of the Balance Sheet**

13. 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.
14. 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**

15. I acknowledge as Section 95 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.

16. 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 in 2016/17. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2017, which require disclosure.

### **Fraud**

17. 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**

18. The debtor balance shown in the Balance Sheet as at 31 March 2017 has been agreed with partners.

### **Provisions and Contingent Liabilities**

19. There are no provisions or contingent liabilities, arising either under formal agreements or through informal undertakings, requiring disclosure in the accounts.

Yours sincerely

Julie Slavin  
Chief Financial Officer

**WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP****Audit Committee: 20 September 2017**

---

**Subject: Audited Annual Accounts 2016/17****1. Purpose**

- 1.1** To present the Audit Committee the audited Annual Accounts for the year ended 31 March 2017 as delegated by the HSCP Board on 23 August 2017 and to highlight matters of interest.

**2. Recommendations**

- 2.1** Members are asked to note the contents of the report and approve the audited Annual Accounts for 2016/17.

**3. Background**

- 3.1** The draft, unaudited Annual Accounts for 2016/17 were presented to the Audit Committee on 22 June 2017 for review and approval before being passed to the Accounts Commission by the statutory deadline of 30 June 2017.
- 3.2** The Audit Committee agreed to approve the draft accounts subject to some minor amendments and expansion within the Governance Statement and Management Commentary to provide explanation and clarity in relation to certain technical accounting language used in the report and the delay in approving the 2017/18 budget allocation from NHSGGC due to historic savings targets of £3.6m being applied.
- 3.3** The draft accounts presented that the HSCP Board had been successful in managing its expenditure within the income available for both health and social care, by achieving a surplus of £3.956m mainly related to unapplied Social Care Fund resources, which would be held in reserve to support financial sustainability in future years.

**4. Main Issues**

- 4.1** The audit of the financial statements has now been completed by the HSCP Board's external auditor, Audit Scotland and the audited Annual Accounts are appended to this report. Thereafter, the signed Annual Accounts will be presented to the 22 November HSCP Board for noting.
- 4.2** There were some presentational and disclosure issues identified, mainly relating to the use of the new template approved by CIPFA/LASAAC and the

requirements of the 2016/17 Accounting Code of Practice. These have been adjusted for accordingly but make no impact on the reported overall surplus position.

- 4.3 There has been a change to the split of total reserves between earmarked and unearmarked to reflect the decision on the HSCP Board on 23 August to remove the earmarked reserve for prescribing given the positive update from the Prescribing Efficiency Group that savings programmes are in place to drive down the original £8.5m shortfall and that the risk sharing arrangement with NHSGGC would remain for 2017/18.
- 4.4 On the advice of the Chief Financial Officer the £0.321m identified to underwrite this risk has been re-routed to cover the HSCP Board's £0.274m share of unachieved savings, with the £0.047m residual adding to the unearmarked reserves balance.
- 4.5 We are pleased to report that an unqualified audit opinion has been given in relation to these Annual Accounts and this has been presented to the Audit Committee within agenda item 7 of today's meeting.

## **5. People Implications**

- 5.1 None associated with this report.

## **6. Financial Implications**

- 6.1 The HSCP Board achieved a surplus of £3.956m in 2016/17, which will be retained in accordance with the Integration Scheme and now holds cumulative reserves of £5.568m.

## **7. Professional Implications**

- 7.1 None associated with this report.

## **8. Locality Implications**

- 8.1 None associated with this report.

## **9. Risk Analysis**

- 9.1 The HSCP Board has identified the requirement to develop a medium term financial plan to identify and help mitigate the risk of future funding gaps.

## **10. Impact Assessments**

**10.1** None required.

## **11. Consultation**

**11.1** This report has been completed in consultation with the HSCP Board's external auditor's Audit Scotland.

## **12. Strategic Assessment**

**12.1** This report is in relation to a statutory function and as such does not directly affect any of the strategic priorities.

**Author:** Julie Slavin – Chief Financial Officer,

**Date:** 20 September 2017

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**Appendices:** Audit Scotland - Annual Audit Report 2016/17

**Background Papers:** Audit Committee June 2017 – Draft Unaudited Annual Accounts

**Wards Affected:** All





**West Dunbartonshire**  
**Health & Social Care Partnership**

# **West Dunbartonshire Integration Joint Board**

*Commonly known as*

**West Dunbartonshire**  
**Health and Social Care Partnership**

## **Annual Accounts 2016/17**

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## **MANAGEMENT COMMENTARY**

### **INTRODUCTION**

This publication contains the financial statements for the West Dunbartonshire Integration Joint Board (IJB), hereafter known as the Health and Social Care Partnership Board (HSCP Board) for the year ended 31 March 2017.

The Management Commentary provides an overview of the key messages in relation to the HSCP Board's financial planning and performance for the 2016/17 financial year and how this has supported the delivery of the its strategic priorities as laid out in its Strategic Plan 2016-2019. This commentary also outlines future challenges and risks which influence the financial plans of the HSCP Board as they deliver high quality health and social care services to the people of West Dunbartonshire.

The attached annual accounts have been prepared in accordance with current regulations and guidance.

### **The West Dunbartonshire Health and 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 (NHSGGC) and West Dunbartonshire Council (WDC) 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 (IJB) for West Dunbartonshire, commonly known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) was formally established on 1 July 2015.

#### **The West Dunbartonshire Health and Social Care Partnership 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 NHSGGC or WDC, retaining their respective terms and conditions. These arrangements for integrated service delivery are conducted within an operational service delivery framework established by NHSGCC and WDC for their respective functions, ensuring both those organisations can continue to discharge their retained governance responsibilities.

The range of functions and services delegated to the HSCP Board are detailed within the approved *Integration Scheme for West Dunbartonshire*, which can be viewed here:

<http://wdhscp.org.uk/media/1215/wdhscp-integration-scheme-may-2015.pdf>

## The HSCP Board's Operations for the Year

The Act places a duty on the HSCP Board to create a "strategic plan" for the integrated functions and budgets that it controls. At its August 2016 meeting, the HSCP Board approved its second Strategic Plan, covering the three year period 2016 – 2019 (the maximum duration allowed by the legislation). This high-level strategic plan sets out the HSCP Board's commissioning priorities for that medium term period, with a clear commitment to the delivery of effective clinical and care governance and Best Value.

The HSCP Strategic Plan 2016 – 2019 can be viewed here:

<http://wdhscp.org.uk/media/1597/strategic-plan-2016-2019.pdf>

A full profile of West Dunbartonshire is set out in the Strategic Plan. Some of the key characteristics include the following:

- West Dunbartonshire lies north of the River Clyde encompassing urban and rural communities. According to the National Records for Scotland, the 2015 population for West Dunbartonshire is 89,590; a decrease of 0.1 per cent from 89,710 in 2014. The population of West Dunbartonshire accounts for 1.7 per cent of the total population of Scotland;
- Service delivery should reflect local population needs. In West Dunbartonshire there are two locality areas: Clydebank; and Dumbarton and Alexandria; and
- National evidence indicates that the population of West Dunbartonshire is aging due to a combination of factors; that the number of births within the area is dropping; the number of people migrating to other council areas within the 15 – 44 age groups is increasing; and the number of deaths registered annually is falling.

The substance of the Strategic Plan was shaped by the contents and response to the HSCP Board's first and well-received Annual Performance Report 2015/16.

The Strategic Plan reflects the HSCP Board's commitment to integration being community planning in practice, with its strategic commissioning outcomes articulated with respect to the three local *Community Planning Single Outcome Agreement* priorities that the WD HSCP has a key leadership role in locally:

- Supporting Children and Families.
- Supporting Older People.
- Supporting Safe, Strong and Involved Communities.

The HSCP Board receives a Public Performance Report at each meeting, which provides an update on progress in respect of key performance indicators and commitments. These can be viewed here:

<http://wdhscp.org.uk/about-us/public-reporting/performance-reports/>

The Act obliges all Integration Joint Boards to produce a Performance Report covering performance over the reporting year no later than four months after the end of that reporting year. The HSCP Board's second Annual Performance Report 2016/17 (i.e. for

the same period as these annual accounts) was presented to its 23 August 2017 meeting for scrutiny. Thereafter it was made publicly available on the WDHSCP website; and submitted to NHSGGC, WDC, the local Community Planning Partnership Management Group and Scottish Government. As required by legislation the Annual Performance Report includes 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) and can be viewed here:

<http://www.wdhscp.org.uk/media/1850/hscp-annual-performance-report-2017.pdf>

Operational highlights for 2016/17 include:

- The HSCP's Community Hospital Discharge Team was a finalist at the 2016 Scottish Health Awards;
- The HSCP's Prescribing Support Team was recognised as the Self-Management Supporting Health and Social Care Partnership of the Year at the 2016 Health and Social Care Alliance Scotland Awards;
- The HSCP Care at Home Service was awarded the Scottish Association of Social Work (SASW) Award for 'Best example of collaboration in an integrated setting' as well as being finalists in the Team of the Year award at the national awards ceremony in March 2017;
- The HSCP's Residential Child Care Team at Burnside House won Residential Child Care Team of the Year Award at the Scottish Institute for Residential Child Care (SIRCC) Awards 2016;
- Practical completion of the new Crosslet House 70 bed residential care home (owned by WDC but managed by the HSCP as a delegated service) to replace the three current residential homes in the Dumbarton and Alexandria locality. This new, modern facility will truly transform the lives of its residents and their families;
- Further investment in social care services through the Scottish Government's £250m Social Care Fund. Our partnership share was £4.9m which was directed to: additional spend on expanding social care to support the objectives of integration by supporting people in their own home or a homely setting; and delivering the Scottish Living Wage to all adult social care workers; and
- Positive messages in 2015/16 Annual Audit Report published by our external auditors in September 2016 around effective financial management and financial sustainability in an increasingly challenging climate of public sector austerity.

## Analysis of the Financial Statements and Financial Performance of HSCP Board

The Statement of Accounts contains the financial statements of the HSCP Board for the year ended 31 March 2017, which holds all of the expenditure and income associated with the operational delivery of services to the population of West Dunbartonshire. 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 2016/17 Accounts have been prepared in accordance with this Code.

The financial reporting responsibilities of the HSCP Board Chief Financial Officer include preparing financial statements which should reflect a "true and fair view" of the partnership's financial performance and financial position.

External auditors have a responsibility to provide an opinion on the financial statements, which will involve challenging and testing the unaudited accounts. The external audit findings and opinions may require some changes and adjustments being made before the accounts are approved by the HSCP Board on 20 September 2017.

Financial performance is an integral element of the HSCP Board's overall performance management framework, with regular reporting and scrutiny of financial performance at meetings of both the HSCP Board and its Audit Committee.

The key messages from our first full year of operation during the financial year 2016/17 are:

- On a total budget allocation of £167.693m from WDC and NHSGGC, including Set Aside and Hosted Services, we have ended the year with a surplus of £3.956m;
- This represents previously reported underspends in Social Care, mainly from unapplied Social Care Fund resources and planned for service underspends across Health Services to be held in reserve to mitigate any future budget volatility and underwrite the delivery of approved savings plans;
- This surplus will be added to the reserves brought forward from 2015/16 of £1.612m;
- These general fund reserves are categorised into earmarked reserves for specific projects, such as residential care home transformation or Technology Enabled Care project and unearmarked reserves which forms part of the HSCP Board's financial strategy and was established to better manage the risk of any future unanticipated events that may materially impact on the financial position of the HSCP Board;
- Approved savings of £0.993m relating to Social Care were delivered in line with the financial plan;
- Approved savings of £1.431m for Health Care were part delivered through Health Board collective savings plans and local savings plans. The balance of £0.909m was funded non-recurrently by Greater Glasgow and Clyde Health Board to allow the HSCP Board to approve savings options at the November 2016 meeting for implementation 1 April 2017;
- The cost of implementation of the Scottish Living Wage of £8.25/hr for all adult care workers from 1 October 2016 was calculated at a cost of £0.667m; and
- WD HSCP host MSK Physiotherapy Services and Retinal Screening for all partnerships within Greater Glasgow and Clyde Health Board. The net expenditure for these hosted services for 2016/17 was £6.064m and £0.766m respectively.

# West Dunbartonshire

## Health & Social Care Partnership

West Dunbartonshire Integration Joint Board – Annual Accounts for the Year Ended 31<sup>st</sup> March 2017

The full year financial position for the HSCP Board can be summarised as follows:

<b>1 April 2016 to 31 March 2017</b>	<b>West Dunbartonshire Council £000</b>	<b>Greater Glasgow &amp; Clyde Health Board £000</b>	<b>Total £000</b>
<b>Funds Received from Partners</b>	(62,216)	(105,477)	(167,693)
<b>Funds Spent with Partners</b>	58,840	104,897	163,737
<b>Surplus in Year 2016/17</b>	<b>(3,376)</b>	<b>(580)</b>	<b>(3,956)</b>

### The HSCP Board's Strategy and Business Model

The Accounts Commission has stated that public bodies need to think differently about what they deliver: prioritising activities; redesigning services; and re-shaping their workforces. This is certainly the case in West Dunbartonshire, and just as true for the Health & Social Care Partnership as it is for other areas of public service. As committed to within the Integration Scheme and based on local engagement and feedback, a local Participation and Engagement Strategy was developed and approved in May 2016, that sets out the key principles and high level ways-of-working that the HSCP will apply in its relationships with stakeholders as an integral element of its mainstream strategy and business model. The Participation and Engagement Strategy can be viewed here:

<http://wdhscp.org.uk/media/1561/wdhscp-participation-and-engagement-strategy-2016.pdf>

In addition to the requirements set out within the Public Bodies (Joint Working) Act 2014, this Strategy takes due cognisance of other pertinent legislation, including:

- The Carer's (Scotland) Act 2016 which aims to ensure better and more consistent support for both adult and young carers so that they can continue to care in better health and to have a life alongside of caring.
- The Community Empowerment (Scotland) Act 2015 provides a legal framework that promotes and encourages community empowerment and participation; and outlines how public bodies will work together and with the local community to plan for, resource and provide services which improve local outcomes in the local authority area.
- The Children and Young People's (Scotland) Act 2014 which reinforces the United Nations Convention on the Rights of the Child; and the principles of Getting It Right for Every Child.
- The Community Justice (Scotland) Act 2016 which identifies Community Planning Partnerships as being the vehicle to bring partner organisations together to plan and deliver community justice outcomes.
- The Equality Act 2010, with its general duties to eliminate discrimination, harassment and victimisation; advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between people who share a protected characteristic and those who do not.

All of the above reinforce the stated core values of the HSCP Board i.e. protection; improvement; efficiency; transparency; fairness; collaboration; respect; and compassion. As expressed in this Strategy, these then underpin how the HSCP develops and delivers the local Strategic Plan and local services; and informs relationships with stakeholders, including service users, carers and communities; staff working within the HSCP, and Trade Unions; GPs, other NHS external contractors and acute clinicians; the

Third and Independent Sector; and Community Planning Partners. The HSCP has worked with stakeholders to create a tapestry of flexible opportunities to support pragmatic participation and engagement – and with the understanding that they are not set-in-stone but rather are dynamic processes that should and will evolve based on feedback, learning and changing circumstances.

The HSCP Board is also responsible for strategic planning for unscheduled care with respect to the population of West Dunbartonshire. In doing this, it is obliged to work closely with the NHS GGC as well as the other Integration Joint Boards within the Greater Glasgow & Clyde area. This reflects the challenges presented by a combination of continuing shifts in patterns of disease to long term conditions; growing numbers of older people with multiple conditions and complex needs; and a pressurised financial environment. Critical to this is the on-going work and developments to shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes when that is the best thing to do. Good quality community care should mean less unscheduled care in hospitals, and people staying in hospitals only for as long as they need specific treatment. At the same time, waste and variation in clinical practice need to be addressed, alongside promoting the reliable implementation of effective interventions. To this end, the HSCP Board approved at its 22<sup>nd</sup> March 2017 a set of comprehensive commissioning intentions for unscheduled care, reflecting a commitment to invest, redesign and deliver an effective infrastructure of community services. In doing this, it sets out initial commissioning directions for NHS GGC and its Acute Division; and a proposed improvement agenda for primary care, both of which emphasise the expectations of the Scottish Government's Chief Medical Officer to "Realise Realistic Medicine<sup>1</sup>". In accordance with Scottish Government's emerging indications with regards to measuring the impact of health and social care integration, the commissioning objectives express the following inter-connected areas for strengthening performance:

- Communication.
- Unplanned admissions.
- Occupied bed days for unscheduled care
- A&E performance.
- Delayed discharges.
- End of life care.
- Balance of spend across institutional and community services.

The Unscheduled Care Commissioning Intentions 2017 – 2020 can be viewed at:

<http://wdhscp.org.uk/media/1757/wdhscp-unscheduled-care-commissioning-march-2017.pdf>

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<sup>1</sup> <http://www.gov.scot/Resource/0051/00514513.pdf>



## Key Risks and Uncertainties

The HSCP Board Financial Regulations reflect the recommendations of the national Integrated Resources Advisory Group which confirms the responsibility of the Chief Officer to develop a local risk strategy and policy for approval by the Partnership Board.

The HSCP Board Financial Regulations can be viewed here:

<http://www.wdhscp.org.uk/media/1414/wd-hscp-board-financial-regulations-aug-2015.pdf>

The HSCP Board approved its Risk Management Strategy & Policy at its August 2015 meeting, which can be viewed here:

<http://www.wdhscp.org.uk/media/1415/wdhscp-risk-policy-and-strategy-august-2015.pdf>

Following the planned and formal review of strategic risks during 2016 by the Senior Management Team, an updated strategic risk register was presented in draft for discussion at the September 2016 meeting of the Audit Committee; and then presented to the HSCP Board for approval at its November 2016 meeting. That current strategic risk register – with mitigating activities specified - can be viewed here (item 9):

<http://wdhscp.org.uk/media/1669/hscp-document-pack-16-november-2016.pdf>

Some of key risks identified with mitigating actions in the HSCP Board Risk Register are:

Strategic Risk	Mitigating Action
Failure to deliver efficiency savings targets and operate within allocated budgets.	On-going process of managing and reviewing the budget by the Senior Management Team. A recovery plan will be implemented to address areas of significant in-year overspend. Savings options under review in 2016/17 expected to be challenging – horizon scanning being undertaken with respect to delivery of Strategic Plan within context of both wider WDC & GGC processes.
Failure of NHSGGC-wide MSK Physiotherapy Service to meet nationally determined four week waiting time target.	Text reminders for new appointments targeted introduction during autumn 2016. A risk stratification process for back pain patients is being introduced during autumn/winter 2016. Work stream being initiated to review referral criteria and improve GP management of MSK conditions, with reduction in risk grading dependent on HSCP Board approval of any proposed revisions.
Failure to deliver a sustainable solution to asbestos-related health & safety risks within fabric of Clydebank Health Centre.	On-going repair and refurbishment expenditure on premises in the immediate to short-term. Capital funding for new Clydebank Health & Care Centre has now been earmarked by Scottish Government, with HSCP having secured approved for Initial Agreement. Development work now underway to secure funding as per prescribed process. Risk grade won't be altered until funding confirmed (i.e. once approvals for Outline and Full Business Cases secured).

Ongoing financial austerity within the public sector coupled with short term funding allocations make financial planning in the medium term a complex endeavour for the HSCP

Board's funding partners and impacts on the HSCP Board's decision making process on how to address funding reductions with the least impact to front line services.

Service redesign and shifting the balance of care are essential given the projected scale estimated funding reductions (3%-7%) and demographic challenges in the coming years. West Dunbartonshire HSCP was the second best performing in 2015/16 for percentage off adults supported at home who agreed that they are supported to live as independently as possible – 89% (Scotland 84%). The Strategic Plan and its associated commissioning intentions will inform the HSCP Board's Financial Plan around growing our community based services.

Moving into 2017/18 the HSCP Board will proactively address the funding challenges through a refresh of its medium term financial strategy, incorporating Scottish Government's 2017/18 funding directions to the funding partners, i.e. that:

- Health Boards' maintain budget allocation at 2016/17 cash levels; and
- Councils' restrict funding reductions to share of £80m in recognition of the addition £107m Social Care funding.

The HSCP Board will closely monitor progress delivering the of approved savings programmes through robust budget monitoring processes and regular meetings with all levels of budget holder. The HSCP Chief Office will develop further options through use of invest to save models and opportunities for team co-location (e.g. as part of WDC's investment in fit for purpose office accommodation and improved agile working strategy).

The HSCP Board will use reserves to both underwrite any unforeseen service volatility and to support service redesign to deliver sustainable, high quality health and care services to West Dunbartonshire communities.

More generally a range of wider issues presents some degree of uncertainty to the HSCP Board, particularly in terms of future planning relating to finance, the workforce and the scale and scope of the HSCP Board. Examples include:

- Potential reform(s) of NHS boards and local government;
- The national and local political landscape; and
- Impacts of Brexit, such as an unstable economic climate and uncertainty regarding the future employment rights of health and social care staff from EU countries.

As part of its commitment to a strong governance framework around regular and robust budget and performance monitoring and on-going assessment of risk, the HSCP Board and its senior officers will monitor such developments and will take appropriate action as required.

**Marie McNair**  
HSCP Board Chair

Date: 20/09/17

**Beth Culshaw**  
Chief Officer

Date: 20/09/17

**Julie Slavin CPFA**  
Chief Financial Officer

Date: 20/09/17

## **STATEMENT OF RESPONSIBILITIES**

### **Responsibilities of the Health and Social Care Partnership Board**

The Health and Social Care Partnership Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this partnership, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit Committee on 20 September 2017.

Signed on behalf of the West Dunbartonshire Health and Social Care Partnership Board

**Marie McNair**  
HSCP Board Chair

Date: 20/09/17

### **Responsibilities of the Chief Financial Officer**

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

In preparing the Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the local authority Code (in so far as it is compatible with legislation)

The Chief Financial Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the West Dunbartonshire Health and Social Care Partnership Board as at 31 March 2017 and the transactions for the year then ended.

**Julie Slavin CPFA**  
Chief Financial Officer

Date: 20/09/17

## **REMUNERATION REPORT**

### **Introduction**

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

It discloses information relating to the remuneration and pension benefits of specified WD HSCP Board members and staff. The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

The HSCP Board does not directly employ any staff. All staff working within the HSCP are employed through either NHSGGC or WDC; and remuneration for senior staff is reported through those bodies. This report contains information on the HSCP Board Chief Officer and Chief Financial Officer's remuneration together with details of any taxable expenses relating to HSCP Board voting members claimed in the year.

Membership of the HSCP Board is non-remunerated; for 2016/17 no taxable expenses were claimed by members of the partnership board.

### **1. Health and Social Care Partnership Board**

The voting members of the HSCP Board were appointed through nomination by Greater Glasgow and Clyde Health Board or West Dunbartonshire Council. Nomination of the HSCP Chair and Vice Chair post holders alternates, every 3 years, between a Councillor for WDC or a NHSGGC Health Board representative

The HSCP Board does not pay allowances or remuneration to voting board members; voting board members are remunerated by their relevant partner organisation.

The HSCP Board does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair. For 2016/17 no voting member received any form of remuneration from the HSCP Board as detailed in the table over.

<b>Total Taxable HSCP related Expenses 2015/16</b>	<b>Voting Board Members 2016/17</b>	<b>Nominating Organisation</b>	<b>Total Taxable HSCP related Expenses 2016/17</b>
Nil	Gail Casey ( Chair)	West Dunbartonshire Council	Nil
Nil	Martin Rooney	West Dunbartonshire Council	Nil
Nil	Jonathan McColl	West Dunbartonshire Council	Nil
Nil	Allan Macleod ( Vice chair)	NHS Greater Glasgow and Clyde	Nil
Nil	Heather Cameron	NHS Greater Glasgow and Clyde	Nil
Nil	Ros Micklem - Note 1	NHS Greater Glasgow and Clyde	Nil
N/A	Rona Sweeney - Note 2	NHS Greater Glasgow and Clyde	Nil

Note 1: Last Board meeting 25 May 2016      Note 2: Appointed to HSCP 17 August 2016 after nomination approved by NHSGGC Health Board

## 2. Senior Officers

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

### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the HSCP Board has to be appointed and the employing partner has to formally second the officer to the HSCP Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the HSCP Board.

The Chief Officer for the financial year 2016/17 (Mr Keith Redpath) was employed Greater Glasgow and Clyde Health Board; held an honorary contract with West Dunbartonshire Council; and was funded equally between the Health Board and the Council.

This report contains information on the HSCP Board Chief Officer's full year remuneration.

### Other Officers

No other staff are appointed by the HSCP Board under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included below.

Total Earnings 2015/16 £	Senior Officers	Salary, Fees & Allowance £	Compensation for Loss of Office	Total Earnings 2016/17 £
102,741	K Redpath Chief Officer	107,436		107,436
	J Slavin (Start date 22/08/16) Chief Financial Officer	41,446 (FYE 67,920)		41,446
82,358	J Middleton (Retired 16/10/2016) Chief Financial Officer	43,596 (FYE 80,209)		43,596

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the HSCP Board balance sheet for the Chief Officer or any other officers.

The HSCP Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the HSCP Board. The following table shows the HSCP Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

# West Dunbartonshire Health & Social Care Partnership

West Dunbartonshire Integration Joint Board – Annual Accounts for the Year Ended 31<sup>st</sup> March 2017

Senior Officers	In Year Pension Contributions		Accrued Pension Benefits		
	For year to 31/03/16 £000	For year to 31/03/17 £000		For year to 31/03/16 £000	For year to 31/03/17 £000
K Redpath Chief Officer	16	16	Pension	15	17
			Lump Sum	45	50
J Slavin (Start date 22/08/16) Chief Financial Officer	0	6	Pension	0	1
			Lump Sum	0	0
J Middleton (Retired 16/10/16) Chief Financial Officer	12	6	Pension	20	0
			Lump Sum	61	0

The officers detailed above are all members of the NHS Superannuation Scheme (Scotland). The pension figures shown relate to the benefits that the person has accrued as a consequence of their total public sector service, and not just their 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.

## Disclosure by Pay Bands

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

Remuneration Band	Number of Employees 31 <sup>st</sup> March 2016	Number of Employees 31 <sup>st</sup> March 2017
£55,000 -£59,999		
£65,000 -£69,999		
£80,000- £84,999	1	
£100,000 -£104,999	1	
£105,000-109,999		1

**Marie McNair**  
HSCP Board Chair

Date: 20/09/17

**Beth Culshaw**  
Chief Officer

Date: 20/09/17

## **ANNUAL GOVERNANCE STATEMENT**

The Annual Governance Statement explains the HSCP Board's governance arrangements as it meets the requirements of the "Code of Practice for Local Authority Accounting in the UK" and reports on the effectiveness of the HSCP Board's system of internal 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 Strategic Plan 2016-2019 also commits to the delivery of effective clinical and care governance and Best Value.

To meet this responsibility the HSCP Board has established arrangements for governance of its affairs and facilitating the effectiveness 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 a system of internal control. The system is intended to manage risk, to a reasonable level, to support the achievement of the HSCP Board's policies, aims and objectives. Reliance is also placed on Greater Glasgow and Clyde Health Board and West Dunbartonshire Council's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the HSCP Board.

*Delivering Good Governance in Local Government: Framework*, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remained 'fit for purpose' and published a revised edition in spring 2016. The new *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) applies to annual governance statements prepared for the financial year 2016/17 onwards.

West Dunbartonshire Council has recently approved and adopted a revised Local Code of Corporate Governance (the Local Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*. A copy of this Code is available from the Council website at:

<http://www.west-dunbarton.gov.uk/media/4312582/wdc-local-code.pdf>

A copy of Greater Glasgow and Clyde Health Board's annual review of its governance arrangements is available from the Health Board website at:

<http://www.nhsggc.org.uk/media/242657/item-07-governance-statement.pdf>

Any system of internal control can only provide reasonable and not absolute assurance of effectiveness.



## The Governance Framework

The governance framework is comprised of systems and processes; culture and a set of values; by which the HSCP is directed and controlled. It enables the HSCP Board to monitor the achievements of the strategic objectives set up in its Strategic Plan.

The HSCP Board comprises of the Chair and five other voting members, nominated equally by either the West Dunbartonshire Council or Greater Glasgow and Clyde Health Board. There are a number of professional and stakeholder non-voting members including a Chief Officer appointed by the Board. As defined within the Integration Scheme the HSCP, “is the joint delivery vehicle for those integrated services delegated to the Integration Joint Board (except for NHS acute hospital services)”; and the Chief Officer is responsible for the operational management of said Health & Social Care Partnership.”

While the Delivering Good Governance in Local Government: Framework is written in a local authority context, most of the principles are applicable to the HSCP Board, particularly as legislation recognises IJBs as a local government body under Part VII of the Local Government (Scotland) Act 1973, and therefore subject to the local authority accounting code of practice.

The HSCP Board recently approved the adoption of a Local Code of Good Governance and considered the Sources of Assurance which describes and defines the main features of the governance framework. A review on the effectiveness of the sources of assurance has been carried out and an action plan for improvements will be submitted to the HSCP Board on 20 September 2017. A copy of the local code can be found on the WD HSCP website at (Item 9):

<http://www.wdhscp.org.uk/media/1789/hscp-31-may-document-pack-public-version.pdf>

The main features of the governance framework in existence during 2016/17 are described in the Local Code but are summarised below:

- The HSCP Board is formally constituted through the Integration Scheme agreed with our Council and Health Board partners and approved by Scottish Government;
- The HSCP Board's second Strategic Plan 2016 – 2019 was approved by the Board on the 17 August 2016. It sets out the purpose, strategic vision and commissioning priorities for the next three years – with a clear commitment to the delivery of effective clinical and care governance and Best Value;
- The scope, authority, governance and strategic decision making of the HSCP Board and Audit Committee is set out in key constitutional documents including the integration scheme, scheme of delegation, terms of reference, code of conduct, standing orders and financial regulations;
- The Performance Management Framework commits to regular reporting on the delivery of outcomes as set out in the Strategic Plan. Building on the well received 2015/16 Report, the 2016/17 Annual Performance Report was approved at the HSCP Board on 23 August 2017 and each meeting of the HSCP Board receives a quarterly Public Performance Report, which has already been scrutinised by the Senior Management Team;

- The HSCP Board's approach to risk management has been scrutinised and endorsed by the Audit Committee through an update of the Strategic Risk Register, specifically for it to articulate to the anticipated effect on the level of risks as a result of the mitigating action specified. This revised version was subsequently approved by the HSCP Board in November 2016. This is further underpinned by operational risk registers maintained and reviewed by HSCP Heads of Service;
- HSCP Board's approval of Strategic Partnership Agreements with our voluntary organisation partners;
- The Reserves Policy was reviewed as part of the annual budget setting process and approved by the HSCP Board in March 2017;
- The HSCP Board follows the principles set out in COSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and Local Authority and resources paid to its local authority and health service partners;
- The HSCP Board has in place a development programme for all HSCP Board Members. The Senior Management Team has taken part in development sessions on resilience and maintaining high quality performance in preparation of the retirement of the Chief Officer. A performance appraisal process is in place for all employees and compliance reporting is a standing agenda item at the Clinical and Care Governance Group; and
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, Inspectorates and the appointed Internal Audit service to the HSCP's Senior Management Team and the HSCP Board and Audit Committee.

The governance framework was in place throughout 2016/17.

## The System of Internal Financial Control

The system of internal control is based on an ongoing set of processes designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. Any system of internal control can only provide reasonable and not absolute assurance of effectiveness.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration (including segregation of duties), management supervision and delegation. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of WD HSCP. During 2016/17 this included the following:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems, including a formalised budget setting process;
- Regular reviews of periodic and annual financial reports that monitor service delivery and financial performance against the forecast of the integrated budget;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines; and
- 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)*. To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

During 2016/17 the Health Board undertook a review of its Management Accounts function and in consultation with Chief Officers and Chief Financial Officers, formally delegated accountancy support to each of the six partner HSCP's. For WD HSCP the Chief Financial Officer now leads and directs a joint finance team which can continue to develop and refine integrated budgeting and monitoring processes.

From a review of disclosures made in the draft financial statements of NHSGGC and WDC, the HSCP Board has placed reliance on the individual Assurance Statements of Internal Financial Control and the Annual Audit Reports prepared by their own internal auditors. These reports highlight areas for improvement around internal controls and are reflected in the Council and Health Board's own Governance Statements.

Internal audit reviews of NHSGGC as a whole reported the following issues that they considered should be reported in the health board's annual governance statement:

- Waiting times management and reporting (only limited assurance that action plans are completed and being used);
- IT Resilience (improvements to disaster recovery programme were required);
- Business continuity management (a lack of Board-wide and strategic direction to business continuity); and
- Reporting and monitoring arrangements of efficiency savings (further action is required in respect of unallocated savings plans at directorate level).

## 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 review of the HSCP Board's governance framework is supported by a process within West Dunbartonshire Council and Greater Glasgow and Clyde Health Board. Within the Council each member of the Corporate Management Team presents an annual statement on the adequacy and effectiveness of control (including financial control), governance and risk management arrangements within their service area. Through the delegation of operational responsibility for the delivery of all social care services these statements were provided by the HSCP's Chief Officer and Senior Management Team. The responses to these are considered as part of the review of the HSCP and the Council's governance frameworks and areas for improvement are considered in "Further Actions" below. A similar process is in operation within the Health Board where Service Managers were provided with a "Self-assessment Checklist" to complete and return as evidence of review of key areas of the internal control framework.

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. The 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 Chief Internal Auditor undertakes an annual audit review to provide an independent opinion on the adequacy

and effectiveness of the HSCP's Internal Financial Control. For 2016/17 the conclusion was "that reasonable assurance can be placed upon the adequacy and effectiveness of systems of governance, risk management and internal control".

Audit Scotland in their December 2015 report entitled "Health and Social Care Integration" recommended that Integration Joint Boards have high standards of effective governance. As part of the 2016/17 HSCP Board Audit Plan an audit was carried out on "Governance, Performance and Financial Management Arrangements" of the HSCP. The findings concluded that the systems examined are generally working effectively.

## **Governance Issues in 2016/17**

The approval process for budget setting for NHSGGC and WDC follow different timetables. The council approved its 2016/17 annual budget on 24 February 2016, which included its budget allocation offer to the HSCP Board. The health board did not approve its budget until the 28 June 2016 and the budget allocation to the HSCP Board was not formally received until 5 July 2016.

This process was recognised as being unacceptable by both NHSGGC and the HSCP Board and efforts were made to rectify this for 2017/18 budget allocations. A budget allocation offer was received on 23 February 2017 and was formally presented to the HSCP Board on the 1 March 2017. This offer was not accepted on the basis that it did not meet the Scottish Government direction to maintain contribution at 2016/17 cash levels.

After significant commitment and partnership working with NHSGGC and the six IJBs' consensus was reached and a revised offer was accepted by the HSCP Board on 23 August 2017.

The uncertainty brought about by these delays impacted on the 2017/18 financial planning process and the possible utilisation of reserves (as detailed within these annual accounts) moving forward.

Whilst all operational and transactional governance issues are considered within our partners' governance frameworks the HSCP Board Audit Committee take an overview of all actions arising from both internal and external audit reports.

The Chief Internal Auditor's regular update reports to the HSCP Board Audit Committee have confirmed that there are no significant governance issues for 2016/17. However there is presently no formal mechanism in place for the internal audit service of NHSGGC to consult with the HSCP Board Audit Committee regarding planned audit work which could relate of impact on WD HSCP, nor is there a protocol for resulting audit reports to be shared. This will be taken forward and is acknowledged in "Further Actions" below.

## **Further Actions**

To ensure continual improvement of the HSCP's governance arrangements the following actions have been agreed:

- Enhancement of the already robust budget monitoring processes by developing the functionality of Carefirst Financials in the production of full year commitment information;
- In partnership with the Council and Health Board continue to work with staff and their representatives through the Joint Staff Forum on reducing sickness absence rates across all services;

- Developing management information in partnership with ISD to better inform strategic planning, financial and commissioning strategy and “measuring performance under integration” by way of 6 key measures laid down by the Ministerial Strategy Group for Health and Community Care;
- Internal Audit review of Social Work Tendering and Commissioning practices across services, with cognisance of the requirement to ensure that all adult social care workers are paid at the Scottish Living Wage rate; and
- Detailed review and scoring of local code, together with an improvement action plan will be presented to the 20 September 2017 HSCP Board Audit Committee, these include:
  - Developing a medium term financial strategy;
  - Develop a protocol with NHSGGC auditors to share internal audit report findings;
  - In partnership with NHSGGC, Scottish Government and GGC IJBs agree on a methodology that allows Set Aside resources to be quantified and reflect actual activity to comply with legislation on the use of this resource in shifting the balance of care; and
  - Strengthen the strategic planning process.

## Assurance and Certification

Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the HSCP Boards system of governance.

We consider the internal control environment provides reasonable and objective assurance that any significant risks impacting on our principal objectives will be identified and actions taken to mitigate their impact.

**Marie McNair**  
HSCP Board Chair

Date: 20/09/17

**Beth Culshaw**  
Chief Officer

Date: 20/09/17

# West Dunbartonshire

## Health & Social Care Partnership

West Dunbartonshire Integration Joint Board – Annual Accounts for the Year Ended 31<sup>st</sup> March 2017

### **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

2015/16 Gross Expend Restatement £000	2015/16 Gross Income Restatement £000	2015/16 Net Expend Restatement £000	West Dunbartonshire Integrated Joint Board Health & Social Care Partnership	2016/17 Gross Expend £000	2016/17 Gross Income £000	2016/17 Net Expend £000
<b>Consolidated Health &amp; Social Care</b>						
24,736	(6,028)	18,708	Older People Residential, Health and Community Care	32,972	(7,183)	25,789
10,055	(519)	9,536	Homecare	13,786	(711)	13,075
1,927	(119)	1,808	Physical Disability	2,751	(242)	2,509
15,028	(1,546)	13,482	Children's Residential Care and Community Services (incl specialist)	19,881	(769)	19,112
1,560	(75)	1,485	Strategy Planning and Health Improvement	1,929	(78)	1,851
8,490	(1,130)	7,360	Mental Health Services - Adult & Elderly Community and Inpatients	11,085	(1,505)	9,580
2,555	(202)	2,353	Addictions	3,013	(154)	2,859
11,543	(602)	10,941	Learning Disabilities - Residential and Community Services	15,542	(379)	15,163
18,371	(780)	17,591	Family Health Services (FHS)	24,406	(988)	23,418
14,010	0	14,010	GP Prescribing	19,294	0	19,294
0	0	0	Hosted Services - MSK Physio <b>Note 10</b>	6,246	(182)	6,064
0	0	0	Hosted Services - Retinal Screening <b>Note 10</b>	770	(4)	766
(1)	0	(1)	Criminal Justice	3,742	(3,726)	16
3,512	(1,944)	1,568	HSCP Corporate and Other Services	1,536	(829)	707
244	0	244	IJB Operational Costs	254	0	254
<b>112,030</b>	<b>(12,945)</b>	<b>99,085</b>	<b>Cost of Services Directly Managed by West Dunbartonshire HSCP</b>	<b>157,207</b>	<b>(16,750)</b>	<b>140,457</b>
13,040		13,040	Set aside for delegated services provided in large hospitals <b>Note 3</b>	17,066	0	17,066
			Services hosted by other NHS GGC IJBS <b>Note 3&amp;10</b>	13,292	(1,517)	11,775
			Services hosted by West Dunbartonshire IJB for other IJBS <b>Note 3&amp;10</b>	(6,494)	231	(6,263)
			Assisted garden maintenance and Aids and Adaptions	702	0	702
<b>125,070</b>	<b>(12,945)</b>	<b>112,125</b>	<b>Total Cost of Services to West Dunbartonshire HSCP</b>	<b>181,773</b>	<b>(18,036)</b>	<b>163,737</b>
	(113,737)	(113,737)	Taxation & Non-Specific Grant Income (contribution from partners) <b>Note 6</b>		(167,693)	(167,693)
		<b>(1,612)</b>	<b>(Surplus) or Deficit on Provisions of Services and Total Comprehensive (Income)/Expenditure</b>			<b>(3,956)</b>

## **MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the HSCP Board's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

<b>Movement in Reserves During 2016/17</b>	<b>Unearmarked Reserves Balance £000</b>	<b>Earmarked Reserves Balance £000</b>	<b>Total General Fund Reserves £000</b>
<b>Opening Balance as at 31 March 2016</b>	(492)	(1,120)	(1,612)
Total Comprehensive Income and Expenditure Increase /Decrease 16-17	(1,588)	(2,368)	(3,956)
<b>Closing balance as at 31 March 2017</b>	(2,080)	(3,488)	(5,568)

<b>Movement in Reserves During 2015/16</b>	<b>Unearmarked Reserves Balance £000</b>	<b>Earmarked Reserves Balance £000</b>	<b>Total General Fund Reserves £000</b>
<b>Opening Balance as at 31 March 2015</b>	-	-	-
Total Comprehensive Income and Expenditure Increase /Decrease 15-16	(492)	(1,120)	(1,612)
<b>Closing balance as at 31 March 2016</b>	(492)	(1,120)	(1,612)

## **BALANCE SHEET**

The Balance Sheet shows the value of the HSCP Board's assets and liabilities as at the balance sheet date. The net assets of the HSCP Board (assets less liabilities) are matched by the reserves held by the HSCP Board.

<b>2015-16 Restatement £000</b>		<b>Notes</b>	<b>2016-17 £000</b>
1,612	Short Term Debtors	7	5,568
<b>1,612</b>	<b>Current Assets</b>		<b>5,568</b>
	Short Term Creditors	8	-
-	<b>Current Liabilities</b>		-
<b>1,612</b>	<b>Net Assets</b>		<b>5,568</b>
(492)	Usable Reserves: General Fund	9	(2,033)
(1,120)	Usable Reserves: Earmarked	9	(3,535)
<b>(1,612)</b>	<b>Total Reserves</b>		<b>(5,568)</b>

The unaudited accounts were issued on 22<sup>nd</sup> June 2017 and the audited accounts were authorised for issue on 20<sup>th</sup> September 2017.

20/09/17

**Julie Slavin CPFA**  
Chief Financial Officer



## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Significant Accounting Policies**

#### **1.1 General Principles**

The Financial Statements summarises the HSCP Board's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

The HSCP Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

#### **1.2 Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the HSCP Board.
- Income is recognised when the HSCP Board has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down

#### **1.3 Funding**

The HSCP Board is primarily funded through funding contributions from the statutory funding partners, WDC and NHSGGC. Expenditure is incurred as the HSCP Board commission's specified health and social care services from the funding partners for the benefit of service recipients in West Dunbartonshire.

#### **1.4 Cash and Cash Equivalents**

The HSCP Board does not operate a bank account or hold cash and therefore has not produced a cashflow statement for these annual accounts Transactions are settled on behalf of the HSCP Board by the funding partners. Consequently the HSCP Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner, as at 31 March 2017, is represented as a debtor or creditor on the HSCP Board's Balance Sheet.



### 1.5 Employee Benefits

The HSCP Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The HSCP Board therefore does not present a Pensions Liability on its Balance Sheet.

The HSCP Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31<sup>st</sup> March is accrued, for example in relation to annual leave earned but not yet taken.

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

### 1.6 Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March 2017 due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March 2017, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the HSCP Board's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March 2017, whose existence will only be confirmed by later events. A contingent asset is not recognised in the HSCP Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

### 1.7 Reserves

The HSCP Board's reserves are classified as either Usable or Unusable Reserves.

The HSCP Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March 2017 shows the extent of resources which the HSCP Board can use in later years to support service provision or for specific projects.

### 1.8 Indemnity Insurance

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

Unlike NHS Boards, the HSCP Board does not have any 'shared risk' exposure from participation in CNORIS. The HSCP Board's participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the HSCP Board's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

#### 1.9 VAT

The HSCP is not a taxable person and does not charge or recover VAT on its functions.

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

The services provided to the HSCP board by the Chief Officer are outside the scope of VAT as they are under a special regime.

## **2. Accounting Standards Issued Not Yet Effective**

For 2017/18, the Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code:

- Amendment to the reporting of pension fund scheme transaction costs; and
- Amendment to the reporting of investment concentration.

It is not anticipated that the above changes will have a material impact on the information provided in the financial statements.

The Code requires implementation of these from 1 April 2017 and therefore there is no impact on the 2016/17 Statement of Accounts.

### 3. Critical Judgements and Estimation Uncertainty

A critical judgement made in the Financial Statements relating to complex transactions is in respect of the values included for services hosted within West Dunbartonshire HSCP for other IJBs within the Greater Glasgow and Clyde area. At the end of the financial year an assessment of costs associated with activity for these services related to non-West Dunbartonshire residents is made and an appropriate share of the costs is removed from the accounts of West Dunbartonshire HSCP Board and transferred to those other IJBs. The costs removed are based upon budgeted spend such that any overspend or underspend remains with the hosting partnership.

The set aside resource for delegated services provided in large hospitals is determined by analysis of hospital activity and cost information. The value included in the accounts is calculated by NHSGGC using the average of activity data for each partnership population covering to 2013 to 2015 and 2014/15 cost data, uprated for 1% annual inflation for each year. In recognition of the significant joint work which requires to be undertaken to refine this calculation and allow NHSGGC and the six IJBs to meaningful set performance targets, 2016/17 expenditure value equalled the 2016/17 notional budget allocation.

### 4. Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 20<sup>th</sup> September 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### 5. Expenditure and Income Analysis by Nature

West Dunbartonshire Health & Social Care Partnership Board Consolidated Health & Social Care Services	2015-16 £000	2016-17 £000
Employee Costs	41,912	69,697
Property costs	1,390	1,067
Transport	961	1,450
Supplies and Services	3,818	5,592
Payment to Other Bodies	29,683	40,128
Prescribing	16,369	23,435
Family Health Services	16,012	20,784
Capital Charges	580	0
Other - Direct Payments	1,288	1,835
Audit Fee	17	17
Assisted Garden Maintenance and Aids and Adaptations	0	702
Set Aside for Delegated Services Provided in Large Hospitals	13,040	17,066
Income	(12,945)	(18,036)
Taxation and non-specific grant income	(113,737)	(167,693)
<b>Surplus on the Provision of Services</b>	<b>(1,612)</b>	<b>(3,956)</b>

## 6. Taxation and Non-Specific Grant Income

The table below shows the funding contributions from the two partner organisations. The funding contribution from the NHS Greater Glasgow and Clyde Health Board shown above includes £17.066m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the Health Board which retains responsibility for managing the costs of providing the services. The HSCP Board however has responsibility for the consumption of, and level of demand placed on, these resources.

<b>Taxation and Non -Specific Grant Income</b>	<b>2015-16 Restatement £000</b>	<b>2016-17 £000</b>
NHS Greater Glasgow and Clyde Health Board	(55,378)	(82,899)
West Dunbartonshire Council	(45,319)	(61,514)
NHS GGCHB Set Aside	(13,040)	(17,066)
Services hosted by other GGC IJBs *		(11,775)
Services hosted by West Dunbartonshire HSCP for other IJBs		6,263
Assisted garden maintenance and Aids and Adaptions		(702)
<b>Total</b>	<b>(113,737)</b>	<b>(167,693)</b>

\*West Dunbartonshire HSCP Board was established on 1<sup>st</sup> July 2015 and integrated delivery of health and social care services commenced on this date. Consequently the 2016/17 financial year is the first fully operational financial year of the HSCP Board and the figures above reflect this. In accordance with the Code there is a requirement to restate 2015/16 figures with the removal of the total cost of services hosted by WDHSCP Board for MSK Physio and Retinal Screening as there is no available cost data linking activity across all partnerships to expenditure. The value of hosted services for the 9 months of 2015/16 was £4.556m and £0.572m respectively and when included the total "taxation and non-specific grant income" equals £118.865m.

## 7. Debtors

<b>Short Term Debtors</b>	<b>2015-16 Restatement £000</b>	<b>2016-17 £000</b>
NHS Greater Glasgow and Clyde Health Board	1,048	1,628
West Dunbartonshire Council	564	3,940
<b>Total</b>	<b>1,612</b>	<b>5,568</b>

## 8. Creditors

<b>Short Term Creditors</b>	<b>2015-16 Restatement £000</b>	<b>2016-17 £000</b>
NHS Greater Glasgow and Clyde Health Board	0	0
West Dunbartonshire Council	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 9. Usable Reserve: General Fund

The HSCP Board holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the HSCP Board's risk management framework.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

Balance as at 1st April 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance as at 31st March 2016 £000		Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance as at 31st March 2016 £000
0	0	(301)	(301)	Integrated Care Fund	301	(555)	(555)
0	0	(275)	(275)	Delayed Discharge	191	(87)	(171)
0	0	(205)	(205)	GIRFEC NHS	30	0	(175)
0	0	(24)	(24)	GIRFEC Council	10	0	(14)
0	0	(46)	(46)	MSK Physio	46	0	0
0	0	(21)	(21)	Ophthalmology	21	0	0
0	0	(48)	(48)	Criminal Justice - transitional funds	48	(60)	(60)
0	0	(200)	(200)	DWP Conditions Management	16	0	(184)
0	0	0	0	TEC ( Technology enabled care) project	0	(118)	(118)
0	0	0	0	Cluster lead funding	0	(26)	(26)
0	0	0	0	SMT Leadership development funding	0	(3)	(3)
0	0	0	0	Social Care Fund - Living Wage	0	(833)	(833)
0	0	0	0	Service Redesign and Transformation	0	(1,000)	(1,000)
				Physio waiting times initiative	0	(75)	(75)
0	0	0	0	CHCP 2015/16 Saving	0	(274)	(274)
0	0	(1,120)	(1,120)	<b>Total Earmarked Reserves</b>	<b>663</b>	<b>(3,031)</b>	<b>(3,488)</b>
0	0	(492)	(492)	<b>Unearmarked</b>	<b>396</b>	<b>(1,984)</b>	<b>(2,080)</b>
0	0	(1,612)	(1,612)	<b>Total General Fund</b>	<b>1,059</b>	<b>(5,015)</b>	<b>(5,568)</b>

## 10. Agency Income and Expenditure

On behalf of all IJBs within the NHSGGC area, the WD HSCP acts as the lead manager, or host for a number of delegated services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs' and the consequential reimbursement are removed from the Comprehensive Income and Expenditure Statement (CIES) since WD HSCP is not acting as principal in these transactions.

The net amount of expenditure and income relating to those agency arrangements is shown below. (Comparative data not available for 2015/16)

2015/16 Agency Expend £000	2015/16 Agency Income £000	2015/16 Net Exp £000		2016/17 Agency Expend £000	2016/17 Agency Income £000	2016/17 Net Exp £000
-	-	-	MSK Physio	5,486	(5,486)	0
-	-	-	Retinal Screening	681	(681)	0
-	-	-	Old Age Psychiatry	96	(96)	0
0	0	0	<b>Services Hosted by WD HSCP Board for Other IJBs</b>	<b>6,263</b>	<b>(6,263)</b>	<b>0</b>

Similarly, other HSCP's within GGC area act as the Lead Manager, or Host, for a number of delegated services on behalf of WD HSCP Board. The payments that are made by the other IJBs on behalf of WD HSCP Board and the consequential reimbursement are included in the comprehensive income and expenditure statement since this expenditure is incurred for the residents of West Dunbartonshire.

2015/16 Agency Expend £000	2015/16 Agency Services £000	2015/16 Net Exp £000		2016/17 Agency Expend £000	2016/17 Agency Income £000	2016/17 Net Exp £000
-	-	-	Podiatry	485	(485)	-
-	-	-	Primary Care support	373	(373)	-
-	-	-	Continence	311	(311)	-
-	-	-	Sexual Health	646	(646)	-
-	-	-	Learning Disability Tier 4	170	(170)	-
-	-	-	Mh Central Services	660	(660)	-
-	-	-	MH Citywide services	962	(962)	-
-	-	-	Oral Health	657	(657)	-
-	-	-	Addictions	1,096	(1,096)	-
-	-	-	Prison Healthcare	756	(756)	-
-	-	-	HC In Police Custody	177	(177)	-
-	-	-	General Psychiatry	3,393	(3,393)	-
-	-	-	Learning Disability	417	(417)	-
-	-	-	Old Age Psychiatry	1,672	(1,672)	-
-	-	-	<b>Services Hosted by other NHS GGC IJB's</b>	<b>11,775</b>	<b>(11,775)</b>	<b>-</b>

## 11. Related Party Transactions

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

### Transactions with Greater Glasgow and Clyde Health Board

2015-16 Restatement £000		2016-17 £000
(73,546)	Funding Contributions received from the NHS Board	(99,965)
72,498	Expenditure on Services Provided by the NHS Board	99,385
<b>(1,048)</b>	<b>Net transactions with NHS Board</b>	<b>(580)</b>

Greater Glasgow and Clyde Health Board did not charge for any support services provided in the year ended 31<sup>st</sup> March 2017.

### Balances with Greater Glasgow and Clyde Health Board

2015-16 £000		2016-17 £000
1,048	Debtors Balances: Amount Due from the NHS Board	1,628

### Transactions with West Dunbartonshire Council

2015-16 £000		2016-17 £000
(45,319)	Funding Contributions received from the council	(61,514)
44,511	Expenditure on Services Provided by the council	57,884
244	Key management personnel	254
<b>(564)</b>	<b>Net transactions with West Dunbartonshire Council</b>	<b>(3,376)</b>

### Balances with West Dunbartonshire Council

2015-16 £000		2016-17 £000
564	Debtors Balances: Amount Due from West Dunbartonshire Council	3,940

West Dunbartonshire Council did not charge for any support services provided in the year ended 31<sup>st</sup> March 2017.

**12. External Audit Costs**

In 2016/17 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:

<b>2015-16</b> <b>£000</b>		<b>2016-17</b> <b>£000</b>
17	Fees payable	17

No other fees were payable for any other audit services.



## **INDEPENDENT AUDITOR'S REPORT**

### **Independent auditor's report to the members of West Dunbartonshire Integration Joint Board and the Accounts Commission**

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

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of West Dunbartonshire Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the West Dunbartonshire Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis of opinion**

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

#### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief

Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 Integration Joint Board 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.

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

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

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

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to 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.

### **Report on other requirements**

#### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

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

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

West Dunbartonshire Integration Joint Board – Annual Accounts for the Year Ended 31<sup>st</sup> March 2017

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

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

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

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

I have nothing to report in respect of these matters.

Fiona Mitchell-Knight, FCA  
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20 September 2017