



West Dunbartonshire Health and Social Care Partnership

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

September 2016

Key contacts

David McConnell, Assistant Director
dmccconnell@audit-scotland.gov.uk

Peter Lindsay, Senior Audit Manager
plindsay@audit-scotland.gov.uk

Laurence Slavin, Senior Auditor
lslavin@audit-scotland.gov.uk

Karen Cotterell, Senior Auditor
kcotterell@audit-scotland.gov.uk

Audit Scotland, 4th Floor, South Suite, The Athenaeum Building
8 Nelson Mandela Place, Glasgow G2 1BT
Telephone: 0131 625 1500
Website: www.audit-scotland.gov.uk

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

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

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

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Key messages

Audit of financial statements

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

Financial management & sustainability

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

Governance & transparency

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

Best Value

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

Outlook

- The Partnership has demonstrated that its overall performance within its first year has been positive, and its commitment to developing further preventative and community-based care is clear. Its challenge will be to continue to progress the delivery of its strategic priorities for the benefit of service users and communities within the context of the financial challenges facing all such partnerships across Scotland.

Introduction

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

Audit of the 2015/16 financial statements

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

Submission of financial statements for audit

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

Overview of the scope of the audit of the financial statements

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

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

Materiality

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

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

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

Evaluation of misstatements

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

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

Significant findings from the audit

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

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Comprehensive Income and Expenditure Statement

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

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

Future accounting and auditing developments

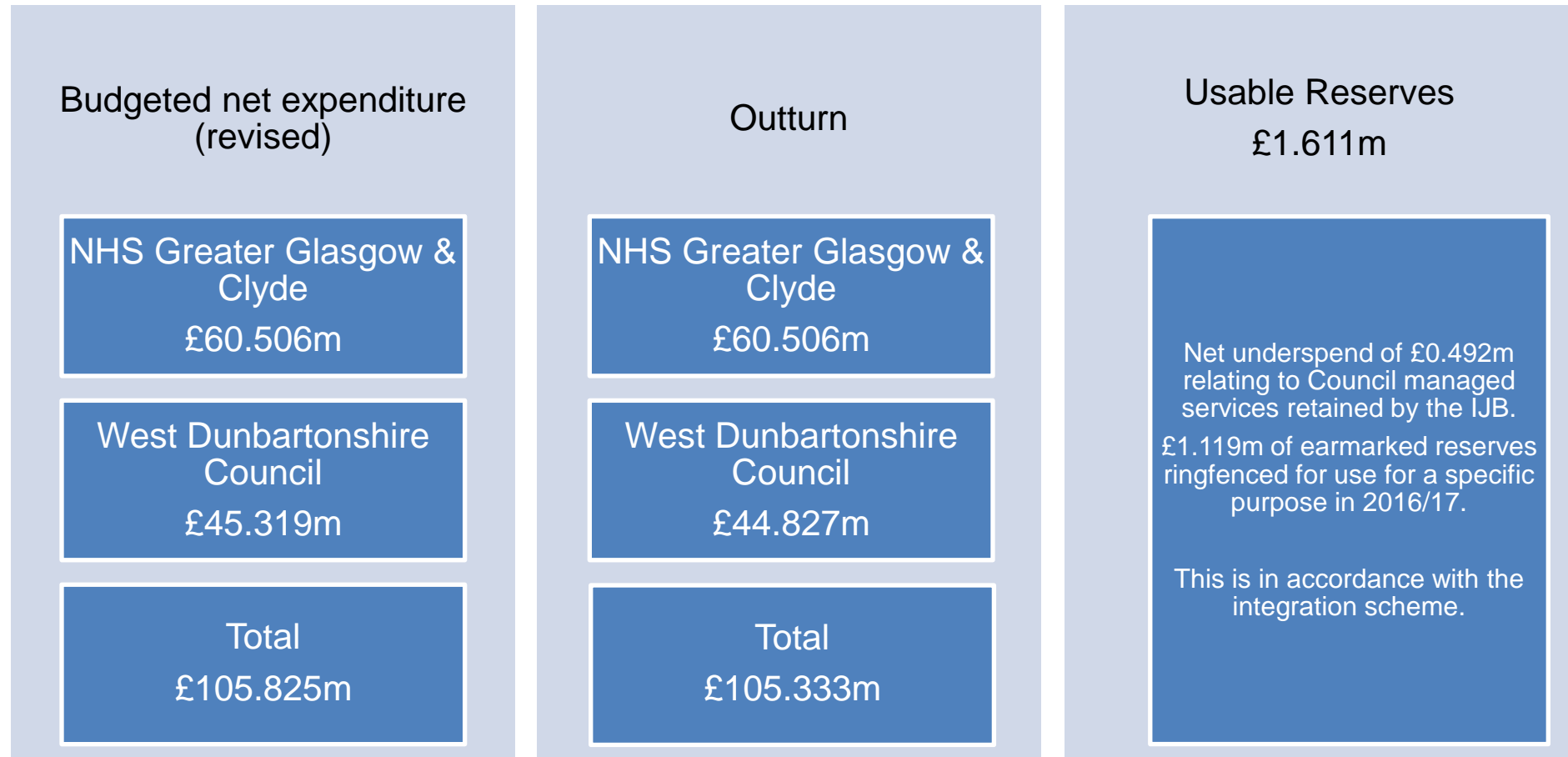
Audit appointment from 2016/17

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

Code of Audit Practice

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

Financial management and sustainability



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

Financial management

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

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

Financial performance 2015/16

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

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

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

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

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

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

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

Financial management arrangements

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

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

and ensuring that prompt corrective actions are taken where appropriate.

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

Conclusion on financial management

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

Financial sustainability

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

Financial planning

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

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

Action Plan No. 1

Conclusion on financial sustainability

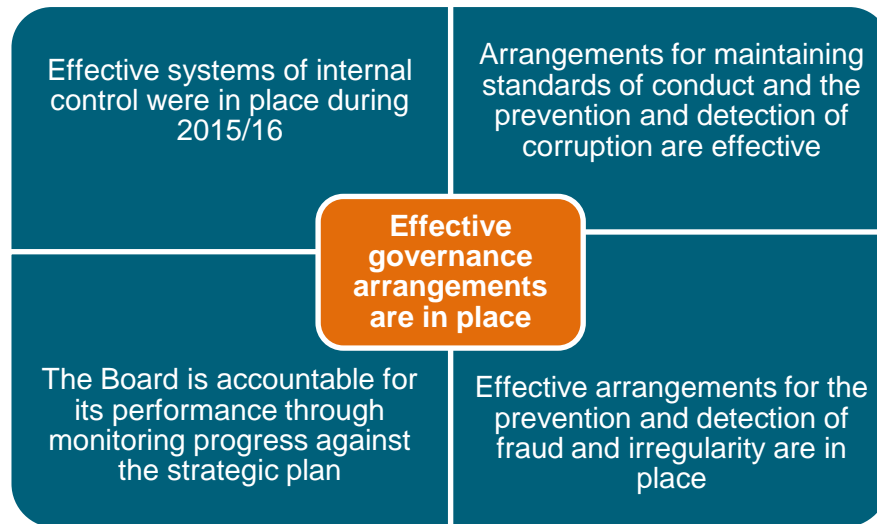
55. While there were well documented reasons why the Partnership required to set an interim working budget for 2016/17, there are risks to service delivery when operating without an agreed budget.

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

Outlook

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

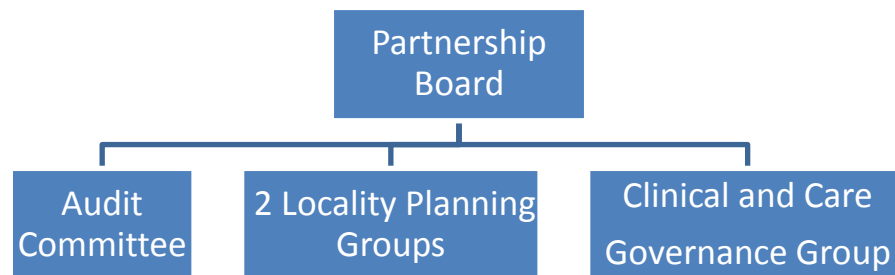
Governance and transparency



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

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

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



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

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

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

Internal control

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

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

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

Internal audit

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

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

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

Arrangements for the prevention and detection of fraud and other irregularities

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

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

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

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

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

Transparency

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

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

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

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

Outlook

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

Best Value



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

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

93. The Partnership Board approved the Strategic Plan on 1 July 2015 which is predominantly based on the previously approved targets and actions set out in strategic plans already produced during the previous Community Health & Care Partnership (CHCP). This is a logical process to adopt as it reflects the fact that West Dunbartonshire has had in place integrated working via the CHCP and collaboration within the Community Planning Partnership for a number of years.
94. The Strategic Plan reflected the relevant national guidance produced by the Scottish Government, covering the period from 1 July 2015 to 31 March 2016. Subsequently the Partnership Board approved the roll-forward of that Strategic Plan for the first six months of 2016/17, in anticipation of a new Strategic Plan being presented by officers as soon as the health board had confirmed its funding contribution as part of the normal budget setting process. Consequently, the Partnership Board approved its second Strategic Plan at its August 2016 meeting. The new Strategic Plan is for the period 2016 to 2019, which is the maximum timescale allowed by the national guidance and reflects Audit Scotland's national assessment that strategic plans would benefit from such a medium-term horizon. The Partnership also produced and published its first annual performance report for the period of its first Strategic Plan,

highlighting achievements and progress in respect of commitments made and targets set.

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

Arrangements for securing Best Value

97. The integration scheme committed the Partnership to delivering the national outcomes for Health & Wellbeing, Children and Criminal Justice. Partners identified a core set of indicators and targets and then agreed a framework for reporting progress against these. Locality planning arrangements are also in place which are multi

disciplinary and multi sectorial and allow for different local needs to be taken into account in strategic planning.

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

Performance management

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

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

Overview of performance targets in 2015/16

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

National performance audit reports

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

Outlook

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

111. The Partnership has been diligent in putting in place the required arrangements to enable the delivery of its strategic priorities, including strategies and procedures in respect of the workforce, risk management, engagement with service users and other stakeholders, and data sharing. In common with Partnerships across Scotland, it will need to continue to develop these arrangements as it works to deliver its strategic priorities for service users and local communities within the resources available to it.

Appendix I: Significant audit risks

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

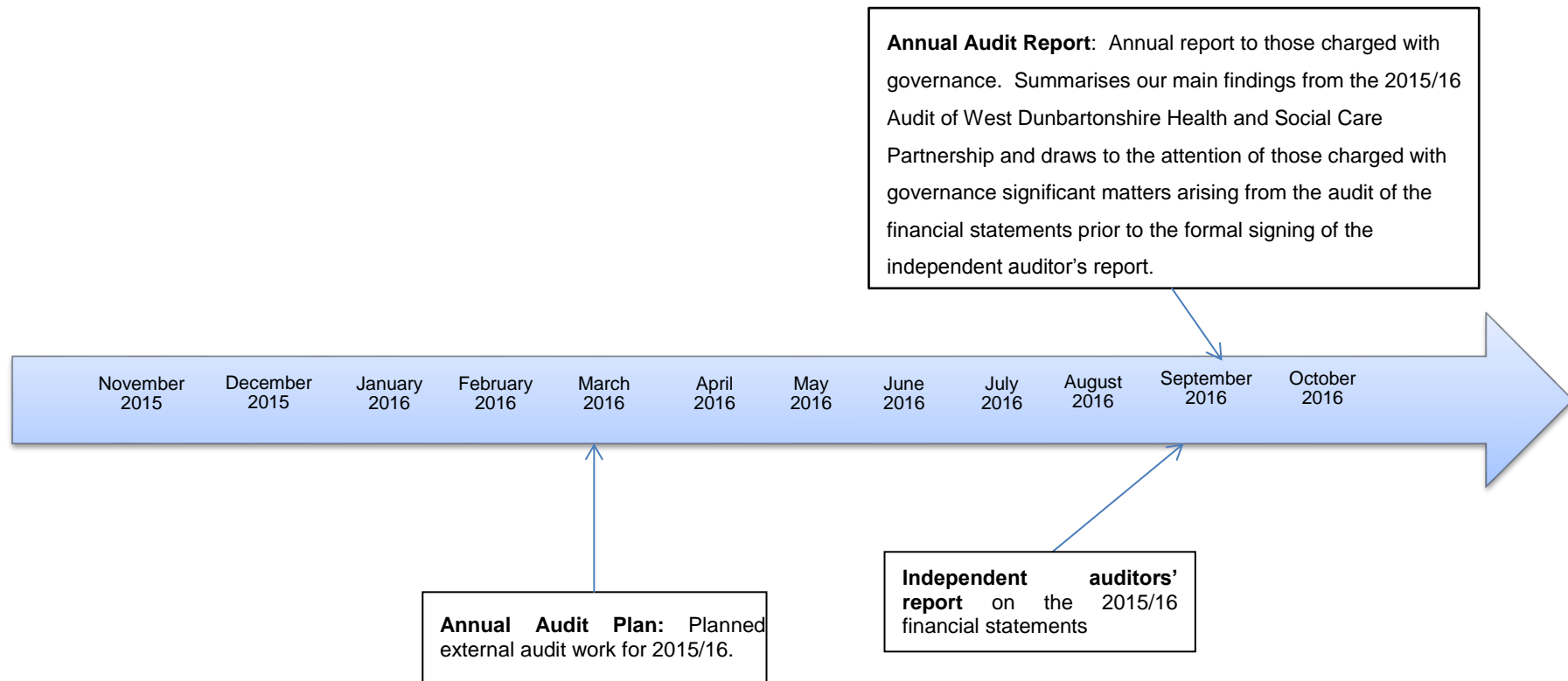
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement in the financial statements		
<p>Financial statements</p> <p>Financial statements are being prepared for the first time in 2015/16, and will require income, expenditure and year end balances between West Dunbartonshire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

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

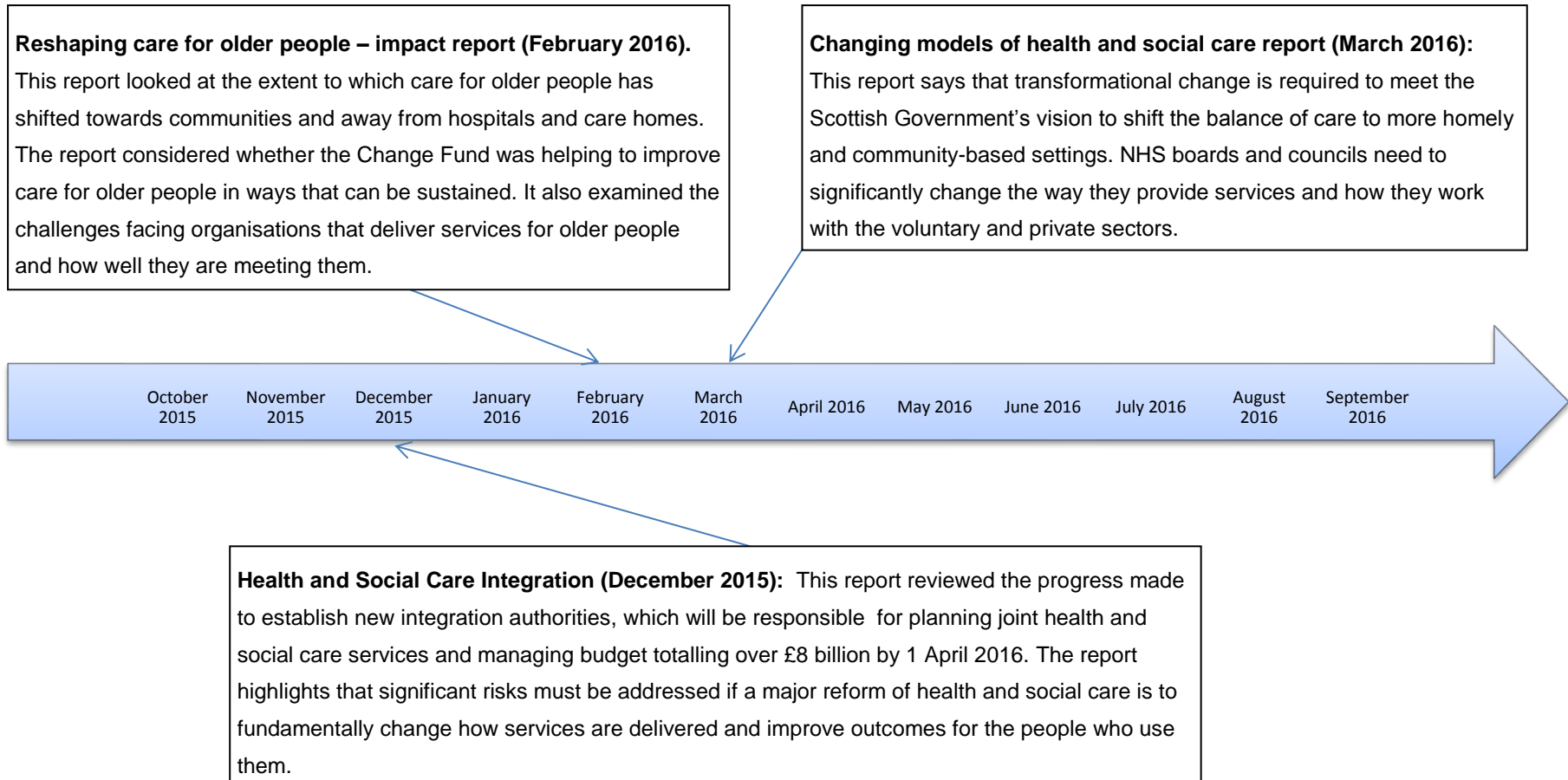
Audit Risk	Assurance procedure	Results and conclusions
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>Financial Sustainability</p> <p>The Partnership will need strong financial management and budgetary control to address the challenges and risks to future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

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

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



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



Appendix IV: Action plan

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