

**East Dunbartonshire HSCP Performance, Audit & Risk Committee Meeting**  
**Monday 28<sup>th</sup> September 2020, 12 noon**  
**Meeting will be held virtually via MS Teams**

**AGENDA**

No.	Item	Lead	Document
1.	Welcome and Introductions	J Forbes	
2.	Minutes of Last Meeting – 18th June 2020	J Forbes	
3.	Audit Scotland Proposed Annual Audit Report 2019_20	F Mitchell Knight	
4.	East Dunbartonshire IJB Annual Audited Accounts 2019 20	J Campbell	
5.	HSCP Annual Internal Audit Report 2019 20	G McConnachie	
6.	Internal Audit Progress Update to August 2020	G McConnachie	
7.	Internal audit annual report for 2019 20 on NHSGGC	G McConnachie	
8.	HSCP Transformation Plan 2020 21 Update	J Campbell	
9.	Audit Scotland Guide for Audit & Risk Committee	J Campbell / P Lindsay	
10	Covid-19 Support to Care Homes	D Pearce	
11.	Future Agenda Items	All	
12.	A.O.C.B	J Forbes	
13.	Date of next meeting – 28 October 2020	J Forbes	

**Agenda Item: 2.**

**Minutes of  
East Dunbartonshire HSCP Performance, Audit & Risk Committee Meeting  
Date: Thursday 18 June 2020 11.00 – 12.30  
Location: Via Cisco Webex**

<b>Present:</b>	<b>Jacqueline Forbes (Chair) (JF)</b>	<b>Ian Ritchie (IR)</b>
	<b>Susan Murray (SM)</b>	<b>Jean Campbell (JC)</b>
	<b>Caroline Sinclair (CS)</b>	<b>Peter Lindsay (PL)</b>
	<b>Derrick Pearce (DP)</b>	<b>Alan Moir (AM)</b>
	<b>Gillian McConnachie (GM)</b>	<b>Kenneth McFall (KM)</b>
	<b>Mags McGuire (MM)</b>	<b>Martin Cunningham (MC)</b>
<b>In attendance:</b>	<b>Kirsty Gilliland (Minutes) (KG)</b>	
	<b>Siobhan McGinley (Minutes) (SMc)</b>	

No.	Topic	Action by
<b>1.</b>	<b>Welcome and Apologies</b>	
	Chair welcomed all, no apologies noted. As this was the first Performance, Audit & Risk Committee Meeting to take place via Cisco Webex, JF ran through some housekeeping first of all.	
<b>2.</b>	<b>Minutes of previous meeting – 17 March 2020</b>	
	JF queried the awaited feedback from Audit Scotland on the Audit Fee on page one of the last minute. JC commented that there was no feedback available yet, it has been raised at national level however she would endeavor to gather this to update the committee when available.	<b>JC</b>
	SM queried the Internal Audit Progress Update on page 2, specifically the penultimate paragraph regarding a business case. It appeared unclear if it was SMT or CO who was taking ownership of this. JC will clarify in due course.	<b>JC</b>
	JF asked about the provision of the additional column in the Annual Business Development Plan at page 3. JC will look to develop this.	<b>JC</b>
	No further amendments were noted.	
<b>3.</b>	<b>EDC Annual Internal Audit Report 2019/20</b>	
	The group noted the content of the report and paper.	
	This report provides an overall opinion concluding on the adequacy and effectiveness of the Council's framework of governance, risk management and control. This assurance is then provided to the Health & Social Care Partnership for those systems under its strategic control. Internal Audit, in reaching its opinion, noted risks raised by the team in the current and previous years relating to contractual frameworks regarding social work commissioning, contract management, review of care plans within timescales and segregation of duties within the payroll process. Individually, these risks do not significantly impair the Council's systems of internal control but they will continue to be kept under review with auditors monitoring compliance with the agreed actions as part of an established six monthly cycle. Management have reported progress towards mitigation of these issues and auditors will support ongoing improvements where required as part of the 2020/21 audit programme.	
	The statement concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the internal control systems in the year to 31 March 2020. IR had suggested that a more comprehensive report was needed as the content reflects only that of the Council, not the Health side so effectively it only reported on one set of accounts.	

	<p>GM explained that Government input ought to be considered when HSCP Auditors are following a later timescale.</p> <p>JC advised that this year's position is submitted at a later date as combined accounts of the HSCP Board (IJB), the Board will see combined report and auditors will monitor both separately. There will be a deficit going into the next year 20/21.</p> <p>Out of the number of audits that were planned, 6 were not completed due to additional audits being requested during the year but it was unclear how many remained outstanding at the year end. Other than COVID 19, financial sustainability was highlighted as a significant risk.</p>	
<b>4.</b>	<b>EDC Internal Audit Planning 2020/21</b>	
	<p>The paper was noted by all.</p> <p>GM explained this was an overview of the planning process and made reference to the last paragraph (1.21)</p> <p>1.21 With continuing demand and financial pressures, areas of risk within the HSCP provide a focus for internal audit activity, with the Audit &amp; Risk Manager of the Council providing a dual role as the Chief Internal Auditor of the H&amp;SCP. The specific areas of Social Work Charging, HSCP Directions, Home Care, Carefirst Data Controls and Children's services ring fences funds have been identified for audit. An additional audit will be performed on HSCP Key Controls, with an exact area of focus to be determined following the conclusion of ongoing internal audit and management work in relation to Social Work Contract Awarding.</p> <p>Questions were welcomed and IR asked whether the fact that HSCP keeps control, has this impacted on the deficit. GM responded by saying that transformation is needed going forward to investigate what happened and whether Key Controls will remain with HSCP. JF voiced similar concerns with regards to timing and how it will be possible for Key Controls to resolve problems sooner. JC spoke to the committee on this. Lessons learned from last year will be implemented including more frequent reporting to be done on the more volatile areas and done in partnership with CFO in EDC.</p>	
<b>5.</b>	<b>Draft Annual Report and Accounts 2019/20</b>	
	<p>The papers were acknowledged by the committee.</p> <p>It was apparent the partnership incurred a deficit of £0.2m during 2019/20. This includes the impact of additional Scottish Government Funding throughout the year which will be taken to ear marked reserves and allocated for the purpose the funding was provided. The actual over spend on services is therefore nearer £0.6m, after adjusting for the impact of this specific funding. This represents a positive movement from that reported in Month 10 of £1.3m (Month 10 projected a £1.9m deficit) and relates in the main to :</p> <p>Fleet recharges - £141k  Outcome of audits related to direct payment refunds - £217k  Housing recharges services lower than budgeted levels - £386k  Recharges for bad debt provision less than anticipated - £265k  Prescribing costs - £98k  Downturn in care packages in final periods of the year - £90k  Downturn in kinship, fostering and residential costs - £37k  Other positive movement in relation to NHS community expenditure - £70k</p> <p>There are no remaining general reserves and the level of earmarked reserves remaining is £0.8m and covers specific funding provided by the SG in relation to:</p> <ul style="list-style-type: none"> <li>○ Self Directed Support (SDS) £0.077m</li> <li>○ Integrated Care Funding £0.307m</li> <li>○ Primary Care Improvement Plan £0.195m</li> </ul>	

	<ul style="list-style-type: none"> <li>○ Primary Care Cluster Funding £0.039m</li> <li>○ Action 15 Mental Health Strategy £0.108m</li> <li>○ Alcohol and Drugs Partnerships £0.038m</li> <li>○ Technology Enabled Care £0.011m</li> <li>○ Infant Feeding £0.013m</li> </ul> <p>In order to balance the budget for 2019/20, the HSCP had already provided for the re-designation of earmarked reserves in respect of Prescribing (£145k) and Oral Health (£200k) and following a review of earmarked reserves at year end, re-designated a further (£218k) related to monies set aside to support transformation and service redesign.</p> <p>The HSCP also applied the limited general reserves available of (£41k) which provides a total of £0.6m applied from reserves to balance the year end position.</p> <p>Figures from other service areas detailed below:</p> <ul style="list-style-type: none"> <li>○ Older People Services (£2.8m over spend)</li> <li>○ Adults – Learning Disability, Mental Health, Addiction Services (£0.1m under spend)</li> <li>○ Children &amp; Families (£0.3m under spend)</li> <li>○ Business Support (£1.3m under spend)</li> <li>○ Prescribing (£0.5m under spend)</li> <li>○ Other Services (£0.4m under spend)</li> </ul> <p>One of the bad debt contributors was an invoice from GCC, currently sitting with the legal team and who GCC have accepted responsibility for so this will be a slight recoup. Any savings in the large spend areas such as care providers, will be looking to recoup. There are measures and elements of the transformation plan which will allow for better tracking of budget. IR questioned whether this will enable any issues to be picked up as they happen rather than waiting till year end to tackle. It is hoped that work around more regular Audits will reduce variation levels. CS advised on the importance of assurance to members relating to job security via SMT. Service delivery must remain a priority.</p> <p>CS and JF thanked JC for provided such a comprehensive report.</p>	
6.	<p><b>PARC Report Covid-19 Impact in Unscheduled Care</b></p>	
	<p>The paper was acknowledged by all.</p> <p>The report provides a high level overview of the impact of the Covid-19 on the unscheduled care agenda facing East Dunbartonshire HSCP. Various charts and graphs illustrated the following areas:</p> <ul style="list-style-type: none"> <li>● East Dunbartonshire HSCP A&amp;E Attendances 5th Jan -24th May 2020</li> <li>● East Dunbartonshire A&amp;E Conversion to Hospital Admission % 15th March -24th May</li> <li>● East Dunbartonshire HSCP Emergency Admissions 5<sup>th</sup> January – 17 May</li> <li>● East Dunbartonshire Number of Delayed Discharge Bed Days May 2019 – May 2020</li> <li>● GG&amp;C Delayed Discharge Bed Days Rate per 1,000 May 2019 -May 2020</li> </ul> <p>DP discussed the caveat around A&amp;E attendances, where initially numbers had fallen considerably between 8 March and 29 March, this number is slowly but steadily on the rise. March to April saw a sharp fall in Delayed Discharges which could be interpreted as family members wanting to care for their relatives at home or the need for beds for COVID positive patients to fill. East Dunbartonshire had the third lowest level of Delayed Discharge Bed Days in the Board area. A slight increase in A&amp;E Conversion To Hospital was noted compared to what was recorded at the same time in 2018 and 2019. East Dunbartonshire HSCP Emergency Admissions fell significantly between 15 and 29 March which mirrors data around East Dunbartonshire HSCP A&amp;E Attendances during the same period. Discussion around this drop in A&amp;E attendance took place and concluded it could be due to human behaviour i.e. people wanting to stay away from A&amp;E due to outbreak, fear among the general public. Rehabilitation services may be impacted going forward as the use of alcohol and drugs may be on the increase due to lockdown.</p>	

<b>7.</b>	<b>Future Agenda Items</b>	
	<ul style="list-style-type: none"> <li>• Care Inspectorate reports</li> <li>• Transformation reporting – learning/recovery reports</li> <li>• Care Homes – work brought about as an impact of COVID 19</li> <li>• Prescribing Development session around Care Homes</li> </ul>	
<b>8.</b>	<b>A.O.C.B</b>	
	<ul style="list-style-type: none"> <li>• Virtual development session following HSCP Board meeting regarding care homes</li> <li>• Prescribing trends</li> </ul>	
<b>9.</b>	<b>Date of Next Meeting</b>	
	28 September 2020, 12 noon	

**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP PERFORMANCE,  
AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28th September 2020</b>
<b>Subject Title</b>	<b>Audit Scotland – Draft 2019/20 East Dunbartonshire IJB Annual Audit Report</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer (0141 777 3311 Ext 3221)</b>

<b>Purpose of Report</b>	The purpose of this report is to present the Annual Report and Auditor's letter for the financial year ended 31 <sup>st</sup> March 2020 which has been prepared by the IJB's external auditors, Audit Scotland.
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<b>Recommendations</b>	The Audit Committee is asked to:  a) Consider the contents of the Annual Report for the Financial Year 2019/20.
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<b>Relevance to HSCP Board Strategic Plan</b>	
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	Nil
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<b>Equalities:</b>	Nil
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<b>Financial:</b>	The Annual Audit report provides an opinion on the annual accounts for the partnership and considers the wider audit dimensions that frame the scope of public sector audit requirements including financial management arrangements, financial sustainability, governance and transparency and value for money.
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<b>Legal:</b>	Nil
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<b>Economic Impact:</b>	Nil
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<b>Sustainability:</b>	Nil
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<b>Risk Implications:</b>	The report sets out the key risks for the partnership and an action plan which mitigates these risks.
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<b>Implications for East Dunbartonshire Council:</b>	None directly.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None directly.
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<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1. No Direction Required</b>	<b>X</b>
	<b>2. East Dunbartonshire Council</b>	
	<b>3. NHS Greater Glasgow &amp; Clyde</b>	
	<b>4. East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

<b>MAIN REPORT</b>	
<b>1.1</b>	It is a statutory requirement of the accounts closure process that the IJB receive a letter (ISA260) from the appointed External Auditors highlighting the main issues arising in respect of the Annual Accounts 2019/20. This is attached as <b>Appendix 1</b> .
<b>1.2</b>	This includes the letter of representation from the Chief Finance & Resources Officer which provides the External Auditors with assurances regarding some of the key accounting requirements and assumptions utilised in the closing of the 2019/20 Financial Accounts.
<b>1.3</b>	The Annual Audit report for 2019/20 is attached as <b>Appendix 2</b> and presents a summary of the key findings arising from the 2019/20 audit.

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[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)



## East Dunbartonshire Integration Joint Board Audit of 2019/20 annual accounts

28 September 2020

### Independent auditor's report

1. Our audit work on the 2019/20 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report following approval of the annual accounts by the Performance, Audit & Risk Committee on 28<sup>th</sup> September. The proposed report is attached at [Appendix A](#).

### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Performance, Audit & Risk Committee's consideration our draft annual report on the 2019/20 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

### Unadjusted misstatements

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

### Representations from Section 95 Officer

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



## APPENDIX A: Proposed Independent Auditor's Report

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

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

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of East Dunbartonshire Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Integration Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the East 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 Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Dunbartonshire Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance & Resources Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about East Dunbartonshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Risks of material misstatement**

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

**Responsibilities of the Chief Finance & Resources Officer and Performance, Audit & Risk Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance & Resource 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 Finance & Resources Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance & Resources Officer is responsible for assessing the East Dunbartonshire Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Performance, Audit & Risk Committee is responsible for overseeing the financial reporting process.

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

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

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

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

## Other information in the annual accounts

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

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

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

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

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

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

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

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

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

**Use of my report**

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

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

28 September 2020

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

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

Dear Fiona,

### **East Dunbartonshire Integration Joint Board Annual Accounts 2019/20**

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

### **General**

3. East Dunbartonshire Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by East Dunbartonshire Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

### **Financial Reporting Framework**

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

### **Accounting Policies & Estimates**

6. All significant accounting policies applied are as shown in the Significant Accounting Policies included in the annual accounts. The accounting policies are determined by the 2019/20 accounting code, where applicable. All accounting policies applied are appropriate to East Dunbartonshire Integration Joint Board circumstances and have been consistently applied.

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

### **Going Concern Basis of Accounting**

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

### **Fraud**

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

### **Laws and Regulations**

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

### **Related Party Transactions**

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

### **Remuneration Report**

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

### **Management commentary**

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

### **Corporate Governance**

14. I confirm that the East Dunbartonshire Integration Joint Board has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I

have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

15. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require to be reflected.

**Balance Sheet**

16. There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto.
17. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Jean Campbell  
Chief Finance & Resources Officer

28 September 2020

# East Dunbartonshire IJB

Proposed 2019/20 Annual Audit Report

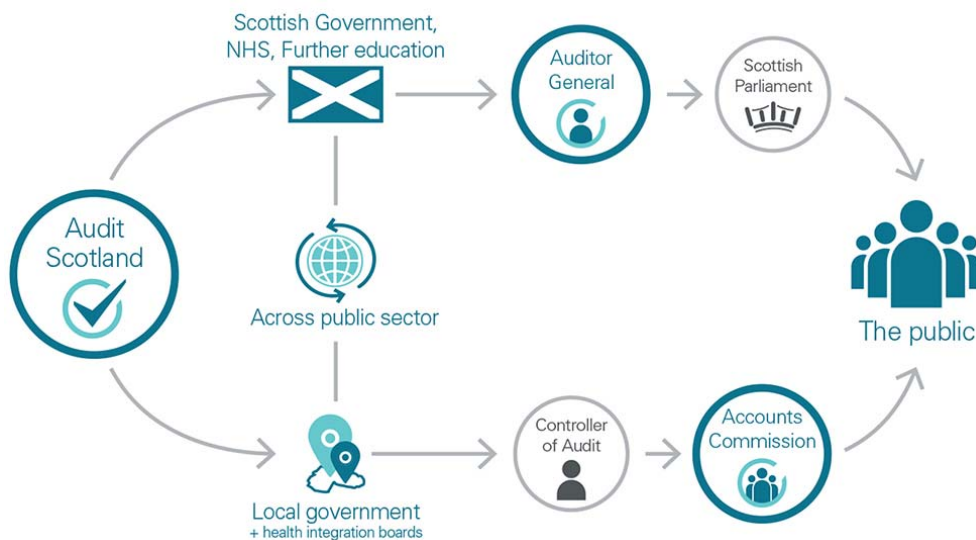
Prepared for East Dunbartonshire Integration Joint Board and the Controller of Audit  
28 September 2020



## Who we are

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

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



## About us

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

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

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

# Contents

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Key messages	4
Introduction	6
Part 1 Audit of 2019/20 annual accounts	9
Part 2 Financial management and sustainability	12
Part 3 Governance, transparency and best value	16
Appendix 1 Action plan 2019/20	20
Appendix 2 Significant audit risks identified during planning	22
Appendix 3 Summary of national performance reports 2019/20	25

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# Key messages

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## 2019/20 annual report and accounts

- 1** East Dunbartonshire Integration Joint Board's financial statements give a true and fair view of the state of its affairs as at 31 March 2020 and the income and expenditure for the year.
- 2** The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.
- 3** A number of changes were made to the accounts following the audit to ensure compliance with accounting requirements.
- 4** Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date.

## Financial management and sustainability

- 5** Financial management arrangements are in place to support effective scrutiny and the host bodies have sound systems of internal control in place over the key financial systems which the IJB rely upon.
- 6** The IJB incurred a deficit of £1.090 million in 2019/20, utilising all of the non-earmarked element of the general fund reserves and leaving only £0.804 million of earmarked reserves. There are no contingency reserves available to help balance the 2020/21 budget.
- 7** The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB. Efficiency savings of £6.072 million needed to be achieved in 2020/21, prior to the implications of Covid being known. If these are not achieved a financial recovery plan will need to be agreed with the health board and council.
- 8** In the most recent budget monitoring report for 2020/21, the IJB is projecting an overspend of £7.1 million. This includes projected Covid costs of £5.3 million, which it is hoped will be covered by some additional government funding. Failure to achieve the budget will mean that the delivery of services is at risk in future years.
- 9** A medium and long-term financial plan is required to support longer term decision making and to demonstrate the IJB's financial sustainability. This should be aligned to the Commissioning Strategy and Market Facilitation Plan (2019-2022).

## **Governance, transparency and value for money**

- 10** The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The IJB took appropriate steps to revise its arrangements to reflect the challenges of delivering services in the Covid-19 environment.
- 11** The publication of the 2019/20 Annual Performance Report, on 17 September 2020, was delayed in line with extensions permitted by the Coronavirus Act 2020.
- 12** An action plan has been developed in response to the mandatory Best Value self-assessment submitted to Scottish Government. To date, the action plan is showing good progress made by the IJB.

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# Introduction

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**1.** This report is a summary of our findings arising from the 2019/20 audit of East Dunbartonshire Integration Joint Board (the IJB).

**2.** The scope of our audit was set out in our Annual Audit Plan presented to the Performance, Audit and Risk Committee meeting in March 2020. This report comprises the findings from our main elements of work in 2019/20 including:

- an audit of the IJB's 2019/20 annual accounts including the issue of an independent auditor's report setting out my opinions
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

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## Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

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**3.** Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the IJB and partner bodies have had to respond to the global coronavirus pandemic (Covid-19). This impacted on the final month of the year and will continue to have a significant impact into financial year 2020/21. This has had significant implications for the provision and costs of services and the suspension of planned projects and activities. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit. The audit of the accounts was carried out remotely.

## Adding value through the audit

4. We add value to the IJB, through audit, by:

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

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

## Responsibilities and reporting

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

7. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice (2016), supplementary guidance, and International Standards on Auditing in the UK.

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

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

9. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

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

11. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £26,560, as set out in our Annual

Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**13.** This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**14.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2019/20 annual accounts



### Main judgements

**East Dunbartonshire Integration Joint Board's financial statements give a true and fair view of the state of its affairs as at 31 March 2020 and the income and expenditure for the year.**

**The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.**

**A number of changes were made to the accounts following the audit to ensure compliance with accounting requirements.**

**Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date.**

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

### Audit opinions on the annual accounts

**15.** The annual accounts for the year ended 31 March 2020 were approved by the Performance, Audit & Risk Committee on 28 September 2020. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

**16.** Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

**17.** The completeness and accuracy of accounting records were not impacted by the Covid-19 outbreak.

### Submission of annual accounts for audit

**18.** Due to Covid-19 the accounts and audit timetables were both affected, however submission of the audited accounts is in accordance with the original planned sign off date. NHS boards and local authorities operate to different accounts closure and audit timetables. Assurances from NHS Greater Glasgow & Clyde (NHSGGC) and East Dunbartonshire Council were received prior to approval of the annual accounts by the IJB Board. These assurances were not available for the IJB Board in advance of the approval of the unaudited annual



accounts. Management should develop a protocol to ensure that assurances are received and considered before approval of the unaudited annual accounts by the IJB Board.

**19.** The working papers provided with the unaudited annual accounts were of a reasonable standard and finance staff provided support to the audit team which helped ensure the audit process ran smoothly.

## Risks of material misstatement

**20.** [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

**21.** We have reported a number of issues from our work on the risks of material misstatements highlighted in our 2019/20 Annual Audit Plan. These relate to hospital acute services (set-aside figure), financial sustainability and the IJB's achievement of efficiency savings.

## Materiality

**22.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

**23.** Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.

**24.** On receipt of the unaudited annual accounts we reviewed our materiality calculations and concluded that they remained appropriate. Materiality levels were therefore calculated based on the 2019/20 unaudited financial statements as follows:

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## Exhibit 2 Materiality values

Materiality	Amount
Overall materiality	£1.846 million
Performance materiality	£1.108 million
Reporting threshold	£18 thousand

Source: Audit Scotland, 2019/20 Annual Audit Plan

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## Significant findings from the audit in accordance with ISA 260

**25.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

26. The significant findings are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

## Exhibit 3

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

Issue	Resolution
<p><b>1. Expenditure charged directly to General Fund reserve</b></p> <p>The unaudited statements misrepresented the financial position of the IJB as a £0.182m deficit, when £0.908m of reserves had been used. The revised statements now correctly disclose the £1.090m deficit.</p> <p>Net expenditure on Addictions, Older People and Mental Health was understated in the Comprehensive Income and Expenditure Statement (CIES).</p> <p>This presentation was misleading and not in compliance with accounting guidance.</p>	<p>The financial statements were updated to reflect the Gross Expenditure of services, resulting in a £1.090m deficit in the CIES.</p> <p>The disclosures within the Movement in Reserves Statement have been simplified in order to make this easier to follow.</p>
<p><b>2. Hospital acute services (set aside)</b></p> <p>The “set aside” budget is the Joint Board’s share of the budget for delegated acute services provided by hospitals on behalf of the IJB.</p> <p>In previous years, this figure was based on historical cost and activity data and agreed with NHS Greater Glasgow and Clyde.</p> <p>From 2019/20 the set aside value is now based on a detailed approach including actual spend and activity levels for the year where the information is available and estimated annual activity where it is not.</p> <p>The updated methodology was also applied to the prior year set aside figure, which has been restated based on the updated activity levels noted above. This has resulted in a matching £8.355 million increase in the 2018/19 expenditure and income figures.</p>	<p>The IJB has worked with NHS Greater Glasgow and Clyde and the other IJB’s in the Glasgow area to improve the reliability of the set aside figures for the IJB.</p>

### Follow up of prior year recommendations

27. The IJB has made progress in implementing our prior year audit recommendations. For actions that have not yet been implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

# Part 2

## Financial management and sustainability



### Main judgements

Financial management arrangements are in place to support effective scrutiny and the host bodies have sound systems of internal control in place over the key financial systems which the IJB rely upon.



The IJB incurred a deficit of £1.090 million, utilising all of the non-earmarked element of the general fund reserve and leaving only £0.804 million of earmarked reserves. Balancing the budget using reserves will not be possible in 2020/21.

The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB.

The IJB has not achieved its efficiency savings targets in the past three years. Efficiency savings of £6.072 million needed to be achieved in 2020/21, prior to the implications of Covid being known. If these are not achieved a financial recovery plan will need to be agreed with the health board and council.

In the most recent budget monitoring report for 2020/21, the IJB is projecting a year end overspend of £7.1 million. This includes Covid costs of £5.3 million, which it is hoped will be covered by some additional government funding. Failure to achieve the budget will mean that the delivery of services is at risk in future years.

A medium and long term financial plan is required to support longer term decision making and to demonstrate the Board's financial sustainability. This should be aligned to the Commissioning Strategy and Market Facilitation Plan (2019-2022).

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

### Financial management

**28.** It is the IJB's responsibility to ensure that its financial affairs are conducted in a proper manner. As auditors, we need to consider whether audited bodies have established financial management arrangements.

**29.** The IJB is required by statute to make arrangements for the proper administration of its financial affairs and to appoint a "proper officer" to have "responsibility for the administration of those affairs" (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance & Resources Officer was in post throughout the accounting year and is responsible for ensuring that appropriate financial services are available to the IJB and Chief Officer.

### Financial performance in 2019/20

**30.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance & Resources Officer. All funding and expenditure for the IJB is incurred by partner bodies and processed

in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB Board.

**31.** The IJB Board formally approved the 2019/20 budget in March 2019. This comprised of contributions from EDC and NHSGGC of £55.2 million and £78.4 million respectively, with a further £19.6 million of set aside funding. The budget contained an initial funding gap of £3.9 million, which was to be met by £2.1 million of management efficiencies and £1.7 million through the completion of the transformation programme, leaving an unfunded balance of £0.116 million.

**32.** The IJB Board is responsible for scrutinising financial and operational performance and ensuring that prompt corrective actions are taken where appropriate. To discharge this duty, it needs timely and comprehensible budget monitoring information, including projections of the year end position. Budget monitoring reports provide good quality information to facilitate scrutiny and challenge by members on the financial position of the IJB. Four budget monitoring reports were reported to meetings of the Board during 2019/20. These reports projected a gradually increasing year-end overspend throughout the year, with the actual year end overspend reflected in the annual accounts (£1.090 million).

**33.** The integration scheme states that where a deficit is projected during the year, a financial recovery plan must be agreed by all partners. A financial recovery plan for 2019/20 was agreed between the partners and approved by the IJB Board in September 2019.

**34.** . In 2019/20, the IJB reported a deficit of £1.090 million against partnership funding. In the main this is due to a £2.8 million overspend in Older People services, however the overall position was partially mitigated through underspends in other areas such as business support and prescribing.

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.

## Financial planning and sustainability

**35.** In September 2019, the IJB implemented a recovery plan in order to mitigate the anticipated in-year pressures in respect of social work services for 2019/20. The plan included a number of management actions and budgetary control measures. However, at 31 March 2020 the IJB reported a £1.090 million overspend and had used the entire balance of the non-earmarked element of the General Fund with a year-end position of £nil shown in the Movement in Reserves Statement.

**36.** The 2020/21 budget shows £174 million of expenditure, including the set-aside of £32.9 million. In the most recent budget monitoring report for 2020/21, the IJB is projecting a year-end overspend of £7.1 million. This is mainly attributable to £5.3 million of additional expenditure in response to Covid-19, and an overspend of £1.1 million for Children & Criminal Justice services.

**37.** In our 2018/19 Annual Audit Report, we highlighted the importance of a medium to long term financial plan to demonstrate the longer term financial sustainability of planned IJB services. The IJB agreed to develop this as part of its Strategic Plan 2018-2021, approved by the IJB Board in April 2018. The Chief Finance & Resources Officer has advised that a draft five year financial plan has been discussed at Senior Management Team, although this has yet to be completed and reviewed by the IJB Board.



### Recommendation 1

**The 5-year financial plan should be progressed and presented to the IJB Board to help demonstrate the longer term financial sustainability of planned IJB services.**

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### Efficiency savings

**38.** The IJB is required to make efficiency savings to maintain financial balance. In 2019/20 the IJB was expected to make efficiency savings of £3.9 million. The actual outturn position was £1.676 million.

**39.** Based on the indicative financial settlement from NHSGGC and EDC, the IJB will be required to make £6.1 million of savings in 2020/21, through agreed savings and management actions. A further £2.1 million of savings are still to be identified in order to meet the funding gap.

**40.** Failure to achieve these savings could have a significant impact on the Partnerships ability to deliver its core services in 2020/21. Progress towards efficiency savings will require to be carefully monitored and regularly reported to the Board. The IJB has not fully achieved its efficiency savings targets in the past three financial years. In light of this, there is a risk that the IJB's 2020/21 efficiency savings target will also not be achieved.

**41.** A lack of non-earmarked reserves, combined with the recent trend of deficits reported over the last three financial years, represents a significant financial sustainability risk for the IJB. This has been acknowledged by the IJB Board members, with agreement that fundamental change is required in the way health and social care services are delivered within East Dunbartonshire going forward. The IJB should engage with its partners in order to provide an effective link between service provision and affordability.

**42.** In addition, the Covid-19 pandemic will have a significant impact on the IJB's ability to secure all the planned efficiency savings in 2020/21. The IJB was required to submit to Scottish Government the anticipated costs associated with Covid-19, which identified potential additional expenditure as a result of the Covid-19 response of £11.306 million. Of these additional costs, a significant proportion relates to that incurred within externally provided services such as care home and home care suppliers.



### Recommendation 2

**The board should ensure that saving plans are developed identifying how the £2.1 million of savings in 2020/21 will be made.**

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### Reserves strategy

**43.** The reserves policy of the IJB was approved by the IJB Board in August 2016. The integration scheme and the reserves policy set out the arrangements between the partners for addressing and financing any overspends or underspends. Both documents highlight 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.

**44.** The IJB's reserves policy states that a prudent level of general reserves will represent approximately 2% of net expenditure. This equates to approximately £3.5 million in 2019/20. As a result of the deficit in 2019/20, the general reserve has a £nil balance which leaves no capacity for responding to in-year pressures.

**45.** The current integration scheme is not clear on the responsibilities of the partners for funding a future deficit, where a financial recovery plan is unsuccessful in any year. The integration scheme is currently under review by the IJB and its partner bodies.

### **Internal Audit**

**46.** Internal audit provides the IJB and Accountable Officer with independent assurance on the IJB's overall risk management, internal controls and corporate governance processes.

**47.** The internal audit function is carried out by the internal auditors at both EDC and NHSGGC. As part of our routine planning process, we carry out an early assessment of the internal audit function to determine whether it has sound documentation standards and reporting procedures in place and complies with the requirements of Public Sector Internal Audit Standards (PSIAS). A review of the adequacy of the respective internal audit functions was carried out by the external auditors of the host bodies from which an assessment was made in relation to the IJB. We concluded that it operates in accordance with PSIAS and has sound documentation standards and reporting procedures in place.

**48.** An interim Follow Up report was presented by Internal Audit to the March 2020 Performance Audit & Risk Committee. The report notes that 5 follow up actions have still to be completed by the IJB, of which 3 are classified as high risk. The high risk actions relate to Carefirst Testing, Home Care Review and Social Work Contract Monitoring. The annual governance statement has been updated to include references to these risks. This has not had an impact on our audit approach for 2019/20 as these issues as they relate to non-financial risks.

### **Standards of conduct and arrangements for the prevention and detection of fraud and error**

**49.** 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. Based on our review of these arrangements 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 at this point.

# Part 3

## Governance, transparency and best value



### Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The IJB took appropriate steps to revise its arrangements to reflect the challenges of delivering services in the Covid-19 environment.



The publication of the 2019/20 Annual Performance Report, on 17 September 2020, was delayed in line with extensions permitted by the Coronavirus Act 2020.

An Action Plan has been developed in response to the required Best Value self-assessment submitted to Scottish Government. To date, the action plan is showing good progress made by the IJB.

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.

### Governance arrangements

**50.** The integration scheme between EDC and NHSGGC sets out the IJB's responsibilities for the management and delivery of health and social care services in East Dunbartonshire. The IJB's governance arrangements and procedures are regulated by its Scheme of Delegation.

**51.** Standing orders for the IJB were approved when it was established in July 2015. Schemes of Delegation clarify the functions delegated by EDC and NHSGGC to the IJB. These delegate operational management of services to the IJB's Chief Officer. In January 2020, the IJB Chief Officer was seconded to NHSGGC. From 6 January 2020, the Chief Social Work Officer of East Dunbartonshire Council was appointed to the position of interim Chief Officer.

**52.** The IJB's Chief Officer provides overall strategic and operational advice and is directly accountable to the Board for all of its responsibilities. The Chief Officer is accountable to both the Chief Executive of EDC and the Chief Executive of NHSGGC. The Chief Officer also provides regular reports to both partners which include national and local developments in relation to the implementation of the Public Bodies (Joint Working) (Scotland) Act 2014.

**53.** The integration scheme also sets out the key governance arrangements. The IJB Board is responsible for establishing arrangements for ensuring the proper conduct of the affairs of the IJB and for monitoring the adequacy of these arrangements. The IJB Board comprises a wide range of service users and partners including three elected councillors nominated by EDC and three non-executive members nominated by NHSGGC.

**54.** The IJB Board is supported by the Performance, Audit & Risk Committee, two Locality Planning Groups, a Clinical and Care Governance Group and the Strategic Planning Group. The IJB Board and each of the groups meet on a regular basis throughout the year. We attended meetings of both the IJB Board and Performance, Audit & Risk Committee during the year and also reviewed their

minutes to ensure they are fulfilling their responsibilities and to assess their effectiveness.

**55.** The Clinical and Care Governance Group reports through the Chief Officer to the IJB Board on a regular basis. The membership reflects the professional groups, including nursing, medical, social work and primary care colleagues. 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.

**56.** A draft Commissioning Strategy and Market Facilitation Plan was presented to the IJB Board in November 2019 for consideration, which was prepared in partnership with the Third and Independent Sector, Healthcare Improvement Scotland's Improvement Hub and other key stakeholders. The purpose of the strategy is to outline the IJBs commissioning intentions over the next 3 years, with the aim of finding the best ways to maximise available resources against a backdrop of complex financial and policy challenges. The IJB Board have now approved the content of both the Commissioning Strategy and Market Facilitation Plan (2019-2022) and progressed to the next stage of consulting and engaging with stakeholders on the contents of these documents, which will involve a series of workshops to help identify priorities going forward.

## Covid-19 disruption

**57.** The impact of Covid-19 has been set out in the Annual Governance Statement included in the IJB's Annual Accounts. The adjustments to normal governance arrangements were made to allow the IJB Board to exercise oversight of its functions:

- Meetings of the IJB Board and the Performance Audit & Risk Committee continued in accordance with the previously agreed timetable, with the exception of the May Board 2020 meeting which was cancelled. The March 2020 meeting was limited to voting members only for papers which required decision
- Meetings are now being held by teleconference, with minutes of meetings continuing to be made available on the EDC website
- The IJB Board has delegated authority to the Chief Officer and Chief Finance & Resources Officer, as set out in the Scheme of Delegation, and is subject to reporting to the IJB Board at the first available opportunity. This power is being exercised in consultation with the Chairperson or Vice-Chairperson as appropriate, and 2-weekly updates are provided to voting board members
- The Chief Officer is seeking legal and financial advice prior to making significant decisions and is liaising with the Chief Executives of both EDC and NHSGGC.

**58.** The IJB has taken appropriate steps to ensure that it was able to maintain its governance arrangements as close to normal as is possible.

## Openness and transparency

**59.** There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**60.** Full details of the IJB Board meetings are available through the EDC website, where access is given to partnership board papers and minutes of meetings. In



addition, reports and minutes of the Performance, Audit and Risk Committee meetings are also available on the HSCP section of the EDC website.

**61.** We conclude that the IJB has shown a commitment to openness and transparency by ensuring sufficient, appropriate information is made available to the public.

## Best value arrangements

**62.** Local government bodies, including Integration Joint Boards, 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 the Scottish Government Guidance issued in 2004.

**63.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan (if applicable).

**64.** In June 2020, a report was taken to the IJB Board explaining that the full IJB Annual Performance report has been delayed due to the Covid-19 emergency response. This extension is permitted in line with the Coronavirus Act 2020, which allows for public bodies to delay publication of such reports until it is practicable to do so. Alternatively, an overview of 2019/20 performance was provided to the IJB Board along with the Quarter 4 performance report. The 2019/20 Annual Performance Report was presented to the IJB Board on 17 September 2020.

## Service Performance

**65.** The IJB Board receives performance reports on a quarterly basis. These reports provide an update on performance against proposed targets and measures, with narrative to describe progress and actions for improvement. The most recent performance report was submitted to the IJB Board meeting on 25 June 2020.

**66.** The IJB Annual Performance Report reports progress against 20 Scottish Government core indicators relating to health and social care integration. Of the 20 core indicators, at the end of 2019/20 the IJB were performing well in the following:

- Percentage of adults supported at home who agree that their health and social care services seem to be well co-ordinated (National Outcome 3, 9)
- Percentage of adults supported at home who agree they felt safe (National Outcome 7)

**67.** However, there were also a number of areas where the IJB was not meeting the national targets, and was below the Scottish average, for example:

- Percentage of adults with intensive care needs receiving care at home (National Outcome 2)
- Delayed discharge bed days, rate per 1,000 population (National Outcomes 2, 3, 4, 9)

**68.** In our 2018/19 annual audit report action plan it was noted that the 2019/20 Transformation Plan has been updated to include financial information aligned to delivery priorities and that review of quarterly performance reports was underway to include relevant financial information. However, from review of 19/20 performance reports (Q1/Q2), financial information has not been included therefore financial implications of not meeting performance targets are not clear to members.

## National performance audit reports

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

# Appendix 1

## Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Long Term Financial Plans</b></p> <p>The IJB agreed to develop a long term financial plan as part of its Strategic Plan 2018-2021, approved by the IJB Board in April 2018. A draft five year financial plan has been discussed at Senior Management Team, however this has yet to be completed and reviewed by the IJB Board.</p> <p><b>Risk:</b> The IJB is not planning adequately over the medium to long term to manage or respond to significant financial risks.</p>	<p>The 5 year financial plan should be progressed and presented to the IJB Board to help demonstrate the longer term financial sustainability of planned services.</p> <p><a href="#">Paragraph 37</a></p>	<p>The IJB will develop a five-year medium term financial strategy.</p> <p>Chief Finance &amp; Resources Officer</p> <p>March 2021 (this allows for reflection on the impact of Covid and re-commence work on the HSCP Delivering Differently Strategy and identification of transformation activity in line with budget commitment 2020/21).</p>
2	<p><b>Efficiency savings</b></p> <p>For 2020/21 the board is required to deliver £6.072 million of efficiency savings. The board has yet to identify £2.1 million of the savings required for next year. Of those savings identified to date, some £0.52 million are considered high risk and may not materialise.</p> <p><b>Risk -</b> The board may not be able to deliver the targeted savings in 2019/20.</p>	<p>The board should ensure that saving plans are developed identifying how the £2.1 million of savings in 2020/21 will be made.</p> <p><a href="#">Paragraph 42</a></p>	<p>IJB will re-commence work, in collaboration with statutory partners, to identify further transformation activity to address the financial gap of £2.1 million in line with budget commitment 2020/21.</p> <p>Chief Officer/Chief Finance &amp; Resources Officer</p> <p>March 2021</p>

### Follow up of prior year recommendations

3	<p><b>Efficiency savings</b></p> <p>For 2019/20 the board is required to deliver £3.9 million of efficiency savings and, as at August 2019, the IJB is also predicting a £1.1 million shortfall in the delivery of planned efficiencies.</p>	<p>The IJB should ensure that plans are developed identifying how the shortfall in the delivery of efficiency savings in 2019/20 will be addressed</p>	<p>The IJB incurred a deficit of £1.090 million in 2019/20, utilising all of the non-earmarked element of the general fund reserve.</p> <p>See action point 2 above.</p>
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**Risk**

The IJB does not achieve its efficiency savings target in 2019/20 leading to the increased use of reserves and increases the level of efficiency savings required in future years.

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# Appendix 2

## Significant audit risks identified during planning

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

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of material misstatement caused by management override of controls</b></p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that result in fraudulent financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p><b>2 Risk of material misstatement caused by fraud in expenditure</b></p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure.</p> <p>As the expenditure of EDIJB is processed through the financial systems of NHS Greater Glasgow and Clyde and East Dunbartonshire Council, there is a risk that expenditure that does not relate to the IJB is included in the accounts or that expenditure that does relate to the IJB is omitted from the accounts.</p>	<p>Assurances will be obtained from the auditors of NHS Greater Glasgow &amp; Clyde and East Dunbartonshire Council over the accuracy, completeness and allocation of the Integration Joint Board ledger entries recorded in the correct financial year.</p>	<p>Satisfactory written assurances were received from the external auditors of EDC and NHSGGC regarding journal testing and accuracy, allocation and cut-off of IJB transactions.</p>
<p><b>3 Hospital acute services (Set Aside)</b></p> <p>The “set aside” budget is the Integration Joint Board’s share of the budget for delegated acute services provided by</p>	<p>Engage with officers to ensure that a robust mechanism has been developed to quantify set aside income and expenditure.</p> <p>Monitor Scottish Government guidance on the treatment of set aside in the 2019/20 financial statements to</p>	<p>From 2019/20 the set-aside value is now based on a detailed approach including actual spend and activity levels for the year where the information is available</p>

Audit risk	Assurance procedure	Results and conclusions
<p>hospitals on behalf of the Joint Board.</p> <p>The Board recently agreed an estimated figure for 2019/20 with a view to reflecting the true cost and activity from 1 April 2020.</p> <p>There is a risk that the sum set aside in the 2019/20 IJB accounts does not accurately reflect the true cost of acute services.</p>	<p>establish whether the financial statements are compliant.</p>	<p>and estimated annual activity where it is not.</p>

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











<p><b>4 Financial sustainability and going concern</b></p> <p>Based on the latest budget monitoring report presented to the January 2020 Board meeting (for the period to 30 November 2019) there is a projected overspend for 2019/20 of £2.538million. The budget includes the planned use of £0.346 million of earmarked reserves. This is mainly due to overspends in Older People Community Services.</p> <p>In addition, there are no long-term financial plans in place to demonstrate how the IJB will secure the financial sustainability of its services in the future.</p> <p>There is a risk that the IJB is not financially sustainable. As a result, the IJB needs to demonstrate that the going concern basis is appropriate for the 2019/20 annual accounts.</p>	<p>Ensure budget monitoring is robust and accurately reflects the financial position.</p> <p>Confirmation of agreement of funding and balances with host bodies.</p> <p>Review of the IJBs recovery plan agreed with EDC and NHS GG&amp;C.</p> <p>Review and report on progress against our 2018/19 audit recommendation in relation to this risk.</p> <p>Review the IJBs evidence to support the going concern assumption for the 2019/20 accounts.</p>	<p>The IJB incurred a deficit on provision of services of £1.090 million in 2019/20 and now has no reserves that have not already been earmarked for a specific purpose. The lack of reserves, combined with a trend of overspends, represents a significant financial sustainability risk for the IJB. This is reported in the key messages above.</p> <p>Although a long term plan has yet to be developed and approved by the Board, The Chief Finance &amp; Resources Officer has advised that a draft five year financial plan has been discussed at Senior Management Team, however this has yet to be completed and reviewed by the Board.</p>
<p><b>5 Achievement of Efficiency Savings</b></p> <p>The financial monitoring report presented to the January 2020 meeting of the Board confirmed that the planned savings for 2019/20 are £3.75 million. Of this total, £1.66 million of the required savings have so far been identified as part of the IJB's transformation activity, leaving a shortfall of £2.1 million.</p> <p>There is a risk that the IJB may not be able to generate</p>	<p>Ongoing review of budget monitoring reports including details of identified savings.</p>	<p>The IJB did not achieve its efficiency targets in 2019/20. Financial sustainability concerns reported in the key messages above.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>sufficient efficiencies and cost savings to bridge the remaining funding gap.</p>		
<p><b>6 2020/21 budget setting process</b></p> <p>The timing of budget setting for the UK and Scottish public sector has led to increased uncertainty for IJBs in setting 2020/21 budgets.</p> <p>East Dunbartonshire Council is due to set its 2020/21 budget on 20 February 2020 but there is a risk that the budget does not reflect the final settlement, and further in-year savings need to be made that impact on the IJB budget.</p> <p>EDIJB is due to set its budget on 26 March 2020 and, as in past years, indicative figures will be used for the Health Board's contributions.</p> <p>If partner contributions are lower than expected, this will impact on the 2020/21 EDIJB budget and the planned delivery of services.</p>	<p>Ongoing monitoring of budget setting process for 2020/21, including confirmation of funding from host bodies.</p>	<p>The 2020/21 budget for the IJB was approved on 26 March 2020.</p> <p>Any proposed in year changes to the IJB funding allocations will be discussed between the Chief Finance &amp; Resources Officer and the Officers from the Partner Bodies.</p>
<p><b>7 Demonstrating the delivery of Best Value</b></p> <p>EDIJB are required to have arrangements in place to demonstrate that it is delivering Best Value in the provision of services.</p> <p>There is a risk that the IJB does not continue to demonstrate that it is delivering Best Value and evidence how the IJB is changing the way care services are delivered and realigning budgets to support this.</p>	<p>Review evidence of continuous improvement reported within EDIJB's 2019/20 Annual Performance Report.</p>	<p>The 2019/20 Annual Performance Report, presented to the IJB Board on 17 September 2020, includes the outcomes of the HSCP self-evaluation against the BV framework.</p>

# Appendix 3

## Summary of national performance reports 2019/20



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



# East Dunbartonshire IJBEast Dunbartonshire Integration Joint Board

Proposed 2019/20 Annual Audit Report If you require this publication in an alternative

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**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PERFORMANCE, AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28th September 2020</b>
<b>Subject Title</b>	<b>East Dunbartonshire IJB Annual Audited Accounts 2019 20</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer (0141 777 3311 Ext 3221)</b>

<b>Purpose of Report</b>	The purpose of this report is to present the East Dunbartonshire Health & Social Care Partnership Final Audited Annual Accounts 2019/20 for approval. These are contained in <b>Appendix 1</b> .
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<b>Recommendations</b>	The Performance, Audit & Risk Committee is asked to:  a) Approve the Final Annual Audited Accounts for 2019/20 and authorise the Chair, Chief Officer and Chief Finance & Resources officer to accept and sign the Final Annual Accounts on behalf of the IJB.
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<b>Relevance to HSCP Board Strategic Plan</b>	The Annual Accounts reflect the partnership performance for the year passed and detail the reserves position to contribute to the strategic priorities for the partnership.
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	Nil
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<b>Equalities:</b>	Nil
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<b>Financial:</b>	The Annual Accounts provide the financial performance of the partnership for 2019/20 and sets the financial context within which the partnership will progress into future years.
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<b>Legal:</b>	Nil
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<b>Economic Impact:</b>	Nil
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<b>Sustainability:</b>	The Accounts outline the financial landscape within which the partnership operates and a view on the going concern and viability of the partnership moving forward.
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<b>Risk Implications:</b>	Nil.
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<b>Implications for East Dunbartonshire Council:</b>	The Annual Accounts provide a picture of the financial position of the partnership.
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The Annual Accounts provide a picture of the financial position of the partnership.

<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1. No Direction Required</b>	<b>X</b>
	<b>2. East Dunbartonshire Council</b>	
	<b>3. NHS Greater Glasgow &amp; Clyde</b>	
	<b>4. East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

<b>MAIN REPORT</b>	
<b>1.1</b>	The IJB is specified in legislation as a “section 106” body under the terms of the Local Government Scotland Act 1973 and as such is expected to prepare annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.
<b>1.2</b>	The draft unaudited accounts were submitted to the External Auditors by the 25th June 2020. There were a number of issues raised through the external audit review relating to the treatment of earmarked reserves within the Comprehensive Income and Expenditure Statement (CIES) requiring a re-statement for 2018/19 including changes to presentation within the Reserves Statement to make this clearer on the levels of partnership expenditure and how this impacts on the use of reserves. There were also some presentational changes highlighted which were updated following the annual clearance meeting with Audit Scotland providing the set of Final Draft Annual Accounts included within this report.
<b>1.3</b>	It has been determined that the financial statements have been compiled in accordance with the regulations and the IJB has received an unqualified opinion on the Annual Accounts for the year ended 31 March 2020.
<b>1.4</b>	The Annual Accounts present a year end deficit position for the partnership of £1.09m against the partnership funding available for 2019/20. This includes unspent investment (to be taken to earmarked reserves and carried forward to future years) during the year in relation to Primary Care Improvements, delivery of the Mental Health Strategy, and Alcohol and Drugs monies from the Scottish Government of £0.42m. This masks the full extent of in year pressures.
<b>1.5</b>	The pressures on the partnership budget relate in the main to social work services of £1.9m which were mitigated in part through under spends on community health budgets of £0.8m with reserves applied to manage the remaining gap to deliver a balanced budget at the year end.

- 1.6** As part of the approval of the 2019/20 Budget in March 2019, the HSCP Board approved a Transformation and Service Redesign programme of £3.9m to deliver a balanced budget for the year. This was a hugely challenging programme to deliver in year and required a process of service review across a number of work-streams, consultation and engagement with key stakeholders and dependencies with complimentary work across a number of fronts.
- 1.7** This led to slippage within the programme which caused budget pressures across the range of HSCP services but primarily within Older Peoples services where the focus of service redesign was targeted. In addition the demand increases for Older People's services resulted in this presenting as a significant area of budget pressure for the partnership during 2019/20
- 1.8** A recovery plan was approved by the HSCP Board in September 2019 comprising robust vacancy management, limits to essential areas of spend only across the range of services delivered through the HSCP and identification of additional efficiency measures to be implemented throughout the year. The recovery plan did not extend to measures which delivered reductions in service provision, cessation of services or which would lead to a diminution in service performance such as in the areas of bed days occupied and delayed discharges. The recovery plan delivered a positive contribution towards mitigating the anticipated budget pressures, however did not manage this completely.
- 1.9** This has had a significant impact on the available reserves of the partnership moving into future years with no general reserve available to act as a contingency to manage delivery of transformation and in year unplanned budget pressures, and earmarked reserves limited to those where funding has been made available by the Scottish Government for specific initiatives such as PCIP, Mental Health Action 15 and support to alcohol and drug services.
- 1.10** A small balance remains to lever in some transformational change, however this is limited and seed funding to deliver transformation will need to be sought from other sources where available. Limited reserves also increases the risk of having to rely on partner agency additional contributions beyond that agreed at the setting of the annual budget in March 2020. Any additional contribution may be on the basis of a loan which requires to be repaid in future years which serves to further the risk to the financial sustainability of the partnership and places a reliance on identifying extensive transformation activity or service reductions / cessations to deliver a balanced budget.
- 1.11** The detail of the partnership's financial performance across each care group area is set out on Page 21 of the Annual Accounts and the consequential movement in reserves detailed within the table on page 41.
- 1.12** The remaining partnership earmarked reserves is £804k and is broken down as follows:

Self-Directed Support (SDS)	£0.077m
Integrated Care Funding	£0.307m

Primary Care Improvement Plan	£0.196m
Primary Care Cluster Funding	£0.039m
Action 15 Mental Health Strategy	£0.108m
Alcohol and Drugs Partnerships	£0.038m
Technology Enabled Care	£0.011m
Infant Feeding	£0.013m
CHW Henry Programme	£0.015m
<b>TOTAL</b>	<b>£0.804m</b>



## CONTENTS

<b>Management Commentary .....</b>	<b>3</b>
<b>Statement of Responsibilities.....</b>	<b>27</b>
<b>Remuneration Report .....</b>	<b>29</b>
<b>Annual Governance Statement .....</b>	<b>33</b>
<b>Comprehensive Income and Expenditure Statement.....</b>	<b>40</b>
<b>Movement in Reserves Statement .....</b>	<b>41</b>
<b>Balance Sheet .....</b>	<b>42</b>
<b>Notes to the Financial Statements.....</b>	<b>43</b>
1. Significant Accounting Policies.....	43
2. Prior Year Re-Statement – Hosted Services .....	45
3. Critical Judgements and Estimation Uncertainty.....	46
4. Events After the Reporting Period .....	47
5. Expenditure and Income Analysis by Nature .....	47
6. HSCP Operational Costs .....	48
7. Support Services .....	48
8. Taxation and Non-Specific Grant Income .....	49
9. Debtors .....	50
10. Usable Reserve: General Fund .....	50
11. Related Party Transactions .....	50
12. Contingent Assets & Liabilities.....	52
13. VAT .....	53
Independent Auditors report.....	54

## **MANAGEMENT COMMENTARY**

### **Introduction**

This document contains the financial statements for the 2019/20 operational year for East Dunbartonshire Health & Social Care Partnership (HSCP).

The management narrative outlines the key issues in relation to the HSCP financial planning and performance and how this has provided the foundation for the delivery of the priorities described within the Strategic Plan. The document also outlines future financial plans and the challenges and risks that the HSCP will face in meeting the continuing needs of the East Dunbartonshire population.

### **East Dunbartonshire**

East Dunbartonshire has a population of 108,640 and is a mix of urban and rural communities. It has frequently been reported in quality of life surveys as one of the best areas to live in Scotland based on people's health, life expectancy, employment and school performance. Economic activity and employment rates are high and the level of crime is significantly below the Scottish average. Despite this, inequalities exist across the authority and there are pockets of deprivation where the quality of life falls well below the national average.

East Dunbartonshire has eight datazones which fall into the top 25% most deprived in Scotland; these datazones are located in Hillhead, Lennoxton, Auchinairn, Kirkintilloch West and Milngavie (Keystone / Dougalston). The most deprived area in East Dunbartonshire is Hillhead, certain parts of which are among the 5% most deprived areas in Scotland according to the Scottish Index of Multiple Deprivation 2020 (SIMD).

Compared with the rest of Scotland, people living in East Dunbartonshire are relatively healthy. More people take part in sports, fewer smoke and breast feeding rates are higher than the Scottish average. Although East Dunbartonshire is in the highest decile for life expectancy in Scotland for both men and women, there is a 10 year gap of life expectancy in favour of the Westerton area, compared to Hillhead. We also know from Census and population health analysis that the prevalence of disability and long term conditions is considerably higher for people in the areas of relative deprivation. The rate of hospital emergency admissions is also significantly greater amongst East Dunbartonshire's more deprived populations.

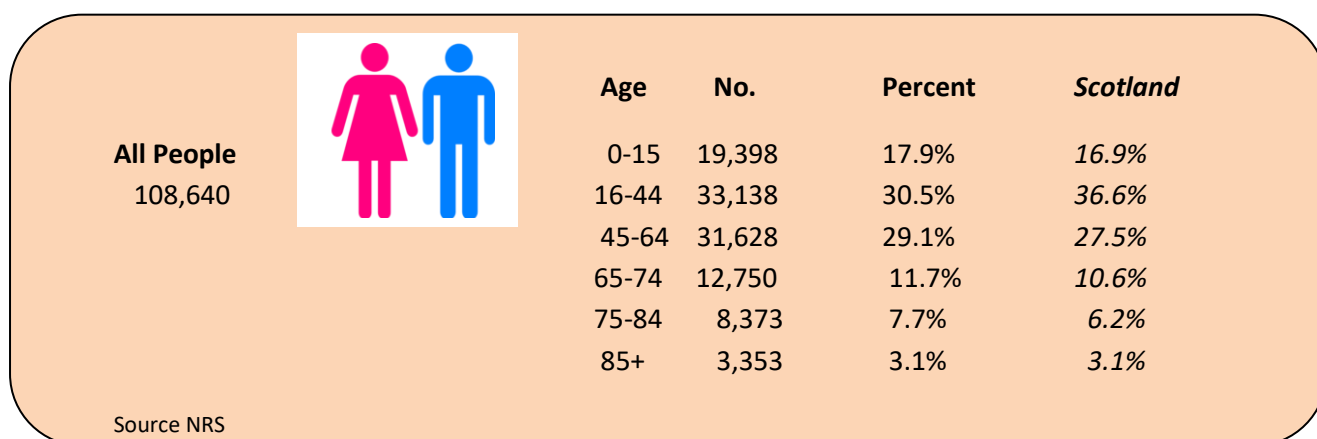
In the 2011 Census, 5.6% of the adult population in East Dunbartonshire reported a disability, with hearing impairments and/or physical disability being the main disabilities reported.



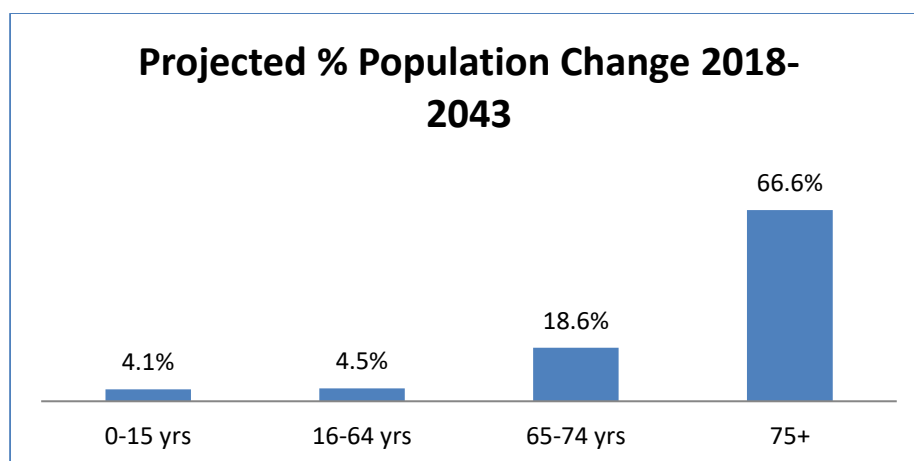
The number of long term conditions rises with age and we need to support those with complex needs so that they may manage their conditions and lead an active, healthy life. The most diagnosed long term condition in East Dunbartonshire is hypertension. The prevalence for this condition, cancer and atria fibrillation, are all notably higher than the rate for Scotland.

The estimated population of East Dunbartonshire in 2019 predicts a higher proportion of older people than the Scottish average.

**Figure 1 Estimated Population in 2019**



East Dunbartonshire has seen a 40% increase in people over the age of 75 since 2002, which is a positive reflection of advances in health and social care, but has placed considerable pressure on services during a period characterised by public sector reform and diminishing resources. With an increase in the frail older population, service pressure has been experienced in both the community and secondary healthcare settings.



Between 2015 -17 there was a reported 11% rise in the number of people with diagnosed dementia and this trend has also been experienced with other age-related conditions.

There has been a significant increase in the number of children being referred to Social Work Services, with 40% increases in referrals reported in the Integrated Children’s Services Plan. Non-engaging families was the most common area of concern alongside neglect, domestic violence and parental alcohol misuse. There has also been a sharp rise in parental mental

health being identified as a significant concern. This is an area of cross-cutting focus between children and adult services.

Demand on services for other adult care groups and for children’s disability services has also increased. The number of young people with disabilities transitioning to adult services is experiencing a notable increase, both numerically and in terms of complexity. This can be demonstrated by an anticipated increase in the Adult Joint Learning Disability Team over the next three years’ as children move on into adult services equivalent to over 7% of its total caseload.

### **The Health & Social Care Partnership**

East Dunbartonshire Health and Social Care Partnership (HSCP) is the common name of East Dunbartonshire Integration Joint Board. It was formally established in September 2015 in accordance with the provisions of the Public Bodies (Joint Working) (Scotland) Act (2014) and corresponding Regulations in relation to a range of adult health and social care services. The partnership’s remit was expanded from an initial focus on services for adults and older people to include services for children and families, and criminal justice services in August 2016.

The HSCP Board, East Dunbartonshire Council (EDC) and NHS Greater Glasgow & Clyde (NHS GG&C) aim to work together to strategically plan for and provide high quality health and social care services that protect children and adults from harm, promote independence and deliver positive outcomes for East Dunbartonshire residents.

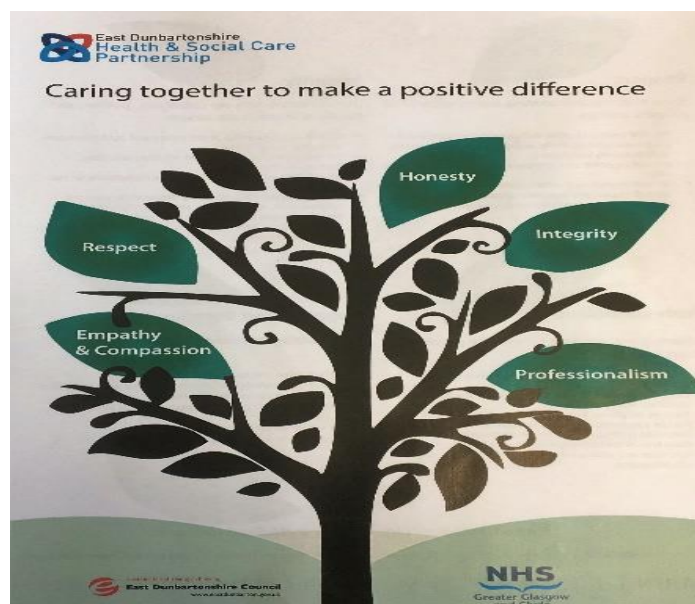
East Dunbartonshire HSCP Board has responsibility for the strategic planning and operational oversight of a range of health and social care services whilst EDC and NHS GG&C retains responsibility for direct service delivery of social work and health services respectively, as well as remaining the employer of health and social care staff.

**Exhibit 1** (below) represents accountability arrangements for the planning and delivery of community health and social care services.



Our partnership vision is “Caring Together to make a Positive Difference” and is underpinned by 5 core values as set out below.

**Exhibit 2**



Our current Strategic Plan covers the period 2018 – 2021 and sets out eight strategic priorities which describe our ambitions to build on the significant improvements already achieved and to further improve the opportunities for people to live a long and healthy life, provide early support to families and young children and focus service on those most vulnerable in our communities.

These priorities are:-

<p><b>PRIORITY 1.</b> Promote positive health and wellbeing, preventing ill-health, and building strong communities</p>	<p><b>PRIORITY 2.</b> Enhance the quality of life and supporting independence for people, particularly those with long-term conditions</p>	<p><b>PRIORITY 3.</b> Keep people out of hospital when care can be delivered closer to home</p>	<p><b>PRIORITY 4.</b> Address inequalities and support people to have more choice and control</p>
<p><b>PRIORITY 5.</b> People have a positive experience of health and social care services</p>	<p><b>PRIORITY 6.</b> Promote independent living through the provision of suitable housing accommodation and support.</p>	<p><b>PRIORITY 7.</b> Improve support for Carers enabling them to continue in their caring role</p>	<p><b>PRIORITY 8.</b> Optimise efficiency, effectiveness and flexibility</p>

This is further supported by a HSCP Transformation Plan outlining the key priorities for service redesign and transformation in delivery of the Strategic Plan and is supported by a range of operational plans, work-streams and financial plans to support delivery. This is also the vehicle

through which the HSCP will seek to deliver financial sustainability over the short to medium term by reconfiguring the way services are delivered within the financial framework available to it.

The Strategic Plan also links to the Community Planning Partnership's Local Outcome Improvement Plan whereby the HSCP has the lead for, or co-leads:

- Outcome 3 – “Our children and young people are safe, healthy and ready to learn”,
- Outcome 5 – “Our people experience good physical and mental health and well being with access to a quality built and natural environment in which to lead healthier and more active lifestyles” and
- Outcome 6 – “Our older population and more vulnerable citizens are supported to maintain their independence and enjoy a high quality of life, and they, their families and carers benefit from effective care and support services”.

## **COVID-19 PANDEMIC IMPACT AND RESPONSE**

As the year end for 2019/20 came to a close, the onset of a pandemic (Covid-19) and the impact of this on the delivery of health and social care services was emerging. The World Health Organisation (WHO) declared the virus a pandemic on 11 March 2020 and Scotland moved into lockdown on the 23<sup>rd</sup> March 2020. The HSCP implemented business continuity measures at this time and a number of key responses were put in place to manage the impact of the pandemic. This inevitably cuts across ‘business as usual’ and the delivery of the key strategic priorities for the HSCP.

### Impact on business as usual in the delivery of services

The Covid-19 pandemic has led to significant changes in the ways in which people are living and working, and changes to the focus of health and social care services delivery. The Health & Social Care Partnership continues to provide essential care and protection services, in line with Business Continuity and the Caring for People Plans. There is a clear focus within the Business Continuity Plan on continuing to provide support to our most vulnerable services users and patients, alongside a commitment to supporting staff to work safely and in line with Health Protection Scotland advice. As such, as many of our staff as possible are now working remotely from home.

Other changes have included a public protection collaborative team consisting of specialists in child and adult protection, and justice services, to ensure our approach is consistent with the changes to legislation that have been brought about through the Coronavirus (Scotland) Bill and to ensure there is clear and regular guidance to staff undertaking these duties.

The HSCP established a local Assessment Centre on 30 March 2020, based at Kirkintilloch Health and Care Centre. This centre provided triage to members of the public who have contacted NHS 111 with concerns about being symptomatic and are in need of medical advice and support.

## Funding consequences

The HSCP's response to the Covid-19 pandemic has resulted in additional costs being incurred, including short term costs such as those relating to increased demand for care, staffing and PPE costs. The HSCP, along with all other HSCPs, was required to submit a Local Mobilisation Plan to Scottish Government, outlining the actions being taken in response to the Covid-19 situation. This is supported by further detail which is submitted on a regular basis through the health board to the Scottish Government, detailing the financial costs associated with these actions. These costs are being separately tracked internally for monitoring and reporting purposes and to help secure additional funding available. For the HSCP this additional funding is necessary, given the lack of available reserves.

Longer term funding impacts are difficult to comment on at this stage, as future funding settlements are subject to a greater degree of uncertainty and the longer term impacts on costs are also highly uncertain. Although it is expected that there will be significant changes in demand pressure patterns as a result of Covid-19, mapping and quantifying these is difficult as there remains much unknown regarding the medium and long term impacts of the pandemic. Demand trends will be closely monitored for any implications for future service delivery.

## Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic

The HSCP recognises that the pandemic is a health crisis, social crisis, and economic crisis of unprecedented scale, with profound and permanent implications for our society. The crisis has brought about significant developments in, and embedding of, remote and digital ways of working that will be utilised throughout the pandemic and beyond. The full practical implications of the pandemic on society's expectations of care providers, the HSCP's demand for services, service users and ways of working in the medium and long term are not yet fully apparent but will continue to be assessed as the situation evolves and further government advice becomes available.

## **HSCP BOARD OPERATIONAL PERFORMANCE FOR THE YEAR 2019/20**

Performance is monitored using a range of performance indicators outlined in a performance management framework with quarterly performance reports to the HSCP Board, Community Planning Board and other committees. Service uptake, waiting times and other pressures are closely reviewed and any negative variation from the planned strategic direction is reported to the HSCP Board through exception reporting arrangements which includes reasons for variation and planned remedial action to bring performance back on track.

A full report on performance will be outlined within the East Dunbartonshire HSCP Annual Performance Report 2019/20. Publication of the Annual Performance Report (APR) is normally in place by the end of July each year, but production of APRs have been delayed by agreement nationally due to the impact of the Covid-19 pandemic. At present there has been no agreement on a date by which APRs should be available for publication, however the APR for East Dunbartonshire will be presented to the HSCP Board in September 2020. As an interim measure,

a summary of key performance across HSCP functions and services has been reported to the HSCP Board in June 2020.

Notwithstanding the delay in the production of HSCP APRs, the timing of the preparation of this set of Annual Accounts is ahead of the publication of national performance data for Core Integration Indicators. The performance data provided below is biennial, therefore, 2017/18 is the most up to date annual data available, which also relates to the 2018/19 financial year. However transformational change and other qualitative performance updates do relate directly to the 2019/20 period.

Headline performance is summarised below under the following headings:

- *National Core Indicators (most recent published data)*
- *Local Transformational Change and Best Value Improvement Activity*
- *Progress against the “Features Supporting Integration” improvement proposals by Audit Scotland and the Ministerial Strategic Group*
- *Progress against the Joint Strategic Inspection of Adult Services Action Plan*

**National Core Indicators (collected biennially: 2019/20 awaited)**

National Outcome Indicators	2015/16	2017/18	National Rank
Percentage of adults able to look after their health very well or quite well	96%	96%	1st
Percentage of adults supported at home who agree that they are supported to live as independently as possible	86%	84%	1st
Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided	84%	86%	1st
Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	73%	84%	3rd
Total percentage of adults receiving any care or support who rated it as excellent or good	86%	84%	6th
Percentage of people with positive experience of the care provided by their GP practice	89%	90%	2nd
Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	85%	83%	7th
Total combined % carers who feel supported to continue in their caring role	43%	41%	3rd
Percentage of adults supported at home who agreed they felt safe	84%	87%	4th

National Data Indicators	2017/18	2018-19	National Rank
Premature mortality rate for people aged under 75yrs per 100,000 persons	312.5	274	1 <sup>st</sup>
Emergency admission rate (per 100,000 population)	10,787	11,454	17 <sup>th</sup>
Emergency bed day rate (per 100,000 population)	109,384	110,137	14 <sup>th</sup>
Readmission to hospital within 28 days (per 1,000 population)	73	74	2 <sup>nd</sup>
Proportion of last 6 months of life spent at home or in a community setting	89%	89	11 <sup>th</sup>
Falls rate per 1,000 population aged 65+	22	25	25 <sup>th</sup>
Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	82%	81%	27 <sup>th</sup>
Percentage of adults with intensive care needs receiving care at home	67%	63%	18 <sup>th</sup>
Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	231	357	7 <sup>th</sup>
Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	21%	23%	14 <sup>th</sup>

**Local Transformational Change and Best Value improvement activity during 2019/20**

Initiative	National Outcome
Review of Service and Transport Charging	9
Review of Transport Policy	9
Review of 3rd Sector Grants	9
Review of Sleepovers	4, 9
Development of Enhanced Day Care for adults with a Learning Disability to reduce out of area provision	2, 3, 4, 9
Development of the Smart Flat /TEC	1, 4
Review of Day Care Services	2, 9
Implementation of the new HSCP Fair Access to Community Care Policy	3, 4, 5, 9
Review of Respite for Older People	2, 9
Review of Blue Badge processes	9
Reduction in Mental Health Officer Agency Spend	9
Reduction in Older People services Agency Spend	9

Maximising Use of Equipment	9
Application of Ordinary Residence to re-designate financial accountability	2, 9
Increase in community based options for looked after and accommodated children	2, 7, 9
Review of Allotment Scheme	9
Review of Learning Disability resource allocation model	5, 9
Vacancy Resourcing	9
Continuing Care (one off)	2

**Progress during 2019-20 in support of “Features Supporting Integration” improvement proposals by Audit Scotland and the Ministerial Strategic Group**

<b>Collaborative leadership and building relationships – completed by March 20</b>
<ul style="list-style-type: none"> <li>• Reviewing all leadership course/training opportunities delivered across, or available to, East Dunbartonshire Council and NHSGGC staff to identify ones that should be made available to partnership staff regardless of employing organisation</li> <li>• Finalising and publishing a formal Commissioning Strategy that sets out areas of development and commissioning intention linked to the delivery of the HSCP’s Strategic Plan.</li> <li>• Engaging, through our Providers’ Forum, with providers to develop an approach to cross-market facilitation that delivers on the priorities set out in the Commissioning Strategy, supported by colleagues from iHub.</li> <li>• Further developing our Providers’ Forums by ensuring meetings are set, agendas are developed with input from providers, and there is attendance of senior managers to update / engage on key priority areas under development.</li> <li>• Working with our local Third Sector Interface to improve engagement with larger national third sector providers who find it difficult to engage directly with the local Providers’ Forums</li> </ul>
<b>Integrated finances and financial planning - completed by March 20</b>
<ul style="list-style-type: none"> <li>• Reviewing the financial monitoring and reporting framework to support operational delivery across the NHS, HSCP and Council</li> <li>• Working across the partnership to understand expected future capital requirements for community services further and develop our mapping of the potential contribution of all agencies to delivering on a capital programme for fit for the future facilities in local communities, as far as possible, regardless of ownership of the asset.</li> </ul>
<b>Effective strategic planning for improvement - completed by March 20</b>
<ul style="list-style-type: none"> <li>• Finalising and publishing a formal Commissioning Strategy that sets out areas of development and commissioning intention linked to the delivery of the HSCP’s Strategic Plan.</li> </ul>
<b>Governance and accountability arrangements - completed by March 20</b>
<ul style="list-style-type: none"> <li>• Working in partnership with the HSCP Board Chair to develop a programme of briefing and discussion opportunities with the Chair and senior management team of the HSCP to support effective agenda, Board business and whole system planning.</li> <li>• Developing a formal quality improvement framework and embedding this is the work of the clinical and care governance group’s scrutiny processes.</li> </ul>
<b>Meaningful and Sustained Engagement - completed by March 20</b>
<ul style="list-style-type: none"> <li>• Develop and present to the HSCP Board a refreshed HSCP engagement strategy that outlines our engagement opportunities for local communities in relation to strategic, local planning and transformation activities.</li> </ul>

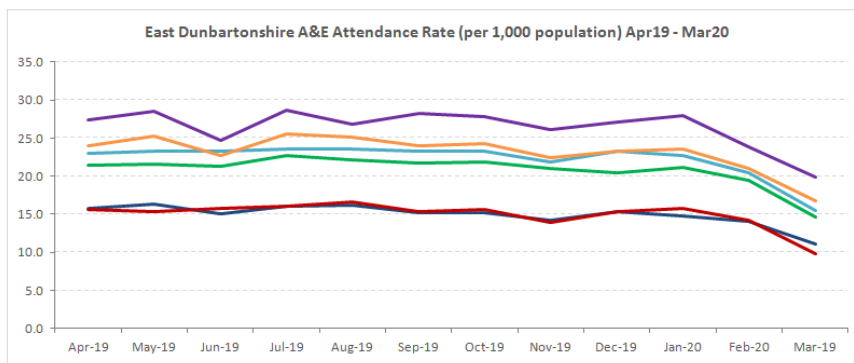


**Progress against the Joint Strategic Inspection of Adult Services Action Plan**

<b>Actions Completed By March 2020</b>
Implemented the Performance Framework approach developed during 2018 – 2019
Developed an ISD work plan to support data reporting and analysis
Worked with Council Performance Team via the Operational Reporting Requirements Group to put reporting actions in place to address areas ISD are unable to contribute to.
Developed and implement a Quality Assurance framework for use across the partnership and embed process for quality improvement across partnership team
Worked with the Council Performance Team and Carefirst Team to explore how information in relation to meeting outcomes for individuals can be collated /aggregated and reported to inform service review and planning processes
As part of our Quality Improvement Framework established expectations around formal updating of needs assessments to inform service planning and ensure scrutiny and reporting of same to Clinical and Care Governance Group
Developed a refreshed engagement strategy within the HSCP that includes engagement expectations in relation to strategic and local planning, and transformation
Contributed to the Council’s 10 stage service redesign review process to consider opportunities within process for engagement with service user / carers and care providers
Finalised the Commissioning Strategy

**Performance Highlights and Improvement Areas**

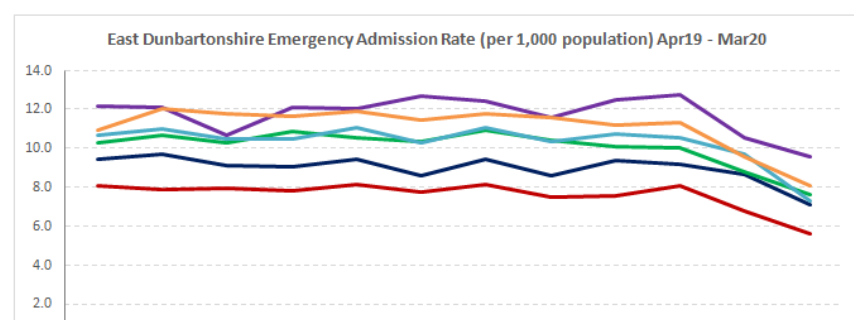
There is a delay of some months for published national unscheduled care performance by Public Health Scotland, so full year performance data is not yet available for this. However, NHS Greater Glasgow and Clyde (GG&C) records more up-to-date unscheduled care activity and performance data, which can be used at this stage to report performance locally. Using this local data, East Dunbartonshire is shown to have recorded the second lowest A&E attendances across GG&C, with the second lowest admissions for over age 65, as a rate of population.



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- East Renfrewshire
- Glasgow City
- Inverclyde
- Renfrewshire
- West Dunbartonshire

East Dunbartonshire

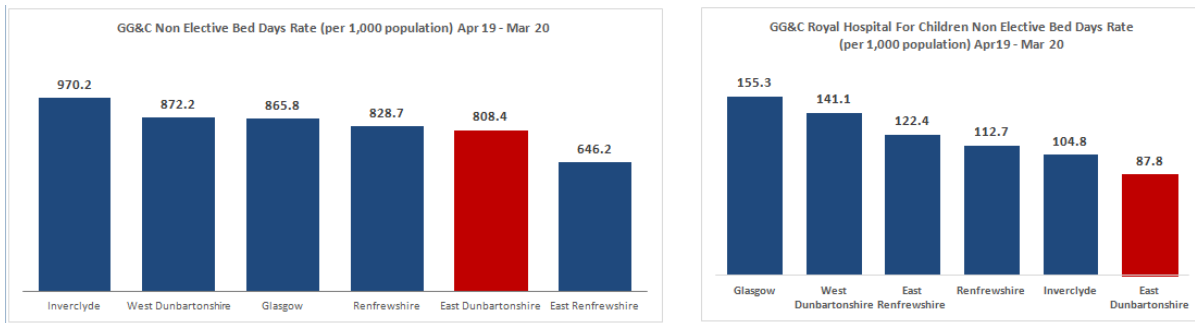


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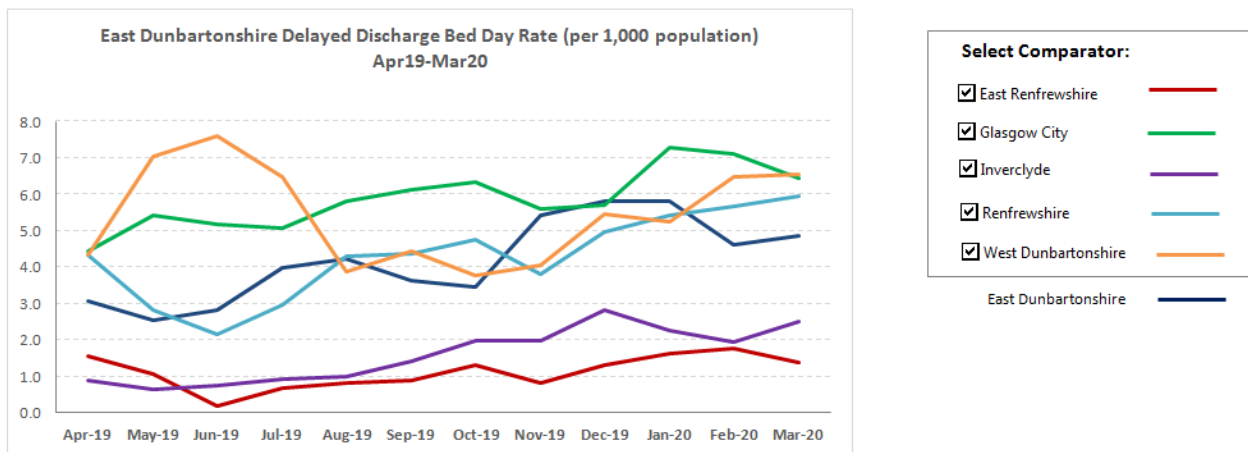
- East Renfrewshi
- Glasgow City
- Inverclyde
- Renfrewshire
- West Dunbartonshire

East Dunbartonshire

Bed days associated with emergency admissions were the second lowest for 18+ and the lowest for under 18s.

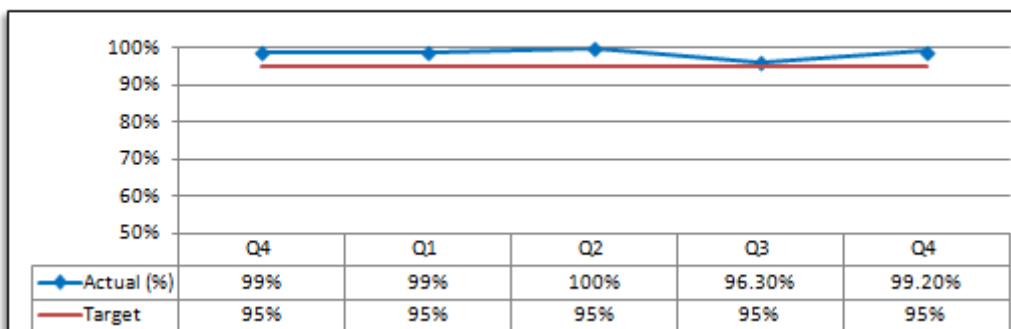


After a strong start to the year, East Dunbartonshire experienced a gradual increase in bed days lost to delayed discharge, with a particular spike occurring during the winter period. This placed East Dunbartonshire with the highest rate in GG&C by the end of Quarter 3, in significant part due to local home care provider pressures and an increase in referrals to the Social Work Hospital Assessment team of 20% year-on-year. In response to these challenges, the HSCP introduced a new Care at Home model, and introduced a change in culture and practice with the introduction of Local Area Coordinators. The Home for Me team reduced care calls post discharge by 66% and care hours from an average of 11 per week to 2 per week. Importantly, levels of discharge before 72 hours were sustained despite increased delays and referrals to the Hospital Assessment Team. By the end of the financial year, the delayed discharge levels were significantly reduced from the winter spike, which was also a consequence of the coronavirus emergency planning arrangements.



With adult social work services, the completion of community care assessments within the target 6 week period exceeded 95% in each quarter of 2019-20.

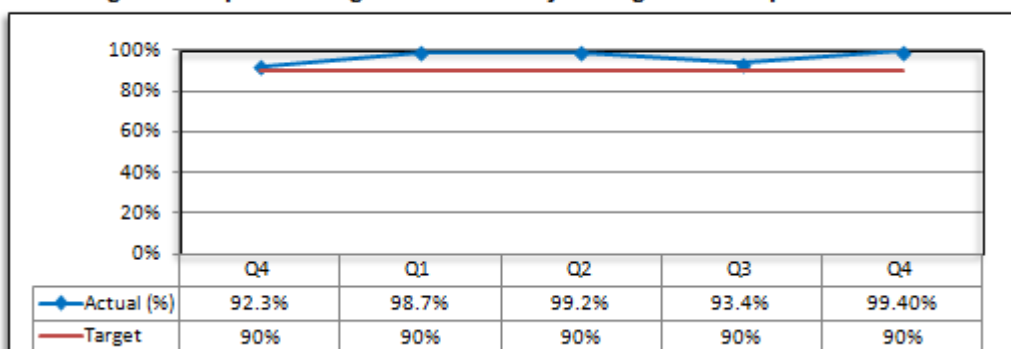
**Percentage of service users (65+yrs) meeting 6wk target**



Satisfaction with the level of customer involvement in the design of their care and support also exceeded target, achieving 98% satisfaction scores through annual review. After a challenging year in 2018-19 in the face of a trebling of referrals for older people, the achievement of adult protection timescales exceeded 90% for each quarter in 2019-20.

Alcohol and Drugs treatment waiting times began 2019 with target achievement of 76%, but through improved resourcing and operational processes, this was increased to 86% by the end of the reporting year. Mental Health psychological therapy targets were fully met over the same period. There was also a positive roll out by Primary Care Mental Health Service of E-CBT and E-health initiatives and wider multidisciplinary digital health group to progress HMHM and Attend Anywhere development.

**Percentage of People Waiting <18wks for Psychological Therapies**



Social Work Children’s Services achieved very good performance across the full range of child protection, looked after children and assessment waiting times. Achieving target on the balance of care for looked after children in the community was more challenging, but this improved quarter-on-quarter over the year due to successful initiatives to increase foster care capacity in the East Dunbartonshire area. The number of children on the child protection register increased by 36% over the reporting year. Children’s community nursing services secured SG Funding for a Breast Feeding Project to reduce attrition rates and achievement of UNICEF Breast Feeding Gold Sustainability Status as a result of excellent work in this field.

A fuller report on HSCP performance is available in the HSCP Board’s Quarter 4 Performance Report and will be further developed in the Annual Performance Report 2019-20.

## **HSCP BOARD'S FINANCIAL POSITION AT 31 MARCH 2020**

The activities of the HSCP are funded by EDC and NHS GG&C who agree their respective contributions which the partnership uses to deliver on the priorities set out in the Strategic Plan. The scope of budgets agreed for inclusion within the HSCP for 2019/20 from each of the partnership bodies were:-

### **HSCP Board Budgets 2019/20 (from the 1<sup>st</sup> April 2019 to the 31<sup>st</sup> March 2020)**

	Original Budget 19/20 £000	In Year Adjustments £000	Final Budget 19/20 £000
Functions Delegated by East Dunbartonshire Council	55,154	606	55,760
Functions Delegated by NHS GG&C	78,364	9,896	88,260
Set Aside – Share of Prescribed Acute functions	19,602	12,645	32,247
<b>TOTAL</b>	<b><u>153,120</u></b>	<b><u>23,147</u></b>	<b><u>176,267</u></b>

The increases to the original budget for 19/20 relate largely to non-recurring funding allocations during the year relating to oral health, family health services and Scottish Government funding to support alcohol & drugs, primary care improvements and mental health monies. The increase to the set aside allocation relates to NHS GG&C now being in a position to report the set aside figures based on actual expenditure which has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC activity and information from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.

The budgets include an element of funding provided by the Scottish Government to deliver on the key outcomes for the Partnership in the form of delayed discharge (£0.5m), integrated care funding (£0.7m) and Social Care funding (£6.1m).

The budget is split across a range of services and care groups as depicted below:-



## **HOSTED SERVICES**

The Health Budget includes an element relating to Oral Health Services (£9.8m) which is a service hosted by East Dunbartonshire HSCP and delivered across the other five partnership areas within NHS GG&C's boundaries.

The full extent of this budget is reflected in these accounts as prescribed within the Integration Scheme. There are services hosted within other NHS GG&C partnerships which have similar arrangements and which support the population of East Dunbartonshire such as Musculoskeletal Physiotherapy, Podiatry, and Continence Care.

The extent to which these services are consumed by the population of East Dunbartonshire is reflected below:-

<b>2018/19</b>	<b>Service Area</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
518	MSK Physio	556
62	Retinal Screening	59
563	Podiatry	578
333	Primary Care Support	342
357	Continence	372
633	Sexual Health	637
	Learning Disability – Tier 4	42
793	Mental Health Services	825
	Augmentative & Alternative Communications	25
800	Oral Health	809
907	Addiction	912
155	Prison Healthcare	164
193	Healthcare in Police Custody	193
2,361	General Psychiatry	2,301
	Learning Disability – In Patient	154
1,389	Old Age Psychiatry	1,204
<b>9,064</b>	<b>Total Cost of Services consumed within East Dunbartonshire</b>	<b>9,173</b>

## **SET ASIDE BUDGET**

The set aside budget relates to certain prescribed acute services including Accident & Emergency, General Medicine, Respiratory care, Geriatric long stay care etc. where the redesign and development of preventative, community based services may have an impact and reduce the overall unplanned admissions to the acute sector, offering better outcomes for patients and service users.

Work continues to be progressed in relation to the sum set aside for hospital services; however, arrangements under the control of Integration Authorities are not yet operating as required by the legislation and statutory guidance. Each Health Board, in partnership with the Local Authority and Integration Authority, must fully implement the delegated hospital budget and set aside budget requirements of the legislation, in line with the statutory guidance published in June 2015. To date work has focused on the collation of data in relation to costs and activity. Moving forward work has now commenced on the development of commissioning plans to support the implementation of set aside arrangements.

An allocation has been determined by NHS GG&C for East Dunbartonshire of £32.2m for 2019/20 in relation to these prescribed acute services. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.

## **KEY RISKS AND UNCERTAINTIES**

The period of public sector austerity and reduction in the overall level of UK public sector expenditure is anticipated to extend over the medium term horizon. This is compounded by the impact on public sector budgets of the Covid-19 pandemic which is expected to continue throughout 2020/21.

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

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

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. The Governance Statement on page 31 outlines the governance

arrangements which are in place during this challenging time. These accounts have been prepared on the assumption that the Scottish Government will meet the additional costs experienced by the IJB and this is also the assumption which has been made moving forward into 2020/21.

Future Scottish Government grant settlements remain uncertain with further reductions in government funding predicted to 2020/21. The EU referendum result on the 23<sup>rd</sup> June 2016 continues to create some further uncertainty and risk for the future for all public sector organisations and this continues with negotiations ongoing and due to conclude during 2020/21.

The Partnership, through the development of an updated strategic plan, has prepared a financial plan aligned to its strategic priorities. The aim is to plan ahead to meet the challenges of demographic growth and policy pressures, taking appropriate action to maintain budgets within expected levels of funding and to maximise opportunities for delivery of the Strategic Plan through the use of earmarked reserves. This was presented on the basis of “business as usual”, ongoing and developing Covid-19 issues highlight that this is not the case. It should be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by partners, and ultimately by government

Additional funding of £100m has been provided to HSCPs for 2020/21 to support continued implementation of the Carers Act, Scottish Living Wage to care providers, delivery of health and social care integration, increases to the FPC allowances and delivery of school counselling. There has also been additional Investment in the Primary Care Fund to support the implementation of the GP contract and development of new models of primary care (£50m), Mental Health and CAMHs (£28m) and Alcohol and Drugs services (£12.7m)

The most significant risks faced by the HSCP over the medium to longer term are:-

- The increased demand for services alongside reducing resources. In particular, the demographic increases predicted within East Dunbartonshire is significant with the numbers of older people aged 75+ set to increase by 67% over the period 2018-2043 (source: NRS). Even more significantly given the age profiles of people receiving the greatest proportion of services, numbers of older people aged 85+ are set to increase by 119% over the same period.
- East Dunbartonshire has a higher than national average proportion of older people aged 75+, therefore these projected increases will have a significant, disproportionate and sustained impact on service and cost pressures.
- The cost and demand volatility across the prescribing budget which has been significant over the years as a result of a number of drugs continuing to be on short supply resulting in significant increase in prices as well as demand increases in medicines within East Dunbartonshire.. While these issues were not as significant during 2019/20, the impact on the demand and supply of medicines following the Covid-19 pandemic in mid March will be felt during 2020/21. This represents the HSCP’s singular biggest budget area.
- The achievement of challenging savings targets from both partner agencies that face significant financial pressure and tight funding settlements, expected to continue in the medium to long term.

- The capacity of the private and independent care sector who are struggling to recruit adequate numbers of care staff to support service users which is being felt more acutely south of the border but remains a concern locally.

Financial governance arrangements have been developed to support the HSCP Board in the discharge of its business. This includes financial scoping, budget preparation, standing orders, financial regulations and the establishment and development of a Performance, Audit & Risk Committee to ensure the adequacy of the arrangements for risk management, governance and the control of the delegated resources.

The HSCP approved a risk management strategy in August 2017 and we continue to maintain a corporate risk register for the HSCP which identified the key areas of risk that may impact the HSCP and the range of mitigating actions implemented to minimise any associated impact. This is subject to regular review with the latest version presented to the IJB in November 2019. This has been supplemented by a specific Covid-19 risk register following the pandemic outbreak in March 2020 and will be in place specifically to manage these risks throughout this period.

The key areas identified (as at September 2019, updated in April 2020 for the Covid-19 pandemic) are:

Key Strategic Risks	Mitigating Actions
Inability to achieve financial balance	Liaison with other Chief Finance Officers network. Monitoring of delivery of efficiency plans for the coming year through the HSCP transformation board. Financial recovery plan in place and work with staff and leadership teams to identify areas for further efficiencies / service redesign to be escalated in year.
Risk of failure to achieving transformational change and service redesign plans within necessary timescales	Transformation Board oversees progress. Performance reporting framework established to support tracking of progress. Support through Council and NHS transformation teams to progress priorities. Early collaborative planning with ED Council and NHS GG&C re support requirements.
Inability to recruit and retain the appropriate numbers of trained staff to meet requirements resulting in reduction in service or failure to meet statutory duties.	Develop workforce plan for 2018-21 in line with HSCP Strategic Plan. Revised recruitment protocol in place to support SMT overview of workforce issues.
Brexit risk - may negatively impact service delivery as a result of staff, equipment, medication or food shortages	Ongoing engagement with Brexit risk assessment and planning groups across ED Council and NHS GG&C
Covid-19 - Failure to deliver services to all those vulnerable and complex individuals to allow them to remain safely at home	Monitoring of absence levels and adherence to health protection Scotland advice, additional overtime on offer for staff at work, ongoing recruitment, staff re-direction to frontline care at home service, purchase of appropriate PPE to support staff to deliver safely, management of demand through reliance on carers /



	family members. Additional contract monitoring and commissioning support and liaison to support business continuity of care providers.
Covid-19 - Increased demand for services to support individuals within the community in the context of reduced capacity.	Additional support provided to individuals / carers to support those at risk and shielding to remain safely at home, training ongoing for staff re-directed to care at home and other critical service areas.
Covid-19 - Lack of funding available through the Scottish Government (SG) to support the significant additional costs arising from managing Coronavirus locally	Development and contribution to GG&C Mobilisation plan, financial templates completed and submitted for East Dunbartonshire, weekly updates on anticipated and actual expenditure as planning progresses. Chief Officer representation on GG&C and national groups to make representation for adequate funding, representation through COSLA.

### **FINANCIAL PERFORMANCE 2019/20**

The partnership's financial performance is presented in these Annual Accounts. The table, on page 40 shows a deficit of £1.090m against the partnership funding available for 2019/20. The figure excludes transfers to /from reserves (mainly related to Scottish Government (SG) funding for specific priorities including Primary Care Improvements (PCIP), delivery of the Mental Health Strategy (MH), and Alcohol and Drugs partnership monies (ADP)).

The pressures on the partnership budget relate in the main to social work services of £1.9m which were mitigated in part through under spends on community health budgets of £0.8m with reserves applied to manage the remaining gap to deliver a balanced budget at the year end.

This required the transfer of £0.041m from general reserves and £1.049m from earmarked to ensure a balanced budget position for 19/20 (as detailed in the reserves statement on page 41).

The CIES includes £0.4m of expenditure related to the emerging impact from Covid-19 for increased prescribing, personal protective equipment (PPE), community assessment centre set up, equipment and additional social care supports to support carers and as an alternative to day centres which closed during the pandemic. This was funded through additional monies made available from the SG.

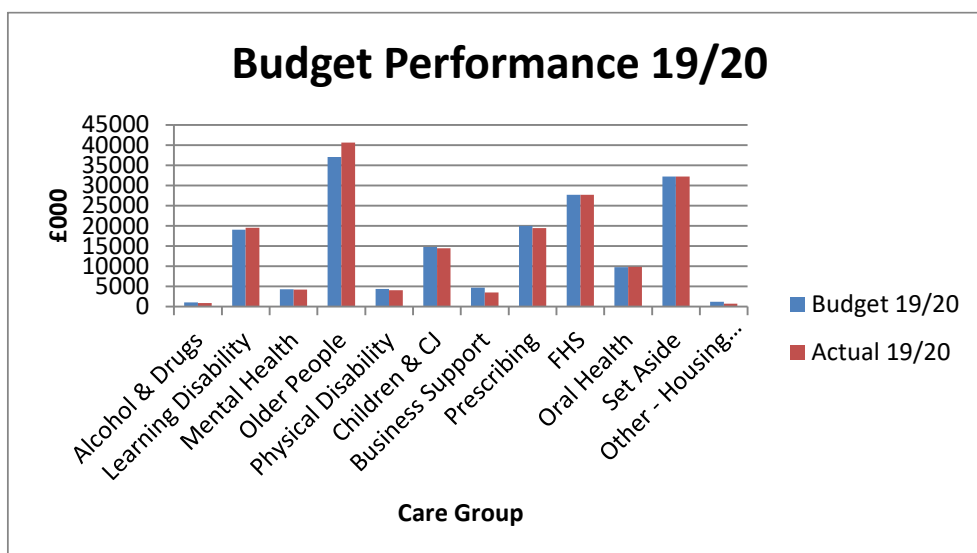
As part of the approval of the 2019/20 Budget in March 2019, the HSCP Board approved a Transformation and Service Redesign programme of £3.9m to deliver a balanced budget for the year. This was a hugely challenging programme to deliver in year and required a process of service review across a number of work-streams, consultation and engagement with key stakeholders and dependencies with complimentary work across a number of fronts. This led to slippage within the programme which caused budget pressures across the range of HSCP services but primarily within Older Peoples services where the focus of service redesign was targeted. In addition the demand increases for Older People's services resulted in this presenting as a significant area of budget pressure for the partnership during 2019/20.

A recovery plan was approved by the HSCP Board in September 2019 comprising robust vacancy management, limits to essential areas of spend only across the range of services delivered through the HSCP and identification of additional efficiency measures to be implemented throughout the year. The recovery plan did not extend to measures which delivered reductions in service provision, cessation of services or which would lead to a diminution in service performance such as in the areas of bed days occupied and delayed discharges. The recovery plan delivered a positive contribution towards mitigating the anticipated budget pressures, however did not manage this completely.

This has had a significant impact on the available reserves of the partnership moving into future years with no general reserve available to act as a contingency to manage delivery of transformation and in year unplanned budget pressures, and earmarked reserves limited to those where funding has been made available by the Scottish Government for specific initiatives such as PCIP, Mental Health Action 15 and support to alcohol and drug services. A small balance remains to lever in transformational change, however this is limited and seed funding to deliver transformation will need to be sought from other sources where available. Limited reserves also increases the risk of having to rely on partner agency additional contributions beyond that agreed at the setting of the annual budget in March 2020. Any additional contribution may be on the basis of a loan which requires to be repaid in future years which serves to further the risk to the financial sustainability of the partnership and places a reliance on identifying extensive transformation activity or service reductions / cessations to deliver a balanced budget.

The movement in reserves can be seen within the Reserves Statement detailed on page 41.

The partnership’s financial performance across care groups is represented below:



The main areas of budget pressure for the HSCP during the year are set out below:

Older People Services (£3.3m over spend)

The overall pressures relate to ongoing demand and cost pressures exceeding the available budget for 2019/20, particularly in the area of older people’s social care.

These were a result of adverse payroll variances particularly in relation to homecare as a consequence of reliance on overtime and use of agency to ensure continuity of service delivery to cover vacancies, sickness and absence; challenging savings plans predicated on the redesign of homecare services and which were not achieved in year; increased activity levels placing demand pressures on older people care homes, homecare, supported living and day-care (alternatives) and contractual increases in relation to the care at home framework and national care home contracts beyond that which was provided for within the budget. These pressures arose as a direct result of the growing demand from an ageing population requiring support from social work services to maintain independent living within the community or within a care home setting.

A review of care at home services during the year has determined that a locality based approach supported through a balance of usage of externally purchased services will deliver a sustainable care at home service going forward. This is in the process of being implemented internally with external provision subject to re-tendering exercise with resort to the national Scotland Excel Framework to deliver this element of the service.

#### Adults – Learning Disability, Mental Health, Addiction Services (£0.1m over spend)

There were some pressures in the area of learning disability in relation to the impact of the delay in delivering savings within the Pineview service, taxi provision to support individuals with a learning disability to access services and costs associated with agency staff to cover statutory mental health officer functions. This was offset through a downturn in residential accommodation within addiction recovery services, recharges for fleet provision and savings achieved through vacancies across community health services within this care group area. The implementation of the new Access to Transport policy and progression of the learning disability review will mitigate pressures in this area going forward.

#### Children & Families (£0.3m under spend)

There were some pressures in relation to externally purchased foster placements, kinship payments and health visiting staff costs, this was offset through robust vacancy management across Children's social work and residential services.

#### Business Support (£1.2m under spend)

There were some pressures on accommodation costs within the Kirkintilloch Health & Care Centre and Lennoxton Hub, this was offset through additional funding above anticipated levels in relation to the improved health offer, continuing care, support to veterans, carers funding and the positive impact of improved bad debt provisions.

#### Prescribing (£0.5m under spend)

There are a number of points to note in respect of prescribing, namely:-

- The cost per drugs is increasing on average by 9.36% for East Dunbartonshire based on the types of drugs being dispensed and this is expected to continue.
- The overall performance on prescribing is being driven largely by volumes with an average decline in volumes over the year of 6% compared to that forecast at the budget planning stage.
- This is set in the context of increasing list sizes for East Dunbartonshire having seen an increase of 1.06% since the same period last year.
- There were savings from discounts (patented drugs) and discount clawback (generic drugs) in 2019/20 which had a positive impact on this budget

### Other Services (£0.4m under spend)

There was a positive variation on other budgets delegated to the partnership relating to private sector housing grants and care & repair services delivered through the Council's housing service.

### Partnership Reserves

As detailed above, there was additional funding allocated during the year from the Scottish Government to support the development and implementation of a number of key initiatives which have been earmarked within reserves with planned expenditure during 2020/21. These provide for balances on earmarked reserves as set out below:

• Self Directed Support (SDS)	£0.077m
• Integrated Care Funding	£0.307m
• Primary Care Improvement Plan	£0.196m
• Primary Care Cluster Funding	£0.039m
• Action 15 Mental Health Strategy	£0.108m
• Alcohol and Drugs Partnerships	£0.038m
• Technology Enabled Care	£0.011m
• Infant Feeding	£0.013m
• CHW Henry Programme	£0.015m
• <b>TOTAL</b>	<b>£0.804m</b>

There was an overall reduction in the level of earmarked reserves of £1.05m over the course of the year due to the review and re-designation of a number of earmarked reserves related to Oral Health, Prescribing and Integrated Care Funding (£0.56m). This supported the general reserve position and ability to support a balanced position in year. Further monies were used in the delivery of the Scottish Government initiatives outlined above during 2019/20 (£0.49m).

There is a nil balance on partnership general reserves at the end of 2019/20. This provides no resilience for future years for managing in year financial pressures and any slippage in savings targets.

The total level of partnership reserves is now £0.804m as set out in the table on page 41.

### Financial Planning

The HSCP continues to face significant financial pressures from demographic growth particularly amongst the elderly population placing demand on care at home and care home provision, pressures in relation to increasing numbers of children moving on into adult services generating demand, and increased cost pressures across a range of adult social care services. This will be compounded during 2020/21 due to anticipated costs associated with the re-tendering of the Care

at Home Framework, increased costs associated with the national care home contract, pressures in the delivery of the Scottish Living wage, continued prescribing demand and cost pressures and extremely challenging savings plans associated with service redesign, income generation, fairer access and eligibility to services.

In setting the budget for 2020/21, the partnership had a funding gap of £6m following an analysis of cost pressures set against the funding available to support health and social care expenditure in East Dunbartonshire, this is set out in the table below:

	Delegated SW Functions (£m)	Delegated NHS Functions (£m)	Total HSCP (£m)
Recurring Budget 2019/20 (excl. Set aside)	54.838	81.802	136.640
Financial Pressures	7.645	1.942	9.587
2020/21 Budget Requirement	62.483	83.744	146.227
2020/21 Financial Settlement	56.768	83.405	140.173
Financial Challenge 20/21	5.715	0.339	6.054
Budget Savings 19/20 - F/Y Impact	(1.020)	(0.200)	(1.220)
Financial Challenge Measures	(0.577)	(0.339)	(0.916)
<u>Efficiency Measures</u>			
- turnover analysis	(0.445)	0.000	(0.445)
Transformation Plan 20/21	(0.701)	0.000	(0.701)
<b>Residual Financial Gap 20/21</b>	<b>2.973</b>	<b>(0.200)</b>	<b>2.773</b>

Savings plans of £3.2m were identified to mitigate the financial pressures which left a remaining gap of £2.8m to be funded through a process of collaborative working with Council Transformation Leads to identify further transformation activity to address the gap in full.

The Council continues to underwrite the delivery of the transformation programme. In the event of this being unachievable suitable provision will need to be made by the Council with the reserves position serving as the ultimate backstop.

The IJB may be asked to consider a recovery plan at a future date in order to achieve a balanced budget in the event that pressures extend beyond the assumptions set out in the financial plan for 2020/21. A range of options have been developed which focus on service reductions, extension to waiting times, placement management, staffing reductions, funding reductions to 3<sup>rd</sup> sector to align with statutory minimums and further charging options.

There has been a significant delay in progressing this work as a result of resources re-directed to manage the effects of the Covid-19 pandemic and this is expected to continue.

The HSCP, along with other HSCPs across Scotland, have developed a mobilisation plan to manage the impact of the pandemic along with a financial assessment of the likely costs associated with these planned responses. This includes the anticipated shortfall in the HSCP transformation planning for 2020/21.

This also includes an assessment of the impact of the national agreement on the level of uplift to be provided to support delivery of the Scottish Living Wage to staff within purchased care at home, housing support and daycare services. The level of funding provided through the Scottish Government to fund this initiative provided a cost pressure within East Dunbartonshire and an

element of this has been reflected within mobilisation plans related to the difference between what would normally have been provided as an uplift and that agreed nationally.

The other areas of cost pressures arising from the pandemic relate to personal, protective equipment (PPE), additional costs to social care providers including staffing, PPE and sustainability support, development of a local assessment centre and cost to support carers, alternatives to daycare. It is assumed that the cost implications associated with managing the Covid-19 pandemic will be met through funding from the Scottish Government. However this remains a key risk to the HSCP for 2020/21.

Both partner organisations continue to face significant financial challenge and these impact the consideration of the financial settlement to the partnership in the delivery of its key strategic priorities and the delivery of the services delegated to it.

The NHS settlement to the HSCP provided an uplift of 3% on pays and general expenditure which provides a real terms increase on 2019/20 baseline funding.

The EDC settlement to the HSCP provided a flat cash position for pays and general expenditure with specific funding from the Scottish Government in relation to funding for health and social care totalling £100m across Scotland representing an additional £1.9m for the HSCP.

The challenging levels of savings on Partnership budgets is expected to continue for future years given the challenging financial settlements expected to both EDC and NHS GG&C.

The partnership is therefore planning for the period 2020/21 to 2024/25 for a potential funding gap of £3.4m to £21.4m (being best and worst case scenarios) in the context of reducing resources set against increasing cost and demand pressures and a 'do nothing' approach to service redesign. This represents the scale of the challenge to be met through transformation over the next 5 years.

The partnership will focus on a Transformation Plan for 2020/21 and beyond based upon a set of fundamental principles initiating a new way of working within health and social care services in East Dunbartonshire based around:

- Local and community led.
- Digital first.
- Shared ownership and shared care.
- Sustainable.
- Empowered practice
- Maximised independence.

**Mrs S Murray**

IJB Chair

28<sup>th</sup> September 2020

28<sup>th</sup> September 2020

**Mrs C Sinclair**

Interim HSCP Chief Officer

**Ms J Campbell**

Chief Finance & Resources  
Officer

28th September 2020

## **STATEMENT OF RESPONSIBILITIES**

### **Responsibilities of the HSCP Board**

The HSCP Board is required to:

- Make arrangements for the proper administration of its financial affairs and to 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 authority, that officer is the Chief Finance & Resources 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 Performance, Audit & Risk Committee on the 28th September 2020.

Signed on behalf of the East Dunbartonshire HSCP Board.

**Mrs S Murray**  
IJB Chair

28<sup>th</sup> September 2020



## **Responsibilities of the Chief Finance & Resources Officer**

The Chief Finance & Resources 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 Finance & Resources 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 Finance & Resources 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 East Dunbartonshire HSCP Board as at 31 March 2020 and the transactions for the year then ended.

**Ms J Campbell**  
Chief Finance &  
Resources Officer

28<sup>th</sup> September 2020

## REMUNERATION REPORT

### Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified 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.

### Remuneration: HSCP BOARD Chair and Vice Chair

The voting members of the HSCP Board are appointed through nomination by EDC and NHS GG&C in equal numbers being three nominations from each partner agency. Nomination of the HSCP Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board Non-Executive Director.

The remuneration of Senior Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure, such as the Chair or Vice Chair of a committee, sub-committee or board (such as the HSCP Board).

The remuneration of Non-Executive Directors is regulated by the Remuneration Sub-committee which is a sub-committee of the Staff Governance Committee within the NHS Board. Its main role is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health and Social Care Directorates.

The HSCP Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the HSCP Board. The HSCP Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. There were no taxable expenses paid by the HSCP Board to the Chair and Vice Chair .

The HSCP Board does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting HSCP Board members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

## Remuneration: Officers of the HSCP Board

The HSCP Board does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board. All staff working within the partnership are employed through either NHS GG&C or EDC and remuneration for senior staff is reported through those bodies. This report contains information on the HSCP Board Chief Officer and the Chief Finance & Resources Officer's remuneration together with details of any taxable expenses relating to HSCP Board voting members claimed in the year.

### 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 Interim Chief Officer, Mrs Sinclair was appointed from the 6<sup>th</sup> January 2020. Mrs Sinclair is employed by East Dunbartonshire Council and seconded to the HSCP Board.

### 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 in the disclosures below. The HSCP Board Chief Finance & Resources Officer is employed by NHS GG&C.

The Council and Health Board share the costs of all senior officer remunerations.

<b>Total 2018/19 £</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £</b>	<b>Compensation for Loss of Office £</b>	<b>Total 2019/20 £</b>
0	<b>C Sinclair</b> Interim Chief Officer 6 <sup>th</sup> January 2020 to present	23,590	0	23,590
98,071	<b>S Manion</b> Chief Officer 12 <sup>th</sup> December 2016 to 5 <sup>th</sup> January 2020	77,938	0	77,938
75,387	<b>J. Campbell</b> Chief Finance & Resources Officer 9 <sup>th</sup> May 2016 to present	79,412	0	79,412
<b>173,458</b>	<b>Total</b>	<b>180,940</b>	<b>0</b>	<b>180,940</b>

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.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/19	For Year to 31/03/20		Difference from 31/03/19	As at 31/03/20
	£	£		£000	£000
C Sinclair	0	5,000	Pension	0	0 - 5
Interim Chief Officer 6 <sup>th</sup> January 2020 to present			Lump sum	0	0
S. Manion	15,000	16,000	Pension	0 – 2.5	20 – 25
Chief Officer December 2016 to 5 <sup>th</sup> January 2020			Lump sum	0 – 2.5	60 – 65
J. Campbell	11,000	17,000	Pension	0 – 5	5 – 10
Chief Finance & Resources Officer 9 <sup>th</sup> May 2016 to present			Lump sum	0	0
<b>Total</b>	<b>26,000</b>	<b>38,000</b>	<b>Pension</b>	<b>0 – 7.5</b>	<b>25 – 40</b>
			<b>Lump Sum</b>	<b>0 – 2.5</b>	<b>60 – 65</b>

The Chief Officer and the Chief Finance & Resources Officer detailed above are members of the NHS Superannuation Scheme (Scotland). The Interim Chief Officer is a member of the Local Government Superannuation Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their current appointment and role within the HSCP Board and in the course of employment across the respective public sector bodies. The contractual liability for employer's pension contribution rests with NHS GG&C and East Dunbartonshire Council respectively. On

this basis there is no pension liability reflected on the HSCP Board balance sheet. There was no exit packages payable during either financial year.

**Mrs S Murray**  
IJB Chair

28<sup>th</sup> September 2020

**Mrs C Sinclair**  
Interim Chief Officer

28<sup>th</sup> September 2020

## **ANNUAL GOVERNANCE STATEMENT**

### **Scope of Responsibility**

The HSCP Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money and assets are safeguarded and that arrangements are made to secure best value in their use.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance, which includes the system of internal control. The system is intended to manage risk to support the achievement of the HSCP Board's policies, aims and objectives. Reliance is placed on the NHS GG&C and EDC 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.

The system of internal control is designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

### **Impact of Coronavirus (Covid-19) pandemic on governance arrangements**

#### Governance Implications

Since the end of March 2020, the HSCP Board has adopted temporary arrangements, and authority has been delegated to the Chief Officer and the Chief Finance & Resources Officer; such provisions are normally actioned during the annual summer recess. This delegation is set out in the Scheme of Delegation to Officers and is subject to reporting to the HSCP Board at the first available opportunity. This power is exercised in consultation with the Chairperson or Vice-Chairperson, as appropriate. In addition, the Chief Officer is seeking legal and financial advice prior to making significant decisions and is liaising throughout with the Chief Executives of both the Council and the Health Board. The HSCP Board meetings and those of the Performance, Audit & Risk Committee are being conducted virtually. These temporary arrangements are required to deliver new and existing high priority services in these challenging and unprecedented times and will be reviewed as circumstances evolve.

### **The Governance Framework and Internal Control System**

The system of internal control is based on a framework designed to identify and prioritise the risks to the achievement of the Partnership's key outcomes, aims and objectives and comprises the structures, processes, cultures and values through which the partnership is directed and controlled.

The system of internal control includes an ongoing process, designed to identify and prioritise those risks that may affect the ability of the Partnership to deliver its aims and objectives. In doing so, it evaluates the likelihood and impact of those risks and seeks to manage them efficiently, effectively and economically.

Governance arrangements have been in place throughout the year and up to the date of approval of the statement of accounts. However, see further detail provided above on the impact of the Covid-19 pandemic on these arrangements.

Key features of the governance framework in 2019/20 are:

- The HSCP Board comprises six voting members – three non-executive Directors of NHS GG&C and three local Councillors from EDC. The Board is charged with responsibility for the planning of Integrated Services through directing EDC and the NHS GG&C to deliver on the strategic priorities set out in the Strategic Plan. In order to discharge their responsibilities effectively, board members are supported with a development programme. This programme aims to provide opportunities to explore individual member and Board collective responsibilities and values that facilitate decision making, develop understanding of service provision within the HSCP and engage with staff delivering these services and specific sessions on the conduct of the business of the HSCP Board.
- HSCP Boards are ‘devolved public bodies’ for the purposes of the Ethical Standards in Public Life (Scotland) Act 2000, which requires them to produce a code of conduct for members. The members of the HSCP Board have adopted and signed up to the Code of Conduct for Members of Devolved Public Bodies and have committed to comply with the rules and regularly review their personal circumstances on an annual basis.
- The HSCP Board has produced and adopted a Scheme of Administration that defines the powers, relationships and organisational aspects for the HSCP Board. This includes the Integration Scheme, Standing Orders for meetings, Terms of reference and membership of HSCP Board committees, the Scheme of Delegation to Officers and the Financial Regulations.
- The Strategic Plan for 2018-2021 outlines eight key priorities to be delivered over the three year period and describes for each priority what success will look like and the outcome measures to be used to monitor delivery. It sets out the identified strategic priorities for the HSCP and links the HSCP’s priorities to National Health and Wellbeing Outcomes. An established Strategic Planning Group (SPG), comprising legislatively determined membership, oversees the delivery of the Strategic Plan. This is supported by a range of planning groups to

take forward particular priorities which reports through the SPG and to the HSCP Board.

- Financial regulations have been developed for the HSCP in accordance with the Integrated Resources Advisory Group (IRAG) guidance and in consultation with EDC and NHS GG&C. They set out the respective responsibilities of the Chief Officer and the Chief Finance & Resources Officer in the financial management of the monies delegated to the partnership.
- The Risk Management Policy sets out the process and responsibilities for managing risk in the HSCP. The Corporate Risk Register was revised and approved in November 2019 and is reviewed by the Senior Management Team on an ongoing basis. In light of the recent Covid-19 pandemic, a specific risk register has been compiled for the risks associated with this event. Regular reports to IJB members to keep them abreast of ongoing action during this period, much of which will mitigate the risks of this pandemic. Services have internal systems in place to review and prioritise risks relating to service delivery and resources. The Service Risk Registers are updated when required and reviewed on a quarterly basis.
- Performance Reporting – Regular performance reports are presented to the HSCP Board to monitor progress on an agreed suite of measures and targets against the priorities set out in the strategic plan. This includes the provision of exception reports for targets not being achieved identifying corrective action and steps to be taken to address performance not on target. This scrutiny is supplemented through the Performance, Audit and Risk Committee. A performance management framework has been developed and implemented across the HSCP to ensure accountability for performance at all levels in the organisation. This includes regular presentations on team / service performance to the Senior Management team at a more detailed level and informs higher level performance reporting to the partner agency Chief Executives as part of regular organisation performance reviews (OPRs) and ultimately to the IJB.
- The Performance, Audit & Risk Committee advises the Partnership Board and its Chief Finance & Resources Officer on the effectiveness of the overall internal control environment.
- Clinical and Care Governance arrangements have been developed and led locally by the Clinical Director for the HSCP and through the involvement of the Chief Social Work Officer for EDC.
- Information Governance – the Public Records (Scotland) Act 2011 (Section1 (1)) requires the HSCP Board to prepare a Records Management Plan setting out



the proper arrangements for the authority's public records. The HSCP Board approved this in March 2019, prior to submission to the Keeper of the Records of Scotland. In addition, under the Freedom of Information (Scotland) Act, the HSCP Board is required to develop a Freedom of Information Publication Scheme – this was published in March 2017.

- The HSCP Board is a formal full partner of the East Dunbartonshire Community Planning Partnership Board (CPPB) and provides regular relevant updates to the CPPB on the work of the HSCP.

### **Roles and Responsibilities of the Audit Committee and Chief Internal Auditor**

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

The Performance, Audit & Risk Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2017 (PSIAS) and regularly monitors the performance of the Partnership's internal audit service. The appointed Chief Internal Auditor has responsibility to review independently and report to the Performance, Audit & Risk Committee annually, to provide assurance on the adequacy and effectiveness of conformance with PSIAS.

The internal audit service undertakes an annual programme of work, approved by the Performance, Audit and Risk Committee, based on a strategic risk assessment. The appointed Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of internal control. East Dunbartonshire Council's Audit & Risk Manager is the Chief Internal Auditor for the Partnership. In this role, their assurance is based on the EDC internal audit reports relating to the Partnership for which they have direct responsibility. Assurance is always from a variety of sources, and one of those sources is the summary of reports of the internal auditors of NHS GG&C that relate to the partnership.

The Chief Internal Auditor has conducted a review of all EDC produced Internal Audit reports issued in the financial year and Certificates of Assurance from the EDC and partnership Senior Management Team. Although no system of internal control can provide absolute assurance, nor can Internal Audit give that assurance, based on the audit work undertaken during the reporting period, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the organisation. A number of recommendations have been made by the internal audit team in order to improve controls further, with action plans developed with management to address the risks identified.

## **Update on Previous Governance Issues**

The 2018/19 Annual Governance Statement set out a number of Improvement Actions to enhance the governance arrangements within the partnership or which the partnership relies on to support effective internal controls, these are updated below:

- NHS GG&C Payroll Audit originally highlighted this as an area for major improvement, however, following finalisation of the report this was re-classified as requiring substantial improvement. The development and implementation of a new HR system (eESS) will address the areas highlighted for improvement and this has been implemented across East Dunbartonshire HSCP for management of NHS teams including employee self-service functionality.
- Strategic Planning Re-alignment – all improvement actions highlighted within the internal audit report have been implemented to ensure effective monitoring and reporting of any deviations from plan.
- Health & Safety Review – a review of health and safety procedures was concluded in line with employer policies with enhanced arrangements put in place through local site management meetings focussed on implementing health and safety arrangements and ensuring maintenance issues are actioned for each building. This is further supported through the development of an integrated approach to HSCP health and safety meetings to ensure oversight and escalation of any issues through the partner health and safety forums.
- HSCP Board Development sessions continued to ensure members have opportunities to scrutinise and attain a more detailed understanding of the service issues and key strategic priorities for the HSCP. Areas covered during 2019/20 included Unscheduled Care Commissioning Plan, Financial Planning, Fair Access to Community Care policy, implications for ED of Ministerial Steering Group and Audit Scotland reports and Shifting the Balance of Care.
- An Interim Follow-up Review 2019/20 was tabled by EDC Internal Audit at the March 2020 Performance Audit and Risk meeting. The report confirmed that five high risk prior year issues remained outstanding that relate to the HSCP. Revised timescales have been agreed with relevant officers and these will be progressed in 2020/21 where possible, given the constraints as a result of the pandemic response and recovery work ongoing.

## **Review of Effectiveness**

East Dunbartonshire HSCP Board has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. This review is informed by the work of the Chief Officer and the Senior Management Team who have responsibility for the development and maintenance of the governance environment,

the Annual Governance Report, the work of internal audit functions for the respective partner organisations and by comments made by external auditors and other review agencies and inspectorates.

The partnership has put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice.

A range of internal audit assignments has been completed that reviewed the operation of internal controls of relevance to the HSCP Board. These were generally found to operate as intended, with reasonable assurance provided on the integrity of controls. A number of recommendations have been made for areas for further improvement and action plans developed to address the risks identified. Senior Officers have provided assurances that the issues raised by Internal Audit have been or will be addressed. Auditors will conduct testing following completion of the actions, as part of the 2020/21 audit programme.

There has been specific work undertaken by each partner's audit functions. The Council's internal auditors were able to provide reasonable assurance over the areas reviewed by NHSGCC internal auditors, which includes audits completed by 31 March 2020. Key areas for improvement identified by NHSGCC internal auditors included reporting on performance, the planning and monitoring of Acute Stroke Services redesign, sickness absence, operational planning, the medicines reconciliation process in hospitals, and IT security in relation to leavers and the development of a roadmap for replacing legacy infrastructure and systems. Management have given assurances that these areas have been or will be addressed.

An area identified for improvement by the HSCP is that of the process for purchasing emergency or short notice commissioned care. The processes for ensuring this, and other existing commissioning, has proper contractual under-pinning requires strengthening. In support of these improvements, an internal audit review of two specific arrangements is currently underway. The outcome of the review will support improvements to be taken forward through the Senior Management Team and in collaboration with NHSGGC and EDC, to ensure controls are improved and proper governance arrangements are operating correctly.

The HSCP Board has various meetings, which have received a wide range of reports to enable effective scrutiny of the partnership's performance including regular Chief Officer Updates, financial reports, quarterly performance reports and service development reports, which contribute to the delivery of the Strategic Plan. There been a number of development sessions and service visits for members covering topics such as Corporate Parenting, Health & Well Being Survey results and the Framework for Community Health & Social Care Integrated Services.

## **Governance Improvement Plans**

There are a number of areas of improvement identified for 2020/21, which will seek to enhance governance arrangements within the partnership:

- External Reports – the HSCP will take cognisance of external reports and develop action plans that seek to improve governance arrangements in line with best practice.
- EDC Internal Audit Reports – There have been a number of areas subject to scrutiny through internal audits including a review of the HSCP Financial Outturn and Key Controls, a systems audit of Direct Payments and a review of a Direct Payment Case, which are of interest to the HSCP. These highlighted areas were identified through follow up processes as requiring further improvement and formal action plans have been developed to mitigate the risks identified. Any outstanding audit actions will continue to be monitored for compliance in 2020/21.

## **Assurance**

The system of governance (including the system of internal control) operating in 2019/20 provides reasonable assurance that transactions are authorised and properly recorded; that material errors or irregularities are either prevented or detected within a timely period; and that significant risks to the achievement of the strategic priorities and outcomes have been mitigated. Temporary arrangements have been put in place in response to the Covid-19 pandemic. These arrangements are necessary measures to enable to the HSCP to meet its responsibilities. The HSCP will continue to review its Corporate Governance arrangements and take any additional steps, as required, to enhance these arrangements.

## **Certification**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the East Dunbartonshire HSCP Board's systems of governance and control.

**Mrs S Murray**

IJB Chair

28<sup>th</sup> September 2020

**Mrs C Sinclair**

Interim Chief Officer

28<sup>th</sup> September 2020

## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

<b>2018/19 Re-Stated</b>			<b>2019/20</b>			
<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Expenditure</b>	<b>Care Group</b>	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Expenditure</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
3,510	(304)	3,206	Strategic / Resources	3,633	(591)	3,042
1,360	(0)	1,360	Addictions	1,301	(16)	1,285
37,940	(1,024)	36,916	Older People	40,681	(1,272)	39,409
19,169	(610)	18,559	Learning Disability	20,133	(553)	19,580
4,089	(47)	4,042	Physical Disability	4,687	(620)	4,067
5,519	(390)	5,129	Mental Health	5,652	(497)	5,155
13,527	(13)	13,514	Children & Families	14,356	(79)	14,277
1,366	(1,108)	258	Criminal Justice	1,372	(1,161)	211
946	0	946	Other - Non Social Work	817	0	817
10,509	(610)	9,899	Oral Health	10,916	(1,081)	9,835
27,258	(1,410)	25,848	Family Health Services	29,049	(1,371)	27,678
19,072	0	19,072	Prescribing	19,484	0	19,484
27,471	0	27,471	Set Aside for Delegated Services to Acute Services	32,247	0	32,247
246	0	246	HSCP Board Operational Costs	270	0	270
<b>171,982</b>	<b>(5,516)</b>	<b>166,466</b>	<b>Cost of Services Managed By East Dunbartonshir</b>	<b>184,598</b>	<b>(7,241)</b>	<b>177,357</b>
	(164,273)	(164,273)	Taxation & Non Specific grant Income		(176,267)	(176,267)
<b>171,982</b>	<b>(169,789)</b>	<b>2,193</b>	<b>(Surplus) or deficit on Provision of Services</b>	<b>184,598</b>	<b>(183,508)</b>	<b>1,090</b>
		<b>2,193</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>1,090</b>

*The 2018/19 expenditure has been re-stated to reflect an amendment to the set aside figures – an increase of £8.355m. This has had no impact on the reported deficit for the year as it is met from an equivalent increase in the contribution from NHS GG&C.*

*NHS GG&C are now in a position to report the set aside figures based on actual expenditure, albeit there is an element of apportionment where expenditure covers a wider range of acute functions. This has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC (National Resource Allocation Committee (Formula)) activity and information from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.*

*There is a further re-statement for 2018/19 to properly account for expenditure within the CIES for which specific SG funding was available and held within earmarked reserves. This increases the deficit for 2018/19 by £0.376m related to Primary Care Improvement Planning (PCIP), oral health, self-directed support implementation and mental health.*

### 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.

Movements in Reserves During 2019/20	Contingency Reserve (non-earmarked)	Ear-Marked Reserves	Total General Fund Reserves
	£000	£000	£000
<b>Opening Balance at 31 March 2019</b>	<b>(41)</b>	<b>(1,853)</b>	<b>(1,894)</b>
Total Comprehensive Income and Expenditure (Increase) / Decrease 2019/20	41	1,049	1,090
<b>Closing Balance at 31 March 2020</b>	<b>0</b>	<b>(804)</b>	<b>(804)</b>

Movements in Reserves During 2018/19	Contingency Reserve (non-earmarked)	Ear-Marked Reserves	Total General Fund Reserves
	£000	£000	£000
<b>Opening Balance at 31 March 2018</b>	<b>(957)</b>	<b>(3,130)</b>	<b>(4,087)</b>
Total Comprehensive Income and Expenditure (Increase) / Decrease 2018/19	916	1,277	2,193
<b>Closing Balance at 31 March 2019</b>	<b>(41)</b>	<b>(1,853)</b>	<b>(1,894)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the 31<sup>st</sup> March 2020 of the HSCP Board's assets and liabilities. The net assets of the HSCP Board (assets less liabilities) are matched by the reserves held by the HSCP Board.

<b>31 March 2019 £0</b>		<b>Notes</b>	<b>31 March 2020 £0</b>
1,894	Short term Debtors	9	804
	<b>Current Assets</b>		
<b>1,894</b>	<b>Net Assets</b>		<b>804</b>
(41)	Usable Reserve: Contingency	10	0
(1,853)	Unusable Reserve: Earmarked	10	(804)
<b>(1,894)</b>	<b>Total Reserves</b>		<b>(804)</b>

The unaudited accounts were issued on 18<sup>th</sup> June 2020 and the audited accounts were authorised for issue on 28<sup>th</sup> September 2020.

**Ms J Campbell**  
Chief Finance &  
Resources Officer

28<sup>th</sup> September 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### General Principles

The Financial Statements summarises the authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

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 2019/20, 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.

#### 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.

#### Funding

The HSCP Board is primarily funded through contributions from the statutory funding partners, East Dunbartonshire Council and NHS Greater Glasgow & Clyde. Expenditure is incurred as the HSCP Board commissions specified health and social care services from the funding partners for the benefit of service recipients in East Dunbartonshire.



### Cash and Cash Equivalents

The HSCP Board does not operate a bank account or hold cash. 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, is represented as a debtor or creditor on the HSCP Board's Balance Sheet.

### 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 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.

### Provisions, Contingent Liabilities and Contingent Assets

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

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the 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, 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.

### Reserves

The HSCP Board's reserves are classified as either Usable or Usable Ear-marked Reserves.

The balance of the General Fund as at 31 March 2020 shows the extent of resources which the HSCP Board can use in later years to support service provision and complies with the Reserves Strategy for the partnership.

The ear marked reserve shows the extent of resource available to support service re-design in achievement of the priorities set out in the Strategic Plan including funding which have been allocated for specific purposes but not spent in year.

### Indemnity Insurance

The HSCP Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. The NHS GG&C and EDC 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 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 was £0k, the balance will be payable in 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.

## **2. Prior Year Restatement – Set Aside**

There has been a re-statement of the 2018/19 figures for the set aside expenditure – an increase of £8.355m - and an associated adjustment to the contribution from GG&C to support this increased expenditure. The net effect to the Comprehensive Income and Expenditure Statement is therefore nil.

The 2018/19 figures were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC activity and information from the cost book and were very high level. There has been considerable work progressed in refining the set aside mechanism with actual figures now based

on a much more detailed approach including actual spend on acute services and activity data for each year.

### **3. Critical Judgements and Estimation Uncertainty**

In applying the accounting policies set out above, the HSCP Board has had to make critical judgement relating to services hosted within East Dunbartonshire HSCP for other HSCPs within the NHS GG&C area. In preparing the 2019/20 financial statements the HSCP Board is considered to be acting as 'principal', and the full costs of hosted services are reflected within the financial statements.

A further critical judgement relates to the assumption that all costs associated with the Covid-19 pandemic will be met from government funding. The amounts included for 2019/20 relate to the final weeks in March 2020 when the impact of the pandemic began to be felt, therefore the exposure is not significant (<£0.5m) and these have been accrued appropriately. However, in the event that funding is not available to support the full extent of these costs, this will have an impact during 2020/21.

### **4. Events After the Reporting Period**

The Annual Accounts were authorised for issue by the Chief Finance & Resources Officer on 28th September 2020. 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 March 2020, 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

<b>2018/19</b>		<b>2019/20</b>
<b>Re-stated</b>		
£000		£000
38,858	Employee Costs	41,597
475	Property Costs	603
4,822	Supplies and Services	5,487
52,683	Contractors	54,647
1,015	Transport and Plant	1,229
194	Administrative Costs	178
27,342	Family Health Service	28,856
19,072	Prescribing	19,484
27,471	Set Aside	32,247
246	HSCP Board Operational Costs	270
(5,712)	Income	(7,241)
166,466	Net Expenditure	177,357
(164,273)	Partners Funding Contributions and Non-Specific	(176,267)
<b>2,193</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>1,090</b>

*The 2018/19 expenditure has been re-stated to reflect an amendment to the set aside figures – an increase of £8.355m. This has had no impact on the reported deficit for the year as it is met from an equivalent increase in the contribution from NHS GG&C. NHS GG&C are now in a position to report the set aside figures based on actual expenditure, albeit there is an element of apportionment where expenditure covers a wider range of acute functions. This has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC activity and information from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.*

*There is a further re-statement for 2018/19 to properly account for expenditure within the CIES for which specific SG funding was available and held within earmarked reserves. This increases the deficit for 2018/19 by £0.376m related to Primary Care Improvement Planning (PCIP), oral health, self-directed support implementation and mental health.*

## 6. HSCP Board Operational Costs

2018/19 £000		2019/20 £000
221	Staff Costs	243
25	Audit Fees	27
<b>246 Total Operational Costs</b>		<b>270</b>

### External Audit Costs

The appointed Auditors to ED HSCP were Audit Scotland. Fees payable to Audit Scotland in respect of external audit service undertaken were in accordance with the Code of Audit Practice.

## 7. Support Services

Support services were not delegated to the HSCP Board through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a 'service in kind'. The support services provided is mainly comprised of: financial management and accountancy support, human resources, legal, committee administration services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

All support services provided to the HSCP Board were considered not material to these accounts.

## 8. Taxation and Non-Specific Grant Income

2018/19 <i>Re-Stated</i> £000		2019/20 £000
52,690	Funding Contribution from East Dunbartonshire Council	55,760
111,583	Funding Contribution from NHS Greater Glasgow & Clyde	120,507
<b>164,273 Taxation and Non-specific Grant Income</b>		<b>176,267</b>

The funding contribution from the NHS GG&C shown above includes £32.2m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by NHS GG&C 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.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

*The 2018/19 expenditure has been re-stated to reflect an amendment to the set aside figures – an increase of £8.355m. This has had no impact on the reported deficit for the year as it is met from an equivalent increase in the contribution from NHS GG&C. NHS GG&C are now in a position to report the set aside figures based on actual expenditure, albeit there is an element of apportionment where expenditure covers a wider range of acute functions. This has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC activity and information from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.*

## 9. Debtors

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
1,775	NHS Greater Glasgow & Clyde	727
119	East Dunbartonshire Council	77
<hr/>		
<b>1,894</b>	<b>Debtors</b>	<b>804</b>

The short term debtor relates to the balance of earmarked reserves to support specific initiatives for which the Scottish Government made this funding available and is money held by the parent bodies as reserves available to the partnership.

## 10. 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 at 1 April 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31 March 2020 £000
(102)	24		(78) Scottish Govt. Funding - SDS	1		(77)
(36)	36		0 Mental Health project	0		0
-			0 Delayed Discharge – HAT Funding	0		0
(1,665)	1,665		0 Social Care Fund	0		0
(6)	6		0 Keys to Life Funding	0		0
-			0 Autism Funding	0		0
-			0 Police Scotland – CPC Funding	0		0
(523)			(523) SG - Integrated Care / Delayed	216		(307)
			0 Infant Feeding		(13)	(13)
			0 CHW Henry Programme		(15)	(15)
(198)	159		(39) SG - Primary Care Cluster funding	39	(39)	(39)
(600)	600	(200)	(200) Oral Health Funding	200		0
		(632)	(632) SG - Primary Care Improvement	632	(196)	(196)
		(121)	(121) SG – Action 15 Mental Health	121	(108)	(108)
		(73)	(73) SG – Alcohol & Drugs Partnership	73	(38)	(38)
		(11)	(11) SG – Technology Enabled Care	11	(11)	(11)
		(176)	(176) Prescribing	176		0
(3,130)	2,490	(1,213)	(1,853) Total Earmarked	1,469	(420)	(804)
(957)	3,513	(2,597)	(41) Contingency	1,300	(1,259)	0
<b>(4,087)</b>	<b>6,003</b>	<b>(3,810)</b>	<b>(1,894) General Fund</b>	<b>2,769</b>	<b>(1,679)</b>	<b>(804)</b>

## 11. Related Party Transactions

The HSCP Board has related party relationships with the NHS GG&C and EDC. 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 NHS Greater Glasgow & Clyde

<b>2018/19</b>		<b>2019/20</b>
<i>Re-stated</i>		
£000		£000
(111,583)	Funding Contributions received from the NHS Board	(120,507)
93,513	Expenditure on Services Provided by the NHS Board	102,885
110	Key Management Personnel: Non-Voting Board Members	122
<b>(17,960) Net Transactions with the NHS Board</b>		<b>(17,500)</b>

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the HSCP Board include the Chief Officer and the Chief Finance & Resources Officer. These costs are met in equal share by the NHS GG&C and East Dunbartonshire Council. The details of the remuneration for some specific post-holders are provided in the Remuneration Report.

*The 2018/19 expenditure has been re-stated to reflect an amendment to the set aside figures – an increase of £8.355m. This has had no impact on the reported deficit for the year as it is met from an equivalent increase in the contribution from NHS GG&C.*

*NHS GG&C are now in a position to report the set aside figures based on actual expenditure, albeit there is an element of apportionment where expenditure covers a wider range of acute functions. This has resulted in the restatement of 18/19 figures which were previously based on a notional budget figure. The notional budgets for set aside were based on NRAC activity and information from the cost book and were very high level. Actual figures are now based on a much more detailed approach including actual spend and activity for each year.*

*There is a further re-statement for 2018/19 to properly account for expenditure within the CIES for which specific SG funding was available and held within earmarked reserves. This increases the expenditure on services provided by the NHS and reduces the net transaction by £0.339m.*

Balances with NHS Greater Glasgow & Clyde

<b>31 March</b>		<b>31 March</b>
<b>2019</b>		<b>2020</b>
£000		£000
1,775	Debtor balances: Amounts due from the NHS Board	727
<b>1,775 Net Balance with the NHS Board</b>		<b>727</b>

Transactions with East Dunbartonshire Council

<b>2018/19</b>		<b>2019/20</b>
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<b>Re-stated</b>		
£000		£000
(52,690)	Funding Contributions received from the Council	(55,760)
72,707	Expenditure on Services Provided by the Council	74,202
111	Key Management Personnel: Non-Voting Board Members	121
25	Support Services	27
<b>20,153</b>	<b>Net Transactions with the Council</b>	<b>18,590</b>

*There is a re-statement for 2018/19 to properly account for expenditure within the CIES for which specific SG funding was available and held within earmarked reserves. This increases the expenditure on services provided by EDC and reduces the net transaction by £0.037m.*

Balances with East Dunbartonshire Council

<b>31 March</b>		<b>31 March</b>
<b>2019</b>		<b>2020</b>
£000		£000
119	Debtor balances: Amounts due from the Council	77
<b>119</b>	<b>Net Balance with the Council</b>	<b>77</b>

**12. Contingent Assets & Liabilities**

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

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

The HSCP Board is not aware of any material contingent asset or liability as at the 31<sup>st</sup> March 2020.

### **13. VAT**

The HSCP Board 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 undertaken under a special legal regime.

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

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

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

I certify that I have audited the financial statements in the annual accounts of East Dunbartonshire Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Integration Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the East 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

Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Dunbartonshire Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern basis of accounting**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance & Resources Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about East Dunbartonshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of material misstatement**

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

### **Responsibilities of the Chief Finance & Resources Officer and Performance, Audit & Risk Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance & Resource 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 Finance & Resources Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance & Resources Officer is responsible for assessing the East Dunbartonshire Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Performance, Audit & Risk Committee is responsible for overseeing the financial reporting process.

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

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

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

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

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

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

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

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### **Opinions on matters prescribed by the Accounts Commission**

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

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

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

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

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

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

I have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

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

## **Use of my report**

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

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

28 September 2020

**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP  
PERFORMANCE, AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28 September 2020</b>
<b>Subject Title</b>	<b>HSCP Annual Internal Audit Report 2019 20</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Gillian McConnachie, HSCP Chief Internal Auditor, EDC Audit &amp; Risk Manager 0141 574 5642</b>

<b>Purpose of Report</b>	The purpose of this report is to provide the Health & Social Care Partnership Performance, Audit & Risk Committee with the Annual Internal Audit Report and opinion on the HSCPs systems for 2019/20. The Report summarises the activities of the Internal Audit Team and includes consideration of those systems and processes under the strategic direction of the Partnership.
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<b>Recommendations</b>	The Performance, Audit & Risk Committee is asked to:  a) Note the Annual Internal Audit Report for 2019/20, including the Internal Audit Opinion for 2019/20.
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<b>Relevance to HSCP Board Strategic Plan</b>	None directly.
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	Nil
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<b>Equalities:</b>	Where applicable these are referenced in the body of internal audit reports with associated management actions for improvement.
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<b>Financial:</b>	Internal Audit reports are presented to improve financial controls and aid the safeguarding of physical and intangible assets.
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<b>Legal:</b>	Legal risks are presented in the body of internal audit reports with reference to relevant legislation where appropriate.
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<b>Economic Impact:</b>	Nil	
<b>Sustainability:</b>	Nil	
<b>Risk Implications:</b>	This report provides an overall opinion concluding on the adequacy and effectiveness of the HSCP's framework of governance, risk management and control.	
<b>Implications for East Dunbartonshire Council:</b>	The risks identified in the internal audit reports relevant to East Dunbartonshire Council have been highlighted to the Council's Audit & Risk Management Committee.	
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The risks relevant to the NHS Greater Glasgow & Clyde identified in the internal audit reports have been highlighted to the NHSGGC's Audit & Risk Committee.	
<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1.1 No Direction Required</b>	<b>X</b>
	<b>1.2 East Dunbartonshire Council</b>	
	<b>1.3 NHS Greater Glasgow &amp; Clyde</b>	
	<b>1.4 East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

**MAIN REPORT**

- 1.1** Committee members will recall that at the PAR meeting on 18<sup>th</sup> June the Audit & Risk Manager presented the Annual Internal Audit Report on the Council's framework of governance, risk management and control. This assurance was then provided to the Health and Social Care Partnership for those systems under its control.
- 1.2** Whilst implied by the assurances provided, these did not explicitly provide an opinion on the HSCP's governance, risk management and control. Such assurance is now provided. This is the first time that this assurance has been presented in this format and represents a positive step in the governance arrangements for the HSCP.
- 1.3** East Dunbartonshire Council's (the Council) Internal Audit Team provides an independent and objective assurance service to the HSCP that is guided by an overriding objective of adding value to improve systems controls and operations. The team provides a systematic and disciplined approach to the evaluation of the internal controls and governance processes in accordance with the Public Sector Internal Audit Standards.
- 1.4** One of the primary objectives of the Internal Audit team is to provide a high quality and effective internal audit service, which complies with professional best practice, meets the needs of stakeholders and assists the HSCP's Performance, Audit & Risk Committee to effectively discharge its role and responsibilities. The team's purpose, authority and responsibilities are set out in more detail in the Internal Audit Charter, which has previously been presented to this committee in March 2019.
- 1.5** The presence of an effective internal audit team contributes towards, but is not a substitute for, effective control and it is primarily the responsibility of line management to establish internal control so that the activities are conducted in an efficient and well-ordered manner, to ensure that management policies and directives are adhered to and that assets and records are safeguarded.
- 1.6** The HSCP has three main lines of defence in its control environment. Firstly, controls are implemented in services by management. Secondly, senior management monitor the effectiveness of the controls through financial control, security controls, risk management and other activities such as performance management and reporting. Finally, the work of the internal audit team provides a third line of defence, with the audit plan being specified to provide an annual opinion on the HSCP's internal control systems, governance and risk management systems. Any control weaknesses identified are highlighted to management and to committee and progress in implemented agreed actions is monitored through regular internal audit follow up reporting.
- 1.7** Annual Internal Audit Plans are approved by the HSCP's Performance Audit & Risk Committee and are informed by consultation with Senior Management. Scrutiny of Internal Audit outputs and performance is provided during the course of the year at the Performance Audit & Risk Committee meetings. These reports advise Members of the outcomes of audit work, with performance reports enabling oversight and scrutiny regarding the delivery of work.
- 1.8** Internal Audit activity is planned to enable an independent annual opinion to be given by the Audit & Risk Manager on the adequacy and effectiveness of internal controls

within the HSCP. This includes those systems that achieve the corporate objectives of the HSCP and those that manage the material risks faced by the HSCP. For 2019/20, this opinion is included in the Annual Audit Report at **Appendix 1**, which also includes the 'Statement on the Adequacy and Effectiveness of the Internal Control Environment of the HSCP' for the year.

**1.9** The annual statement and opinion includes specific consideration of:

- Summary of work supporting the opinion,
- Comparison of work carried out against work planned,
- Performance of the Internal Audit Team,
- Impairments or restriction of scope,
- Conformance with Public Sector Internal Audit Standards, and
- Consideration of any other relevant issues.

**1.10** In reaching the opinion of reasonable assurance, Internal Audit note risks raised by the team in the current and previous years relating to contractual frameworks regarding social work commissioning, and review of care plans within timescales. Individually, these risks do not significantly impair the HSCP's systems of internal control but they will continue to be kept under review, with auditors reviewing compliance with the agreed actions as part of an established follow up cycle. Management have agreed action plans to mitigate these issues and auditors will support ongoing improvements where required as part of the 2020/21 audit programme.

**1.11** The opinion provided covers the financial year 2019/20. It therefore includes consideration of the early impact of the Coronavirus (COVID-19) and the initial 'response' phase where Civil Contingency Arrangements were initiated and the HSCP Board adopted temporary arrangements, including delegating authority to the Chief Officer; such provisions are normally actioned during the annual summer recess. This delegation is set out in the Scheme of Delegation to Officers and is subject to reporting to the HSCP Board at the first available opportunity. This power was exercised in consultation with the Chairperson or Vice-Chairperson, as appropriate. In addition, the Chief Officer sought legal and financial advice prior to making significant decisions and liaised throughout with the Chief Executives of both the Council and the Health Board. In June 2020, the Board and the Performance, Audit and Risk committee were able to meet by video link and these arrangements for remote meetings are continuing. Risk management has continued through this period, albeit with an increased level of inherent risk and in some respects, a higher than normal level of risk has been accepted in the short term. Such risks are accepted on the basis that current events are not normal and there is a requirement to deliver new and existing high priority services in these challenging and unprecedented times. In light of the COVID-19 pandemic, a specific risk register has been compiled for the risks associated with this event.

**1.12** The statement concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the HSCP's internal control systems in the year to 31 March 2020.



# East Dunbartonshire Council Internal Audit Services

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## **HSCP Annual Internal Audit Report**

**2019/20**

**Gillian McConnachie**

**Audit & Risk Manager**

**East Dunbartonshire Council**

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# HSCP Annual Internal Audit Report 2019/20

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This HSCP Annual Internal Audit Report is a summary of the internal audit work completed by East Dunbartonshire Council's Internal Audit team for the financial year 2019/20 for East Dunbartonshire Integration Joint Board (IJB). The internal audit opinion, following an assessment of the internal audit work and other sources of assurance, is provided at *Appendix A*. In East Dunbartonshire, the IJB is known as the East Dunbartonshire Health and Social Care Partnership Board (HSCP). The opinion provided concludes on the adequacy and effectiveness of the HSCP's framework of governance, risk management and control. It supports the annual governance statement, which is included in the annual financial accounts. It takes into account the expectations of senior management, the Performance, Audit & Risk Committee and other stakeholders. It is supported by sufficient, reliable, relevant and useful information, as referenced in the body of this report. Through utilising such information, Internal Audit demonstrates compliance with relevant Public Sector Internal Audit Standards.

## **Internal Audit Opinion**

In the full statement and opinion provided at *Appendix A*, it is stated that it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the HSCP's internal control systems, governance and risk management systems in the year to 31 March 2020.

In reaching this conclusion, I note risks raised by Internal Audit in the current and previous years relating to contractual frameworks under-pinning social work commissioning, and review of care plans within timescales. Individually, these risks do not significantly impair the HSCP's systems of internal control. Furthermore, management have reported progress towards mitigating these risks; however, they will continue to be kept under review, with auditors monitoring compliance with the agreed actions as part of an established follow up cycle and updates being reported to the Performance, Audit & Risk Committee.

The opinion provided covers the financial year 2019/20. It therefore includes consideration of the early impact of the Coronavirus (COVID-19) and the initial 'response' phase where Civil Contingency Arrangements were initiated and the HSCP Board adopted temporary arrangements, including delegating authority to the Chief Officer; such provisions are normally actioned during the annual summer recess. This delegation is set out in the Scheme of Delegation to Officers and is subject to reporting to the HSCP Board at the first available opportunity. This power was exercised in consultation with the Chairperson or Vice-Chairperson, as appropriate. In addition, the Chief Officer sought legal and financial advice prior to making significant decisions and liaised throughout with the Chief Executives of both the Council and the Health Board. In June 2020, the Board and the Performance, Audit and Risk committee were able to meet by video link and these arrangements for remote meetings are continuing. Risk management has continued through this period, albeit with an increased level of inherent risk and in some respects, a higher than normal level of risk has been accepted in the short term. Such risks are accepted on the basis that current events are not normal and there is a requirement to deliver new and existing high priority services in these challenging and unprecedented times. In light of the COVID-19 pandemic, a specific risk register has been compiled for the risks associated with this event.

The opinion represents a consolidated view, informed by a number of sources and, in bringing these together, considers whether there is evidence that key controls are absent,

inadequate or ineffective. The work includes an assessment of any weaknesses identified and whether these, taken independently or with other findings, significantly impair the HSCP's system of internal control. Wider issues relating to the HSCP's corporate governance framework and risk management arrangements have also been considered in providing the opinion; the work that supports this opinion is highlighted in subsequent sections.

The level of assurance provided by the Internal Audit Team can never be absolute. This reflects the sample nature of the work carried out, the relative scope and objectives of audit assignments and those explanations offered, and evidence provided by officers. In addition, factors external to the audit process including human error, collusion or management overriding controls as a potential for systems, historically highlighted as being satisfactory, to become exposed to risk or loss.

### **Summary of Work Supporting the Opinion**

The opinion is informed by a number of sources, including the work completed as part of the Annual Internal Audit Plan for the HSCP. The risk of fraud is also considered in each assignment, together with any governance or risk management implications; this allows the HSCP's Chief Internal Auditor, to draw sustainable conclusions.

The internal audit activity in 2019/20 required a large degree of flexibility on the part of the internal audit team, in order to respond to emerging risks, and the reprioritisation of lower priority audits. The work completed, whilst varying from that initially planned, when taken together with other sources of assurance, provides the Chief Internal Auditor with adequate assurance in support of the annual internal audit opinion for the HSCP for 2019/20.

The opinion is also informed by Internal Audit's programme of follow up activities, which reviews the extent to which those risks previously identified have been subsequently managed or mitigated across the Council and HSCP. Internal Audit presented a half-yearly follow up report to the Performance, Audit & Risk Committee in March 2020. Internal Auditors were pleased to note progress in overall outstanding risk figures, which had decreased from 37 risks to 23 risks; however, asked for management to focus on closing the remaining 7 high risk issues, 3 of which related to the HSCP. One such area identified for improvement is that of the process for purchasing commissioned care, particularly in emergency or short notice circumstances. This process requires strengthening. In support of these improvements, an internal audit review of two specific arrangements is currently underway, and identified improvements will be taken forward through the HSCP's Senior Management Team, and in collaboration with partner colleagues. The other areas related to clarification of responsibilities regarding Carefirst data, and review of Care Plans within timescales. The Internal Audit team continue to follow up all outstanding actions with Senior Management to ensure that residual issues are addressed.

### **Internal Audit Output Summary**

The 2019/20 annual audit plan included provision for a direct allocation of 60 audit days and planned production of 3 outputs. 59 days were spent in the year on the completion of 3 audits as per the table below, representing an allocation of 98% of planned days.

With regards to outputs, the original plan was varied in the course of the year, as is noted in the table below. Ongoing performance reports have been presented to the Performance, Audit & Risk Committee, with progress being reported to enable ongoing Member oversight, scrutiny and challenge.

**Table 1: Summary of Planned and Additional Internal Audit Work 2019/20**

	<b>Reason for work</b>	<b>Status</b>
<b>2019/20 Internal Audit Plan</b>		
HSCP Directions	Internal Audit Plan	Not commenced. Carried forward to 2020/21 audit plan as notified to PAR in March 2020.
HSCP Corporate Governance	Internal Audit Plan	In progress. Delayed due to reprioritisation of other work. Expected to be completed 2020/21.
HSCP Financial Planning	Internal Audit Plan	In progress. Delayed due to reprioritisation of other work. Expected to be completed 2020/21.
<b>Additional Work Completed</b>		
Review of Direct Payment Case	Response to service request	Work completed and summary presented to PAR
HSCP Financial Outturn and Key Controls	Response to Chief Executives' request	Work completed and summary presented to PAR
HSCP Unexpected Outturn	Response to Chief Executives' request	Work completed and summary presented to PAR
<b>Additional Work Commenced</b>		
HSCP Contract Awarding	Request of East Dunbartonshire Council	In progress. Update to be provided to a future PAR Committee.

In reviewing the performance of the team, it was noted that one report (a Council report) out of 31 completed across the HSCP and Council in 2019/20 was issued outwith the target of 20 days of fieldwork, giving a compliance rate with this Performance Indicator of 97%, against a target of 95%. The target is set at 95% rather than 100% as, at times, a management decision will be taken to prioritise time critical pieces of work, meaning that a finite number of audits may not be issued in accordance with our internal timescales.

### **Summary of work completed to support opinion**

#### **Planned activity 2019/20**

Three HSCP audits were planned for the year: Directions, Corporate Governance and Financial Planning. Following discussion with management, and as previously reported, the Directions audit was deferred to 2020/21. Due to requests for internal audit assurance over the area of budget outturn reporting and the award of contracts (see actual activity section below), and due to changing priorities as a result of COVID-19, the Corporate Governance and Financial Planning audits were rescheduled and it is now expected that these will also be completed in 2020/21. The work on these has commenced, and so these are 'work in progress'. Whilst not completed, the Audit & Risk Manager has reviewed the work complete to date, and can confirm that no findings have been identified to date that would change the internal audit opinion.

#### **Actual activity 2019/20**

The first quarter of 2019/20 saw the completion of 2018/19 planned activity, including the HSCP audits of Direct Payments and Social Work Regularity Reviews. Three additional



pieces of work were requested and completed in the year: a review of a Direct Payment Case, HSCP Financial Outturn and Key Controls and HSCP Unexpected Outturn. These outputs were completed and reported on to the HSCP. Completion in the year was therefore 100% of planned outputs, albeit a different mix of audits to those planned. Furthermore, the award of two contracts by the HSCP were referred to Internal Audit for review. These have progressed and a report will be brought back to PAR committee once complete. Detail of the work completed in the year is provided below:

*Social work regularity review* – This was carried out at Kelvinbank Resource Centre and the report was finalised in the year. Issues relating to petty cash, debt for meal charges and inventory procedures were highlighted by Auditors. These issues have since been addressed.

*Direct Payments* – A review was performed on Direct Payments as a detailed follow up to a previous audit carried out in 2014. Auditors concluded that the controls in the area of Direct Payments are now generally reasonable and noted an improvement in controls compared to the previous audit in this area in 2014. However, some areas for further improvement were noted including a high risk issue in relation to support reviews being carried out on a timely basis. The action to address the risk has now been implemented.

*Review of Direct Payment Case* - Internal Audit were asked to review a potential fraud case relating to a Direct Payment customer. Upon review of the circumstances by Internal Audit, auditors concluded that there was insufficient evidence of fraud. However, one recommendation to management was made in relation to the timeliness of Shared Services audits of direct payment accounts. Management have confirmed that improved procedures are already in place and internal audit have been able to provide some assurance over this via the Systems Direct Payment report (referred to above), where improvements have been noted and an action plan has been completed to enhance controls in this area.

*Review of HSCP Financial Outturn and Key Controls* - The 2018/19 year end out-turn for Social Work services originally provided a significant unexpected adverse movement, from a projected overspend of £3.414m reported at period 10, to that reported at the year-end, of £4.257m – an apparent adverse movement of £0.843m between the periods. This prompted a reflection on the reasons for such a variation and two audits were requested and specified to:

- review the adequacy of the systems and processes for ensuring care packages are timeously recorded on relevant systems and
- the robustness of information available to managers to support effective HSCP budget monitoring.

Auditors made a number of recommendations relating to roles and responsibilities, forecasting and budgeting, key person dependencies, use of systems and the tracking of adjustment reasons. It was also noted that there were a number of continuing themes that were similar to those previously identified by auditors. This included the need to ensure that reported issues and risks are mitigated in accordance with the action plan; the timely implementation of issues previously raised would have reduced the significance and/or number of issues raised in the report. An action plan was agreed with management to address the issues raised by auditors and work towards mitigating the risks is in progress. Risks in relation to data held outwith Carefirst and in relation to the Carefirst system itself were accepted by management in the short term, with medium term plans for an option appraisal on system replacement being taken forward as part of the Transformation Programme. A further audit was carried out, as is detailed below.

*HSCP Outturn Variance* – In addition to the Review of HSCP Financial Outturn and Key Controls audit detailed above, a joint audit between the Council's internal audit team and the NMSGC's internal audit provider was requested by the Chief Executives of the Council and of NHS Greater Glasgow and Clyde. This audit reviewed the circumstances and controls surrounding the HSCP accruals and bad debt year-end processes. Auditors concluded that the circumstances which led to the apparent overspend were the large number and complexity of journals required to be posted, coupled with an accounting error. The error

was identified through subsequent month end procedures. Documented year-end tasks have since been amended, with a view to preventing a recurrence and auditors made further suggestions to improve controls and to enhance management assurances over the process. An action plan was agreed to improve the control environment.

*Annual Assurance* - A number of documents that collate the work of the Internal Audit team have been produced by the team as part of their responsibility for annual assurance. These are the twice yearly follow up reviews, the annual Internal Audit report (this document), the drafting of the Annual Governance Statement for inclusion in the accounts and signature by the IJB Chair and Interim Chief Officer. Internal Audit have also reviewed the HSCP's Risk Management arrangements and have concluded that the HSCP has a reasonably well developed risk management maturity. The Risk Management Policy sets out the process and responsibilities for managing risk in the HSCP. The Corporate Risk Register was revised and approved in November 2019 and is reviewed by the Senior Management Team on an ongoing basis. In light of the recent COVID-19 pandemic, a specific risk register has been compiled for the risks associated with this event. Regular reports to IJB members to keep them abreast of ongoing action during this period, including actions aiming to mitigate the risks of the pandemic.

### **Progress against improvement plans**

The Internal Audit service takes a 'continuous improvement' approach to our internal audit work. This is reflected in our reports and recommendations made to services and also in the approach to the internal audit work itself, with a focus in making incremental improvements to our work through efficiencies, and/or improved quality. This helps us to improve our quality and adherence to PSIAS, and to focus on the areas of greatest risk and where we are able to add the most value. Examples of improvements identified over the past year include:

- Successful completion of a joint audit with Scott Moncrieff, the internal auditors of NHSGGC,
- Changes to the process for agreeing the scope of audits, to ensure Senior Management agreement before commencement;
- A review of the efficiency of the internal audit process has resulted in a reduction in the files required to be retained, reducing time spent referencing these documents and reducing file storage requirements; and
- A revision to the format of follow up reports, to include the date that reports were originally issued.

### **Performance of the Internal Audit Team**

The Key Performance Indicators for the Internal Audit Team are planned in the Council's Finance & Audit annual '*Business Improvement Plans*' (BIPs) and then reported against on a quarterly basis in the '*How Good Is Your Service*' (HGIOS) reports to Members of the Policy & Resources (P&R) Committee. Further information is provided via the Annual Scottish CIPFA '*Director of Finance Indicators*', which compares benchmarking data against the other Local Authorities in Scotland.

Current indicators reported through BIPs and HGIOS are noted as follows:

- Percentage of finalised audit outputs against the number anticipated in the Plan.
- Percentage of productive days worked against the target productive days in the Plan.
- Percentage of audit reports issued within 20 days of completion of fieldwork.

These indicators form a consistent thread from the BIP to HGIOS, with subsequent scrutiny delivered by the Council's Audit & Risk Management Committee and subsequently reported

to the Performance, Audit & Risk Committee. The year-end position in relation to each of these indicators with regards to the HSCP is included above in the section relating to the '*Comparison of Work Carried Out Against Work Planned*'. A new annual indicator has been added for 2020/21, which is Internal Audit Customer Satisfaction. The figure for 2019/20 was 92% and the stretch target for 2020/21 of 95% has been set.

CIPFA's '*Director of Finance Indicators*' includes consideration of a number of key performance indicators, two of which relate to the provision of internal audit services. These are the cost of the internal audit service per £1m of Council expenditure and productivity of internal audit as measured by the percentage completion of the internal audit plan. The most recent figures available are for 2018/19 and these indicators highlight that:

- The cost of internal audit increased in 2018/19 due to the filling of a vacancy in the team in July of that year.
- The cost of internal audit relative to other authorities is in line with expectations, with a position of 14th in terms of the level of investment in internal audit per £million of net expenditure, out of 32 authorities.
- The figures also show 96% of productive days achieved, compared to those originally shown as required to complete the annual plan. This was as anticipated in our 2018/19 annual report, and will continue to be monitored. The range of figures for other authorities is between 78% and 117%.

The 2019/20 data has not yet been collated across the authorities for publication.

Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. External auditors seek to rely on the work of internal audit wherever possible. As part of their planning process Audit Scotland carry out an assessment of the internal audit function to determine whether the Council's Internal Audit function have sound documentation, standards and reporting procedures in place and comply with the main requirements of the PSIAS. No such concerns were raised as part of this planning process.

### **Impairments or Restriction of Scope**

There have been no impairments or restrictions of scope during the course of the year.

### **Reliance on Other Assurance Providers**

The internal audit opinion also includes consideration of the work of other assurance providers, including those reports issued by the HSCP's external auditors, Audit Scotland. Furthermore, the work undertaken by the Council's Internal Audit team is considered, where it may be relevant to the HSCP. The opinion provided by the Council's Audit & Risk Manager on the Council's systems was that of reasonable assurance, whilst highlighting risks raised in particular areas that require to be addressed, including those relating to segregation of duties within the payroll process. A further consideration of the internal audit team is the work undertaken by Scott Moncrieff, the NHSGCC internal auditors. The overall opinion provided by Scott Moncrieff for 2019/20 is that of reasonable assurance, whilst highlighting areas of focus for improvement. Key areas for improvement identified by NHSGCC internal auditors included reporting on performance, the planning and monitoring of Acute Stroke Services Redesign, Sickness Absence, the medicines reconciliation process in hospitals, and IT security in relation to leavers and the development of a roadmap for replacing legacy infrastructure and systems. Management have given assurances that these areas have been or will be addressed, with Scott Moncrieff reporting excellent progress being made by management in implementing actions in line with agreed timescales.

Consideration has also been given to reports from the Care Inspectorate, including a review of the HSCP's internal Homecare services following an unannounced inspection in July 2019. This report assessed the quality of Care and Support, Staffing, Management and Leadership as Adequate. This represented an improvement in grading since the previous inspection in 2018. Nonetheless the service aspires to higher grades and have agreed an action plan which aimed to address the issues therein. Internal Audit plan to revisit the area of Homecare in 2021 and this should provide further assurance over the improvements in the service.

The Internal Audit team have also liaised with the external audit team during the course of the year. This has enabled the team to engage with our external auditors on a range of issues covered within their reports and letters on financial controls, financial statements, annual report and best value arrangements.

Audit Scotland's Annual Audit Report for 2018/19 included identification of issues/risks, with comment on: the level of efficiency savings required to be achieved, work required on the set aside budget, the reporting of budget and performance, long term financial planning and in relation to the sharing of information between NHS GGC and Council internal auditors. An action plan was agreed to address these areas.

The work of the internal audit team continues to place reliance on assurance provided by, for example, the Chief Social Worker in their annual report.

### **Progress & Results of the Quality Assurance Improvement Programme**

The Internal Audit function is required to adhere to PSIAS in order to ensure quality and consistency across the public sector. It is a requirement of these standards that periodic self-assessments are conducted to evaluate conformance with the Code of Ethics and the PSIAS. Under Section 7 (1) of the Local Authority Accounts (Scotland) Regulations 2014, the council must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. The Council defines such practices as those set out within the PSIAS. A self-assessment against PSIAS was completed by the Audit & Risk Manager in March 2020 and formed part of EDC's Internal Audit Team's Quality Assurance and Improvement Programme for 2019/20. As a result of this review, the following action has been identified and implemented for audits commencing in 2020/21:

- Documentation of the means by which the activity controls its performance at the planning stage of audits.

In addition to the self-assessment, an external assessment was completed of the Internal Audit function in 2018, in order to meet the PSIAS requirement for an external assessment at least once every five years. It was found that, in the opinion of the qualified independent assessor, the Internal Audit team fully conformed to twelve of the standards and generally conformed to the other standard (Independence and Objectivity). However, due to changes in the organisational structure since this review was completed, the Audit & Risk Manager no longer has responsibility for Health & Safety or Corporate Performance & Research. This has enhanced the Audit & Risk Manager's organisational independence in East Dunbartonshire Council. Furthermore, the actions identified by the external assessor in 2018 and by the self assessment carried out in 2018 have been implemented.

Internal Audit have also issued questionnaires on completion of each audit assignment, providing an opportunity for the auditee to provide feedback on the planning process, communication and the quality of the internal audit report. Ten completed questionnaires

were received in the last year, (an increase on the three received in 2018/19), the results of which will be used to improve the internal audit service.

All audit files are reviewed by the Audit & Risk Manager to ensure high standards are maintained and to encourage a continuous improvement approach by the team.

### **Statement of Conformance with Public Sector Internal Audit Standards**

Internal Audit is required to comply with PSIAS. This is assessed herewith by the Audit & Risk Manager.

The Audit & Risk Manager deems the service to fully conform with PSIAS. One further point for improvement was identified in the 2020 self assessment against PSIAS relating to the documentation of the means by which the activity controls its performance at the planning at the planning stage. This consideration has been added to the team's standard planning document and has been implemented for audits commencing in 2020/21.

### **Other Issues**

I am aware of no other material issues that require to be reported at this time.

## **STATEMENT ON THE ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT OF THE HSCP FOR 2019/20.**

**To the Members of the Health and Social Care Partnership Board Performance, Audit & Risk Committee, the Interim Chief Officer and the Chief Finance & Resources Officer of the HSCP**

As the appointed Chief Internal Auditor of the HSCP, I am pleased to present my annual statement on the adequacy and effectiveness of the internal control system of the HSCP for the year ended 31 March 2020 to the PAR Committee.

### **Respective Responsibilities of Management and the Internal Audit Team in Relation to Governance, Risk Management and Internal Control**

It is the responsibility of the HSCP's senior management to establish appropriate and sound systems of governance, risk management and internal control to monitor the continuing effectiveness of those systems. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of governance, risk management and internal control.

### **The HSCP's Framework of Governance, Risk Management and Internal Controls**

The main objectives of the HSCP's framework of governance, risk management and internal controls are to ensure that resources are directed in accordance with agreed plans, policies and priorities and to ensure that there is sound decision-making and clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities.

This includes ensuring that appropriate internal controls and risk management arrangements are in place in order to effectively manage issues which might impact on the delivery of HSCP services, the achievement of corporate and service objectives and public confidence in the HSCP. The HSCP also requires effective internal controls and risk management arrangements to protect its assets, to maintain effective stewardship of public funds, to ensure good corporate governance, to ensure compliance with statutory requirements and to ensure it continues to deliver best value.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the HSCP is continually seeking to improve the effectiveness of its systems of governance, risk management and internal controls.

### **The Work of the Internal Audit Team**

Internal audit services were provided by East Dunbartonshire Council Internal Audit Team. The EDC Internal Audit Team objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of the HSCP's resources.

The Internal Audit Team has undertaken a programme of work, in consultation with the Senior Management Team and key stakeholders, to understand the key risks facing the

HSCP. Thereafter the plan was presented to the Performance, Audit and Risk Committee and published in the form of an Annual Internal Audit Plan.

All Internal Audit reports identifying system weaknesses, risks and/or non-compliance with expected controls are brought to the attention of senior management and significant findings presented to the Performance, Audit and Risk Committee. Audit reports and action plans provide insight into the risks identified and include an agreed narrative highlighting the intended course of action, including the timescales involved to mitigate and manage the risk. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on those risks identified.

The Internal Audit team are required to ensure that appropriate arrangements are made to determine whether action has been taken on agreed reports or, where appropriate, that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations) arising from internal audit work are reported to the Performance, Audit & Risk Committee and the Senior Management Team.

In 2019/20, auditors noted a number of high risk issues within those reports completed in the year and some risks still in progress from previous years. Such 'in progress' risks include those relating to the number of Social Work providers operating without a contract – an area of development for the HSCP. The audit work carried out in 2019/20 also highlighted the review of care plans within timescales as an area requiring improvement. Management have agreed action plans to address these issues and Auditors will monitor compliance with the agreed actions as part of an established follow up cycle, and updates being reported to the Performance, Audit & Risk Committee.

The opinion provided covers the full financial year of 2019/20 and so includes in its scope the last weeks in March 2020. It therefore includes consideration of the early impact of the Coronavirus (COVID-19) and the initial 'response' phase, where Civil Contingency Arrangements were initiated and HSCP strategies, resources, service provision and governance arrangements were flexed to accommodate. Nonetheless, it is Internal Audit's opinion that the HSCP's controls continued to operate reasonably through this period.

### **Impairments or Restriction of Scope**

There have been no impairments or restrictions of scope during the course of the year.

### **Basis of Opinion**

My evaluation of the control environment is informed by a number of sources:

- The HSCP internal audit work completed by the EDC Internal Audit Team during the year to 31 March 2020 and material findings since the year end;
- The audit work undertaken by the Internal Audit Team in previous years;
- The assessments of the Annual Governance Statements Internal Checklist for individual strategic accountabilities relating to 2019/20 as completed by the Interim Chief Officer;
- The assessment of audit risk to internal and financial controls determined during the preparation of the annual Internal Audit Plan;
- Reports issued by the HSCP's external auditors, Audit Scotland, and other review agencies, including the Care Inspectorate;
- Work undertaken by the partners' internal auditors; and
- My own knowledge of the HSCP's governance, risk management and performance management arrangements.

## **Opinion**

It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the HSCP's internal control system in the year to 31 March 2020.

**Gillian McConnachie CA**  
**Chief Internal Auditor, HSCP**  
Audit & Risk Manager  
East Dunbartonshire Council  
**28 September 2020**



**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP  
PERFORMANCE, AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28 September 2020</b>
<b>Subject Title</b>	<b>Internal Audit Progress Update to August 2020</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Gillian McConnachie, HSCP Chief Internal Auditor, EDC Audit &amp; Risk Manager 0141 574 5642</b>

<b>Purpose of Report</b>	<p>The purpose of this Report is to advise Committee of the internal audit work completed in the period, as work on the 2020/21 plans commenced.</p> <p>This report presents a consolidated summary of the internal audit work completed by both East Dunbartonshire Council's in-house internal audit team on the Council and HSCP and also the work performed by Scott-Moncrieff, the NHSGGC's internal audit providers.</p> <p>This is the first monitoring report of 2020/21. The report also summarises the risk classifications where appropriate and provides detail on key internal audit findings.</p> <p>The information contained in this report relating to East Dunbartonshire Council or NHSGGC audits has been presented to the Council's Audit &amp; Risk Management Committee (A&amp;RMC) and the NHSGGC Audit &amp; Risk Committee as appropriate, where it receives scrutiny. Once noted by the these committees, this report provides details on the ongoing audit work, for information, to the H&amp;SCP Performance, Audit &amp; Risk Committee and to allow consideration from the perspective of the H&amp;SCP.</p>
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<b>Recommendations</b>	<p>The Performance, Audit &amp; Risk Committee is asked to:</p> <p>a) Note the Update on Internal Audit Progress.</p>
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<b>Relevance to HSCP Board Strategic Plan</b>	None directly.
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	Nil
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<b>Equalities:</b>	Where applicable these are referenced in the body of internal audit reports with associated management actions for improvement.
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<b>Financial:</b>	Internal Audit reports are presented to improve financial controls and aid the safeguarding of physical and intangible assets.
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<b>Legal:</b>	Legal risks are presented in the body of internal audit reports with reference to relevant legislation where appropriate.
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<b>Economic Impact:</b>	Nil
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<b>Sustainability:</b>	Nil
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<b>Risk Implications:</b>	Risks are highlighted to management in audit reports. The risks are addressed through agreed action plans, appended to internal audit reports.
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<b>Implications for East Dunbartonshire Council:</b>	The risks identified in the internal audit reports relevant to East Dunbartonshire Council have been highlighted to the Council's Audit & Risk Management Committee.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The risks relevant to the NHS Greater Glasgow & Clyde identified in the internal audit reports have been highlighted to the NHSGGC's Audit & Risk Committee.
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<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1.1 No Direction Required</b>	<b>X</b>
	<b>1.2 East Dunbartonshire Council</b>	
	<b>1.3 NHS Greater Glasgow &amp; Clyde</b>	
	<b>1.4 East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

<b>MAIN REPORT</b>
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<b>1.0 HSCP INTERNAL AUDIT PROGRESS</b>
1.1 Recent months have been unprecedented, as a result of the wide ranging impacts of Covid-19. This has equally applied to East Dunbartonshire Council's Internal Audit Team. However, the core requirements remain - to adhere to Public Sector Internal Audit Standards and to provide advice, insight and

assurance, albeit this has been provided on a more real-time basis than in previous years. Appendix 1 lists the audits that are completed, in progress and planned across 2019/20 and 2020/21 internal audit plans. As a result of unplanned activity and the COVID-19 response the plan has changed from that originally advised and it is now proposed to carry forward the audits of Home Care and Children's Services Ring Fenced Funds to 2021/22. The revised audits planned for completion in 2020/21 per *Appendix 1* have been selected to provide the Chief Internal Auditor with sufficient depth and coverage to enable the provision of an annual audit opinion on the HSCP's governance, risk management and control environment. However, the internal audit team remains agile and may amend the plan again in response to emerging risks. To date in 2020/21, one HSCP internal audit has been completed in line with Internal Audit's mission to add value and improve operations by providing risk-based assurance in the following area:

- 1.2 *HSCP Payment Claims Review Phase 1* - COSLA sent out guidance on 9th April 2020 stating that Commissioners should actively consider all issues and possible mitigating measures and do what is reasonable to support their local providers in light of the COVID-19 pandemic. It was further stated that Commissioners should actively consider all issues and possible mitigating measures and do what is reasonable to support their local providers. The HSCP received assurance that reasonable funding requirements aligned to local mobilisation plans will be supported by the Scottish Government. In light of this, local care providers were invited to submit reconciliation spreadsheets, detailing additional COVID-19 related costs, costs saved and additional funding received, supported by appropriate evidence. The Internal Audit Team provided support through completing testing of the HSCP provider reconciliation spreadsheets ahead of a governance panel on 10th July 2020. £852,811 of COVID-19 related expenditure was claimed on the reconciliation spreadsheets submitted. Of this, £288,803 was supported by adequate back-up and so deemed reasonable by Internal Audit.
- 1.3 From Internal Audit's review of the initial sum of £852,811 claimed by providers, £214,569 appeared to have been overclaimed by the inclusion of items that are not allowed under this exercise (for example Void beds). However, a further £349,439 was deemed 'pending' and may be payable at a later date, following the receipt of further evidence. A further exercise is in progress to review the integrity of further evidence and claims from providers and Internal Audit will provide further assurance as part of this exercise.
- 1.4 *Annual Assurance* – In addition to the above, a number of documents that collate the work of the Internal Audit team have been produced by the team as part of their responsibility for annual assurance. For the HSCP these documents are the drafting of the Annual Governance Statement for inclusion in the accounts and signature by the IJB Chair and Interim Chief Officer and the annual internal audit report (separate agenda item).

## **2.0 EAST DUNBARTONSHIRE COUNCIL INTERNAL AUDIT PROGRESS**

2.1 Work on the 2019/20 EDC Internal Audit Plan was completed, as was advised at the June PAR meeting and work has commenced on the 2020/21 Internal Audit Plan. Progress against the plan will be reported in the first instance to the Council's Audit & Risk Management Committee (A&RMC), which has not yet met in 2020/21 as a result of temporary governance arrangements in response to the pandemic. Following reports to the A&RMC, the HSCP's PAR committee will be kept apprised of any findings relevant to the HSCP.

### 3.0 NHSGGC INTERNAL AUDIT PROGRESS

3.1 Consideration is given below to the internal audit work completed by Scott-Moncrieff for NHSGGC since the previous update to this committee, with detail provided where reports may be of relevance to the HSCP.

3.2 *IJB Financial Information and Reporting – effective* – Scott Moncrieff concluded that NHS Greater Glasgow and Clyde (NHSGGC) has generally robust and effective processes in place to ensure that financial performance information in respect of Integrated Joint Boards (IJBs) is received by the health board on a regular basis. There is regular communication between NHSGGC and the IJB Chief Finance Officers that ensures any issues of performance against budget are identified and can be resolved on a timely basis. They also confirmed that there is an appropriate governance structure in place to ensure that IJB financial information is subject to regular and ongoing scrutiny within NHSGGC on both an individual and collective basis.

3.3 *Medicines Reconciliation in Hospital - substantial improvement required* – Prior to the audit, Management identified that there were known issues of compliance with the policy and Scott Moncrieff therefore investigated reasons for this. Risks were identified relating to the lack of management information available to ensure that reconciliations are completed as expected. An action plan has been agreed with NHSGGC Management to address the issues raised.

3.4 *Sickness Absence – Follow Up – substantial improvement required* – auditors concluded that individual and team compliance with the process is still inconsistent. Further improvement is required in this area. Agreed actions have been included which will be followed up on by auditors.

3.5 *Statutory and Mandatory Training – minor improvement required*. Auditors noted improvement in completion of mandatory training modules and identified three improvement actions that will strengthen the control framework and support attainment of the 90% target.

3.6 In addition to the above, *Property Transaction Monitoring* was reported on with no issues identified.

## Appendix 1 – Summary of HSCP Internal Audit Progress in 2020/21

<b>Audit Area</b>	<b>Reason for work</b>	<b>Status</b>	<b>Comment</b>
HSCP Payment Claims Review Phase 1	Request of Senior Management (Covid response)	Complete	Details provided in body of report.
HSCP Annual Assurance	Internal Audit Plan	Complete	As above, Annual Internal Audit Report and drafting of annual governance statement.
HSCP Payment Claims Review Phase 2	Request of Senior Management (Covid response)	In progress.	Expected to be completed October 2020.
HSCP Corporate Governance	Internal Audit Plan	In progress.	Delayed due to reprioritisation of other work. Expected to be completed 2020/21. Work scheduled to recommence Q3 2020/21.
HSCP Financial Planning	Internal Audit Plan	In progress.	Delayed due to reprioritisation of other work. Expected to be completed Q3 2020/21.
HSCP Contract Awarding	Request of East Dunbartonshire Council	In progress.	Update to be provided to a future PAR Committee.
HSCP Key Controls - Financial Assessments	Internal Audit Plan	In progress.	Delayed due to reprioritisation of other work. Expected to be completed Q3 2020/21.
Follow Up of Previous Audit Risks	Internal Audit Plan	Not commenced.	Expected to commence Q3 2020/21
HSCP Directions	Internal Audit Plan	Not commenced.	Expected to commence Q4 2020/21
Social Work Charging	Internal Audit Plan	Not commenced.	Timing TBC in 2020/21.
Carefirst data controls	Internal Audit Plan	Not commenced.	Timing TBC in 2020/21.
Children's Services Ring Fenced Funds	Internal Audit Plan	Not commenced.	Proposed carry forward to 2021/22.
Home Care	Internal Audit Plan	Not commenced.	Proposed carry forward to 2021/22.

Agenda Item Number: 7

**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE AUDIT COMMITTEE**

<b>Date of Meeting</b>	<b>28 September 2020</b>
<b>Subject Title</b>	<b>Internal audit annual report for 2019 20 on NHSGGC</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Gillian McConnachie, HSCP Chief Internal Auditor, EDC Audit &amp; Risk Manager 0141 574 5642</b>

<b>Purpose of Report</b>	This report updates members on Scott Moncrieff's Internal Audit Annual Report for NHS Greater Glasgow & Clyde, attached as <b>Appendix 1</b> .
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<b>Recommendations</b>	The Audit Committee is asked to:  a) Note the contents of the Scott Moncrieff Internal Audit Report.

<b>Relevance to HSCP Board Strategic Plan</b>	None directly.
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	Nil
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<b>Equalities:</b>	Nil
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<b>Financial:</b>	Nil
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<b>Legal:</b>	Nil
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<b>Economic Impact:</b>	Nil
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<b>Sustainability:</b>	Nil
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<b>Risk Implications:</b>	Scott Moncrieff's findings potentially pose cross-over risks to the H&SCP. This committee will continue to be updated on Scott Moncrieff's findings, including follow up work and the addressing of any issues identified.
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<b>Implications for East Dunbartonshire Council:</b>	None directly.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None directly.
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<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1.1 No Direction Required</b>	<b>X</b>
	<b>1.2 East Dunbartonshire Council</b>	
	<b>1.3 NHS Greater Glasgow &amp; Clyde</b>	
	<b>1.4 East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

<b>MAIN REPORT</b>	
<b>1.1</b>	<p>Scott Moncrieff has provided a reasonable assurance opinion on NHS Greater Glasgow and Clyde's internal control framework, with the following exceptions, which have been highlighted as areas for improvement:</p> <ul style="list-style-type: none"> <li>• Service Redesign – Acute Stroke Services;</li> <li>• Operational Planning;</li> <li>• Medicines Reconciliation in Hospital;</li> <li>• Sickness Absence Follow Up; and</li> <li>• IT Security.</li> </ul>
<b>1.2</b>	<p>They also identified reporting on key areas of performance as a theme across several audits. NHSGGC management has committed to implementing the necessary improvement actions in all of the above areas. This will be followed up through the NHSGGC's Audit &amp; Risk Committee, with Scott-Moncrieff reporting excellent progress towards implementing actions in line with agreed timescales in their most recent follow up review.</p>
<b>1.3</b>	<p>The opinion provided by Scott Moncrieff provides a source of assurance for the HSCP's Annual Internal Audit Report, provided under separate cover, and for the annual governance statement, included in the HSCP's financial statements.</p>



# NHS Greater Glasgow and Clyde

## Internal Audit Annual Report 2019/20

August 2020



Scott-Moncrieff  
business advisers and accountants





# NHS Greater Glasgow and Clyde

## Internal Audit Annual Report 2019/20

Introduction	1
Overall internal audit opinion	2
Internal audit programme delivery	4
Results of internal audit work	6
Appendix 1 – Planned v actual days 2019/20	14
Appendix 2 – Summary of Internal Quality Assurance Assessment	16
Appendix 3 – Performance against KPIs	18



# Introduction

The Public Sector Internal Audit Standards (PSIAS) state that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.”

“The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at NHS Greater Glasgow and Clyde (NHSGGC) during the year ending 31 March 2020, including our overall opinion on internal systems of control.

## Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

# Overall internal audit opinion

## Basis of opinion

As the Internal Auditor of NHS Greater Glasgow and Clyde (NHSGGC), we are required by Public Sector Internal Audit Standards to provide the Audit and Risk Committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2019/20 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken, including in-year audits;
- Expectations of senior management, the Audit and Risk Committee and other stakeholders;
- The extent to which internal controls address the risk management /control framework;
- The effect of any significant changes in NHSGGC's objectives or systems; and
- The internal audit coverage achieved to date.

In my professional judgement as Chief Internal Auditor, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. All audit fieldwork for 2019/20 was completed pre Covid-19, and that work is the basis on which we have formed our annual opinion. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide proof of the conclusions derived from the internal audit work.

## Internal Audit Opinion

In our opinion NHS Greater Glasgow and Clyde's internal control framework provides reasonable assurance regarding the achievement of objectives, the management of key risks and the delivery of best value, except in relation to:

- Service Redesign – Acute Stroke Services;
- Operational Planning;
- Medicines Reconciliation in Hospital;
- Sickness Absence Follow Up; and
- IT Security.

Working closely with management, our reviews in the above areas highlighted significant opportunities for improving controls in order to ensure appropriate mitigation of risk, with 15 amber rated (high risk) actions arising. We also identified a number of potential causes behind delays in implementing the Moving Forward Together plan. This opinion should be considered against the context under which the Board has operated throughout the year. The process of Escalation, external reviews and then COVID-19 has resulted in a significantly challenging environment for the Board and staff.

Management has committed to implementing the necessary improvement actions in all of the above areas and progress is being reported regularly to the Audit and Risk Committee. More recently, management has committed to accelerating progress in a number of areas as part of a wider remobilisation plan post Covid-19. Our most recent follow-up review for Q4 2019/20 confirmed that management are making excellent progress in implementing the actions in line with agreed timescales, and we will continue to monitor this position on a quarterly basis during 2020/21.

We were able to provide substantial assurances in the remaining ten audit areas covered during 2019/ 20, all of which were assessed as either “effective” or with only “minor improvement required”. We did not identify any grade 4 (very high risk) actions.

Further detail on our conclusions, findings and themes arising from our audit work is set out on pages 6 to 12 of this report.

**Scott-Moncrieff**  
**August 2020**

# Internal audit programme delivery

## Responsibilities

### Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economic and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

### Internal auditor

The Internal Auditor assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, the Internal Auditor should:

- analyse the internal control system and establish a review programme;
- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;
- report findings and conclusions and, where appropriate, make recommendations for improvement;
- provide an opinion on the reliability of the controls in the system under review; and
- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

## Planning process

Our internal audit plans are designed to provide assurance that NHSGGC's internal control systems are effective in managing key risks and best value is being achieved. The plans are therefore informed by the risk management system and linked to the Corporate Risk Register.

The Strategic Internal Audit Plan was agreed in consultation with senior management and formally approved by the Audit and Risk Committee in June 2019.

We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures. Assurance on the management of risk is provided from a number of other sources, including the management team, external audit, and the risk management framework itself.

## Cover achieved

Our Internal Audit Plan comprises 525 audit days per annum. All core audit work in support of our annual audit opinion has been completed, as detailed at Appendix 1.

We confirm that there were no resource limitations that impinged on our ability to meet the full audit needs of NHSGGC as outlined in the agreed plan, and no restrictions were placed on our work by management.

We did not rely on work performed by a third party during the period.

## Independence

Public Sector Internal Audit Standards (PSIAS) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that all staff members involved in 2019/20 internal audit reviews were independent of NHSGGC and their objectivity was not compromised in any way.

## Conformance with Public Sector Internal Audit Standards

We confirm that our internal audit service conforms to the Public Sector Internal Audit Standards, which are based on the International Standards for the Professional Practice of Internal Auditing. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice, against the standards.

A summary of the results of our most recent quality assessment is provided at Appendix 2.

## Key performance indicators

We use a suite of Key Performance Indicators (KPIs) to monitor the quality of the internal audit service. These are presented to each meeting of the Audit & Risk Committee. Appendix 3 includes a summary of performance against the KPIs. We welcome any comments on the KPIs currently used.



# Results of internal audit work

## Summary of reports

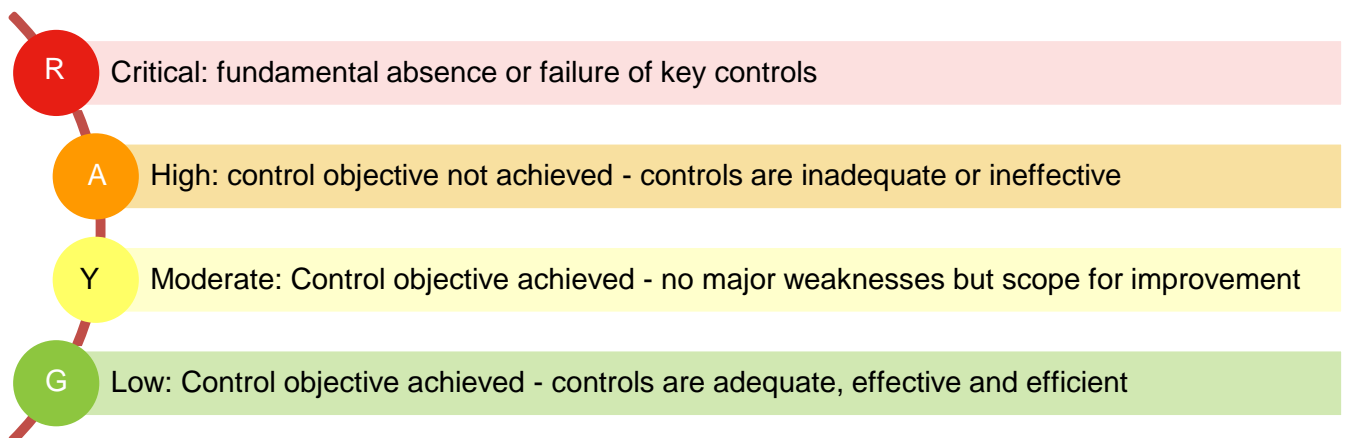
We issued 16 new internal audit reports during 2019/20, as summarised in the table below. Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the Audit and Risk Committee.

Review	Overall audit rating	Control objective assessment	No. of issues per grading			
			4	3	2	1
A.2 Moving Forward Together implementation		n/a – consultancy style report				
A.3 Service redesign – Acute Stroke Services	Substantial improvement required		-	2	4	-
A.4 Operational planning	Substantial improvement required		-	3	3	-
A.5 Capacity Planning – Delayed Discharges	Minor improvement required		-	-	1	-
B.1 Financial systems health check	Effective		-	-	-	1
B.3 Payroll	Minor improvement required		-	-	2	1
B.4 IJB financial information and reporting	Effective		-	-	-	1
C.2 Delivery of Enhanced Monitoring Requirements at QEUH	Minor improvement required		-	1	3	-
C.5 Medicines Reconciliation in Hospital	Substantial improvement required		-	4	4	1

Review	Overall audit rating	Control objective assessment	No. of issues per grading			
			4	3	2	1
C.7 Mental health waiting times	Minor improvement required		-	-	3	2
D.1 Sickness Absence Follow Up	Substantial improvement required		-	1	2	-
D.4 Health and safety	Minor improvement required		-	-	1	-
D.8 Statutory and mandatory training	Minor improvement required		-	1	2	-
D.9 Grievance process	Minor improvement required		-	1	3	-
E.5 IT Security	Substantial improvement required		-	2	5	-
F.3 Property Transaction Monitoring	Effective		-	-	-	-

## Key to report ratings

### Control objective assessment definitions



## Management action definitions

4	•Very high risk exposure - major concerns requiring immediate senior management attention.
3	•High risk exposure - absence / failure of key controls
2	•Moderate risk exposure - controls not working effectively and efficiently.
1	•Limited risk exposure - controls are working effectively, but could be strengthened.

## Significant internal audit findings in 2019/20

Our internal audit work resulted in 15 Grade 3 findings across eight review areas as follows:

### Service redesign – Acute Stroke Services

A management review of stroke services within NHSGGC was undertaken in 2017, with a number of improvement actions identified. These actions were designed to improve the consistency and quality of care provided to stroke patients and improve NHSGGC's compliance with national stroke bundle targets. Whilst accepting that the redesign work was initially set up as a redesign and improvement programme, we identified a lack of key project management arrangements to ensure the successful implementation of the redesign work. For example, detailed action plans to support the overall objectives had not been articulated, and management of project risks was inconsistent.

We noted two grade 3 findings:

- NHSGGC should agree a detailed action plan to support the successful delivery of the service redesign project as a whole. The action plan should consider the resources required to deliver objectives, key stakeholder dependencies, and responsibility for project oversight; and
- NHSGGC should ensure that project risks are monitored on a regular and ongoing basis across the life of the project.

### Operational planning

NHSGGC has a number of operational planning documents in place designed to support achievement of Scottish Government healthcare priorities and Board level strategic and transformational plans. We found, however, that there was not consistent, demonstrable linkage between each of these plans from an operational perspective, or in their collective contribution towards the Board's strategic objectives.

We noted three Grade 3 findings:

- NHSGGC should implement an organisation-wide operational planning framework that covers the Annual Operational Plan, MFT annual priorities and Board Corporate Objectives. The operational planning framework should be presented to the NHSGGC Board for review and approval prior to implementation.

- NHSGGC should ensure that all plans are reviewed by the Planning Team once drafted. This review should focus on ensuring there is alignment between operational-level objectives and a clear articulation of their contribution towards achievement of wider strategic goals. The review should also seek to identify any areas where objectives are either interdependent or overlapping to ensure that related actions are properly co-ordinated.
- NHSGGC should ensure that processes for monitoring and reporting on objectives are built into the operational planning framework. We endorse the current reporting mechanism used in respect of Annual Operational Plan objectives and recommend that this approach is replicated across the Board Corporate Objectives and MFT annual priorities.

### Delivery of Enhanced Monitoring Requirements at Queen Elizabeth University Hospital

The Queen Elizabeth University Hospital (QEUH) has been subject to enhanced monitoring by the Scotland Deanery since December 2016. The visit in February 2019 resulted in a number of improvement actions, with the QEUH retained on enhanced monitoring pending satisfactory resolution of these identified improvements. Our audit focused on the improvements required within the Immediate Assessment Unit (IAU).

We identified a number of improvement actions designed to support NHSGGC to more methodically address any issues identified by the Deanery once final feedback from the February 2020 re-visit has been received, or to assist with any improvements identified during subsequent monitoring visits.

We noted one Grade 3 finding:

- We recommend that, going forward, NHSGGC agrees operational action plans to support the implementation of high-level objectives agreed with the Deanery. These action plans should be articulated using the SMART methodology to ensure clarity of application and should also be communicated to all key stakeholder groups.

### Medicines Reconciliation in Hospital

Before this work commenced, management highlighted known issues around compliance with application of the Medicines Reconciliation in Hospital Policy. We identified a number of areas that could be improved to support more uniform application of the Policy. Within the hospital context, junior doctors are expected to drive the medicines reconciliation process. However, we found that there is no management information in place to ensure that reconciliations are completed as expected, which means consultants are unable to monitor the performance of junior doctors in this area. We also found that there is no formal review or feedback process in place to identify issues of compliance or training needs

We noted four Grade 3 findings:

- NHSGGC should implement a formal review process to support the completion of compliant medicines reconciliations. Where possible, issues identified by reviewing pharmacists should be highlighted and fed back to medics and educational supervisors as necessary, with recurring errors or omissions used to identify training needs. This will facilitate consultants in their leadership role over the process.
- We recommend that the Medicines Reconciliation in Hospital Policy is subject to review and update in advance of the HePMA roll-out, with any significant changes communicated to all ward staff with a role in

medicines reconciliation. NHSGGC should also consider whether training is required to support consistent application of the revised policy and increase staff awareness of the expected processes.

- NHSGGC should review existing unclosed pathways, and agree a means of resolving these, without issuing out of date IDLs to GPs. In addition, NHSGGC should issue guidance to ward staff requiring that review of unclosed pathways is undertaken on a regular and ongoing basis to ensure timely resolution of outstanding tasks.
- NHSGGC should seek to improve its management reporting capabilities in this area. One means of addressing this could be to mandate via Policy that all medicines reconciliations are completed on the Orion system; with regular review undertaken on an exception basis to identify issues of compliance.

### Sickness Absence follow up

This audit followed-up a review carried out in 2018/19 which found that there was a well-designed framework in place for managing sickness absence, but it was not being used consistently. During this follow-up review, we found that individual and team compliance with the process is still inconsistent and this remains the main issue. We also noted that the delayed release of revised national guidance has hindered ongoing improvement activity on absence management, however progress has been made in implementing the recommendations previously raised.

We noted one Grade 3 finding:

- As agreed in our 2018/19 report, NHSGGC should allocate overall responsibility for ensuring compliance with the Attendance Management Policy. This improvement action should be considered in the context of the new national policy and guidance expected imminently from NHS Scotland. NHSGGC could build on the improvement initiatives already implemented by the HR&OD team by establishing a systematic approach to the development and implementation of future interventions designed to improve performance against sickness absence targets. This will better enable management and the HR&OD team to determine the most effective approaches to identifying and addressing issues and drive continuous improvement.

### Statutory and mandatory training

Since June 2018, NHSGGC has made a number of changes to improve completion rates for statutory and mandatory training. As a result, the board has increased overall completion rates for the nine statutory and mandatory training modules from 56% at June 2018 to 86% at September 2019. Whilst this represents a significant improvement, we note that completion rates have not yet met the 90% target set by the Staff Governance Committee for financial year 2019/20.

We noted one Grade 3 finding:

- We recommend that NHSGGC articulates its expectations in regard to the action taken at senior management level to address non-compliance with statutory and mandatory training requirements. Once agreed, the escalation route should be clearly communicated to the relevant individuals/management groups. Where actions are put in place by senior management groups these should be recorded, including clearly allocated responsibility for their implementation and expected timescales. We understand that NHSGGC is implementing a governance standard for such groups that includes this requirement.

### Grievance process

NHS Greater Glasgow and Clyde has Grievance and Dignity at Work policies in place that are fit for purpose and consistently applied across the organisation.

We noted one Grade 3 finding:

- There appears to be a high proportion of Grievance and Dignity at Work cases that are taking significantly longer to close than the timescales set out in the respective policies. Human Resources should review the timescales for concluding cases and ensure delays within individual cases are escalated appropriately.

## IT Security

Our audit identified ongoing risks to the organisation, both internal and external. Weaknesses were noted in process and documentation for privileged and generic accounts reviews as part of wider Active Directory user access, including the need to improve logging and monitoring of activity. The review also identified external risks to the organisation. We recommend that the Board should ensure that there is a roadmap to remove legacy infrastructure and unsupported operating systems, where possible, from the network or ensure that multi layered controls are utilised to safeguard the Board. In addition, a separate action plan is recommended to continue to reduce the number of remaining vulnerabilities identified by Cisco Advanced Malware Protection.

We noted two Grade 3 findings:

- We recommend that board wide management adhere to the processes to identify and report leavers on a timely basis to the Identity and Access Management Team. We recommend that HR is responsible for establishing a workflow whereby they communicate leavers to the IAM team when notified of this by line managers. The information should include leaving date as well as any systems that the leaver has access to. We also recommend, as a compensating control, that HR provide the IAM team with a list of leavers on a monthly basis to allow the IAM team to ensure that all leavers within the month have had their accounts disabled and that there are IT helpdesk tickets for each of these leavers.
- We recommend that audit logging is activated within Active Directory. As a minimum, this should include log on and log off activity as well as failed login attempts. As part of this, the Board should quantify the data storage required to maintain log files. One potential solution is to create a syslog function which would be a repository through which all audit logs are held in a single, separate environment. This would have the benefit of audit logs only being accessible to authorised eHealth security personnel. The Board should also review the business case for the implementation of a SIEM solution, which would assist the Board in analysing audit logs. This would allow for automated review of audit logs to identify anomalous or suspicious activity based on pre-defined use cases.

## Environmental context

Whilst we have highlighted above the significant audit findings identified in 2019/20, our overall conclusions in this annual report should be considered in the context of the challenging environment within which NHSGGC has operated during 2019/20:

### Scottish Government escalation

In November 2019, NHSGGC was escalated to Level 4 of the NHS Scotland Performance Management Framework in light of ongoing issues around infection prevention, management and control at the Queen Elizabeth University Hospital (QEUH) and the Royal Hospital for Children (RHC) and associated communication and public engagement issues. In January 2020, NHSGGC was also escalated to Level 4 following Scottish Government concerns regarding performance in key areas including scheduled and unscheduled care and challenges around the primary care out of hours service. Scottish Government also highlighted a need to strengthen management capacity within NHSGGC.

The Board has engaged extensively over the Level 4 escalation and plans and supporting evidence have been submitted to the associated Oversight Boards. The process was paused for COVID-19. We also understand that NHSGGC has undertaken an overhaul of its overall planning and performance monitoring process as part of wider remobilisation planning post Covid-19.

## Covid-19

In response to the Covid-19 pandemic, NHSGGC delegated all functions of the Board and its Standing Committees to an Interim Board comprised of five publicly appointed non-executive members, three stakeholder members and two executive members, effective 30<sup>th</sup> March 2020. Approval for this revision to governance arrangements was obtained from Scottish Government, recognising the need to focus on clinical care during the pandemic. The Board and its standing committees were formally reinstated with effect from 1<sup>st</sup> July 2020. We understand that NHSGGC intends to review and streamline membership of its governance structures as part of its remobilisation plan and in response to recommendations by short life working groups set up in response to escalation.

## Summary of key themes arising from our work

In summary, we have found that NHSGGC has generally robust and well-defined policies and procedures in place. Our audit findings relate predominantly to the need to increase uniform, consistent application of those policies, and to improve consistent and effective communication and reporting on key areas of performance. We have also identified a need to ensure that responsibility for delivering key actions to support operational and strategic objectives is clearly and consistently allocated, with progress monitored and reported on a suitably regular basis. This is particularly important in areas of significant redesign or transformation, for example implementation of the MFT plan.

We have observed a strong commitment from management to implementing the improvement actions in each of the areas we have reviewed during 2019/20, in spite of the environmental pressures outlined above. We remain committed to supporting NHSGGC in improving its internal control arrangements and will continue to liaise with management to ascertain how best internal audit resource can be deployed over the course of our 2020/21 plan and beyond.

## Follow-up of previous internal audit reports

Management continues to make excellent progress in implementing agreed actions from audit reports.

We completed four follow-up reviews during 2019/20 to validate management's progress in implementing agreed audit actions. The table below sets out the movement in actions included on the Audit Recommendation Tracker throughout the financial year.

	Number of Actions
Open actions brought forward from December 2019	28
New actions added to tracker	6
<b>Total actions to follow-up</b>	<b>34</b>
Actions closed to March 2020	20
<b>Open actions carried forward</b>	<b>14</b>

The chart below summarises the status of the actions at March 2020.

## Status of Actions as at March 2020



Of the 14 open actions, 6 (43%) were not yet due for completion at the time of our validation work and the remaining eight actions were in progress.



# Appendix 1 – Planned v actual days 2019/20

Ref and Name of report	Planned Days	Actual Days
<b>A. Corporate reviews</b>		
A.2 Moving Forward Together implementation	35.00	35.00
A.3 Service redesign – project assurance	25.00	25.00
A.4 Operational planning	30.00	30.00
A.5 Capacity planning	30.00	30.00
<b>B. Financial reviews</b>		
B.1 Financial systems health check	30.00	30.00
B.3 Payroll	30.00	30.00
B.4 IJB financial information and reporting	25.00	25.00
<b>C. Clinical &amp; Care Governance reviews</b>		
C.2 Clinical pathways	33.00	33.00
C.5 IDL drug reconciliation	25.00	25.00
C.7 Mental health waiting times	25.00	25.00
<b>D. Staff Governance reviews</b>		
D.1 Workforce planning and management	20.00	20.00
D.4 Health and safety	30.00	30.00
D.8 Statutory and mandatory training	25.00	25.00
D.9 Grievance process	15.00	15.00
<b>E. ICT reviews</b>		
E.5 IT Security	25.00	25.00
<b>F. Compliance and Regularity reviews</b>		
F.2 Waiting times audits	7.00	3.00*
F.3 Property transaction monitoring	8.00	8.00
F.4 Follow up Q1	7.50	7.50

F.4 Follow up Q2	7.50	7.50
F.4 Follow up Q3	7.50	7.50
F.4 Follow up Q4	7.50	7.50
<b>G. Management</b>		
G.1 Contract management	35.00	39.00*
G.2 Audit and Risk Committee & AECG planning and attendance	12.00	12.00
G.3 Audit needs analysis - strategic and annual planning	3.00	3.00
G.4 Liaison with external audit	2.00	2.00
G.5 Quarterly liaison meetings and progress reporting	18.00	18.00
G.6 Annual internal audit report	2.00	2.00
G.7 Contingency	5.00	5.00**
<b>TOTAL</b>	<b>525.00</b>	<b>525.00</b>

\*Our Waiting Times audit was deferred to Q1 2020/21 at the request of management in April 2020 due to Covid-19. 3 days of planning time were incurred prior to deferral, which will inform the 2020/21 review. The remaining 4 days were reallocated to cover management time and meetings required to clear 2019/20 reports in May/June 2020.

\*\* 5 days contingency time used to cover review of East Dunbartonshire IJB year-end processes in August 2019.

# Appendix 2 – Summary of Internal Quality Assurance Assessment

We are required by Public Sector Internal Audit Standards to disclose the outcome of our regular internal and external quality assessments. The table below summarises the outcome of our most recent internal quality assessment, in which we have assessed the extent to which our internal audit methodology conforms to the standards.

Standard	Does not conform	Conforms	Improvements we have identified
<b>Purpose &amp; positioning</b>			
• Remit		✓	
• Reporting lines		✓	
• Independence		✓	
• Other assurance providers		✓	
• Risk based plan		✓	
<b>Structure &amp; resources</b>			
• Competencies		✓	
• Technical training & development		✓	
• Resourcing		✓	
• Performance management		✓	
• Knowledge management		✓	
<b>Audit execution</b>			
• Management of the IA function		✓	
• Engagement planning		✓	
• Engagement delivery		✓	
• Reporting		✓	
<b>Impact</b>			
• Standing and reputation of internal audit		✓	
• Impact on organisational delivery		✓	
• Impact on Governance, Risk and Control		✓	

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## Comment

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Overall, our service conforms to the requirements of the PSIAS.

Our assessment is based on the overall service that is delivered to each client. Compliance with the methodology will be monitored through an enhanced system of internal quality assurance to supplement existing arrangements.

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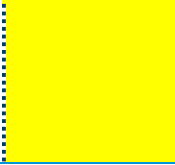
We are happy to provide Audit and Risk Committee members with further details of the information set out above

# Appendix 3 – Performance against KPIs

The following table summarises performance of the internal audit service against our KPIs.

KPI description	Status	Comments
1. The annual internal audit plan is presented to and approved by the Audit & Risk Committee prior to the start of the audit year.	<b>GREEN</b>	Our draft annual internal audit plan for 2019/20 was agreed with management and presented to the Audit and Risk Committee in March 2019 and approved in June 2019.
2. Assignment plans agreed at CMT meeting at least 10 working days before the start of each audit	<b>GREEN</b>	Assignment plans were agreed on an individual audit basis, on average 14 days before commencement of audit fieldwork.
3. Produce draft audit report within an average of 15 working days of the end of audit fieldwork	<b>GREEN</b>	Draft reports were issued to management within an average of 14 working days during 2019/20.
4. Receive management responses within an average of 15 working days of receipt of the draft report	<b>AMBER</b>	Management responses were received for draft reports within an average of 57 days. Whilst this exceeds the KPI standard, management were delayed in responding to a number of reports due to circumstances around Covid-19.
5. Submit final report within an average of 5 working days of receipt of management responses.	<b>GREEN</b>	On average, our 2019/20 reports were finalised within 2 working days of receipt of management responses.
6. Carry out quarterly follow up audits by Audit Committee Executive Group (ACEG) deadline.	<b>GREEN</b>	We have undertaken quarterly follow up of agreed audit recommendations for each meeting of the Audit and Risk Committee during 2019/20.
7. Provide Progress Reports and other papers for the Audit and Risk Committee seven days before the meeting date.	<b>GREEN</b>	All reports and papers were submitted seven days before ARC meetings in 2019/20.
8. Provide annual internal audit report and opinion for approval by the Audit and Risk Committee at the first meeting after the year-end each year.	<b>GREEN</b>	The Internal Audit Annual Report was presented to the 8 Sept 2020 Audit and Risk Committee meeting – i.e. the first meeting following the 2019/20-year end. The planned June 2020 ARC was cancelled due to circumstances around Covid-19.
9. Attend quarterly contract management meetings and monthly liaison meetings with management.	<b>GREEN</b>	During 2019/20, we attended quarterly meetings with the Audit and Risk Committee Chair and the Board Chair and quarterly contract management meetings with the Chief Executive and Director of Finance.  We also attended monthly liaison meetings with the Assistant Director of Finance.
10. The Internal Audit Partner attends at least 75% of Audit and Risk Committee meetings.	<b>GREEN</b>	The Internal Audit Partner, Chris Brown, has attended all scheduled Audit and Risk Committee meetings in 2019/20.

11. 90% of audit input is provided by the core team, with continuity of staff maintained year on year.



75% of our onsite audit work was delivered by our core audit team during 2019/20. We have planned resource for 2020/21 audit work to ensure continuity of staff is maintained.

**Key**

<b>RED</b>	More than 50% from target
<b>AMBER</b>	Between 25% and 50% of target
<b>YELLOW</b>	Up to 25% from target
<b>GREEN</b>	Achieved



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Agenda Item Number: 8

**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP PERFORMANCE,  
AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28<sup>th</sup> September 2020</b>
<b>Subject Title</b>	<b>HSCP Transformation Plan 2020 21 Update</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer</b>
<b>Contact Officer</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer (Tel: 601 3221)</b>

<b>Purpose of Report</b>	To update the Committee on the delivery of the Transformation Plan for the HSCP for 2020/21.
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<b>Recommendations</b>	The Performance, Audit & Risk Committee is asked to: a) Note the update to the HSCP Transformation Plan for 2020/21
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<b>Relevance to HSCP Board Strategic Plan</b>	The Strategic Plan sets out the priorities and ambitions to be delivered over the next three years to further improve the opportunities for people to live a long and healthy life. The transformation or annual business plan sets out the priorities which will be delivered during 2020/21 in furtherance of the strategic priorities set out in the Strategic Plan.
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**Implications for Health & Social Care Partnership**

<b>Human Resources</b>	None
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<b>Equalities:</b>	None
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<b>Financial:</b>	None
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<b>Legal:</b>	None
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<b>Economic Impact:</b>	None.
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<b>Sustainability:</b>	None.
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<b>Risk Implications:</b>	None
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<b>Implications for East Dunbartonshire Council:</b>	None.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None.
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<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1. No Direction Required</b>	<input type="checkbox"/>
	<b>2. East Dunbartonshire Council</b>	<input type="checkbox"/>
	<b>3. NHS Greater Glasgow &amp; Clyde</b>	<input type="checkbox"/>
	<b>4. East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	<input checked="" type="checkbox"/>

## 1.0 MAIN REPORT

- 1.1 The HSCP Board agreed a transformation plan as part of the budget setting process for 2020/21 on the 26th March 2020. This comprised management actions identified through a budget challenge process (£0.9m), increased turnover targets for social work services (£0.4m), the carry forward of savings priorities identified for 2019/20 (£1.2m) and new transformation activity for 2020/21 (£0.7m). The latter 2 categories form the Transformation Programme for 2020/21.
- 1.2 The transformation activity identified and approved for 2020/21 did not address the full extent of the anticipated pressures for the partnership related to payroll uplifts, contractual and general price increases and demographic pressures and a budget gap of £2.8m remained. Further work, in collaboration with partners, was to be progressed to identify further transformation activity which would seek to mitigate this gap for 2020/21 and in the medium to longer term.
- 1.3 There have been a number of adjustments to the budget since the HSCP Board in March 2020, these adjustments along with recurring funding streams identified during the year end process for 19/20 and in the initial monitoring periods of the budget for 20/21 have reduced the financial gap to £2.1m.
- 1.4 Since then the onset of a pandemic (Covid-19) and the impact of this on the delivery of health and social care services was emerging. The World Health Organisation (WHO) declared the virus a pandemic on 11 March 2020 and Scotland moved into lockdown on the 23<sup>rd</sup> March 2020.
- 1.5 The Health & Social Care Partnership continues to provide essential care and

protection services, in line with Business Continuity Plans. There is a clear focus within the Business Continuity Plan on continuing to provide support to our most vulnerable services users and patients, alongside a commitment to supporting staff to work safely and in line with Health Protection Scotland advice.

- 1.6 This has seen a re-direction of management and leadership capacity across the HSCP, Council and the NHS, toward managing the Covid-19 pandemic which has inevitably had an impact on our collective ability to deliver of the priorities set out in the Transformation Plan with slippage across the entirety of the programme.
- 1.7 There is still considerable resources directed to managing the response to the pandemic as well as planning for the recovery of services which changed or stopped and delivering these in the context of a 'new normal' with the inherent restrictions resulting from social distancing requirements and safe working practices in line with health protection advice.
- 1.8 The priorities detailed within the Transformation Plan fall into the three categories:-
  - transformative in nature,
  - aligned to delivery of financial efficiencies, or
  - Arising from the introduction of new national policy or legislation.
- 1.9 The HSCP is planning for changes in the way the Transformation Programme is reported to the PAR Committee and the HSCP Board to align the format and content to Council processes. This will provide a level of consistency in how this programme is reported through the partner agency structures and will provide greater support to the delivery and updating of key priorities. This work is progressing and the outcome of this will inform, future updates and reporting to this committee.
- 1.10 The HSCP Transformation Board provides oversight of the transformation activity and the savings programme for the partnership. There is a review on the role and function of this group to ensure effective oversight and challenge on progress within the plan.
- 1.11 The successful delivery of transformation is dependent on working in partnership with our key partners and a number of work streams are aligned to the processes embedded within each constituent body and are supported by Council Transformation teams and wider GG&C teams.
- 1.12 A progress summary of the delivery of the Transformation Plan 2020/21 is attached as **Appendix 1**.
- 1.13 There are a total of 32 priorities to be delivered within the transformation plan for 2020/21:-
  - xx are considered at Green status – on track
  - xx are considered Amber status – work is underway with some risk or delay to delivery
  - xx are considered Red status – more significant risks / delays to delivery
- 1.14 The delivery of the transformation plan for 20/21 is indicating a shortfall of £1.2m at this point in the year. This means that the HSCP expects to achieve £0.7m of transformation savings during 2020/21.
- 1.15 This shortfall along with the revised budget gap of £2.1m are included within Local Mobilisation Plan returns through GG&C to the Scottish Government as part of tracking the financial impact from the Covid pandemic. The SG have advised that all reasonable costs related to responding to the pandemic will be supported by funding

from SG, however as we move into the recovery phase of the pandemic there will be an expectation that transformation programmes to deliver savings will also re-start.

Ref	Workstream	Action	Description	Lead	Financial Impact 20/21 (£000) - per IJB 26th March 20	Financial Impact 20/21 (£000) - 16th July 2020	Financial Impact 20/21 (£000) - Sept 2020	RAG Status	Comments
		19/20 Savings Ctwd							
19/20/01	Digital	CM2000 External Providers	Implementation of a scheduling system for external homecare providers to support payment for services on actual service delivery as opposed to planned.	Derrick	300	0	0	Red	Linked to the award of the Care at Home framework through SXL National contract - potential delay until 21/22
19/20/02	Charging	Day Care / Transport Charging	Increases in charging for daycare services to £20.80 per day and for transport to £4.20 per day.	Jean	50	0	6.25	Amber	Daycare / transport services ceased during Covid and will not resume to previous levels due to social distancing measures within day centre provision. Increases set to apply from the 28th Sept 2020, level of saving achieved dependent on timing and levels of daycare services to resume post covid response period.
19/20/03	Policy	Fair Access to CC	Implementation of Fair Access to Community Care Policy which ensure an open, transparent and equitable access to community care services.	David	200	100	50	Amber	Review team partly established, consideration of deployment of staff to enhance review function in the short term following Covid response and resumption of planned services.
19/20/04	Service Change	Transport Policy	Implementation of Assistance with Transport policy across adult and children's services.	David / Claire	50	25	12.5	Amber	As above
19/20/05	Charging	Fully Implement Existing Charging Policies	Implementation and application of non residential charging policy to all individuals determined to fall within the criteria for incurring a charge for the services they receive.	Jean	26	0	6.5	Amber	As above
19/20/06	New Model	Sleepovers	Review of sleeper arrangements with a view to maximising opportunities for technological solutions.	David	50	25	25	Amber	As above
19/20/07	Efficiency	3rd Sector Grants	Review of 3rd sector commissioned spend to maximise efficiencies across the sector.	Gillian H	185	92.5	46.25	Amber	Engagement with 3rd sector delayed during Covid response - discussion to resume with lessons learned during Covid response to inform new ways of working across the sector.
19/20/08	Service Change	Review of Daycare East	Conclusion of review of daycare provision within the East locality.	Derrick	25	25	25	Amber	Daycare services ceased during Covid response, consideration of guidance on safe restart to congregate services underway - savings resulting from supplies & services / transport expenditure in short term pending conclusion of review.
19/20/09	Service Change	Review of Independent Mobility Assessment	Review of process to access a mobility assessment to support entitlement to blue badge.	Derrick	18	9	9	Red	Balance of saving into the equipment line - review work to resume following Covid response.
19/20/10	Efficiency	Review Approach to Prescribing	Review of local prescribing practice and benchmarks to identify opportunities for further efficiencies in the prescribing of medicines across ED.	Derrick	200	0	0	Red	Number of risks for prescribing for 20/21 - number of drugs moving onto short supply causing price increases, additional funding for 19/20 for 20% increase in March to be repaid in 20/21 as volumes for April / May show a compensating reduction - monitor closely. In addition pharmacy staff redeployed to Covid effort impacting delivery of local savings.
19/20/11	Efficiency	Improved management of allocated fleet and pool cars	Improved efficiency in the use of fleet / pool cars to reduce the reliance on the use of mileage.	Derrick	30	15	15	Amber	Anticipate increased mileage for homecare during Covid period and impact on ongoing transport provision in adherence to social distancing requirements.
19/20/12	Service Change	Review staffing levels in registered services across HSCP	Review of staffing within Ferndale, John Street and Pineview registered provision in line with care commission levels to ensure maximum efficiency in the deployment of staff within these services.	Claire	52.5	26.25	26.25	Amber	Review of staffing levels in Ferndale, Pineview and John Street in progress (CC)
19/20/13	Efficiency	Tighter Control of Equipment Ordering	Review of equipment ordering across health and social team teams with a view to streamlining provision.	Derrick	33	33	33	Green	In progress.
19/20/14	Access	Re Invigorate On Line Asset Map	Re establish work to scope and capture community resources across East Dunbartonshire to support self management and sign posting for individuals seeking to access support.	Derrick	0	0	0	Amber	In progress - no savings anticipated.
19/20/15	Service Change	Review of MH / Addictions Commissioning following outcome of needs assessment	Conclude needs assessment and implement outcomes to ensure robust service models to support individuals within addiction and mental health through recovery.	David	0	0	0	Amber	Outcome of needs assessment not conclusive. Initial thinking around an over arching service with some services supporting this - develop and conclude new model locally
		<b>Sub Total 19/20 Savings C/fwd</b>			<b>1219.5</b>	<b>350.75</b>	<b>254.75</b>		
		<b>Service Redesign 20/21</b>							
20/21/01	Assets	Scope possible alternative accommodation options to meet the needs of throughcare / care leavers	Development of 'house project' and access to funding through Life Changes Trust to implement within East Dunbartonshire.	Claire	400.0	200.0	200.0	Amber	In progress - funding approved.
20/21/02	Service Change	Withdraw from Canal Project	Re-provisioning of housing support delivered through the Canal Project from Social Work to housing service.	Claire	276.0	276.0	276.0	Green	Costs have now being met through housing department.
20/21/03	Workforce / Practice	Upskill staff to provide evidence based interventions (Just Enough Support)	Training and upskilling staff to support evidenced based approach to assessment.	David	0.0	0.0	0.0	Amber	Endowment application completed to progress training - no savings anticipated.
20/21/04	Workforce / Practice	Upskill staff to provide evidence based interventions (Signs of)	Training and upskilling staff to support evidenced based approach	Claire	0.0	0.0	0.0	Amber	As above
20/21/05	Access	Develop Digital Access to service option	Development and implementation of a digital strategy to support service delivery models going forward.	Derrick	0.0	0.0	0.0	Amber	Scope further opportunities in light of new working during Covid - to be anchored through Digital Strategy Group (DP)
20/21/06	Workforce / Practice	Develop and deliver locality based working with two teams	Develop and deliver locality based working with two teams	Derrick	0.0			Red	Review use of Milngavie Clinic in light of social distancing requirements (DP)
20/21/07	Service Change	Deliver locality based access points and community led	Deliver locality based access points and community led	Derrick	0.0			Red	As above
20/21/08	Service Change	Redesign HSCP Staffing and mgt structure to support new ways of working	Redesign HSCP Staffing and mgt structure to support new ways of working	Caroline	25.0	12.5	0.0	Amber	Linked to HSCP delivery model going forward
20/21/09	Practice	Pilot family group decision making model	Pilot family group decision making model	David	0.0	0.0	0.0	Red	Not progressed during Covid period
20/21/10	New Models / Practice Enabler	Develop and implement resource management bureau for Adult and Older People Services	Develop and implement resource management bureau for Adult and Older People Services	Derrick	0.0	0.0	0.0	Amber	Re-visit paper and develop flowchart for RSG process and submit through SMT for approval and implementation (KG / SMC / DA / DP)
20/21/11	New Models / Practice	Scope potential for residential care beds in East Dun / new residential care home	Scope potential for residential care beds in East Dun / new residential care home	Derrick	tbc	tbc	tbc	Amber	Business case on hold during Covid response
20/21/12	Service Change	Evaluation of Care at Home revised service model	Evaluation of Care at Home revised service model	Derrick	0.0	0.0	0.0	Red	Full implementation of new model on hold during Covid period - establish evaluation 6 months after full implementation.
20/21/13	Service Change	LD Supported Accommodation Review (In House Service)	Review of in house service delivery models to support individuals with a learning disability requiring residential accommodation	David	0.0	0.0	0.0	Amber	LD Review on hold during Covid response.
20/21/14	Service Change	LD Supported Accommodation Review (Commissioned Services)	Review of externally purchased service delivery models to support individual with a learning disability requiring support within a supported accommodation model.	David	0.0	0.0	0.0	Amber	LD Review on hold during Covid response.
20/21/15	Digital	Digital alternative to homecare med prompt calls	Scope potential digital solutions to ensure safe and effective med prompts for individuals in receipt of support from homecare services.	Derrick	0.0	0.0	0.0	Amber	Not viable given the lack of technology awareness of cohort and increased complexity of need limiting numbers of med calls only.
20/21/16	New Model	Tailored Moving & Handling	Tailored Moving & Handling	Derrick	0.0	0.0	0.0	Amber	In progress (DP)
20/21/17	New Model	Implementation of East Dunbartonshire Strategic Cancer Partnership	Implementation of East Dunbartonshire Strategic Cancer Partnership	Derrick	0.0	0.0	0.0	Green	Approved through HSCP Board and implementation in progress
		<b>Sub Total Service Redesign 20/21</b>			<b>701.0</b>	<b>488.5</b>	<b>476.0</b>		
		<b>TOTAL</b>			<b>1,920.50</b>	<b>839.25</b>	<b>730.75</b>		

**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP PERFORMANCE,  
AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28<sup>th</sup> September 2020</b>
<b>Subject Title</b>	<b>Audit Scotland Guide for Audit &amp; Risk Committee</b>
<b>Report By</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer Tel: 0300 1234510 Ext 3221</b>
<b>Contact Officer</b>	<b>Jean Campbell, Chief Finance &amp; Resources Officer Tel: 0300 1234510 Ext 3221</b>

<b>Purpose of Report</b>	To update the Committee on the recent Audit Scotland publications on the impact of the pandemic for public sector services and finances.
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<b>Recommendations</b>	The Integration Joint Board is asked to: <ul style="list-style-type: none"> <li>a. Note the Audit Scotland publications in relation to Covid-19</li> <li>b. Note the assessment for ED HSCP on the questions posed for Audit &amp; Risk Committees.</li> </ul>

<b>Relevance to HSCP Board Strategic Plan</b>	The delivery of the Strategic Plan is dependent on effective scrutiny and challenge of HSCP performance, effective internal controls, governance arrangements and financial management and reporting.
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**Implications for Health & Social Care Partnership**

<b>Human Resources</b>	None
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<b>Equalities:</b>	None
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<b>Financial:</b>	The effective management of the HSCP finances relies on a systems of internal controls and assurances, robust governance arrangements, risk management and financial management and reporting arrangements. The Covid-19 pandemic has had an impact on these arrangements and the consideration of external reports which prompt consideration of the effectiveness of these arrangements support improved financial management and appropriate scrutiny and challenge through the governance arrangements in place.
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<b>Legal:</b>	None.	
<b>Economic Impact:</b>	None	
<b>Sustainability:</b>	None.	
<b>Risk Implications:</b>	The guides highlight a number of risks for public sector bodies and what Audit Committees should be scrutinising to ensure that these risks are mitigated and subject to appropriate challenge.	
<b>Implications for East Dunbartonshire Council:</b>	The Audit Scotland guides apply to public sector services and finances more widely and given the linkages and mutual reliance on ensuring effective internal controls, governance, financial management and reporting and risk management then this requires an integrated approach to achieve good performance across these areas.	
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The Audit Scotland guides apply to public sector services and finances more widely and given the linkages and mutual reliance on ensuring effective internal controls, governance, financial management and reporting and risk management then this requires an integrated approach to achieve good performance across these areas.	
<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1. No Direction Required</b>	
	<b>2. East Dunbartonshire Council</b>	
	<b>3. NHS Greater Glasgow &amp; Clyde</b>	
	<b>4. East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	<b>x</b>

## MAIN REPORT

### 1.0 Covid-19 Guide for Audit & Risk Committee

- 1.1 This guide details the critical role Audit & Risk Committees play in effective scrutiny and challenge of public sectors bodies as they manage the impact of Covid-19 through response to recovery and renewal phases of the pandemic. This is attached as **Appendix 1**.
- 1.2 It provides Audit & Risk Committee with a number of key questions which it should be considering to ensure effective scrutiny during this period across key themes related to:
  - Internal Controls and Assurance
  - Financial Management and Reporting
  - Governance
  - Risk Management
- 1.3 The HSCP will rely on its partner agencies for support across a number of the areas identified, however a high level assessment is included as **Appendix 2** for consideration.
- 1.4 Audit Scotland have developed a Covid-19 Hub which brings together the Audit Scotland reports which set out the consequences for Scotland's public services and finances arising from the Covid-19 pandemic and the continuing impact this will have into the future. There are a number of reports of relevance to the HSCP including:
  - Covid-19 Implications for public finances in Scotland (**Appendix 3**) – this document sets out an analysis of how public money has been spent in Scotland on the response to the Covid-19 pandemic, the funding to support this and the key financial and performance risk facing the SG as a result.
  - Covid-19 Emerging fraud risks (**Appendix 4**) – this document sets out a range of fraud risks emerging from the Covid-19 crisis, and what public bodies might do to help reduce these risks.
- 1.5 These publications and a range of other resources are available on the Audit Scotland website under the Covid-19 e-hub. (<https://www.audit-scotland.gov.uk/covid-19>)



Covid-19

# Guide for audit and risk committees

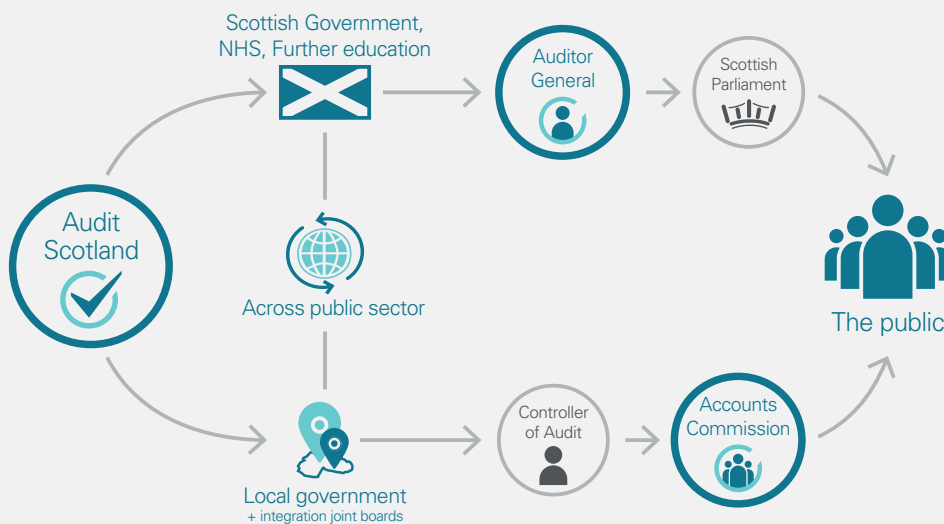


Prepared for public bodies and auditors  
August 2020

## Who we are

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

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



## About us

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

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

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

# Contents

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Introduction	4
Key issues for consideration by audit and risk committees during the Covid-19 pandemic	4
Looking ahead	9
Further reading	9

## Introduction

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

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

5. There are a wide range of short, medium and long-term risks and issues emerging from Covid-19 for public bodies to consider. This guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:
  - internal controls and assurance
  - financial management and reporting
  - governance
  - risk management.
6. This guide provides audit and risk committee members with suggested questions to help them effectively scrutinise and challenge in these key areas. Answering the questions in this guide will help audit and risk committees better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.
7. Audit and risk committees must assure themselves that they are engaged and well-informed about the changes that are occurring and affecting their organisation due to Covid-19. For example, they should be informed of changes to internal reporting arrangements, and policy and legislative changes and the impact they are likely to have on the organisation. They should also be apprised of any fraud and error risks arising from the response to Covid-19.<sup>1</sup>

<sup>1</sup> *Covid-19: Emerging fraud risks*, Audit Scotland, July 2020.

## Internal controls and assurance

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

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

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

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

---

## Exhibit 1

### Internal controls and assurance – questions to consider

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

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

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

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

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

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

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

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

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

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

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#### How have IT services performed during the pandemic?

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

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

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

---

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

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

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

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

---

## Financial management and reporting

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

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

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

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## Exhibit 2

### Financial management and reporting – questions to consider

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

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

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

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

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

---

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

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

**What impact has Covid-19 had on savings plans?**

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

**What impact has Covid-19 had on transformational activity?**

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

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

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

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

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

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

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

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

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

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

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

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

---

### What impact has Covid-19 had on collaborative working?

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## Risk management

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

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

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

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## Exhibit 4

### Risk management – questions to consider

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

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

---

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

---

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

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

---

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

---

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

---



## Looking ahead

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

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

## Further reading


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

Covid-19

# Guide for audit and risk committees

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

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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## East Dunbartonshire HSCP

### Covid -19 Audit Scotland Guide for Audit & Risk Committees

#### Internal Controls and Assurance

Key Question	HSCP Response
What changes to internal controls have been required due to Covid-19?	Decision making and authorisation of funding delegated to Chief Officer and Chief Finance & Resources Officer in discussion with IJB Chair / Vice Chair as required. Processes streamlined and online by default eg. invoice payment process authorised via email.
What new controls have been established to account for the distribution of any additional funds received?	Covid related cost centres set up to capture specific funding related to the response to the pandemic. Funding routed through NHS GG&C and invoiced by EDC for funding related to the delivery of social care response. Specific reference within Financial Monitoring reports to the HSCP Board on Covid expenditure and funding received to support response.
To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?	With regard to systems supported by East Dunbartonshire Council, the impact on the controls environment was largely unchanged; however, practical arrangements were implemented to accommodate home working, including the increased use of electronic signoffs in some processes; such signoffs are controlled through the encryption technology that has been deployed throughout the Council. The NHSGGC's Internal Auditors have provided comment that they continue to engage with management to determine if further assurances are required over the control environment or working practices, whilst noting that there is now less remote working than at the height of the pandemic. Audits of NHSGGC Financial Systems and Payroll are planned for November 2020, which will consider any changes in controls due to remote working.
Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation	Yes this assessment has been completed. An update is provided in the separate agenda item 'Internal Audit Update 20/21 to Aug 20'. Reviews have

navigates its way through the pandemic?	also been carried out of the Council's and NHSGGC's internal audit plans.
How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?	Involvement of internal audit in establishing a robust process for capturing and evidencing sustainability and additional payments to social care providers as a consequence of the Covid pandemic during response phase. Conclusion of routine audits now progressing as move to recovery phase.
What impact has Covid-19 had on the annual reporting and accounting process?	Inter- dependencies with partner agency reporting timescales – HSCP information available to meet requirements for annual accounts. Broadly process / timescales in line with original audit plan. Elements to conclude year end conducted remotely eg clearance meeting
To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?	Significant reliance on networks and multi agency / partnership working to share learning / good practice to inform decision making. GG&C CO Tactical meetings established meeting several times / week to ensure consistent approach across GG&C HSCPs where practical, delivery of co-ordinated pan GG&C response. GG&C CFO meetings stepped up to ensure consistent financial accountability in capturing financial implications from Covid. Working groups established across GG&C on specific priorities eg support to care homes. National CO meetings meeting weekly and in additional weekly meetings with SG providing networking opportunities to share learning during pandemic response.
How have IT services performed during the pandemic?	Significant reliance on mobile / home working with IT supporting timeous purchase and provision of IT equipment to support this. Roll out of MS Teams to support virtual meetings / collaboration across teams / Agencies.
What opportunities and risks have arisen as staff are deployed across departments?	Staff targeted to areas of most critical need with ability to scale up as needs vary during response period. Flexibility and commitment of staff to work across boundaries and support new service delivery model such as PPE Hubs, Community Assessment Centre. Training needs require to be assessed and delivered, double up support until staff are familiar with role and

	customer base.
How is your organisation capturing the learning and opportunities that arise from new ways of working?	Process of engagement with staff to capture lessons learned during Covid response – what should we stop doing, continue doing, start doing going forward? Reflected within recovery planning approach.

### **Financial Management & Control**

<b>Key Question</b>	<b>HSCP Response</b>
Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?	Regular information provided in relation to specific covid related expenditure through the development of a 'Tracker' in response to weekly update to Local Mobilisation return to SG. Routine budget monitoring information provided as planned to inform reporting to HSCP Board, Council and NHS Board.
How is management assessing the financial impact of Covid-19 on income and expenditure?	Specific cost centres set up to capture covid expenditure for both health and social work service responses. Tracker developed to capture financial impact of covid related service decisions. Regular updates through SG Local mobilisation plans to evidence actual expenditure incurred and projections going forward to inform funding allocations. Covid expenditure and income reported through the IJB as part of financial monitoring updates.
What information has been used in determining the value of assets and liabilities?	N/A - The HSCP does not hold any assets or liabilities for pensions
What commitments and guarantees have been made to third parties, and how are these being monitored?	Impact on social care providers underpinned through a nationally agreed set of principles for capturing and evidencing additional costs incurred as a result of covid and sustainability payments. Engagement with care providers and development of a template for submission of additional costs to support payments through the HSCP.

What impact has Covid-19 had on savings plans?	Delivery of savings plans have been impacted while managers and staff across the HSCP are focussed on response to covid pandemic. Financial impact captured through Local Mobilisation Plan returns to SG. Response phase continues alongside planning process for service recovery, therefore expectation that work to deliver savings will continue to be impacted.
What impact has Covid-19 had on transformational activity?	As above –savings plans aligned to transformation and service redesign. Partner agency support to transformation programme similarly impacted through response to Covid.

### Governance

Key Question	HSCP Response
What impact has Covid-19 had on governance arrangements?	Formal governance structures have focussed on critical business decisions only and through virtual forums as opposed to building based meetings. Regular updates provided through weekly briefing to Chair / Vice Chair of HSCP Board. Strategic decision making delegated to Chief Officer / Chief Finance & Resources Officer per report to HSCP Board in March 2020.
Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?	Governance arrangements are being reviewed in line with route map through Covid response and recovery. HSCP Board meetings and committees continue to meet virtually, board development sessions re-established.
Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?	Board members scrutinise HSCP performance and delivery through reports to HSCP Board and Performance, Audit & Risk Committee. Further opportunities for scrutiny through ongoing board development sessions which offer a more detailed scrutiny of specific topics as requested by the board.

What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?	Staff capacity due to increased absence resulting from shielding, self-isolation or contact through track and trace. Individual and family preference for a pause in service delivery. Social distancing measures have prompted consideration of new ways to support individuals through virtual means. Some models of service remain closed pending journey through SG route map and guidance to support services re-starting eg daycare.
What impact has Covid-19 had on your organisation achieving its stated objectives?	Strategic objectives have been superseded by response to covid pandemic albeit the core principles underpinning the delivery of health and social care services have continued.

### **Risk Management**

<b>Key Question</b>	<b>HSCP Response</b>
Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?	GH in discussion with KC
Has your organisation's risk register been updated to reflect new risks arising from Covid-19?	Corporate risk register reviewed and specific risk register for Covid developed.
Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?	Risks continue to be assessed with added dimension of covid to consider when supporting individuals to access services.
How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?	Potential significant impact for HSCP depending on availability of SG funding to support expenditure associated with covid response. In addition impact on delivery of transformation programme, provider sustainability, income generation and new costs are all a feature in the short term. In the medium / longer terms there is an expected increase in demand across a number of service areas including mental health, addictions and protection responses. The sustainability of current service delivery models will also be concern in

	context of limited numbers attending due to social distancing requirements.
What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?	There are elements which have been exacerbated through covid such as staff availability both internally and through external providers, PPE supplies, availability of certain medicines as we move into an EU Exit which require further consideration. In terms of future planning the impact on demand for services such as mental health services will see an increase on that previously considered as part of financial planning models. Delays in the delivery of the transformation programme will also have an impact into future years.



Covid-19

# Implications for public finances in Scotland

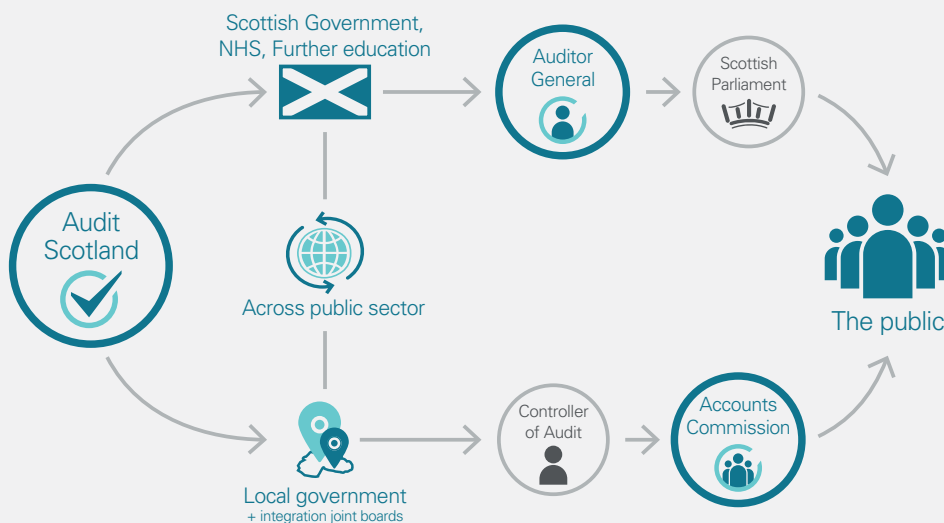


Prepared by Audit Scotland  
August 2020

# Who we are

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- 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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# Contents

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Introduction	4
Part 1 The fiscal response to date	5
Part 2 Emerging risks	15
Part 3 The public audit response	21
Appendix Scottish Government Covid-19 spending announcements to 31 July 2020	22

## Team

The core team for this briefing consisted of Richard Robinson, Fiona Diggle, Lucy Carter and Daniel Melly, with support from other colleagues and under the direction of Mark Taylor.

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# Introduction

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- 1.** The public health crisis caused by Covid-19 has had a significant and profound effect on every aspect of Scottish society. At the heart of this are the personal tragedies of the thousands of people who have died or lost loved ones.
- 2.** The pandemic has had wide consequences for public health in Scotland, including the impact on both physical and mental wellbeing. For many, this means dealing with increased financial uncertainty alongside health concerns. Public services have been drastically affected, requiring immediate changes to the way that services are provided to people in Scotland. For the economy, the lockdown has disrupted businesses and household incomes, leading to an economic downturn of a scale not seen in recent times.
- 3.** The impact on the public finances is unprecedented. The crisis has required the Scottish and UK governments to respond quickly, providing substantial additional funding for public services and support for individuals, businesses and the economy.
- 4.** The pandemic is not over, and it is unclear how the impact of the virus will develop over time. It is likely that further financial measures will be needed and that the effects on individuals, public services and the economy will last many years into the future.
- 5.** For the Scottish Government the challenges of managing public finances within this environment are significant and varied. The levels of spending required to meet future demands for services and necessary government interventions is unclear, as are the levels of funding and revenues available to support it.
- 6.** The fast-changing nature of government spending and funding related to the pandemic makes keeping track of how money is being spent a complex and difficult task. Alongside this, the financial and performance risks that the Scottish Government must manage are also developing quickly.
- 7.** This briefing brings together our analysis of the latest position of how public money is being spent and funded in Scotland, before considering the key financial and performance risks facing the Scottish Government. It has three sections:
  - Part 1 highlights the fiscal response to Covid-19 to the end of July 2020, setting out the tax and spending commitments made by the Scottish Government and how these have been funded, as well as summarising the UK Government policies that apply in Scotland.
  - Part 2 sets out the emerging financial and performance risks that the Scottish Government is facing as a result of Covid-19 and its economic consequences.
  - Part 3 considers what this means for Audit Scotland's work in providing assurance and aiding scrutiny of the Scottish Government's response during the current crisis.
- 8.** Public audit has a key role in providing scrutiny of how well public money is being spent to support people in Scotland. Audit Scotland will continue to audit public finances and the performance of services throughout the pandemic. More information is provided in [\*Covid-19: How public audit in Scotland is responding.\*](#)

# Part 1

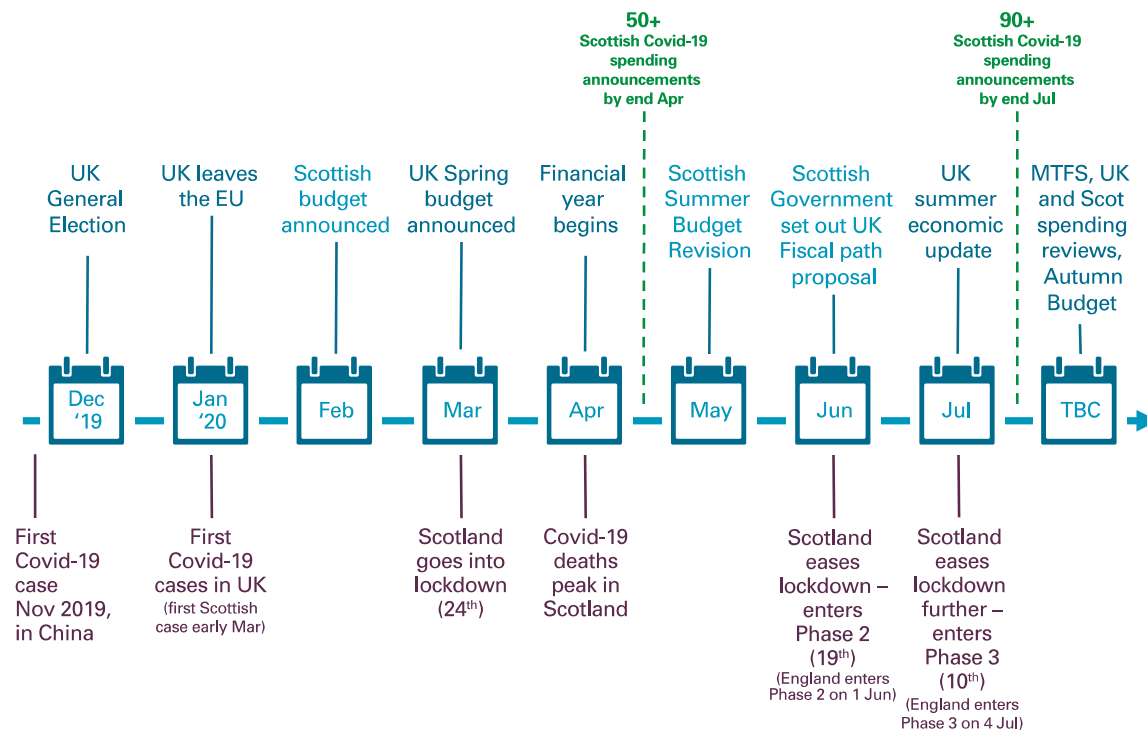
## The fiscal response to date

### The impact on Scottish public finances is unprecedented

9. The Covid-19 pandemic has been the biggest fiscal and policy challenge facing the Scottish Government over the past two decades of devolution. Expected devolved public spending has increased by around 15 per cent since the 2020/21 Scottish budget was first agreed in February 2020 and is subject to significant and continuing revision.<sup>1</sup> Before the pandemic hit, the budget had faced unusual uncertainty with the UK budget being delayed due to the general election, and remains subject to unprecedented uncertainty, volatility and complexity ([Exhibit 1](#)).

### Exhibit 1 Fiscal events and Covid-19 timeline

The Scottish and UK governments have had to respond quickly to the emerging pandemic.



Source: Audit Scotland analysis

10. The speed at which financial changes have had to be made due to Covid-19 is highlighted by the fact that the Scottish budget, announced 6 February, included no reference to the pandemic. The UK budget, on 11 March, included spending of £12 billion to tackle Covid-19.<sup>2</sup> Significant additional spending was announced later in March once the UK entered lockdown, including the Coronavirus Job Retention and Self-Employment Income Support Schemes, forecast to cost £65 billion this

<sup>1</sup> Barnett consequentials related to Covid-19 as share of original consolidated budget for 2020/21.

<sup>2</sup> Chancellor delivers Budget 2020 – press release, HM Treasury, 11 March.

year.<sup>3</sup> The Scottish Government announced spending of over £2.5 billion in March, including £2.2 billion of business support and £350 million for supporting communities.

**11.** Since then, both the UK and Scottish governments have made over 150 spending and tax announcements to respond to and manage the changing picture. The Scottish Government introduced a Summer Budget Revision on 15 May, adding an extra £4 billion to the Scottish budget at that point. The UK Government's summer economic update on 8 July announced spending of £30 billion to support economic recovery across the UK.<sup>4</sup>

### Responding to the pandemic comes when the Scottish budget is already increasingly complex, volatile and uncertain

**12.** As a result of the new tax, social security and borrowing powers devolved to Scotland in recent years, the Scottish Government now has more choice over tax and spending. While this creates opportunities for the Scottish Government, it means the Scottish budget has become increasingly complex, and subject to more volatility and uncertainty.

**13.** At the start of 2020/21, nearly 60 per cent of the Scottish budget was funded by the block grant from the UK Government, driven by UK fiscal policy and spending decisions. The Scottish budget is also linked to Scotland's economic performance relative to the rest of the UK. This affects tax revenues from the devolved taxes and the corresponding Block Grant Adjustments (BGAs) which reflect the performance of the equivalent UK taxes. We explain this process in Part 1 of [Scotland's new financial powers, Operation of the Fiscal Framework 2018/19](#).

**14.** The Scottish Government is required to maintain a balanced budget, matching its spending to available funding each year. This can be challenging because funding can fluctuate significantly within the year:

- The total grant from the UK Government (the block grant) increases or decreases through the Barnett formula, based on UK department spending announcements. The total Barnett consequentials for any year are usually not confirmed until late in the year.
- Revenues for the fully devolved taxes (Land and Buildings Transaction Tax [LBTT] and Scottish Landfill Tax) impact on the budget in real time, as does spending on demand-led social security benefits. BGAs for the devolved taxes and social security are also updated in-year.
- Revenues are fixed for the year when it comes to the largest of the devolved taxes, Scottish income tax (SIT). The forecasts for SIT and its corresponding BGA are locked in for the course of the year, and a reconciliation between the forecast and outturn applies to the budget three years later once tax receipts are known.

**15.** In 2020/21, maintaining a balanced budget will be more difficult than in previous years because of increased volatility in some tax revenues and funding, and significantly increased demands on Scottish Government spending due to the Covid-19 pandemic.

### The Scottish Government has announced over 90 spending and tax measures to tackle the pandemic, which total £5.3 billion

**16.** Between 18 March and 31 July, the Scottish Government has announced over 90 spending and tax measures to help support business, public services and individuals during the pandemic. A summary of all Scottish Government

<sup>3</sup> Coronavirus policy monitoring database, OBR, 14 July 2020.

<sup>4</sup> Policy paper: A Plan for Jobs 2020, UK Government, 8 July 2020.

announcements made as at 31 July is provided in [Exhibit 2](#), with more details in the Appendix. These announcements include:

- grants to businesses and charities (for example, the Small Business Support Grant)
- additional resource spending to support public bodies' day-to-day services
- capital spending (such as digitisation and construction projects)
- loans (for example, for farmers, housebuilders and private landlords)
- tax cuts and reliefs (such as business rates relief and temporarily raising the zero-rate threshold for LBTT).

## Exhibit 2

### Scottish Government spending announcements as at 31 July 2020

Spending announcements	£m
<p><b>Business support</b></p> <ul style="list-style-type: none"> <li>• <b>£1.202 billion for the £10,000 Small Business Support Grant and the £25,000 Retail Hospitality and Leisure Support Grants</b></li> <li>• <b>£875 million to cover the cost of business rates relief</b></li> <li>• <b>£824 million for 14 other grant and loan schemes</b> for a range of businesses including small and medium sized enterprises (SMEs), creative, tourism and hospitality businesses, farmers, housebuilders, private landlords, oil, gas and energy businesses, the fishing industry and zoos.</li> <li>• <b>£230 million 'Return to work'</b> package to support construction, low carbon projects, digitisation and business support.</li> <li>• <b>£31 million for the tourism and cultural sectors</b> including hotels and self-catering businesses, cultural and sporting events and venues and museums.</li> <li>• <b>£110 million for the third sector</b> including charities, voluntary organisations, community-controlled housing associations and social enterprises that are supporting local responses.</li> </ul>	<b>3,272</b>
<p><b>Public Services</b></p> <p><b>Health and social care</b></p> <ul style="list-style-type: none"> <li>• As of 16 June, the Scottish Government had committed to directly passing on £780 million Barnett consequentials for health and social care. On 15 May the Scottish Summer Budget Revision outlined how £620 million of this would be allocated.</li> </ul> <p><b>Local authorities</b></p> <ul style="list-style-type: none"> <li>• As of 23 June, Parliament had approved £489 million additional funding for Local Government and communities. This included crisis grants, funding free school meals and council tax reduction schemes, as well as funding to support the return to school.</li> </ul> <p><b>Other support for public services</b> includes funding for transport operators, homebuyers, university research and employment support.</p>	<b>2,019</b>
<p><b>Other support for individuals</b></p> <ul style="list-style-type: none"> <li>• In addition to the support for vulnerable individuals provided through local government and third sector grants, specific Scottish Government support packages for individuals include the Unpaid Carers Allowance supplement, hardship payments for students and discretionary housing payments for tenants.</li> </ul>	<b>45</b>
<b>Total</b>	<b>5,336</b>

## The Scottish Government currently expects to spend around £4.8 billion on Covid-19 related measures in 2020/21

**17.** The Scottish Government expects that additional spending on Covid-19 related measures will be at least £4.8 billion in 2020/21. The expected spending in-year is different to the total cost of the announcements in [Exhibit 2, page 7](#) because:

- spending against some announcements depend on demand; any underspends can be used for other purposes. For example, lower than expected take-up for some business grants has meant that around £54 million can be reallocated to other support funds. This includes a £10 million fund for performing arts venues.<sup>5</sup>
- some announcements will be spent over more than one year. For example, the £100 million fund for school attainment is due to be spent over 2020/21 and 2021/22, and the energy transition fund is due to be spent over the next five years, with just over half of the £62 million fund committed for 2020/21.

**18.** The Scottish Government is required to manage spending against a balanced budget. The Summer Budget Revision is the latest balanced budget approved by the Scottish Parliament. £4.0 billion of the £4.8 billion expected additional in-year spending is set out in the Summer Budget Revision.

**19.** The Scottish Government will produce an Autumn Budget Revision later in the year which will incorporate changes since the Summer Budget Revision in a revised balanced budget for approval. Currently, the Scottish Government expects spending for announcements made since the Summer Budget Revision to be £571 million of day-to-day spending and £230 million of capital spending in 2020/21. These amounts will continue to be reviewed as the Autumn Budget Revision is prepared.

**20.** The Scottish Government has shared available information with us about how much of the Covid-19 spending announced in the Summer Budget Revision has already been committed as at the end of July – that is paid out or transferred to other public bodies. This indicates that of revised total spending of £4.11 billion now expected in relation to these measures, £3.53 billion (86 per cent) has been committed to date ([Exhibit 3, page 9](#)).

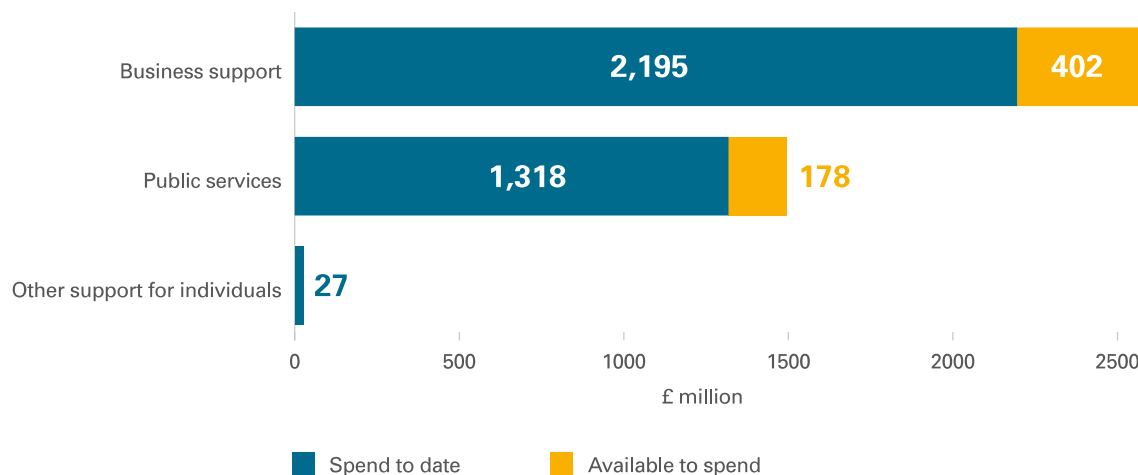
<sup>5</sup> Lifeline support for Performing Arts Venues, Scottish Government, 3 July 2020.



## Exhibit 3

### Actual Scottish Government spend to date against announcements incorporated in the Summer Budget Revision – snapshot at end of July

Scottish Government data suggests most of the funding in the Summer Budget Revision has been spent.



Note: Based on information provided by the Scottish Government on 28 July 2020. Spending here includes spending committed to programmes, and spending transferred to other public sector bodies. For example, the £75 million spending for academic research has been passed from the Scottish Government to the Scottish Funding Council for onward transmission to the sector.

Source: Audit Scotland analysis based on information provided by Scottish Government

**21.** As at the end of July, comprehensive information on the amounts paid out to third parties by public bodies was not available to us. In some key areas the current levels of actual spending reported include:

- 89,000 grants valuing over £998 million (out of nearly £1.2 billion) have been awarded through two Business Grant Schemes<sup>6</sup>
- £160 million of grants have been distributed through the funds for the Pivotal Enterprises Resilience Fund, the Creative, Tourism and Hospitality Enterprises and Hardship Fund and the Newly Self-employed Hardship Fund.<sup>7</sup> Originally worth £144 million at the time of the Summer Budget Revision, this has since increased to £184 million
- all £620 million of the Health and Social Care spending included in the Summer Budget Revision has now been committed.

### Additional spending has been funded for the most part by Barnett consequentials

The Scottish Government has spent Barnett consequentials broadly in line with the UK, targeting some aspects to meet specific needs in Scotland

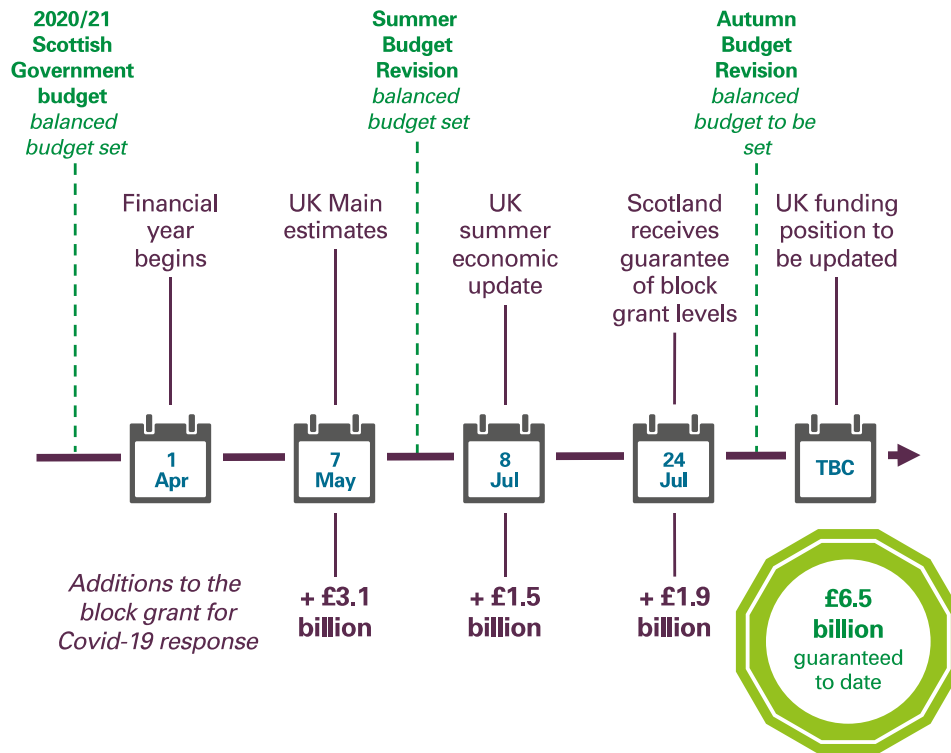
**22.** Most of the Scottish Government's spending and tax measures in response to Covid-19 have been funded by Barnett consequentials from the UK Government ([Exhibit 4, page 10](#)).

<sup>6</sup> Coronavirus (COVID-19): business support fund grant statistics, Scottish Government, 4 August 2020.

<sup>7</sup> Letter from Cabinet Secretary for the Economy, Fair Work and Culture to Convener of Committee on Economy, Energy and Fair Work, 6 August 2020.

## Exhibit 4

### Timeline for additions to the Scottish block grant in response to Covid-19



Source: Audit Scotland analysis

**23.** The Scottish Government decides how it spends Barnett consequentials. Our analysis suggests the Scottish Government's spending announcements broadly reflect those made by the UK Government. For example, £1.2 billion of Barnett consequentials for business support grants have been passed directly to fund business support in Scotland and £780 million so far has been passed directly to health and social care services.<sup>8,9</sup>

**24.** In total, the UK Government has committed at least £6.5 billion additional funding for the Scottish Government since the UK Spring budget.<sup>10</sup> There are often timing differences between the confirmation of UK funding and Scottish spending announcements. For example, in May 2020 the Scottish Government anticipated £518 million of funding in the Summer Budget Revision that had not yet been added to the block grant. The UK Government then confirmed Barnett consequentials of £1.532 billion on 8 July 2020 in its summer economic update.

**25.** Since then, the UK Government has confirmed a further £1.915 billion of funding. The majority of this is funding for health services but also includes an additional £800 million not attached to any specific spending announcement. This is the first time the UK Government has provided guarantees of block grant levels in advance of spending commitments being made, and it is unclear how this guarantee will align with eventual Barnett consequentials. The funding position will be updated when UK Supplementary Estimates are confirmed later in 2020/21.

**26.** At the time of publication, the Scottish Government had not announced specific spending plans for all funding recently confirmed by the UK Government. In many of the areas concerned (such as supply of Personal Protective Equipment and the

<sup>8</sup> Budget Revision, Scottish Government, 15 May 2020.

<sup>9</sup> Official report, Scottish Parliament, 16 June 2020.

<sup>10</sup> UK Government news, 24 July 2020.

Test and Protect programme) activity is well under way, with costs already being incurred by the Scottish Government. The Scottish Government's spending position will be set out in the Autumn and Spring Budget Revisions later in the year.

**27.** The Scottish Government has taken a different approach to the UK Government for some of its detailed measures, including:

- In addition to UK-wide business rates relief and the £1.2 billion for business support grants, the Scottish Government's £185 million business support fund provides support for SMEs, creative, tourism and micro hospitality companies as well as newly self-employed people.<sup>11</sup>
- The Scottish Government's package of support for the fishing industry is £22.5 million, compared to UK Government funding of £10 million based on its own support measures.<sup>12</sup>
- the UK Government temporarily raised the threshold for Stamp Duty to £500,000, the Scottish Government temporarily raised the zero-rate threshold for Land and Buildings Transaction Tax to £250,000 and added £50 million to the First Home Fund.<sup>13</sup>

### Some planned spending has been reprioritised to support Covid-19 programmes

**28.** In addition to using Barnett consequentials to fund its spending commitments, the Scottish Government has identified a total of £855 million from the 2020/21 budget that could be redeployed for Covid-19 related spending.<sup>14</sup> Of this, £255 million was confirmed in the Summer Budget Revision, including:

- **Repurposing funding:** £124 million of passenger subsidies for bus, rail and ferry operators repurposed to cover operators' revenue losses due to reduced services and passenger numbers in lockdown.
- **Transferring funding:** Due to anticipated reduced demand for energy efficiency projects, £105 million of Financial Transactions funding for domestic energy efficiency loans was transferred to fund emergency loans for housebuilders (£100 million) and private sector landlords (£5 million).
- **Delayed spending:** Following a re-planning exercise (resulting in a delay to the introduction of planned changes to some disability assistance benefits), £26 million for the Social Security Programme (mainly for staffing costs) was redeployed to provide additional funding for the Unpaid Carers Allowance supplement and the Scottish Welfare Fund.<sup>15</sup>

**29.** Following the Summer Budget Revision, the Cabinet Secretary for Finance identified £600 million from the 2020/21 budget that could be redeployed for Covid-19 support, including £450 million of capital and financial transactions.<sup>16</sup> To date, £230 million of capital and financial transaction investment has been reallocated to fund the 'Return to work' package ([Exhibit 2, page 7](#)).<sup>17</sup>

<sup>11</sup> Help for businesses, Scottish Government, 20 May 2020.

<sup>12</sup> Support for Scottish seafood industry worth £22.5 million, Scottish Government, 17 April 2020.

<sup>13</sup> Help for homebuyers and employment support, Scottish Government, 9 July 2020.

<sup>14</sup> Letter from the Cabinet Secretary for Finance to the UK Chief Secretary to the Treasury, 24 June 2020.

<sup>15</sup> Budget Revision, Scottish Government, 15 May 2020.

<sup>16</sup> Letter from the Cabinet Secretary for Finance to the UK Chief Secretary to the Treasury, 24 June 2020.

<sup>17</sup> Official report, Scottish Parliament, 16 June 2020.

## The Scotland Reserve has been used to support the Scottish Government's response but remaining budget flexibility is limited

**30.** The Scottish Government can use the Scotland Reserve or borrow to help manage the budget. The Fiscal Framework sets out the rules and limits that apply to the borrowing and reserves powers. Audit Scotland has published briefing papers in the past setting out how the Fiscal Framework is operating.<sup>18</sup>

**31.** Before the pandemic hit, the Scottish Government had planned to use its borrowing and reserve powers to support its spending in the 2020/21 budget ([Exhibit 5](#)):

- The 2020/21 budget committed to drawing down £168 million from the Scotland Reserve.
- £207 million of resource borrowing, against a limit of £300 million available, has been used to account for forecasting error relating to 2017/18 Scottish Income Tax. This resource borrowing power can only be used to cover forecast errors.
- The Scottish Government had committed all £450 million of available capital borrowing in the budget.

**32.** Any additional drawdowns from the Scotland Reserve to meet spending needs in year are limited to £69 million for day-to-day spending and £56 million to support capital spending. £93 million of borrowing is available to manage the impact of any further forecasting errors in year.

## Exhibit 5

### Scotland Reserve use and borrowing 2020/21, £ million

The use of reserves and borrowing in the 2020/21 budget limits what is available to spend in response to Covid-19.

	Resource	Capital	Financial Transactions	Total
<b>The Scotland Reserve</b>				
Reserves closing balance 2019/20	218	81	135	434
Drawdown – set out in 2020/21 budget	131	5	32	168
Drawdown – Summer Budget Revision	18	7	0	25
<b>Total drawdown 2020/21</b>	<b>149</b>	<b>12</b>	<b>32</b>	<b>193</b>
Planned closing balance 2020/21	69	69	103	241
<b>Remaining drawdown allowed in 2020/21</b>	<b>69</b>		<b>56*</b>	<b>125</b>
<b>Borrowing powers (for use only to cover forecast error for devolved taxes and social security)</b>				
Borrowing – set out in 2020/21 budget	<b>207</b>	<b>450</b>		<b>657</b>
<b>Remaining borrowing allowed in 2020/21</b>	<b>93**</b>	<b>0</b>		<b>93</b>

Notes: \*£100 million draw down limit for capital applies to both general capital and financial transactions. \*\*£93 million resource borrowing available to cover budget reductions due to forecasting errors. Further borrowing powers are available for up to £300 million in the case of a Scottish specific economic shock and/ or for cash management.

Source: Scottish Government, Audit Scotland analysis

<sup>18</sup> *Scotland's new financial powers: Operation of the Fiscal Framework 2018/19*, Audit Scotland, October 2019.

**33.** The Scottish Government has requested additional flexibilities to borrowing and reserves rules to help manage the pandemic. To date, we understand that the UK Government has not formally responded in writing to this request, but the Chief Secretary to the Treasury has stated that the flexibilities are not needed.<sup>19</sup> If the flexibilities as requested are agreed at a future point, it could increase the overall budget in 2020/21 by up to £620 million, with an overall increase in revenue spending, and a decrease in capital. Any additional amounts would require to be repaid in future years.

### **UK Government measures in reserved areas include business loans and income support affecting nearly 900,000 jobs**

**34.** In addition to the Scottish Government's Covid-19 response, there are also UK Government funded schemes that apply to Scotland:

- Four separate loan schemes for businesses to support small- and medium-sized businesses, large businesses, and innovative companies.
- Statutory Sick Pay Rebate Scheme.
- Covid-19 Corporate Financing Facility (Bank of England purchasing short-term debt from large companies).
- The Coronavirus Job Retention (including the job retention bonus) and Self-Employment Income Support Schemes.
- The Kickstart Scheme which creates work placements for those aged 16-24 who are receiving Universal Credit.
- Schemes to support work search, skills and apprenticeships.
- Reduced VAT for hospitality, accommodation and attractions until January 2021 and the Eat Out to Help Out scheme for August 2020.

**35.** Scottish people, public bodies and other organisations have also received support from, and can apply to, several UK-wide support mechanisms, including Ministry of Defence supported testing facilities, UK-wide charity funds, UK Research and Innovation funding and loans for universities that lose income from international students.<sup>20,21</sup> In addition, some programmes have been planned on a UK-wide basis, including coordination around Personal Protective Equipment (PPE).<sup>22</sup>

**36.** As at 30 June 2020, the UK Government has reported total spend on the Self-Employed Income Support Scheme in Scotland as £449 million, supporting 155,000 jobs,<sup>23</sup> and that 736,500 Scottish jobs have been supported through the Job Retention Scheme.<sup>24</sup> Loans and support worth more than £2.3 billion have been given to more than 65,000 firms in Scotland since the outbreak.<sup>25</sup> The UK Government has not yet published a breakdown of spend in Scotland for any of the other schemes.

<sup>19</sup> Scotland 'does not need more fiscal power', UK Government minister insists, The Scotsman, 25th July 2020.

<sup>20</sup> COVID Support Force: The MOD's contribution to the coronavirus response, UK Government, 23 March 2020.

<sup>21</sup> Government to protect UK research jobs with major support package, UK Government, 27 June 2020.

<sup>22</sup> Press release: Government sets out plan for national effort on PPE, UK and Department of Health Social Care, 10 April 2020.

<sup>23</sup> Self-Employment Income Support Scheme (SEISS) Official Statistics, HMRC, 15 July 2020.

<sup>24</sup> Coronavirus Job Retention Scheme Official Statistics, HMRC, 15 July 2020.

<sup>25</sup> Coronavirus support measures help every region and nation in the UK – press release, HM Treasury, 6 August 2020.

## Scottish public finances will face continuing and significant change during the remainder of 2020/21 and beyond

**37.** The change to the UK and Scottish budgets so far has been significant. Fiscal events later in 2020/21 are likely to change the budgets further and will reflect both governments' ongoing response to the Covid-19 pandemic.

**38.** The main fiscal events for the Scottish Government will be the Scottish Autumn and Spring Budget Revisions, and the 2021/22 budget. The Scottish Government medium-term financial strategy, and the NHS medium-term financial framework, are expected to be published later this year and should set the Scottish Government's approach to the recovery from Covid-19 in the medium term. The Scottish Government is also expected to publish its Scottish Capital Spending Review and Infrastructure Investment Plan later in 2020.

**39.** Two major UK Government fiscal announcements are anticipated in the autumn which will affect the Scottish budget in 2020/21 and subsequent years:

- An autumn budget is expected to include the conclusions of the Chancellor's review of the UK fiscal framework and a new set of fiscal rules. Forecasts suggest that the UK Government is on track to miss at least one of its current three rules in 2020/21.<sup>26</sup> Any changes could be significant for Scotland:
  - if the Chancellor loosened the current rules, this could allow more borrowing and spending, potentially increasing the Scottish block grant. There are also Scottish budget implications if the UK Government reduces tax rates for taxes that are devolved in Scotland, such as Scottish Income Tax.
  - if the Chancellor reduces borrowing and spending to meet current or tighter rules, this would potentially reduce or restrict the block grant.
- A comprehensive spending review is expected to set UK Government departments' resource budgets out to 2023/24, capital budgets until 2024/25, and devolved administrations' block grants for the same period. The Chancellor has said there will need to be difficult choices over areas of spending and departments have been asked to identify opportunities to reprioritise and deliver savings. This introduces uncertainty around UK spending plans and will have implications for Scottish budgets through the block grant.

**40.** The current situation remains fast moving and very unpredictable, and the timings, content and number of fiscal events could change, depending on the progress of the pandemic and economic performance. How these develop over the course of this year and into the longer term will be of critical importance to Scottish public finances.

<sup>26</sup> Fiscal sustainability report, OBR, 14 July 2020.

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# Part 2

## Emerging risks

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### **Covid-19 has brought significant risk to Scottish public finances and the performance of public services**

**41.** Responding to the pandemic and the public health, economic and social problems it brings has been hugely difficult for people and governments around the world. Decisions have had to be made quickly by the Scottish Government as the situation has developed, impacting on the lives of us all. The crisis will have continuing and long-lasting effects that will affect government in Scotland for years to come.

**42.** Covid-19 will also have significant consequences for public spending programmes and services now and well into the future. With increasing pressures on public revenues and spending, and the Scottish budget subject to ever more volatility, uncertainty and complexity, it will be challenging to match spending to the available funding in the coming years. This will need to be done in a way that minimises the disruption to individuals, public bodies and services, ensures value for money is maintained and avoids unintended consequences.

**43.** In this section we analyse the emerging risks to the Scottish Government's management of the public finances and the performance of public services that have arisen from the pandemic. At this stage we do not comment on how well the Scottish Government is managing these risks. The response to the pandemic is continuing, and it is likely that many of the risks highlighted in this briefing will extend into the medium and long term.

### **Ensuring measures are effective, help people through the pandemic and provide value for money**

The Scottish Government's priority has been reacting to an urgent public health crisis

**44.** Over a short period of time, the onset of the Covid-19 pandemic has led to a significant public health crisis, profoundly affecting people's lives. The Scottish Government's immediate priority has been responding to this urgent crisis quickly.

**45.** Covid-19 tax and spending measures have varied purposes, but broadly aim to support people, public health and the economy. From a public health viewpoint, this includes public spending to help slow the spread of the virus, to build enough capacity in the NHS to treat people affected, and to supply frontline staff with the equipment and support they need. From a social and economic perspective, interventions intend to support people through the consequences of the lockdown and an economic downturn, including business support and support for individuals and families.

There are immediate risks to people, public services and the economy, with some groups in society disproportionately affected

**46.** Because the impact on people has been immediate, public-spending measures had to be brought in swiftly. For example:

- the Scottish Government constructed the NHS Louisa Jordan Covid-19 treatment facility to ensure that the NHS could cope with increased demand for Covid-19 infections.

- NHS National Services Scotland increased supplies of PPE, from three million masks per year to 70 million masks since 1 March 2020.<sup>27 28</sup>
- UK Government and Scottish Government interventions have helped to slow increases in unemployment in Scotland to date. The Office of the Chief Economic Advisor for Scotland estimates without the Job Retention Scheme, unemployment levels could have reached around 14 per cent.<sup>29</sup>

**47.** In its *Equality and Fairer Scotland Impact Assessment: Evidence gathered for Scotland's route map* report, the Scottish Government has gathered evidence on how different sections of society may be disproportionately affected by the pandemic. It notes a variety of different risks facing different people, including the prevalence of the virus among older people, and the specific difficulties people with disabilities may face in accessing food and other essential supplies.<sup>30</sup> These include the way the pandemic is felt by different communities and socio-economic groups.

**48.** The Scottish Human Rights Commission (SHRC) has highlighted where it considers specific areas and rights need to be considered:

- while school closures have a direct effect on children's education, the absence of school meals impacts on the human right to food<sup>31</sup>
- 46 per cent of Covid-19 deaths registered to date relate to deaths in care homes. SHRC has considered how the impact of Covid-19 in care homes relates to human rights duties, including in relation to the human right to life.<sup>32</sup>

**49.** The pandemic is still in progress, and the risks to health and the economy will change over time. The Scottish Government will need to consider what further financial measures should be implemented in response to changing circumstances, taking into account how these will affect different groups in society.

### Risks will continue to people's health and wellbeing outcomes over the longer term

**50.** Directing efforts towards treating the pandemic and away from existing or planned programmes will likely result in negative consequences for some people. The impact of this is difficult to monitor and assess. For example, the NHS in Scotland has seen a significant drop in urgent cancer referrals, and screenings for breast cancer were paused from March until mid-July. There is also a backlog of postponed non-Covid-19 planned healthcare arising indirectly from the pandemic, with the Scottish Government announcing that the NHS Louisa Jordan will now be used to help address this.

**51.** The mental, physical and financial impact of the pandemic on people is likely to persist over the longer term. Ultimately, this could inhibit progress towards improving people's outcomes as set out in the National Performance Framework. There are 11 National Performance Framework outcomes which the public sector and its partners work towards – achieving these outcomes for people in Scotland relies on progress being made in areas such as tackling poverty, improving health and building an inclusive economy. More information on this is set out in our [Planning for Outcomes](#) briefing published in June 2019.

<sup>27</sup> Coronavirus (COVID-19): report on Personal Protective Equipment supplies, Scottish Government, June 2020

<sup>28</sup> Coronavirus (COVID-19): PPE distribution statistics, Scottish Government, 12 August 2020.

<sup>29</sup> Monthly Economic Brief, Office of the Chief Economic Advisor, Scottish Government, June 2020.

<sup>30</sup> Equality and Fairer Scotland Impact Assessment: Evidence gathered for Scotland's route map through and out of the crisis.

<sup>31</sup> Covid-19: Implications for the human right to food in Scotland, SHRC, June 2020.

<sup>32</sup> Covid-19: Care homes and human rights, SHRC, 14 July 2020.



## Responding to the pandemic will affect the Scottish Government's wider aims and objectives, and public services will need to adapt

**52.** The implementation of restrictions has already led to some delays in both infrastructure spending and in implementing planned policies. The Scottish Government has delayed the expansion of early learning and childcare hours, as well as several new benefits, such as the Job Start payment and the Child Disability Payment. Managing the economic and social impact of such delays will remain important as the pandemic continues.

**53.** Budget decisions often involve trade-offs; choosing to prioritise spending toward the pandemic may mean that funding is not available to the same extent for planned spending programmes. The Scottish Government has announced some budget reprioritisations to commit funding to Covid-19 costs, but to date these have been relatively minor in the context of the overall budget. Further or deeper reprioritising of the budget may be required, and the Scottish Government must look across all the services they fund, to consider what is essential for meeting priorities and making the wider changes to services, society and outcomes envisaged.

## Scottish Government responses need to work alongside UK Government and local government measures

**54.** Ensuring the effectiveness and value for money of Covid-19 financial measures is made more difficult, not just by the speed and frequency of Scottish Government decisions, but also because of the interplay with local government interventions and UK Government decisions which apply to Scotland. Having a clear picture of how Scottish Government and UK Government initiatives are working together to help people in Scotland is needed to properly understand the effectiveness of Covid-19 spending over time.

## Keeping Scottish public finances on a sustainable footing

### The economic impact of Covid-19 has been significant and will have long-term consequences for the public finances

**55.** Covid-19 has had a major impact on the Scottish and wider UK economy. In the three months to May, UK GDP has fallen by 19.1 per cent,<sup>33</sup> and Scottish GDP in May was 22.1 per cent below its February level.<sup>34</sup> How, and over what time frame the economy will recover is still uncertain, but the Office of Budget Responsibility assume there will be some permanent scarring and structural changes to the economy over the medium term in two out of their three scenarios.

**56.** While the Scottish and the UK economies have both faced a severe shock, Scottish budgets are directly affected by relative economic performance across the UK. Under the Fiscal Framework, the Scottish budget increases or decreases based on how devolved tax takes are faring compared to the equivalent tax in the rest of the UK:

- For the fully devolved taxes (LBTT and Scottish Landfill Tax) adjustments to the Scottish budget for relative performance are made, and must be managed, during and shortly after the financial year.
- Revenues for Scottish and UK income tax are known later, in 2022; until then, budgets will be adjusted for pre-pandemic tax outturns ([Exhibit 6, page 18](#)).

**57.** Similarly, the cost of devolved benefits to Scottish budgets will be determined by the relative impact across different parts of the UK. There has been a marked increase in Universal Credit claims since the pandemic, which will increase the number of people eligible for any benefits linked to these. For example, the Scottish Child Payment is planned to be introduced by the end of this year. This is

<sup>33</sup> GDP Monthly Estimate, UK: May 2020, Office for National Statistics, July 2020.

<sup>34</sup> GDP Monthly Estimate, Scotland: May 2020, Scottish Government, July 2020.

a Scottish-specific benefit, with no comparator in the rest of the UK, so any additional costs as a result of increased eligibility must be met solely by the Scottish Government.

## Exhibit 6 Scottish income tax and the Covid-19 impact

Tax outturn year	When published	Budget adjustment required (£m)	Year adjustment applied to	Figures impacted by Covid-19
2017/18	Jul 2019	-204 (actual)	2020/21	✘
2018/19	Sep 2020	-555 (forecast)	2021/22	✘
2019/20	Summer 2021	-211 (forecast)	2022/23	✓ Potential minor impact, but not reflected in latest forecasts
2020/21	Summer 2022	Not yet forecast	2023/24	✓ Potential impact will be reflected in SFC forecasts published at the same time as the 2021/22 Scottish budget

Note: Budget adjustments relate to prior year's Scottish Income Tax outturns. We do not yet have forecasts for how Covid-19 has affected expected revenues.

Source: Audit Scotland based on Scottish Fiscal Commission figures in Scotland's Economic and Fiscal Forecasts, February 2020

### Overall budgets will be determined by the UK Government's fiscal policy and Scottish tax and social security policies

**58.** The size of the Scottish budget available to spend on Covid-19 measures is largely dependent on UK fiscal policy. Barnett consequentials flow to the Scottish budget if UK spending is funded through increased taxes or borrowing. So far, the UK Government has funded most of the extra Covid-19 spending by borrowing.

**59.** To date, the overall effect of UK Government's policy decisions has been to increase the Scottish budget. Individual Barnett consequentials can also be negative, reducing the Scottish budget or offsetting funding increases with reductions elsewhere. This happens where UK spending measures are funded by reprioritising spending in a devolved area.

**60.** The Scottish budget is also affected by UK policy decisions related to taxes and social security powers that are devolved, for example:

- When the UK Government increased the Stamp Duty Threshold, the Scottish Government had to decide whether to change increased the threshold for its corresponding devolved tax, LBTT. The Scottish Government chose to increase its threshold, but by a smaller amount than the UK Government.

- The Job Retention Scheme and other interventions have reduced the increase in unemployment and Universal Credit take-up, meaning fewer people will be eligible for Scottish benefits policies that are linked to Universal Credit eligibility.

**61.** The effect of the pandemic on future devolved revenues and social security powers is still unknown. The Scottish Fiscal Commission will produce forecasts of the impact of Covid-19 on these powers alongside the Scottish budget. This, and the equivalent OBR forecasts for the rest of the UK will be important in determining the size of future budgets.

### The financial impact of responding to Covid-19, increased costs and reduced tax revenues must be managed alongside existing pressures

**62.** Fluctuating levels of funding and continuing heightened levels of demand for services due to Covid-19 present risks to managing a balanced budget. These new budget pressures exist alongside other spending risks. These include pre-existing pressures on public finances, and other external events such as EU withdrawal, for which the effect on public finances is not yet fully known.

**63.** Before the pandemic, we highlighted the steps that the NHS in Scotland were putting in place through reform and medium-term planning to put the NHS on a sustainable footing.<sup>35</sup> The public health crisis puts additional pressure on the NHS to continue with these steps while also dealing with unprecedented demand and costs associated with Covid-19.

### Fiscal flexibilities can help short-term budget management but can't insulate the Scottish public finances from the pandemic's effects

**64.** As shown in [Exhibit 5, page 12](#) the Scottish Government 2020/21 budget already planned to use much of the flexibility available from the tools set out in the fiscal framework. It will be difficult to manage the additional uncertainty and volatility as a result of Covid-19 through the remaining support available. The Scottish Government has requested additional flexibilities to borrowing and reserves rules to help manage the pandemic ([paragraph 33](#)).

**65.** Using borrowing and reserves to meet immediate spending pressures may help to balance the budget, but it also brings fiscal risks to manage over the medium term. The Scottish Government normally uses some of its Scotland Reserve balance to support the annual budget; if more of the reserve is used in-year this might not be possible. Higher levels of borrowing will also increase the repayments due to be met from future budgets. This will be alongside managing any adjustments arising from tax outturns.

**66.** The Scottish Government has requested extending the repayment period for borrowing from 3-5 years to 10 years, which would reduce the annual pressure in the medium term.<sup>36</sup> It has also requested that any negative reconciliations to budgets relating to devolved taxes should also be spread over longer time period.<sup>37</sup>

**67.** If available funding including the use of borrowing and reserves is not enough to meet the costs of the Scottish Government's response to the pandemic, further reprioritisation of spending will be required. Some areas of the Scottish budget are harder to change quickly, such as those relating to key services and payroll costs. Understanding where the budget can flex quickly while minimising disruption to services is important to managing change through the budget.

<sup>35</sup> NHS in Scotland, Audit Scotland, October 2019.

<sup>36</sup> Letter from the Cabinet Secretary for Finance to the Chief Secretary to the Treasury, 24 June 2020.

<sup>37</sup> Letter from the Cabinet Secretary for Finance to the Chief Secretary to the Treasury, 22 May 2020.

## Taking robust and transparent decisions

### Decision-making is happening in a fast-moving environment

**68.** Scottish Government responses need to work alongside UK Government and local government measures. The frequency of spending decisions by the UK and Scottish governments and individual public bodies, such as NHS boards, local authorities and the police has made tracking how interventions are working together more complex. In such a fast-moving environment, it is inevitably more difficult to demonstrate how each measure has been chosen and how overall spending is being managed.

### The rationale for tax and spending decisions and how programmes will work together must be clear

**69.** The Scottish Government's publication of a Summer Budget Revision was a positive step in maintaining transparency in spending during the pandemic. The challenge is to continue this transparency to aid scrutiny in future, as UK Government and Scottish Government spending and funding changes continue to be announced. The Cabinet Secretary has stated these will be captured in further formal budget revisions. An Autumn Budget Revision is expected in September.

## Looking after public money properly

### Protecting people and public money from error and fraud is critical

**70.** The Covid-19 pandemic has brought significant challenges across the Scottish public sector as bodies seek to deliver services for individuals, communities and businesses in an extremely difficult time.

**71.** Since the start of the pandemic, the risk of fraud and error has increased as organisations become stretched, and controls and governance are changing. Our briefing [Covid-19: Emerging fraud risks](#) published in July 2020, sets out more detailed information on a range of fraud risks emerging from the Covid-19 crisis, and what public bodies might do to help reduce these risks.

**72.** Additional risks will continue to emerge as criminals identify new ways to target public money and services. Public bodies and auditors should stay alert to new scams and approaches by fraudsters, and regularly review their controls and governance arrangements to ensure they remain fit for purpose.

### Responding to the crisis places huge strains on public servants

**73.** Frontline workers across health and social care services have faced massive challenges in maintaining care during the pandemic, and public servants across the country have had to adjust to new ways of working alongside the disruption and restrictions we all face.

**74.** The workload of the Scottish Government has also increased significantly over a sustained and continuing period, as it deals with the virus alongside managing the normal business of government. Inevitably, this stretches the capacity of the public servants working within this environment.

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# Part 3

## The public audit response

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### A substantial programme of public audit work is planned in response to the pandemic

**75.** Covid-19 will continue to have a major impact on all our lives. The world has already changed in response to the global pandemic in ways that no one would have thought possible even six months ago. Public audit has an important contribution to the recovery and renewal of public services. On behalf of the Auditor General for Scotland and the Accounts Commission, Audit Scotland is therefore planning a substantial programme of work on the Scottish public sector's response to Covid-19.

**76.** High-quality, independent and evidence-based audit supports accountability and learning about how the government and public bodies have responded to the crisis. Central to this will be providing transparency, supporting parliamentary scrutiny by the Public Audit and Post-legislative Scrutiny Committee and other relevant subject committees, and sharing good practice and innovation.

**77.** Our briefing paper [Covid-19: How public audit in Scotland is responding](#) published in June 2020, considers the impact of the pandemic on the work of public audit in Scotland. It provides information on our strategy and considerations, outlining the scope, timing and potential areas of focus of our audit work.

### Audit Scotland's response will continue to be flexible

**78.** The Auditor General, the Accounts Commission and Audit Scotland are currently reviewing our work programme to reflect the changing context of Covid-19 and its implications for public finances, public services and outcomes for citizens. We will be engaging with stakeholders on this in the weeks and months ahead.

**79.** We will respond to the risks to public services and finances from Covid-19 that we have identified in Part 2 of this briefing paper across our range of audit work including our annual audits of the Scottish Government and other public bodies, and our programme of performance audits. We will use a range of approaches to report our Covid-19 work, including thematic briefing papers, round table discussions and blogs, alongside published audit reports.

**80.** The dynamic and unfolding nature of the Covid-19 pandemic means that we will need to remain flexible and agile. Our work programme may continue to change at short notice as new issues emerge, or current risks reduce or increase in significance. The First Minister has confirmed there will be a public inquiry into Scotland's response to the coronavirus pandemic, and we will ensure that our work will add value alongside the work of this and any other inquiries.

# Appendix

## Scottish Government Covid-19 spending announcements to 31 July 2020

Theme	Name of fund	£m
<b>TOTAL</b>		<b>5,336</b>
	<b>Total business support</b>	<b>3,271.8</b>
	<b>Business</b>	<b>3,130.6</b>
	Business support grants (total cost)	1,202
	Business rates relief (total cost)	875
	Pivotal Enterprise Resilience Fund	120
	Newly Self-Employed Hardship Fund	30
	Creative, Tourism & Hospitality Enterprises Hardship Fund	34
	Bridging bursaries fund	1
	Scottish Water Support for Business Water and Sewerage Bills	60
	SME Housebuilders Emergency Loan Fund	100
	The Private Rent Sector Landlord Covid-19 Loan Scheme	5
	Support for reopening zoos	2.6
	Total support for seafood and fishing industry (3 funds)	22.5
	Return to work package	230
	Community and Renewable Energy Scheme and Low Carbon Infrastructure Programme	5.5
	Energy Transition Fund	62
	Support and economic stimulus for Scottish newspaper industry through additional marketing spend	3
	Investing in Scotland's entrepreneurs and innovators	38
	Agriculture loan scheme	340
	<b>Charity</b>	<b>110</b>
	Wellbeing fund (Communities fund)	50
	Supporting Communities Fund (Communities fund)	40
	Third Sector Resilience Fund (Communities fund)	20

<b>Tourism and cultural sector (in addition to business support grants)</b>		<b>31.2</b>
	Events sector	10
	Museums Resilience Recovery fund	4
	Music venues	2.2
	Tourism	15
<b>Total public services</b>		<b>2,018.8</b>
<b>Health services</b>	<b>(as of 16 June)</b>	<b>780</b>
<b>Local authorities</b>	<b>(as of 23 June)</b>	<b>488.6</b>
	UK Government Consequentials	155
	Scottish Welfare Fund (Communities Fund)	45
	Increased demand for social security benefits and Council Tax Reduction costs (Communities fund)	50
	Food fund (Communities fund)	30
	Free school meals	27.6
	Community justice coordinators	0.4
	Death registration service to work weekends and bank holidays	0.6
	Local Authority Hardship fund (Communities Fund)	50
	School attainment	100
	Digital inclusion for children and young people	30
<b>Transport</b>		<b>310</b>
	Rail and ferry services	234.3
	Active Travel infrastructure	10
	Bus operators	46.7
	Emergency funding for Glasgow Subway and Edinburgh Trams	9
	Pop-up bus priority infrastructure	10
<b>Education (in addition to local authority funding confirmed on 23 June)</b>		<b>140.2</b>
	Funding for university research	75
	Living Classrooms, Virtual Nature School programme	0.2
	Fund to help colleges and universities tackle digital exclusion	5

Additional £30 million to recruit teachers and £30 million for local authorities' education recovery	60
<b>Other</b>	<b>300</b>
Employment support and training	100
Homebuyers – LBTT threshold and £50m for First Home Fund	200
<b>Individuals</b>	<b>45.7</b>
Unpaid Carers Allowance Supplement – extra funding	19.2
Extra hardship payments for students	5
Early access to Higher Education Hardship Funds	11.4
Connecting Scotland – for clinically high-risk people	5
Women in prostitution	0.1
Additional Discretionary Housing Payments for tenants	5

Source: Audit Scotland using Scottish Government funding announcements; Summer Budget Revision, Scottish Government, 15 May 2020; Local Government Finance Circular No.12/2020, 24 June 2020; and information provided by the Scottish Government

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# Covid-19

## Implications for public finances in Scotland

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Covid-19

# Emerging fraud risks



 AUDIT SCOTLAND

Prepared by Audit Scotland for public bodies and auditors  
July 2020

# Covid-19: Emerging fraud risks

The Covid-19 pandemic has brought significant challenges across the Scottish public sector as bodies seek to deliver services for individuals, communities and businesses in an extremely difficult time.

Since the start of the pandemic, the risk of fraud and error has increased as organisations become stretched, and controls and governance are changing. These risks are emerging for a range of reasons including:

- public-sector staff working remotely and under extreme pressure
- an increase in phishing emails and scams which try to get staff to click on links which allow fraudsters to access public-sector systems
- government stimulus packages to support individuals and businesses being provided quickly, possibly with a lower level of scrutiny and due diligence than has previously been in place for similar schemes.

This briefing sets out a range of fraud risks emerging from the Covid-19 crisis, and what public bodies might do to help reduce these risks. It aims to raise awareness of these new fraud risks with public bodies and their auditors; and support them in identifying and managing these risks, and ensure that sound governance and controls are in place.

Additional risks will continue to emerge as fraudsters identify new ways to target public money and services. Public bodies and auditors should stay alert to new scams and approaches by fraudsters, and regularly review their controls and governance arrangements to ensure they remain fit for purpose.

The information in this briefing is based on our professional judgement in auditing risk factors in the public sector. We would like to thank colleagues in Police Scotland, NHS Scotland Counter Fraud Services, local government chief internal auditors and fraud investigators for their support in preparing this briefing.

# 1. Emerging public sector fraud risks due to Covid-19

Covid-19 has raised significant challenges for the public sector. In such emergency situations, existing controls may be compromised, and it can be difficult to put in place robust controls for new processes. Good governance and sound controls are essential in such crisis situations. The risks include, but are not limited to:

 General governance risk
  Procurement risk
  Covid-19 funding
  Payroll/recruitment risk
  IT/cyber crime risk
  Health and wellbeing risk



Public sector staff are working under extreme pressure which may mean some internal controls are suspended or relaxed



Procurement fraud could increase as normal controls may be relaxed to allow bodies to buy goods or services which are required urgently, possibly from new suppliers



Staff may be transferred from their own departments to other areas experiencing resource pressures. This may leave some departments under-staffed at the same time that inexperienced staff may be working remotely without a full understanding of the required procedures and controls



An increase in medical and sanitary waste may see criminals attempt to gain waste management contracts. This could result in the inadequate disposal of the waste, with the potential associated harm to public health as well as generating proceeds for the criminals



There is a risk of weakened governance arrangements as internal audit teams are redeployed to operational areas



Duplicate payments are possibly not detected, or payments may be made without checking goods and services were received to a satisfactory quality



Mandate and diversion fraud<sup>1</sup> may increase as fraudsters try to get employees to update bank details and make payments to suppliers as soon as possible, knowing that staff are under pressure and that the normal controls may have been relaxed



Fraudsters may be 'selling' popular and/or hard to get items online. The products may not arrive or may turn out to be counterfeit, eg medicines, PPE and hand sanitiser products that are unsafe and do not provide the necessary level of protection

Note 1. Mandate fraud is when an employee is deceived into changing bank payment details (eg, of a supplier) in order to divert payments to fraudsters.

 General governance risk
  Procurement risk
  Covid-19 funding
  Payroll/recruitment risk
  IT/cyber crime risk
  Health and wellbeing risk



Government stimulus packages to support individuals and businesses are being provided quickly, possibly with a lower level of scrutiny and due diligence than has previously been in place



Councils may receive requests for business rate liabilities to be changed. This may be an attempt to ensure a business falls within a category qualifying for grants



Councils may receive Freedom of Information requests asking for details that may be used for business grant applications. Fraudsters are possibly looking to identify eligible businesses that have not applied for grants, with a view to putting in a fraudulent application



There is a risk of recruitment fraud as new staff are needed immediately due to increased demands for services and the normal checks may not be completed



Councils may receive fraudulent email enquires purporting to come from national companies asking for property details, reference numbers, etc, possibly with a view to making fraudulent applications for Covid-19 business grants



Payroll fraud may increase as normal controls around expenses, overtime, etc may be relaxed



There is a risk that applications for Covid-19 related support due to being made online, are made using fraudulent documents and details



Staff returning to work in the NHS to help respond to Covid-19 may be targeted by unscrupulous tax avoidance schemes

 General governance risk
  Procurement risk
  Covid-19 funding
  Payroll/recruitment risk
  IT/cyber crime risk
  Health and wellbeing risk



Staff working remotely may pose potential security risks, eg when using personal devices and/or using removable devices to download data. Household members may gain unauthorised access to confidential information such as payroll, social work client details, etc, via screens or in documents used by staff



More remote working may result in isolation and /or mental health issues which could lead to increased addictive behaviours (eg, gambling), which could result in vulnerability to serious organised crime gangs



There is a risk of increased cyber crime as more public-sector staff connect remotely to access systems and for meetings using online video conference services



An increase in internal fraud in public bodies is possible as employees and their families are under increased levels of financial and health pressures



Staff working remotely may receive calls from fraudsters claiming to be legitimate technical support services and attempting to gain access to systems



Working for sustained periods of time at high levels of demand may lead to errors or fraud due to lapses in concentration



There is a risk of an increase in phishing<sup>1</sup> emails and scams trying to get staff working under pressure to click on links which allow fraudsters access to public-sector systems



Employees/volunteers could take advantage of vulnerable service users, eg by gaining access to bank cards, cash drop-offs at client's house, befriending with sinister intentions



There is a risk of more system access breaches where personal information is accessed without a valid reason by staff working remotely, eg possibly to check friends' applications for services

Note 1. Phishing is where criminals send emails purporting to be from reputable sources in order to deceive individuals into providing information or data such as passwords, user names or bank details.

## 2. What public bodies can do to reduce these fraud risks

- Discuss and agree the organisation's risk appetite and associated approach to the newly emerging risks
- Carry out a risk assessment to identify the most vulnerable areas under the new working conditions. This will include a review of IT system security for remote working
- Ensure Internal Audit reviews systems of control. Some of the existing controls are unlikely to be still relevant and appropriate
- Introduce new systems of control to address new and emerging risks
- Ensure existing ways of reporting fraud or irregularity are still operating and are promoted, eg fraud hotlines and whistleblowing processes are still operating
- Continue staff training, especially for staff moved to work in areas that are new to them
- Ensure staff and customers receive regular, appropriate communications on the new ways of working and changes to services
- Review the NHS Counter Fraud Authority's guidance including: [Covid-19 counter fraud guidance](#)
- Review the UK Government Counter Fraud Function's website for latest guidance including [Covid-19 Counter fraud response team](#) and [Fraud Control in Emergency Management: Covid-19 UK Government Guidance](#)
- Consider bank account verification and active company search services, eg that are available from the Cabinet Office or NAFN<sup>1</sup> to the UK public sector
- Review NFI<sup>2</sup> submission requirements that will require data to be submitted related to Covid-19 payments and services
- Run 'dummy phishing' exercises to test employees' reactions, with a requirement to revisit training modules if an employee 'fails'
- Rotate employees or volunteers working with vulnerable service users and ensure appropriate employee disclosures are up to date

### Notes:

1. NAFN is a shared service organisation open to all public-sector organisations. NAFN provides data, intelligence and best practice services for member organisations.
2. NFI is the National Fraud Initiative, an exercise that matches electronic data within and between public and private-sector bodies to prevent and detect fraud.

## 3. Wider Covid-19 fraud risks

Covid-19 could unfortunately see an increase in fraud across all areas of life.



Texts may be received advising recipients that they are eligible for a tax refund under the Self-Employment Income Support Scheme. Recipients are asked to click on a link which leads to a fake HMRC website where they are asked for personal and financial details



Texts may be received posing as coming from the NHS contact tracing service. The texts advise people they have been in contact with someone with symptoms of Covid-19. The texts direct the recipient to a website which attempts to obtain personal details



Blackmailing and phishing emails may be received, telling victims that family or friends will be infected with Covid-19 if they do not pay



Fraudulent emails may be received telling people they can claim a tax refund to help with Covid-19 financial challenges. Recipients are asked to submit personal and financial details



Cold callers posing as the NHS contact tracing service may call people to advise that they have been in contact with someone who has tested positive for Covid-19. The caller may ask the recipient for bank details to pay for a Covid-19 test



Texts may be received advising that a 'Covid-19 Home Testing Team' will visit your home and that you will need to wait in a separate room while they put on protective clothing. This is an attempt by fraudsters to gain entry to people's homes



Texts posing as coming from the local council may be received, eg asking local residents to pay for food boxes which are being delivered to families with children eligible for free school meals



People may receive telephone calls from fraudsters posing as police officers to tell them that they have breached Covid-19 restrictions and have to pay a fine





Special offers may appear online containing malicious links that users click to allegedly receive free or discounted goods



There is a risk of online child sexual exploitation increasing as children spend the majority of their time online during the lockdown, either during their spare time or while receiving education



With the possible increase in online gaming during lockdown, criminals may be developing more sophisticated ways of attacking online gaming systems



Criminals may exploit loneliness during lockdown by looking through online dating profiles in order to commit romance crime<sup>1</sup>



Fraudsters may be posing as council, NHS or charity staff and taking money from people to buy shopping which is never delivered



During lockdown, illicit or prescription drug use may have increased which in turn pushes prices up due to a lack of availability. The pandemic may induce 'panic buying' from different suppliers and stockpiling, leading to possible increased consumption or consuming substitute or contaminated drugs



Fake and malicious apps purporting as providing Covid-19 information and trackers may start emerging



Under lockdown, illegal drug producers may have been manufacturing pills in preparation for the summer and festivals. As a result they may have significant stockpiles of drugs, which could see the market being flooded with cheap drugs as soon as lockdown eases

Note 1. Romance crime is the engineering of a supposed friendship or relationship for fraudulent, financial gain. This may involve, for example, gaining access to the victim's bank accounts.

# 4. If you see or suspect fraud or would like to find out more...



Please visit the Audit Scotland [counter-fraud hub](#)



Report fraud or illegal activity to [Police Scotland](#)



[Police Scotland – Keep Secure Online](#)



[Police Scotland – Reporting Cybercrime](#)



[Trading Standards](#)



[NHS Scotland Counter Fraud services](#)

## Information

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You can find our reports and other material on counter-fraud on our [website](#)

## Contacts

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# Covid-19: Emerging fraud risks

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**EAST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP PERFORMANCE,  
AUDIT & RISK COMMITTEE**

<b>Date of Meeting</b>	<b>28th September 2020</b>
<b>Subject Title</b>	<b>Covid-19 Support to Care Homes</b>
<b>Report By</b>	<b>Derrick Pearce, Head of Community Health and Care Services</b>
<b>Contact Officer</b>	<b>Derrick Pearce</b> <a href="mailto:Derrick.Pearce@ggc.scot.nhs.uk">Derrick.Pearce@ggc.scot.nhs.uk</a> Tel: 07971 368814

<b>Purpose of Report</b>	The purpose of this report is to advise Performance, Audit and Risk Committee members about the way in which the HSCP has been working in partnership to support local care homes respond to the Covid-19 pandemic.
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<b>Recommendations</b>	It is recommended that members note the contents of this report.
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<b>Relevance to HSCP Board Strategic Plan</b>	Ensuring the safety and wellbeing of local residents and offering partnership support to contracted providers of social care are core elements of our Strategic Plan.
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**Implications for Health & Social Care Partnership**

<b>Human Resources:</b>	None
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<b>Equalities:</b>	The residents of care homes are predominantly older people and people with disabilities, the groups most disproportionately affected by the Covid-19 pandemic and for whom there is a specific equalities impact.
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<b>Financial:</b>	Additional financial impacts resulting from the HSCPs response to the Covid-19 pandemic have been reported via routine finance reports.
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<b>Legal:</b>	None
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<b>Economic Impact:</b>	None
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<b>Sustainability:</b>	None
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<b>Risk Implications:</b>	None
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<b>Implications for East Dunbartonshire Council:</b>	No specific impact out with core operational and additional pandemic response duties
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	No specific impact out with core operational and additional pandemic response duties.
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<b>Direction Required to Council, Health Board or Both</b>	<b>Direction To:</b>	
	<b>1. No Direction Required</b>	<b>X</b>
	<b>2. East Dunbartonshire Council</b>	
	<b>3. NHS Greater Glasgow &amp; Clyde</b>	
	<b>4. East Dunbartonshire Council and NHS Greater Glasgow and Clyde</b>	

## MAIN REPORT

1.1 There are 14 care homes for older people in East Dunbartonshire. All of these homes are nursing homes with their own registered nursing staff. In addition there are three adult care homes, one specifically for people with mental health problems, our own John Street House for adults with learning disabilities and Twechar Respite Unit.

1.2 The HSCP has a virtual care homes support team made up of nurses (both adult and mental health nurses), social workers and review officers, pharmacy and contracts monitoring staff. This virtual team has collaborated since 2018 to wrap around our care homes to be a good partner in the delivery of care. Our approach to supporting care homes and their residents predates the Covid-19 pandemic. There has also been a strong local partnership with the care inspectorate and links to Scottish Care (the sector's representative body). All homes in our area either have a Local Enhanced Service GP practice alignment or a leading GP practice in place.

1.3 Since the start of the Covid-19 pandemic there has been a specific focus on care homes. As the pandemic progressed and the numbers of cases and deaths with Covid-19 in care homes increased the focus intensified. The impact on care homes should not be underestimated and the HSCP has sought first and foremost to be a good partner. The Care Inspectorate has retained the regulatory function throughout. Latterly, however, the Chief Social Work Officer and the Health Board Director of Nursing have been granted additional powers by the Scottish Government to ensure quality and governance of the care in care homes. At times it has been a challenge to respect the nuances of delivering care to residents in the care home setting given that this is care and support in what is effectively the person's own home, not a clinical or hospital environment.

1.4 In March 2020 a daily Care Homes Oversight Group was established in East Dunbartonshire. This was set up in advance of the request from Scottish Government for this forum to be in place and is again reflective of the way we work with and for care homes in East Dunbartonshire. The Oversight Group, in line with the resultant Scottish Government guidance in April 2020, is joined weekly by key health and social care professionals (Chief Social Work Officer, Chief Nurse, Clinical Director), Public Health and the Care Inspectorate. It is chaired and co-ordinated by the Head of Community Health and Care Services and also meets daily as an operational oversight group with input from social work, care home liaison nursing and commissioning/contracting officers.

1.5 The burden on care homes to collate information and inform the HSCP, Care Inspectorate, Public Health and others has grown exponentially. Local care homes have complied universally with the increased demands. A daily tracker is completed by all care

homes and analysed by the Oversight Group. This tracker collates information on occupancy, admissions to hospital, Covid-19 testing, Covid-19 cases and deaths, data on deteriorating residents, staff absence and PPE levels. The tracker is migrating to a digital platform (the Digital Daily Safety Huddle). All East Dunbartonshire Care homes have signed up to be part of the digital tool and as at 21 September 2020 only four local homes are not actively participating in populating the digital tool each day. These homes do still complete the daily manual tracker, however, and are engaging with support from the HSCP to embrace the digital tool.

1.6 At times homes have required additional clinical support to manage the care of their residents and cope with outbreaks of Covid-19. In general terms, the HSCP has provided all homes in East Dunbartonshire with daily support calls from both a clinical nursing perspective and from a contracts compliance viewpoint since the pandemic broke out. Enhanced clinical support has been available to all homes via our Care Homes Liaison Nurse Service as part of our local care homes support function since pre-pandemic and this was augmented by the HSCP Advanced Nurse Practitioner Service from 11 April 2020. Advice and guidance in relation to Personal Protective Equipment supply and use has been provided to all homes, with periodic updates, since March 2020. Senior HSCP nursing staff undertook Enhanced Support and Assurance Visits to all homes, at the behest of the Board Director of Nursing, to overview and seek to support continuous improvement in relation to the use of PPE and infection prevention and control. The delivery of improvements resulting from these visits has been overseen by the Care Homes Assurance Group and the Chief Nurse.

1.7 Testing has been a major feature of the care homes experience of Covid-19. Rolling staff testing is in place for all homes each week. Residents who present with covid-19 typical and atypical symptoms or for whom their GP wishes to rule out Covid-19 can be tested. Care homes who require to also undertake surveillance testing of residents. Care homes have experienced significant challenge in recent weeks with regards to the time lag in receiving staff test results via the Social Care Portal pathway. Work is underway to move care homes staff testing back to NHS GG&C labs.

1.8 Due to the current local lockdown restrictions and the instructions of the Director of Public Health no indoor visiting is permitted to local care homes. Outdoor or distant visiting and essential visiting, e.g. at end of life, is permitted and being facilitated by homes. The impact of reduced contact with families and friends by residents is well evidenced and the experience has been no different locally. Increased frailty, decline in cognitive health and general wellbeing is present. The HSCP seeks through all teams to provide whatever support we can to minimise the negative impact of the pandemic on residents balanced with our responsibilities to maintain covid-19 restrictions on the basis of public health advice.

1.9 Admission to care homes by East Dunbartonshire HSCP have been based on person centred planning prior to and throughout the Covid-19 pandemic. Where an individual was placed in a care home by East Dunbartonshire HSCP at the start of the pandemic this was done in line with assessment, clinical and professional decision making, family and individual engagement where possible and in partnership with the care homes. No individual was transferred temporarily to a care home from hospital at the start of the pandemic in this area unless for intermediate care or as part of long term care planning. No resident who was placed in a care home at the start of the pandemic was not for long term care as part of their assessed needs. Any admission to care homes now from hospital or the community is subject to Covid-19 testing on or prior to admission and social isolation precautions are taken.

1.10 Two care homes in East Dunbartonshire have remained Covid-19 free through the pandemic, to date. All other homes have experienced resident and or staff outbreaks. At the time of writing there are no current resident outbreaks and only 2 members of care home staff are absent from work due to a positive Covid-19 test. A higher number of staff are absent from work due to Covid-19 related issues such as Covid-19 anxiety or the need to self-isolate.

1.11 At the time of writing one home in East Dunbartonshire is subject to a Large Scale Investigation (LSI) under the terms of the Adult Support and Protection (Scotland) Act 2007. The LSI take account of the home's management of Covid-19 but has a much wider remit and focus.