

Scottish Borders IJB External Audit Action Plan

07/03/2023

Topic	Issue/Risk	Recommendation	Agreed management action/timing
<p>1. <u>Annual accounts preparation</u></p> <p>The unaudited annual accounts for the IJB were not prepared and available for inspection at the start of July, as required by the Local Authority Accounts (Scotland) Regulations 2014. This was partly due to the new Chief Financial Officer (CFO) not being in post until the start of August 2022.</p>	<p>There is a risk that the IJB does not comply with the regulations and that accounts are not available for adequate scrutiny by the public.</p>	<p>The IJB should ensure that arrangements are in place for its annual accounts to be prepared and made available for inspection in line with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.</p>	<p>The appointment of a permanent CFO provides the capacity and capability to achieve this statutory requirement.</p> <p>Responsible officer: CFO Agreed date: By statutory deadline to be confirmed</p> <hr/> <p><i>Current status and timescale</i></p> <p><i>Annual accounts process and timescale has been agreed with partner bodies to meet statutory deadlines for unaudited and audited accounts. Introductory meeting complete, with tripartite involvement. Hazel, Susan and John Audit Plan to go to 20 March 2023 Audit Committee. Detailed plan for completion of accounts to be devised by end March 2023</i></p>
<p>2. <u>Financial sustainability</u></p> <p>The most recent financial monitoring report for the IJB up to September 2022 is forecasting an overspend of £6.7 million against the budget, due to costs of Covid-19 and undelivered savings.</p>	<p>There is a risk that the IJB is not able to budget and manage expenditure effectively if full savings plans are not in place.</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are identified and ensure the partnership is able to move into a position of financial sustainability.</p>	<p>The Financial Plan is about more than savings, it is being able to respond to and support/invest in strategic priorities. The new Financial Framework will support short and long-term planning, best practice regulations, PBMA approach has been approved which will enable prioritisation of financial plans to drive best value. PBMA tool is currently being piloted. The CFO will become more involved in the NHS B savings approach, providing strategic support and challenge to the plans being made. Reserves Policy has been approved. Regulations updated and will be taken to Committee once the changes have been discussed at the NHSB Audit Committee. Finance strategic risk register being prepared.</p> <p>Responsible officer: CFO /DOF NHSB Agreed date: Initial Financial Plan and Budget will be</p>

			<p>signed off before 31 March. Financial Framework, including Plan, Budget, Financial Risk Register and Regulations, will be signed off end June 2023, subject to NHSB approvals process for Plan and Recovery Plan,.</p> <p><i>Current status and timescale</i> <i>On track.</i></p>
<p>3. <u>Hospital Acute Services (Set Aside)</u></p> <p>As reported in the previous four years, arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. A notional budget has been agreed and included in the annual accounts. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue into 2020/21. In 2019/20 management agreed that the Set Aside group would be re-formed with representatives from the Senior Management of the IJB and NHSB however this has not happened.</p>	<p>Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.</p>	<p>The IJB and NHSB should prioritise establishing revised processes for planning and performance management of set aside hospital functions and associated resources in 2021/22.</p>	<p>The revised approach will be signed off for the new financial year. Guidance shared with Acute Services Deputy Director of Finance.</p> <p>Responsible officer: CFO Agreed date: meeting to be held before end March 2023</p> <p><i>Current position and timescale:</i> Initial discussions held. Have formally written to NHSB Director of Finance to highlight lack of compliance with national guidance.</p> <p>To agree for Mby end March 2023 if possible.</p>
<p>4. <u>Financial Sustainability</u></p> <p>The 2021/22 budget for the IJB was agreed in March 2021, however this included the need for an additional £7.4 million in savings which had yet to be identified. The most recent financial monitoring report for the IJB to June 2021 is forecasting an overspend of</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are in place to support the budget for the year.</p>	<p>The delivery of savings is only one part of the financial plan, which also needs to respond to strategic priorities. A new financial approach has been approved by the SPG and the Financial Plan for next year will</p>	<p>See above re action 2</p> <p><i>Current position and timescale:</i> CFO has requested involvement in recovery plan and savings plan; PBMA offers possibility for future, starting to test PBMA with three very different areas.</p>

<p>£6.0m against the original budget, which includes additional costs of Covid-19. Risk – there is a risk that the IJB is not able to budget and manage expenditure effectively if full savings plans are not in place</p>		<p>reflect this. See point 2 above</p>	
<p>5. <u>CFO</u></p>			<p>Action closed</p>
<p>6. <u>Financial Ledger</u></p> <p>As we reported in the previous four years, the financial transactions of the IJB are currently based on transactions within the ledgers of NHSB and SBC, with the year-end accounts prepared based on workings recorded in a spreadsheet.</p>	<p>Risk – without a separate ledger for the IJB financial monitoring and reporting is not being carried out as efficiently as possible.</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are in place to support the budget for the year. The impact of Covid-19 should be monitored.</p>	<p>This is not considered to be a good use of resources as would require resourcing and duplication of effort. Our focus is on strategic financial issues, such as agreeing a new approach to financial planning; reviewing the reserves policy; updating the financial regulations; and convening a network group of finance staff from across the partnership to help identify opportunities for improving financial practices and performance. All of these have been worked on in recent months. This recommendation is now rejected.</p> <p>Responsible officer: CFO Agreed date: September 2023</p> <hr/> <p>Current position and timescale: Not agreed</p>

<p>7. Governance – Ministerial Self Evaluation In March 2019 the Ministerial Strategic Group for Health and Community Care (MSG) issued a self-evaluation template as part of an evaluation of progress with the integration of health and social care. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6 areas and exemplary in no areas. An action plan has been put in place and was presented to the March 2020 audit committee. There has been no further update presented to the committee since the initial action plan was presented.</p>	<p>Risk – There is a risk that health and social care are not fully integrated and this could lead to the IJB operating in an ineffective manner.</p>	<p>Progress on the implementation of the self-evaluation action plan should be reported periodically to the audit committee to ensure effective scrutiny of the progress the IJB is making.</p>	<p>Internal Audit’s Annual Assurance Report for 2021/22 reported that following the submission of the SBIJB’s Ministerial Strategy Group (MSG) self-assessment, an action plan was presented to the IJB Audit Committee in March 2020, with progress reports due every six months. Whilst there has been progress on actions, formal updates on progress of the consolidated MSG improvement actions and Best Value areas of improvement action plan have not yet been provided. The Chief Officer is currently updating this. Agreed action: Internal Audit follow-up with IJB Chief Officer has identified specific tasks required and revised due date for completion. Internal Audit follow-up report will be presented in usual cycle to IJB Audit Committee.</p> <p>A refresh of the assessment is being planned, to be externally facilitated. A revised action plan will be developed as a result</p> <p>Responsible officer: IJB Chief Officer Agreed date: June 2023</p> <hr/> <p><i>Current position and timescale:</i></p> <p>The Improvement Service have been commissioned to perform an updated assessment taking place on 7 March with the HSCP and 19 April for the IJB. A new action plan will be developed following these meetings.</p>
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