

# Angus Integration Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Angus Integration Joint Board and the Controller of Audit  
October 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1 Our audit opinions on the annual account are unmodified.
- 2 The unaudited annual accounts were provided within the agreed timescale and were of a good standard.
- 3 Additional disclosures were required for areas of Covid-19 spend due to the late resolution of the accounting treatment.

## Financial management and sustainability

- 4 Angus IJB has appropriate and effective financial management arrangements in place.
- 5 The Covid-19 pandemic has generated increased spend for Angus IJB. To date this has been matched by funding from the Scottish Government, although Angus IJB's actions to contain its costs means it did not utilise all this additional funding in 2020/21. The long-term impact of the Covid-19 pandemic on service has yet to be fully assessed by Angus IJB.

## Governance, Transparency and Best Value

- 6 The governance arrangements are appropriate and support effective scrutiny, challenge and informed decision making. Overall transparency is reduced as some key governance documents are not up to date and available on to the public.
- 7 Angus IJB operated with an Interim Chief Officer throughout 2020/21.
- 8 Arrangements to demonstrate the achievement of Best Value continue to be developed and implemented.
- 9 Performance reporting to the Board continues to be presented and actioned on a six-monthly basis.

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# Introduction

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**1.** This report summarises the findings from our 2020/21 audit of Angus Integration Joint Board (Angus IJB). The scope of our audit was set out in our Annual Audit Plan presented to the Audit Committee meeting on 21 April 2021. This report comprises the findings from our audit of the annual accounts and consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).

**2.** The Covid-19 pandemic has had a considerable impact on Angus IJB and its partner bodies during 2020/21. Risks related to the pandemic were considered during planning and throughout the audit process and, where appropriate, we have adapted our audit work to address any identified risks.

## Adding value through the audit

**3.** We add value to Angus IJB through audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- 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.

## Responsibilities and reporting

**4.** Angus 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. Angus IJB is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity, that enable it to successfully deliver its objectives.

**5.** 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](#) and supplementary guidance, and International Standards on Auditing in the UK. 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. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

**6.** This report raises matters from our audit. 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.

**7.** 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 progress against these.

## **Auditor Independence**

**8.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**9.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £27,330 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**10.** This report is addressed to both Angus IJB 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.

**11.** 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.

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# 1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of the resources and performance

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## Main judgements

Our audit opinions on the annual accounts are unmodified.

The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

Additional disclosures were required for areas of Covid-19 spend due to the late resolution of the accounting treatment.

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## Our audit opinions on the annual accounts are unmodified

**12.** The annual accounts for the year ended 31 March 2021 were approved by Angus IJB on 29 September 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- 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.

## The unaudited annual accounts were provided within the agreed timescale and were of a good standard

**13.** The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2021.

**14.** The working papers provided to support the audit process were of a good standard and the audit team received excellent support from finance staff which helped ensure the financial statements audit process ran smoothly.

**15.** The completeness and accuracy of accounting records and the extent of information and explanations that we required for our audit were not affected by the Covid-19 pandemic.

**16.** The impact of Covid-19 was a factor for the audit team which led to a slight extension in the audit timetable. The annual accounts were signed off by 30 September which was in line with the Scottish Government's original deadline for the submission of audited annual accounts.

## Overall materiality was revised on receipt of the unaudited annual accounts to £1.833 million

**17.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of any identified misstatements on the audit. We identify a benchmark on which to base overall materiality such as gross expenditure and apply what we judge to be the most appropriate percentage level for calculating materiality values.

**18.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the financial statements. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**19.** Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#). The revised materiality did not result in a significant change in our audit approach as it did not change the overall assessment of material account areas.

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£1.833 million
Performance materiality	£1.375 million
Reporting threshold	£90,000

Source: Audit Scotland

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## Appendix 2 identifies the main risks of material misstatement and our audit work to address these

**20.** [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit, and indicate how the efforts of the audit team are directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work.

## We have two significant findings to report on the annual accounts

**21.** 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 Angus IJB's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. The significant findings on the annual accounts are summarised in [Exhibit 2](#).

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### Exhibit 2 Significant findings from the audit in accordance with ISA260

Issue	Resolution
<p><b>1. Personal Protective Equipment (PPE)</b></p> <p>During 2020/21 NHS National Services Scotland (NHS NSS) sourced and provided PPE and test kits to public sector bodies across Scotland.</p> <p>In accordance with accounting standards the costs and income associated with PPE and test kits should be recognised in the annual accounts of the body who acted as principal in the transaction.</p> <p>Supporting guidance was issued by LASAAC in July 2021 to assist with the consistent accounting treatment.</p>	<p>The costs and income have not been passed on to Angus IJB from the partner bodies.</p> <p>A detailed disclosure, outlining the arrangements and the amounts involved, has been included in Note 3 – Critical Judgements.</p>
<p><b>2. General Fund Reserve</b></p> <p>The general fund reserve has increased by £8.893 million during 2020/21. The balance of £17.386 million is split between earmarked reserves and remaining general fund contingency.</p> <p>Earmarked reserves total £12.636 million and these are monies that have been provided by the Scottish Government for particular initiatives (£7.363 million) and monies that have been agreed to be earmarked by Angus IJB (£5.273 million).</p> <p>The general fund contingency, which can be used to support any future overspends, has increased to £4.750 million.</p>	<p>We have reviewed the allocation of reserves and concluded that these are appropriate.</p>



## **We did not identify any misstatements above our reporting threshold**

**22.** There were no misstatements identified during the audit process that exceeded our reporting threshold.

## **Good progress was made on prior year recommendations**

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

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## 2. Financial management and sustainability

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

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### Main judgements

Angus IJB has appropriate and effective financial management arrangements in place.

The Covid-19 pandemic has generated increased spend for Angus IJB. To date this has been matched by funding from the Scottish Government, although the IJB's actions to contain its costs means it did not utilise all this additional funding in 2020/21. The long-term impact of the Covid-19 pandemic on services has yet to be fully assessed by Angus IJB.

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### The 2020/21 budget included planned savings and contributions from reserves to address the funding gap

**24.** Angus IJB approved its 2020/21 budget in April 2020. The budget was set at net expenditure of £181 million, with a funding gap of £0.219 million after savings of £1.807 million have been applied. The gap was to be addressed by a transfer of £0.219 million from reserves.

### Angus IJB returned an underspend in 2020/21

**25.** The impact on public finances of the Covid-19 pandemic has been unprecedented. Both the Scottish and UK governments have had to provide substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**26.** Angus IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure for Angus IJB is incurred by the partner bodies of NHS Tayside and Angus Council. All transactions are processed and recorded in their financial systems.

**27.** The Covid-19 pandemic had a significant impact on Angus IJB's 2020/21 expenditure. The finance report is a standing agenda item in Board papers and detailed the impact the pandemic was having on the finances of Angus IJB. Additional funding was received from the Scottish Government to cover these costs, and fund other specific initiatives. Around £7 million of additional income was received from the Scottish Government to help cover these additional costs and fund other IJB activities. Due to some services operating at reduced levels and redeployment of resources, the IJB did not need to use all this funding in 2020/21. At the year-end Covid-19 funding of £4.4 million was unspent and this held in earmarked reserves.

**28.** Angus IJB returned an underspend of £8.893 million against a budgeted overspend of £0.219 million ([Exhibit 3](#)).

### Exhibit 3 Performance against budget

Angus IJB budget summary	Original Budget £m	Additional / (Reduced) Funding £m	Actual Outturn £m
<b>Cost of services</b>	<b>181.182</b>	-	<b>183.273</b>
NHS Tayside funding	131.259	11.319	142.578
Angus Council funding	49.704	(0.116)	49.588
<b>Total net funding</b>	<b>180.963</b>	<b>11.203</b>	<b>192.166</b>
Surplus/(deficit) on provision of services	(0.219)	-	8.893
Reserves brought forward	-	-	8.493
<b>Total reserves as at 31/03/2021</b>	-	-	<b>17.386</b>
General fund contingency as at 31/03/2021	-	-	4.750
Earmarked reserves as at 31/03/2021	-	-	12.636

Source: Angus IJB finance reports and 2020/21 annual accounts

### The budget process was appropriate

**29.** Detailed budget monitoring reports were submitted to meetings of Angus IJB throughout the year. The outturn to date and forecast year-end outturn position were made clear within each report. These reports contained the latest budget information and made the impact of the Covid-19 pandemic on costs and income clear.

**30.** Senior management and members receive regular and accurate financial information on Angus IJB's financial position. We have concluded that Angus IJB has appropriate budget monitoring arrangements.

### **The Strategic Finance Plan has been updated to reflect the expected impact of Covid-19**

**31.** The Strategic Finance Plan was presented to Angus IJB in April 2021. The strategy considers the financial position for Angus IJB from 2021/22 – 2023/24. The plan considers the pressures on the IJB from a “business as usual” perspective, it does address some of the underlying demographic pressures and funding constraints and does address the refreshed strategic thinking from the Covid-19 experience. The Strategic Finance Plan links to the Strategic Commissioning Plan.

**32.** The Strategic Financial Plan 2021/22 – 2023/24 identifies a recurring funding shortfall of £4.493 million by 2023/24. In 2020/21 the general fund contingency reserve has increased from £4.5 million to £4.75 million. This has allowed Angus IJB to move closer to a balanced position in the short term but does not address the underlying shortfalls. Angus IJB continues to face significant financial pressures.

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### **Recommendation 1**

Angus IJB must continue to review service delivery models to support the identification and delivery of recurring savings to ensure financial sustainability.

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### **Revisions to the Integration Scheme are not yet concluded**

**33.** The Angus IJB Integration Scheme requires to be updated every five years i.e. by September 2020. A review of the scheme was undertaken in 2020 and concluded in September 2020 in line with the legislative requirements. This review identified that revisions to the Integration Scheme were required and that a more comprehensive review and consultation process was required to support the creation of the new Integration Scheme. Angus IJB is working with NHS Tayside and Angus Council to conclude these revisions and achieve ministerial approval for the revised scheme by March 2022.

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### **Recommendation 2**

Angus IJB should work with its partners, NHS Tayside and Angus Council, to complete the revisions to the Integration Scheme to define and support the future delivery of services.

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## **Financial systems of internal control operated effectively**

**34.** Angus IJB does not have its own financial systems and instead relies on the financial systems of its partner bodies, NHS Tayside and Angus Council.

**35.** As part of our audit approach, we sought assurances from the external auditor of NHS Tayside and Angus Council and confirmed there were no weaknesses in the systems of internal controls for either the health board or the council.

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

**36.** Angus IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at Angus Council and NHS Tayside and found them to be adequate. Angus IJB has a Code of Conduct in place to which members subscribe and members' Registers of Interest are publicly available on Angus IJB's website. The Code of Conduct for members was last updated in 2017. Angus IJB should ensure that the Code of Conduct is reviewed and updated to ensure that it reflects the current guidance for members.

**37.** Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

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# 3. Governance, transparency, and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information. Using resources effectively and continually improving services.

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## Main judgements

The governance arrangements are appropriate and support effective scrutiny, challenge and informed decision making. Overall transparency is reduced as some key governance documents are not up to date and available on to the public.

Angus IJB operated with an Interim Chief Officer throughout 2020/21.

Arrangements to demonstrate the achievement of Best Value continue to be developed and implemented.

Performance reporting to the Board continues to be presented and actioned on a six-monthly basis.

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## Governance arrangements operating throughout the Covid 19 pandemic have been appropriate and operated effectively

**38.** The impact of the Covid-19 pandemic from March 2020 has been set out in the Governance Statement in Angus IJB's annual report and accounts. We also reported in last year's [Annual Audit Report](#) on the revised governance arrangements introduced by Angus IJB.

**39.** Angus IJB has appropriate and effective governance arrangements in place. In making this assessment we considered the:

- structure and conduct of virtual board and committee meetings,
- overall arrangements to ensure appropriate standards of conduct including compliance with the Standing Financial Instructions and Standing Orders,
- arrangements for the prevention and detection of fraud, error, bribery and corruption, and

- reporting of performance and whether this is fair, balanced and understandable.

**40.** It is noted that a number of governance publications are not up to date and available to the public via the website. This includes the Financial Regulations, the Scheme of Delegation and the Equalities Mainstreaming report. The availability of these documents, once updated, would enhance the overall openness and transparency of Angus IJB.

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### **Recommendation 3**

Angus IJB should ensure that key governance documents are up to date and available to the public.

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#### **Angus IJB operated with an Interim Chief Officer throughout 2020/21**

**41.** The former Chief Officer left post in January 2020 and a new Chief Officer was appointed on an interim basis until July 2021. This is the first significant change in senior management since Angus IJB was established.

**42.** Although Angus IJB operated successfully during the period of the interim appointment of the Chief Officer, the length of time that the post was filled on an interim basis was an additional risk. This existed not just in the Chief Officer role but also the temporary nature of the subsequent back fill for the interim Chief Officer's substantive post. Plans should be in place to ensure that all senior appointments are filled on a permanent basis as soon as practical.

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### **Recommendation 4**

The IJB and its partners should develop plans to ensure that all senior management roles are permanently filled in a timely manner.

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#### **Angus IJB is continuing to develop and implement arrangements to demonstrate the achievement of Best Value**

**43.** Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**44.** In Angus IJB the Strategic Commissioning and Financial plans are integrated and both have been updated to reflect the impact of the Covid-19 pandemic. These key strategic documents and the regular performance reporting to Angus IJB support the achievement of Best Value.

## Review of adult social care services

**45.** An independent review of adult social care services was published in February 2021. This was requested by the Scottish Government in September 2020 with the primary aim of recommending improvements to adult social care services in Scotland. The review made a number of recommendations including the set-up of a National Care Service for Scotland. Another key area is that self-directed support must work better for people, with decisions being based on their needs, rights and preferences.

**46.** Angus IJB has assessed the review and have held a board development session on the National Care Service consultation document. Angus IJB is planning to feed into the consultation.

## Angus IJB was able to maintain service performance levels despite the pandemic

**47.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires Angus IJB to produce an annual performance report assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, and the inspection of services.

**48.** Performance reporting was affected by the Covid-19 pandemic, as work was re-prioritised to focus on the response to the pandemic. In recognition of this, the Scottish Government extended the performance reporting deadline to October 2021.

**49.** The Board has continued to monitor key performance targets throughout the year. A half year report was presented to the December 2020 meeting with the Interim Performance Report for 2020/21 being presented to the June 2021 Board meeting. A summary of the key indicators is included in the 2020/21 annual accounts.

**50.** The Covid-19 pandemic had a significant impact on IJB services. Care home occupancy dropped to unsustainably low levels: care homes' ability to take in new residents was affected by lockdown restrictions and many people continued to be looked after in their own homes for longer rather than go into a care home. Care home providers required financial support to ensure the sector could continue operating. The Scottish Government provided funding to the IJB for key provider support. During the same period, the extent of care provided to people in their own homes rose significantly.

**51.** The impact of the Covid-19 pandemic on performance can be seen on some of the indicators, e.g. short respite breaks for carers, where for others the impact is positive with all of the supporting care needs at home indicators improving during the year.

**52.** The Board will continue to receive performance information on a six-monthly basis. Angus IJB intends to include more indicators on mental health performance once these have been agreed by NHS Tayside.



**53.** Angus IJB has a sound performance management system that provides regular updates for members. The indicators are linked to the four priorities of the Strategic Commissioning Plan. We will be reviewing the full 2020/21 performance report once it is presented to the Board.

### **National performance audit reports**

**54.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 we published some reports which may be of interest to Angus IJB as outlined in [Appendix 3](#).

**55.** There is a standing item on the Audit Committee meeting agenda to highlight any published external reports which are relevant to the IJB. This has included several Audit Scotland national reports during 2020/21, along with links to the full reports. The national reports are also available to all IJB members via a dedicated Teams channel. We concluded that the IJB has appropriate arrangements in place for considering and reviewing national reports including any locally agreed actions.

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue / risk	Recommendation	Agreed management action / timing
<p><b>1. Financial Sustainability</b></p> <p>The Strategic Financial Plan 2021/22 – 2023/24 identifies a recurring funding shortfall of £4.493 million by 2023/24. Angus IJB continues to face significant financial pressures and must identify further sustainable savings measures.</p> <p>Risk – The IJB’s operating model is not financially sustainable.</p>	<p>Angus IJB must continue to review service delivery models to support the identification and delivery of recurring savings to ensure financial sustainability.</p> <p><a href="#">Paragraph 32.</a></p>	<p>Angus IJB will continue to progress existing planned interventions.</p> <p>The IJB accepts the need to further develop plans to close out financial shortfalls. The IJB will present an updated medium term financial plan, intended to address these shortfalls, to its December 2021 Board meeting.</p> <p>Chief Officer/ Chief Finance Officer</p> <p>December 2021</p>
<p><b>2. Integration Scheme</b></p> <p>The Integration Scheme of Angus IJB requires to be updated every five years and, due to the Covid-19 pandemic, is now past due.</p> <p>Risk – The Integration Scheme may not accurately reflect the current position.</p>	<p>Angus IJB should work with its partners, NHS Tayside and Angus Council, to complete the revisions to the Integration Scheme to define and support the future delivery of services.</p> <p><a href="#">Paragraph 33.</a></p>	<p>Angus IJB will work with its partners to conclude the review of the Integration Scheme.</p> <p>Chief Officer</p> <p>March 2022</p>

Issue / risk	Recommendation	Agreed management action / timing
<p><b>3. Governance</b></p> <p>A number of governance documents (Financial Regulations, Scheme of Delegation, Equalities Mainstreaming Report) are not up to date or available on the website.</p> <p>Risk – The governance documentation of the IJB does not reflect the current arrangements.</p>	<p>Angus IJB should ensure that key governance documents are up to date and available to the public.</p> <p><a href="#">Paragraph 40.</a></p>	<p>Regarding the Equalities Mainstreaming Report, the IJB acknowledges this needs to be updated and will progress this in near future.</p> <p>Chief Officer December 2021</p> <p>The IJB will develop a timeline to refresh key governance documents and, once progressed, ensure documents are accessible on the IJB's web sites.</p> <p>Chief Officer/ Chief Finance Officer March 2022</p>
<p><b>4. Senior roles should be filled as soon as practicable</b></p> <p>Angus IJB operated for nearly 18 months with an Interim Chief Officer. This had a knock-on impact with the need to back fill senior positions.</p> <p>Risk – Angus IJB could have lost key senior management expertise.</p>	<p>The IJB and its partners should develop plans to ensure that all senior management roles are permanently filled in a timely manner.</p> <p><a href="#">Paragraph 42.</a></p>	<p>The IJB will seek assurances from its partners that any future appointment to the Chief Officer role will be filled in a timely manner.</p> <p>The IJB will ensure all other senior roles are filled in a timely manner.</p> <p>Chair of IJB / Chief Officer December 2021</p>

## Follow-up of prior year recommendations

Issue / risk	Recommendation	Agreed management action / timing
<p><b>5. Financial Sustainability</b></p> <p>While the IJB reported an underspend this year and returned a proportion of reserves to Partners, the update to the Strategic Financial Plan 2020/21 – 2022/23 (presented in April 2020) identifies a recurring funding shortfall of £6.6 million by 2022/23. The IJB approved a proposal to increase the contingency Reserve held from 2% to 2.5% in April 2020 (increase from £3.4 million to £4.5 million). This has allowed the IJB to move closer to a balanced plan in the short term but does not address underlying shortfalls. The IJB still faces significant financial pressures and must identify further sustainable savings measures.</p> <p>Risk – The IJB’s operating model is not financially sustainable.</p>	<p>The IJB should ensure that detailed savings plans are developed to address the recurring financial shortfall identified in the Strategic Financial Plan.</p>	<p>The Strategic Finance Plan has been updated in 2020/21 and a revised plan was presented to the Board meeting in December 2020.</p> <p>See <a href="#">Recommendation 1</a> above</p>

# 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 accounts and those relating to our wider responsibilities under the Code of Audit Practice.

### Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>Risk of material misstatement due to management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of fraud due to management override of controls to change the financial statements disclosures.</p>	<ul style="list-style-type: none"> <li>Obtain assurances from the external auditors of NHS Tayside and Angus Council on the controls in place within each organisation.</li> <li>Review assurances obtained to assess if we can place reliance on the assurances.</li> </ul>	<p><b>Satisfactory</b></p> <p>Assurances from the external auditors of NHS Tayside and Angus Council were obtained.</p> <p>No weaknesses in the systems of internal controls have been identified that impact on Angus IJB.</p>
<p><b>Risk of error in areas of estimation and judgement</b></p> <p>There is significant management estimation and judgement in the calculation of the Large Hospital Set Aside (LHSA), which is the IJB's share of the acute services provided by hospitals on behalf of the IJB. The figure is estimated based on prior year data and activity levels. A similar issue relates to Mental Health In Patient Services now operationally managed by NHS Tayside.</p> <p>In addition, following Scottish Government announcements of Covid-related financial support for</p>	<ul style="list-style-type: none"> <li>Detailed review of the LHSA.</li> <li>Review of Covid-19 related financial support provided and the allocation of the support in partner bodies.</li> </ul>	<p><b>Satisfactory</b></p> <p>Assurances from the external auditors of NHS Tayside and Angus Council were obtained.</p> <p>We concluded that we could rely on the accuracy and completeness and appropriate allocation of Angus IJB ledger entries.</p> <p>The LHSA estimate was reviewed in detail.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>care providers, the IJB has made support payments to care home providers to ensure that they can continue to operate with low occupancy rates.</p> <p>The IJB will need to estimate the extent of any claims not yet received from providers at the year end. The IJB is also considering whether these payments are made on an agency basis (i.e. on behalf of the Scottish Government) which requires a separate disclosure in the annual accounts.</p> <p>Any degree of estimation requiring judgement in a material figure presents a risk of misstatement in the accounts</p>		

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>Financial Sustainability</b></p> <p>NHS Tayside and Angus Council face significant financial pressures from funding reductions and increasing demand. The Covid-19 pandemic has disrupted the achievement of planned savings measures. The IJB's Strategic Financial Plan Update 2021/22–2023/24 (reported in December 2020) identified a cumulative funding gap of £4.9m by 2023/24. There is a risk that the IJB, in partnership with NHS Tayside and Angus Council, may not be able to identify sustainable savings measures or meet cost pressures as they arise.</p>	<ul style="list-style-type: none"> <li>Review of Board papers and attendance at IJB Board meetings to assess the information provide to members on financial sustainability.</li> </ul>	<p><b>Satisfactory</b></p> <p>The Strategic Finance Plan for 2021/22 to 2023/24 was presented to Angus IJB board in April 2021. This has identified that there is a funding gap of £4.493 million in 2023/24.</p> <p>Angus IJB has continued to make decisions on the provision of services and is committed to service redesign to meet the needs of Angus residents.</p>

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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)

# Angus Integration Joint Board

## 2020/21 Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)