

# Moray Integration Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Moray Integration Joint Board and the Controller of Audit

November 2021

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# Contents

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Key messages	3
Introduction	4
1. Audit of 2020/21 annual accounts	6
2. Financial management and sustainability	9
3. Governance, transparency, and Best Value	13
Appendix 1	17
Appendix 2	20
Appendix 3	23

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# Key messages

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## 2020/21 annual report and accounts

- 1 Our audit opinions on the annual accounts are unmodified.
- 2 Covid-19 led to delays in the auditing timetable for the 2020/21 annual accounts.

## Financial management and sustainability

- 3 The IJB has appropriate financial management arrangements in place.
- 4 The IJB returned a surplus of £6.2 million for 2020/21. This was mainly due to unspent late funding for Covid-19 received from the Scottish Government.
- 5 The IJB plans to use £1.6 million of its £6.3 million reserves as part of the 2021/22 core budget.
- 6 A medium-term financial plan has been developed but has not yet been updated to reflect the impact of Covid-19 and EU withdrawal

## Governance, transparency, and Best Value

- 7 The governance arrangements are appropriate and operated effectively.
- 8 The IJB has effective arrangements in place for monitoring performance and continues to perform well against national indicators. Performance against local targets is more mixed.
- 9 The IJB has yet to develop processes to evaluate and measure Best Value.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of Moray Integration Joint Board.
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit, Performance and Risk Committee meeting on 25 March 2021. This report comprises the findings from:
  - an audit of Moray IJB's 2020/21 annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the Code of Audit Practice 2016.
3. The global coronavirus pandemic has had a considerable impact on the IJB and its partner bodies during 2020/21. Risks related to the pandemic were included in our Annual Audit Plan.

## 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
  - 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

5. 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 also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice 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, and 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 and supplementary guidance.

**7.** 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.

**8.** Our Annual Audit Report contains an agreed action plan at [Appendix 1](#) including outstanding actions from last year and progress against these. It sets out specific recommendations, responsible officers, and dates for implementation.

## Auditor independence

**9.** 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.

**10.** 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 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.

**11.** This report is addressed to both the 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. 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

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## Main judgements

Our audit opinions on the annual accounts of the IJB are unmodified.

Covid-19 led to delays in the auditing timetable for the 2020/21 annual accounts.

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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 the IJB board on 25 November 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 management commentary, annual governance statement and audited part of the remuneration report were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

## The Covid-19 pandemic had an impact on audit timescales

**13.** Our Annual Audit Plan highlighted the ongoing impact of Covid-19 on audit resources and the increased time required to conduct our audit procedures remotely. We agreed with management as part of the planning process that we would work to the revised submission deadlines to complete the 2020/21 audit. This reflected the impacts of Covid-19 on the audit process, which in the case of the IJB is also dependent on the audits of its NHS and council partners, which were affected by Covid-19 too.

**14.** The unaudited annual accounts were received in line with our agreed audit timetable on 24 June 2021. The working papers provided to support the audit process were of a good standard and the audit team received good support from finance staff.

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

## Overall materiality is £1.5 million

**16.** 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.

**17.** 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.

**18.** 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](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£1.5 million
Performance materiality	£0.9 million
Reporting threshold	£73,000

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

**19.** Our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks identified in our Annual Audit Plan are included in [Appendix 2](#). 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.

### The management commentary could be further improved

**20.** 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 IJB's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

**21.** As part of our audit a number of amendments to the management commentary were made in order for us to be satisfied that the management commentary presented a clear, concise, and balanced summary of the IJB's performance. The IJB should consider the [Good Practice Note: Management Commentaries Enhancing the quality of local government annual accounts](#) as part of its accounts preparation for 2021/22.

### **There were no misstatements identified in the annual accounts**

**22.** Our audit did not identify any misstatements in the unaudited accounts.

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

**23.** The IJB has made reasonable progress in implementing our prior year audit recommendations with three out of five of them completed. Revised responses and timescales have been agreed with management and are set out in [Appendix 1](#) for the remaining two actions which have not yet been implemented.

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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. Financial sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services.

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### Main judgements

The IJB has appropriate financial management arrangements in place.

The IJB returned a surplus of £6.2 million for 2020/21. This was mainly due to unspent late funding for Covid-19 received from the Scottish Government.

The IJB plans to use £1.6 million of its £6.3 million reserves as part of the 2021/22 core budget.

A medium-term financial plan has been developed but has not yet been updated to reflect the impact of Covid-19 and EU withdrawal.

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### The 2020/21 budget increased during the year by £9.3 million due to Covid-19 funding

**24.** The IJB approved its 2020/21 budget on 26 March 2020. The budget was set at £136 million and included budget pressures of £4.4 million. Savings targets totalling £1.9 million, carried forward from 2019/20, were required to balance the 2020/21 budget along with £0.2 million from earmarked reserves.

**25.** Over the course of 2020/21 the budget for the IJB increased by £16 million to £152 million. The most significant increase in funding was for Covid-19 grants received from the Scottish Government totalling £8.8 million.

### The IJB returned an underspend of £6.3 million in 2020/21

**26.** The 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 the IJB is incurred by partner bodies and processed in their accounting records.

**27.** The IJB returned an underspend of £6.3 million against its 2020/21 budget. This underspend was made up of a £0.5 million underspend on core services and a £5.8 million underspend on Strategic Fund schemes funded by the Scottish Government. This underspend differs from the surplus of £6.2 million in the consolidated income and expenditure account as the budget included £0.1 million of expenditure to be funded from reserves (see [\(Exhibit 2\)](#) for details).

## Exhibit 2 Performance against budget

IJB budget summary	Final Budget £m	Actual £m	Variance £m
Expenditure	151.7	145.4	(6.3)
Income	(151.6)	(151.6)	-
Use of reserves	(0.1)	-	0.1
<b>(Surplus)/Deficit in annual accounts</b>	-	(6.2)	(6.2)

Source: MIJB 2020/21 budget monitoring reports and annual accounts

## Planned savings of £1.4 million were not achieved, but additional funding received from the Scottish Government covered this shortfall

**28.** The 2020/21 budget for core services included planned savings of £1.9 million as part of the recovery and transformation plan approved in 2019/20. Only £0.5 million (26 per cent) of these savings were achieved during 2020/21. In February 2021, additional funding was provided by the Scottish Government to cover this shortfall in savings.

## Reserves increased by £6.2 million, with plans to use £1.6 million as part of the 2021/22 core budget

**29.** The balance on the IJB's General Fund at 31 March 2021 is £6.3 million compared to £0.2 million as at 31 March 2020. The majority of this balance (£4.7 million) is held as earmarked reserves for specific purposes including £2.7 million for ongoing Covid-19 pressures. The remainder (£1.6 million) has been included in uncommitted reserves and will be used as part of the 2021/22 budget.

## Financial monitoring arrangements are appropriate

**30.** Senior management and members receive regular and accurate financial information on the IJB's financial position. Budget monitoring reports were updated during the year to include a section on additional income received and expenditure incurred as a result of Covid-19. This ensured that board members were aware of how Covid-19 impacted on the overall financial position and outturn. We have concluded that the IJB has appropriate and effective financial management arrangements in place.

## The IJB has a medium-term financial plan but this still needs to be updated to reflect the impact of Covid-19 and EU withdrawal

**31.** We have previously reported that the IJB has a financial framework which covers the five-year period 2019/20 – 2023/24. As reported in 2019/20, the IJB intended to update its medium-term financial plan as part of its update of its 10-year Strategic Plan and supporting documents to reflect the impact of Covid-19 and EU withdrawal as part of the 2021/22 budget setting process. However, due to operational pressures resulting from Covid-19, this was delayed and will now be considered as part of the 2022/23 budget setting process.

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## Recommendation b/f 2

The IJB should review its Strategic Plan and its medium-term financial plan to reflect the impact of Covid-19 and EU withdrawal.

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## Partner bodies have sound systems of internal control in place

**32.** The IJB does not have any financial systems of its own, instead it relies upon the financial systems of the host bodies to record all transactions. The key financial systems which the IJB relies on include general ledger, trade payables, trade receivables and payroll.

**33.** As part of our audit approach, we sought assurances from the external auditors of NHS Grampian and Moray Council, in accordance with ISA 402. Some control weaknesses were identified within NHS Grampian and Moray Council and the auditors undertook additional audit procedures to obtain the assurances required for their audit opinions. No issues were identified from completion of these additional procedures that affect our overall opinion on the IJB accounts.

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

**34.** The 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 have received assurances from the auditors of NHS Grampian and Moray Council, in accordance with ISA 402, and have no issues to bring to your attention.

## **Additional funding from the UK-wide health and social care tax will be available from 2022/23**

**35.** The UK government has recently announced the introduction of health and social care tax from 2022/23 which will be raised initially from an increase in national insurance contributions.

**36.** According to the announcement the new tax should result in an additional £1.1 billion of funding for Scotland. Whilst the distribution of this funding has yet to be decided, the Cabinet Secretary for Health and Social Care has indicated that it will be passported to health and social care.

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## 3. Governance, transparency, and Best Value

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

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### Main judgements

The governance arrangements are appropriate and operated effectively.

The IJB has effective arrangements in place for monitoring performance and continues to perform well against national indicators. Performance against local targets is more mixed.

The IJB has yet to develop processes to evaluate and measure Best Value.

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

**37.** Board and Audit, Performance and Risk Committee meetings were held virtually during 2020/21, in line with original plans except for one Audit, Performance and Risk Committee meeting which was cancelled.

**38.** CIPFA has produced a good practice guide on audit committees which recommends these committees should report annually on their performance to those charged with governance. The good practice guide includes a self-assessment checklist for audit committees to help them do this. We note that the IJB's Audit, Performance and Risk Committee has not yet completed this assessment.

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### Recommendation 1

The Audit, Performance and Risk Committee should assess its performance using the CIPFA self-assessment checklist and report annually to the IJB.

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**39.** Full details of the meetings held by the IJB are available on the IJB's website. Committee papers and minutes of meetings are publicly available. Public notice of each meeting is available via the IJB's website.

## **The IJB appointed a new Chief Officer in February 2021**

**40.** The previous Chief Officer of the IJB was seconded to NHS Highland to take up the post of Interim Deputy Chief Executive in April 2020, and a new Interim Chief Officer was appointed. This interim appointment was made permanent in February 2021.

## **Registers of interest on the IJB's website have been updated but return rates could still be improved**

**41.** In 2019/20 we reported that registers of interest were not updated by all members. As part of our 2020/21 audit, we reviewed the register of interest returns and noted that returns were received for the majority of members (2 substitute members had not returned updated register of interest forms for 2020/21).

## **The IJB has effective arrangements in place for monitoring performance**

**42.** The IJB's performance reporting arrangements were reviewed in May 2020. Performance is measured using a RAG (red / amber / green) system against each of the IJB's 14 local indicators which are aligned to its Strategic Plan. Quarterly performance reports were presented to the Audit, Performance and Risk Committee during 2020/21.

## **Local performance measures show performance is mixed**

**43.** The Quarter 4 performance report showed six of the indicators as being green and five red. A further three indicators have not been RAG-rated as this is the first year they have been collected and targets have not yet been set for them.

**44.** The five red indicators relate to:

- number of delayed discharges at the end of the quarter
- number of beds occupied by delayed discharges
- % of emergency readmissions to hospital within 28 days
- % of emergency readmissions to hospital within 7 days
- staff sickness absence level.

**45.** Work is ongoing to reduce delayed discharges and readmissions to hospital. Delayed discharge indicators have decreased significantly from the equivalent quarter in 2019/20 and the percentage of readmissions is expected to improve once elective admissions and treatments increase the number of discharges to nearer pre-Covid levels.

## The IJB continues to perform well against national performance indicators

**46.** The core suite of integration indicators was published by the Scottish Government in September 2021. Although these are the latest indicators, they do not all relate to 2020/21 with some relating to 2019/20 and others to the 2020 calendar year. The IJB's performance compared to the Scottish average has improved with no data indicators more than 5% below the Scottish average ([Exhibit 3](#)).

### Exhibit 3 Performance against national indicators



Source: Moray Integration Joint Board performance reports and Public Health Scotland release September 2021

## The IJB has yet to develop processes to evaluate and measure Best Value

**47.** Integration Joint Boards have a statutory duty to make 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. Our audit covers the four audit dimensions which are key components of securing best value in the provision of services and the use of resources.

**48.** The IJB clearly recognises the importance of securing best value, with this being highlighted in its ten-year Strategic Plan. A self-evaluation exercise on the importance of securing best value, reported in June 2019, highlighted the need to 'develop better processes to evaluate and measure outcomes in line with Best Value'. This self-evaluation and the resulting action plan were revisited in April 2021 and an updated improvement action plan was approved in June 2021. Progress against this plan will be reported to the IJB meeting in January 2022.

**49.** Last year we noted that progress on the implementation of the recommendations resulting from the self-evaluation exercise had not been reported to the Board and recommended that the IJB should develop its own assessment of Best Value. We have been advised that this work has been further delayed due to Covid-19.

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### **Recommendation b/f 3**

The IJB should develop its own assessment of Best Value.

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### **The annual performance report does not yet include locality reporting**

**50.** We have previously recommended that the annual performance report should analyse financial performance by locality. Our review of the report confirmed that this has yet to be implemented. We reported last year that four Locality Managers had been appointed to lead on the development of locality plans with partners. Progress on this has been slower than expected due to the impact of Covid-19.

### **A national review of adult social care services was completed during 2020/21**

**51.** In September 2020, the Scottish Government commissioned an independent review of adult social care services. The resulting report, published in February 2021, made a number of recommendations including the formation of a National Care Service for Scotland. The IJB continues to monitor developments and is actively engaged in discussions around the implementation of the review with partners and stakeholders.

### **National performance audit reports**

**52.** 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 direct interest to the IJB as outlined in [Appendix 3](#).

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Audit, Performance and Risk Committee</b></p> <p>CIPFA recommends that audit committees report annually on their performance to those charged with governance. CIPFA's good practice guide includes a checklist for audit committees to use as part of their assessment of performance.</p> <p>The IJB's Audit, Performance and Risk Committee has yet to assess its performance.</p> <p><b>Risk:</b> the Audit, Performance and Risk Committee is not complying with good practice and cannot evidence its effectiveness.</p>	<p>The Audit, Performance and Risk Committee should assess its performance using the CIPFA self-assessment checklist and report annually to the IJB on its performance.</p>	<p>Assessment will be completed and reported to the Audit, Performance &amp; Risk Committee.</p> <p><b>Responsible officer:</b> Chief Officer / Chief Financial Officer</p> <p><b>Target date:</b> 30 June 2022</p>

### Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>b/f 1. 2020/21 budget</b></p> <p>The 2020/21 budget was balanced but this relies on the delivery of £1.9 million in savings. Significant revisions to the budget may be required due to the financial impact of Covid-19.</p>	<p>The 2020/21 budget should be reviewed to reflect the impact of Covid-19.</p>	<p><b>Complete</b></p> <p>The budget was reviewed throughout 2020/21. The IJB reported a surplus of £6.2 million due to additional Covid-19 funding received from the Scottish Government.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>Risk:</b> the budget is unachievable without further identified savings.</p> <p><b>b/f 2 Medium-term financial plan</b></p> <p>The IJB now has a medium-term financial plan that spans the period 2019/20 to 2023/24 but this will need to be updated to reflect the impact of Covid-19 and EU withdrawal.</p> <p><b>Risk:</b> the financial planning assumptions in the medium-term plan may now be inaccurate.</p>	<p>The IJB's medium-term financial plan should be reviewed due to the impact of Covid-19 and EU withdrawal.</p> <p>2020/21 Update: the IJB's Strategic Plan and suite of other supporting documents should also be reviewed.</p>	<p><b>Outstanding</b></p> <p>Due to operational pressures resulting from Covid-19, this was not considered as part of the 2021/22 budget setting process as originally planned.</p> <p><b>Revised action:</b></p> <p>Medium-term financial plan to be updated.</p> <p><b>Responsible officer:</b></p> <p>Chief Financial Officer</p> <p><b>Revised date:</b></p> <p>31 March 2022</p>
<p><b>b/f 3 Self-evaluation exercise</b></p> <p>A self-evaluation exercise was undertaken and presented to the Board in June 2019. It included 11 areas for improvement, including the need to 'develop better processes to evaluate and measure outcomes in line with Best Value'. There has been no update provided to the Board on the progress against implementing these areas for improvement.</p> <p><b>Risk:</b> the IJB is unable to demonstrate how it delivers Best Value.</p>	<p>The IJB should develop its own assessment of Best Value.</p>	<p><b>Outstanding</b></p> <p>The IJB reviewed its self-evaluation and the resulting improvement action plan in April 2021 and an updated improvement action plan was approved in June 2021.</p> <p>Due to operational pressures resulting from Covid-19, the IJB has yet to develop processes to evaluate and measure outcomes in line with Best Value.</p> <p><b>Revised action:</b></p> <p>Progress against the revised improvement action plan will be reported to the IJB in January 2022.</p> <p>This will be used as the basis for developing our approach to Best Value.</p> <p><b>Responsible officer:</b></p> <p>Chief Officer / Chief Financial Officer</p>

Issue/risk	Recommendation	Agreed management action/timing
<b>Revised date:</b> 30 June 2022		
<p><b>b/f 4 Financial monitoring reports</b></p> <p>The financial monitoring reports treat transfers from reserves as additional in-year funding. This is inconsistent with the presentation in the financial statements.</p> <p><b>Risk:</b> the financial position of the IJB is unclear.</p>	<p>Financial monitoring reports should be reviewed to ensure that the outturn clearly reflects the expected position in the financial statements or includes a reconciliation which ensures reserves are not treated as in-year income.</p>	<p><b>Complete</b></p> <p>Financial monitoring reports clearly show how much expenditure is being funded by reserves as opposed to in-year funding.</p>
<p><b>b/f 5 Registers of interest</b></p> <p>All voting, non-voting and co-opted members are required to complete and update their register of interests. Our review of the registers of interest available on the IJB's website noted that these are still not all up to date.</p> <p><b>Risk:</b> the IJB is failing to keep an up-to-date register of interests.</p>	<p>All voting, non-voting and co-opted members should update their registers of interest at least annually and these should be made available on the IJB's website.</p>	<p><b>Complete</b></p> <p>Reminder emails are sent to all members twice annually to check that there are no new disclosures. As noted in paragraph 41, all members replied except for two substitute members.</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 our wider responsibility under the Code of Audit Practice.

### Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Agreement of balances and transactions to Moray Council and NHS Grampian financial reports / ledger / correspondence.</p> <p>Service auditor assurances will be obtained from the auditors of Moray Council and NHS Grampian over the completeness, accuracy and allocation of income and expenditure.</p> <p>These may be affected by audit timetables, which are yet to be agreed with the partners.</p> <p>Review of year-end adjustments and journals. Ongoing review of financial position.</p>	<p><b>Results:</b> we agreed the consolidation schedule to financial reports from partners and no issues were identified</p> <p>The partner body auditors provided assurances on the accuracy and completeness of the financial reports used to prepare the accounts and confirmed the funding/ expenditure amounts.</p> <p>We tested significant year-end adjustments and no issues were identified.</p> <p><b>Conclusion:</b> we did not identify any incidents of management override of controls.</p>

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>2. Financial management</b></p> <p>The IJB set a balanced budget for 2020/21. Although current projections are that the IJB will achieve a small surplus in 2020/21, the delivery of planned savings has been impacted by the disruption to operations caused by Covid-19. There is a risk that areas of recurrent overspend are masked by additional funding received in response to the pandemic</p>	<p>Review the budget setting process for 2021/22.</p> <p>Review financial monitoring reports.</p> <p>Establish the funding and cost impacts of Covid-19 on 2020/21 outturn.</p>	<p><b>Results:</b> the IJB reported a surplus of £6.2 million for 2020/21. Planned savings on core services totalling £1.4 million were not achieved in 2020/21 but additional funding was received from the Scottish Government to cover this shortfall.</p> <p>Savings of £0.4 million have been included in the 2021/22 budget and £1.6 million of reserves have been used to fund core services in 2021/22.</p> <p><b>Conclusion:</b> the IJB has used the majority of its contingency reserve to help fund its 2021/22 budget and thus reduced its reliance on making efficiency savings in the 2021/22.</p> <p><b>Refer to Appendix 1, b/f 2.</b></p>
<p><b>3. Financial sustainability</b></p> <p>The medium-term financial plan's savings projections for future years require to be updated to reflect the impact of Covid-19. There is a risk that the redesign and transformation programme does not generate the savings required to ensure services provided are financially sustainable.</p>	<p>Review the updated medium term financial strategy.</p> <p>Review the robustness of future savings plans.</p> <p>Review progress with delivery of the transformation programme.</p>	<p><b>Results:</b> due to operational pressures resulting from Covid-19, this was not considered as part of the 2021/22 budget setting process as originally planned.</p> <p><b>Conclusion:</b> there remains the risk that the redesign and transformation programme does not generate the savings required to ensure services provided are financially sustainable.</p> <p><b>Refer to Appendix 1, b/f 2</b></p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>4. Value for money</b></p> <p>The IJB recognises the need to ‘develop better processes to evaluate and measure outcomes in line with Best Value’.</p> <p>Without such a process, there is a risk that the IJB cannot demonstrate it has secured value for money and continuous improvement in the use of its resources.</p>	<p>Review the IJB’s formal assessment of Best Value.</p>	<p><b>Results:</b> due to operational pressures resulting from Covid-19, the IJB has yet to develop processes to evaluate and measure outcomes in line with Best Value.</p> <p><b>Conclusion:</b> there remains the risk that the IJB cannot demonstrate it has secured value for money and continuous improvement in the use of its resources.</p> <p><b>Refer to Appendix 1, b/f 3</b></p>

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# Appendix 3

## Summary of national performance reports 2020/21

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April

[Affordable housing](#)

June

[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](#)

# Moray Integration Joint Board

## 2020/21 Annual Audit Report

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