

# Shetland Islands Health and Social Care Partnership

 <b>Shetland NHS Board</b>	 <b>Shetland Islands Council</b>
<p>Enquiries to      Leisel Malcolmson, Committee Officer Direct Line:      01595 744599 E-mail:            leisel.malcolmson@shetland.gov.uk</p> <p style="text-align: right;">4 March 2019</p>	

Dear Member

**Special IJB Audit Committee**  
**Wednesday 13 March 2019 at 1.30 p.m.**  
**Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick**  
*Please note this meeting was rescheduled from 28 February 2019*

Apologies for absence should be notified to SIC Committee Services on 01595 744599.

Yours sincerely



Simon Bokor-Ingram  
Chief Officer

Chair: E Macdonald  
Vice-Chair: S Manson

## AGENDA

ITEM	
A	Welcome and Apologies
B	Declaration of interests - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
C	Confirm the minutes of the meetings held on i) 20 June 2018, ii) 5 September 2018 and iii) 21 September 2018
1	Annual Audit Plan 2018/19 <i>F-017</i>
2	Audit Scotland report - "Health and social care integration - Update on progress" <i>CC-10</i>
3	IJB Audit Business Programme 2019/20 <i>CC-09</i>
4	Date of Next and Future meetings:  14 May 2019, Council Chamber Town Hall, Lerwick at 9.30am 27 June 2019, Bressay Room, NHS HQ, Burgh Road Lerwick at 2pm 29 August 2019, Bressay Room, NHS HQ, Burgh Road, Lerwick at 2pm 26 September 2019, Bressay Room, NHS HQ, Burgh Road, Lerwick at 2pm 28 November 2019, Bressay Room, NHS HQ, Burgh Road, Lerwick at 2pm 25 February 2020, Bressay Room, NHS HQ, Burgh Road, Lerwick at 9.30am

**MINUTES - PUBLIC**

<b>Meeting</b>	Integration Joint Board Audit Committee
<b>Date, Time and Place</b>	Wednesday, 20 June 2018 at 2.00pm Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick
<b>Present [Members]</b>	<u>Voting Members</u> Shona Manson Emma Macdonald Robbie McGregor  <u>Non-Voting Members</u> Simon Bokor-Ingram, IJB Chief Officer Karl Williamson, IJB Chief Financial Officer
<b>In attendance [Observers/Advisers]</b>	Jonathan Belford, Executive Manager – Finance, SIC Crawford McIntyre, Chief Internal Auditor for IJB Emma Cripps, Internal Auditor, SIC Leisel Malcolmson, Committee Officer, SIC <i>[note taker]</i>
<b>Apologies</b>	<u>Voting Members</u> Natasha Cornick
<b>Also</b>	A Duncan, Councillor, SIC
<b>Chairperson</b>	Emma Macdonald, Chair of the IJB Audit Committee, presided.
<b>Declarations of Interest</b>	None
<b>Minutes of previous meetings</b>	The minutes of the meeting held on 27 February 2018 were confirmed on the motion of Ms Manson, seconded by Ms Macdonald.
<b>4/18</b>	<b>Unaudited Accounts 2017/18</b>
<b>Report No. CC-31-18-F</b>	The IJB Audit Committee considered a report by the IJB Chief Financial Officer, which presented the Unaudited Accounts 2017/18.  The Chief Financial Officer introduced the main terms of the report.  In response to a question the Chief Officer updated on progress in filling the vacancy for the non-voting member, the Senior

	<p>Consultant. He advised that after no one came forward after the first contact with the Consultants Group he now had an interested party following a further approach made.</p> <p>The Audit Committee unanimously approved the recommendations contained in the report.</p> <p><b>Decision:</b> The IJB Audit Committee:</p> <ul style="list-style-type: none"> <li>• CONSIDERED the 2017/18 Unaudited Annual Accounts for the Shetland Integration Joint Board (Appendix 1) and;</li> <li>• CONSIDERED the information at section 4.0 that highlights the key issues from the 2017/18 accounts.</li> </ul> <p>The IJB Audit Committee approved the Annual Governance Statement 2017/18 that forms part of the accounts (Appendix 1).</p>
<b>5/18</b>	<b>Internal Audit Report 2017/18</b>
<p><b>Report No. CC-30-18 F</b></p>	<p>The IJB Audit Committee considered a report by the Director of Community Health &amp; Social Care, which presented the work undertaken for 2017/18 by Internal Audit.</p> <p>The Chief Officer introduced the report and noted that there had been good performance, however in terms of affordability there was clearly a significant financial challenge to balance finances and to deliver services whilst maintaining quality. He explained that the redesign process around scenario planning was underway and there had been some output from those events. The Chief Officer advised that scenario planning had not delivered at the beginning of this year but there was a need to continue to look for opportunities for current and non-recurrent savings.</p> <p>The Chief Officer commented on the hard work of staff, and he said that although Shetland was at the top of the league table on a number of key indicators, that did not take away from savings needed and the enormity of the challenge.</p> <p>The Chair reminded Members that they sit at this meeting as Members of the IJB Audit Committee and not as Councillors or Health Board representatives and that this report was the responsibility of all Members to enable it moving forward. The Chair expressed concern that the IJB was not involved enough in scenario planning.</p> <p>The Chief Officer commented on the work to be done and the challenge ahead for everyone this financial year. He said that services had already identified a savings programme with a £240k target. He said that there are different ways that scenario planning can help for medium/long term planning in a systematic way, and that it was important to redesign services</p>

	<p>quickly. The Chief Officer added that another key consideration is the preventative agenda with a lot more to be done to support self-care and self-management either locally or through the internet. He said that it was important to use the third sector as they are part of the solution. The Chief Officer cautioned that capacity is a risk as there have been some budget saving carry forwards into this year so it is necessary to look at what services can stop doing.</p> <p>The Chair asked if it was the case that the IJB is not strategic enough and how can Members of the Audit Committee help in that regard. The Chief Officer said that discussion on reports needs to remain at a strategic level but suggested that more seminars may be beneficial to understand the implications of change. He added that time would be spent discussing the strategic plan in September. The Chair agreed that more seminars were needed on the IJB's work and that should progress.</p> <p>At the invitation of the Chair, Mr Duncan, SIC Councillor posed a number of questions on the content of the report and Officers responded.</p> <p>In conclusion the Chair said that the IJB had to be realistic and work together to find solutions and it was important to get the right people together to make decisions.</p> <p>The IJB Audit Committee unanimously approved the recommendations contained in the report.</p> <p><b>Decision:</b> The IJB Audit Committee NOTED the contents of the Internal Audit Report and AGREED the IJB Action Plan 2017/18 responses as set out in Appendix 2.</p>
6/18	<b>Chief Internal Auditor - Annual Report 2017/18 / Planned Work 2018/19</b>
CC-27-18 F	<p>The IJB Audit Committee considered a report by the Executive Manager - Audit, Risk &amp; Improvement, which presented the Chief Internal Auditor's annual report for 2017/18 together with brief detail of planned work for 2018/19.</p> <p>The Executive Manager - Audit, Risk &amp; Improvement introduced the report.</p> <p>In responding to questions from Members and from Mr Duncan, SIC Councillor, the Chief Officer explained that finding £6.98m over the next 4 years was challenging but required a systematic approach through the scenario planning process. He commented that there was a significant £10m overall saving required from the Health Board during that timescale. The Chief Officer said that opportunities would come from Health Prevention and early intervention, and that other opportunities were possible through new drugs that avoid the need for greater intervention. The use of technology would also play a part in</p>

	<p>providing better access to some health services avoiding the need to travel. The Chief Officer said that the pace that change happens is key to maintaining a downward curve in financial terms, but progressing in a collaborative way was the only way forward.</p> <p>The IJB Audit Committee unanimously approved the recommendations contained in the report.</p> <p><b>Decision:</b> The IJB Audit Committee NOTED the contents of the annual report and commented accordingly.</p> <p>The IJB Audit Committee APPROVED the work planned for 2018/19.</p>
<b>7/18</b>	<b>IJB Audit Committee Business Programme 2018/19</b>
<b>CC-28-18 F</b>	<p>The IJB Audit Committee considered a report by the IJB Chief Officer, which provided information on the planned business to be presented over the financial year to 31 March 2019.</p> <p>The Chief Officer introduced the report, and commented on the work going forward. The Executive Manager – Governance and Law, SIC, said that having been prompted by some of the questions in the earlier items on the agenda he said that the IJB Audit Committee should focus on scrutiny, challenge and internal controls. He said that the Audit Committee did not need to be the driver of the business but might challenge the IJB if the Audit Committee is not satisfied that the IJB is meeting the required pace.</p> <p>The IJB Audit Committee unanimously approved the business programme.</p> <p><b>Decision:</b> The IJB Audit Committee RESOLVED to approve the business planned for the financial year to 31 March 2019.</p>
<b>8/18</b>	<b>Date of Next &amp; Future meetings:</b>
	<p>The IJB Audit Committee noted the future meeting dates:</p> <p>Friday 21 September 2018 10am Thursday 8 November 2018 2pm Thursday 28 February 2019 at 10am</p> <p>The venue for all meetings is the Bressay Room, NHS HQ, Burgh Road, Lerwick.</p>

The meeting concluded at 2.45pm

.....  
CHAIR

**MINUTES – EXEMPT & PUBLIC**

<b>Meeting</b>	Special Integration Joint Board Audit Committee
<b>Date, Time and Place</b>	Wednesday, 5 September 2018 at 2.00pm Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick
<b>Present [Members]</b>	<u>Voting Members</u> Shona Manson Emma Macdonald Natasha Cornick  <u>Non-Voting Members</u> Simon Bokor-Ingram, IJB Chief Officer Karl Williamson, IJB Chief Financial Officer
<b>In attendance [Observers/Advisers]</b>	Christine Ferguson, Director of Corporate Services, SIC Jan Riise, Executive Manager – Governance and Law, SIC Sheila Duncan, Management Accountant, SIC Louise Adamson, Committee Officer, SIC <i>[note taker]</i>
<b>Apologies</b>	Robbie McGregor
<b>Also in attendance</b>	Allison Duncan, Councillor, SIC
<b>Chairperson</b>	Emma Macdonald, Chair of the IJB Audit Committee, presided.
<b>Declarations of Interest</b>	None

**In order to avoid the disclosure of exempt information, Ms Macdonald moved, Ms Cornick seconded, and the Committee RESOLVED to exclude the public in terms of the relevant legislation during consideration of the following item of business.**

<b>9/18</b>	<b>Internal Audit Service</b>
<b>CRP-13-18-F</b>	The IJB Audit Committee considered a report by the Director of Corporate Services, Shetland Islands Council, which provided information regarding proposals to change the internal audit service arrangements for the IJB in light of changes proposed to the Council's Internal Audit Service.  The Director of Corporate Services introduced the report, advising on the changes to Shetland Islands Council's Internal Audit Service, recently approved by the Council. She advised that support is sought from the IJB Audit Committee and IJB to continue to use the new arrangement for Internal Audit services,

which includes shared services from Audit Glasgow. The Director of Corporate Services clarified that there would be no increase in costs to the IJB for the Internal Audit Services as a result of the changes, as the cost is based on activity rather than how the Council provides the service.

In response to questions, the Director of Corporate Services advised that the first point of contact for audit work for the IJB will continue to be the Council's Internal Audit Staff. The Chief Internal Auditor will be Mr Black of Audit Glasgow, who will be in Shetland for the two key meetings during the year. She advised also on the work to review the current Audit Work Plan for the year, and that any changes to the Work Plan will be presented to the IJB Audit Committee and IJB for approval.

In response to a question, the Director of Corporate Services agreed with the suggestion to align the meetings of the Council's Audit Committee and the IJB Audit Committee.

During the discussion, the IJB Chief Officer and IJB Chief Financial Officer advised on their support for the new arrangements for the Internal Audit Service.

Ms Macdonald confirmed her support for the proposals in the report, which she said would provide an improved Audit Service to the IJB. Ms Macdonald moved that the IJB Audit Committee approve the recommendation in the report. In seconding, Ms Cornick commented on the added benefit with increased robustness, and on the impartiality from the shared arrangement.

**Decision:**

The Committee:

- CONSIDERED the information presented in the report and the decisions of the Council in this regard;
- NOTED that the Shetland Islands IJB Financial Regulations state at paragraph 62 that, "*Internal Audit services [for the IJB] will be provided by Shetland Islands Council. Such provision will be subject to agreement.*"
- RECOMMEND that the IJB AGREE that Shetland Islands Council continue to provide Internal Audit services for the IJB and AGREE that elements of this function may be provided through external procurement arrangements subject to the decisions of the Council in this regard.

The meeting concluded at 2.15pm.

.....  
CHAIR

**MINUTES – PUBLIC**

<b>Meeting</b>	Special Integration Joint Board Audit Committee
<b>Date, Time and Place</b>	Friday, 21 September 2018 at 10.00am Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick
<b>Present [Members]</b>	<u>Voting Members</u> Emma Macdonald Marjorie Williamson [Substitute]  <u>Non-Voting Members</u> Simon Bokor-Ingram, IJB Chief Officer Karl Williamson, IJB Chief Financial Officer Lisa Ward - NHS Non Executive Member Substitute
<b>In attendance [Observers/Advisers]</b>	Ralph Roberts, Chief Executive, NHS Gary Robinson, Chairman of NHS Board Christine Ferguson, Director of Corporate Services, SIC Jan Riise, Executive Manager – Governance and Law, SIC Crawford McIntyre, Chief Internal Auditor for IJB Sheila Duncan, Management Accountant, SIC Christine McCourt, Financial Accountant, SIC Leisel Malcolmson, Committee Officer, SIC <i>[note taker]</i>
<b>Apologies</b>	Natasha Cornick Shona Manson Robbie McGregor
<b>Also in attendance</b>	James Corrigan, Deloitte LLP Connor Healy, Deloitte LLP
<b>Chairperson</b>	Emma Macdonald, Chair of the IJB Audit Committee, presided.
<b>Declarations of Interest</b>	None
<b>10/18</b>	<b>Annual Audit Report 2017/18</b>
<b>CC-38-18-F</b>	The IJB Audit Committee considered a report by the Chief Financial Officer - NHS, which presented Deloitte's Annual Audit Report on the 2017/18 Audit.

Mr Corrigan and Mr Healy, of Deloitte LLP, introduced the Annual Audit Report and referred to the key messages and issues set out in the report

Mr Healy commented on the two significant risks identified and how those would be addressed and taken on board for next year. He advised that an unmodified opinion had been given on the accounts. Mr Healy also drew attention to the insights and recommendations made to the wider audit dimensions and advised that the statement of audit accounts was ready to be signed, following approval at the IJB.

The IJB Audit Committee were advised that the IJB should not be reliant on the NHS to plug the funding gap and it should consider the radical options noted by North Ayrshire. It was suggested that the IJB has to consider how its services are to be delivered and there has to be buy-in from the IJB and management with decision on savings so that service delivery is protected. The IJB Audit Committee were advised that Deloitte would continue to monitor the IJB's financial position over the next year. Comment was made that the IJB Board Members require more training on the responsibility of management and Board members to gain a clear understanding of the IJB's remit. Comment was also made on the turnover in membership and the attendance of committee.

During consideration of the report, comment was made that reference, on page 5 of the Annual Audit Report, to "buy-in from staff, board members and the public" would mean a shift in where money is spent and that cannot be done without a financial package and engagement and it would appear that the IJB need to invest financially in that. It was noted that on Page 7 the wording should be amended as the Internal Audit Plan is only presented to the IJB Audit Committee. It was suggested by the Auditors that there would be more Governance if the Audit Plan were presented to both the Audit Committee and the Board.

In terms of the recommendations, within the Audit Report the Chief Financial Officer explained that these were due to the timing of practice notes and he would look to improve this again next year. The Auditors advised that they would be available throughout the year and early engagement was welcome to ensure that the accounts progress in line with best practice. The Auditors noted that due to the timing they had carried out their audit earlier and the Chief Financial Officer had taken their points on board, but they were required to make the Audit Committee aware of the matters highlighted.

In response to a question on the noting of the budget rather than the approval of the budget, the Auditors advised that it was unusual not to have an approved budget. The other option available to the IJB was to sit with a negative reserve balance

	<p>but that was not ideal and not advisable. It was suggested that by approving an integrated budget the IJB would be taking ownership of its financial position.</p> <p>The Executive Manager – Governance and Law advised that this was considered at a seminar of IJB Members recently and how it should in the context of budget setting, service planning and commissioning. He said that the guidance does not reflect what legislation says on the matter and there was therefore various practices being adopted across IJB's. He advised that it was entirely likely the auditor recommendations would be actioned but was for decision by the IJB.</p> <p>Consideration was then given to the structure and remit of the board and noting the Chair of the IJB's concern regarding her attendance as substitute member on the Audit Committee the Executive Manager – Governance and Law advised that attendance today was to address a quorum issue. He explained that the IJB had asked for a review of the IJB code of corporate governance which was being undertaken and would look at the terms of reference and pick up on the Chair of the IJB's point. In addition the Executive Manager – Governance and Law confirmed that the issue of training of IJB Audit Committee Members could also be addressed through that process.</p>
<b>Decision</b>	The IJB Audit Committee NOTED Deloitte's Annual Audit Report on the 2017/18 Audit.
<b>11/18</b>	<b>Final Audited Accounts 2017/18</b>
<b>CC-37-18-F</b>	<p>The IJB Audit Committee considered a report by the Chief Financial Officer - NHS that presented the Audited Annual Accounts for 2017/18.</p> <p>The Chief Financial Officer introduced the report.</p> <p>Mr Healy, of Deloitte LLP, advised that there were no audit adjustments and the accounts complied with changes in accounting policy raised by Audit Scotland who reviews all IJB accounts.</p> <p>Reference was made to the overspend in the annual accounts that related to locums covering for various vacancies. It was stressed that the additional costs incurred due to flights and accommodation should be highlighted and minimised as much as possible.</p>
<b>Decision</b>	The IJB Audit Committee CONSIDERED the audited Annual Accounts for 2017/18 and NOTED the Management Representation Letter.

12/18	Date of Next and Future meetings
	The IJB were informed of a change in the November 2018 date, and advised to amend their diaries accordingly.

The meeting concluded at 10.35am.

.....  
CHAIR



Agenda Item <h1 style="font-size: 2em; margin: 0;">1</h1>
--

<b>Meeting(s):</b>	IJB Audit Committee	28 February 2019
<b>Report Title:</b>	Annual Audit Plan 2018/19	
<b>Reference Number:</b>	F-017-F	
<b>Author / Job Title:</b>	Karl Williamson / IJB Chief Financial Officer	
<b>1.0 Decisions / Action required:</b>		
1.1	That the Committee is asked to NOTE the contents of the Audit Plan 2018/19 for Shetland Islands Integration Joint Board (Appendix 1) from its external auditors, Deloitte LLP.	
<b>2.0 High Level Summary:</b>		
2.1	The Annual Audit Plan detailed at Appendix1 provides information on the work that external auditors will undertake to review and assess the governance and performance of the Shetland Islands Integration Joint Board (IJB) in 2018/19.	
<b>3.0 Corporate Priorities and Joint Working:</b>		
3.1	The audit process plays a key role in helping the IJB to maintain good governance, accountability and provides assurance around financial stewardship.	
3.2	The IJB represents partnership working between Shetland Islands Council and NHS Shetland with regard to the integration of Health and Social Care.	
<b>4.0 Key Issues:</b>		
4.1	<p>The Annual Audit Plans present the planned audit work by the IJB's external auditors, Deloitte LLP, for the 2018/19 financial year; the third year of a five-year appointment. Their core audit work includes:</p> <ul style="list-style-type: none"> <li>• perform an ISA (UK) compliant audit of the annual accounts;</li> <li>• audit and report on the audit dimensions of financial sustainability, financial management, governance and transparency and value for money;</li> <li>• contribute to performance audits (including performance audit reports, overview reports and impact reports);</li> <li>• share audit intelligence with Audit Scotland including highlighting potential statutory reports;</li> <li>• carry out preliminary enquiries into referred correspondence (issues of concern raised with Audit Scotland);</li> <li>• provide information on cases of fraud;</li> <li>• provide information on cases of money laundering; and</li> <li>• contribute to technical guidance notes.</li> </ul>	

<b>5.0 Exempt and/or confidential information:</b>		
5.1	None.	
<b>6.0 Implications :</b>		
<b>6.1 Service Users, Patients and Communities:</b>	None arising from this report.	
<b>6.2 Human Resources and Organisational Development:</b>	None arising from this report.	
<b>6.3 Equality, Diversity and Human Rights:</b>	None arising from this report.	
<b>6.4 Legal:</b>	The Shetland Islands Integration Joint Board is required to prepare accounts in accordance with the Local Government (Scotland) Act 1973 and the Code of Practice on Local Authority Accounting 2018/19.	
<b>6.5 Finance:</b>	The audit fee for 2018/19 for Shetland Islands Integration Joint Board is £25,000.	
<b>6.6 Assets and Property:</b>	None arising from this report.	
<b>6.7 ICT and new technologies:</b>	None arising from this report.	
<b>6.8 Environmental:</b>	None arising from this report.	
<b>6.9 Risk Management:</b>	The annual audit work is focused on identifying and assessing the key challenges and risks to the Shetland Islands Integration Joint Board in order to mitigate future risk.	
<b>6.10 Policy and Delegated Authority:</b>	The IJB Audit Committee's terms of reference states that it is to consider external audit plans and reports as appropriate and any matters arising from these and management actions identified in response.	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

Kara Collins, Financial Accountant, [kara.collins@shetland.gov.uk](mailto:kara.collins@shetland.gov.uk), 11 February 2019

**Appendices:**

Appendix 1 – Shetland Islands Integration Joint Board Annual Audit Plan for 2018/19

Appendix 2 – Shetland Islands Integration Joint Board Sector Developments Paper



## Shetland Islands Integration Joint Board

Planning report to the Audit Committee on the audit for the year ending  
31 March 2019

Issued 5 February 2019 for the meeting on 28 February 2019

# Contents

---

## 01 Planning report

Introduction	3
Responsibilities of the Audit Committee	6
Our audit explained	7
Continuous communication and reporting	8
An audit tailored to you	9
Materiality	10
Scope of work and approach	11
Significant risks	13
Wider scope requirements	17
Audit quality	23
Purpose of our report and responsibility statement	24

---

## 02 Appendices

Fraud responsibilities and representations	26
Independence and fees	28
Our approach to quality	29

# Introduction

## The key messages in this report:

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

We have pleasure in presenting our draft planning report to the Audit Committee of Shetland Islands Integration Joint Board ('IJB') for the year ending 31 March 2019 audit. We would like to draw your attention to the key messages of this draft audit plan:

### **Audit Plan**

We have updated our understanding of the IJB, including discussion with management and review of relevant documentation from across the IJB.

Based on these procedures, we have developed this plan in collaboration with the IJB to ensure that we provide an effective audit service that meets your expectations and focuses on the most significant areas of importance and risk to the IJB.

### **Key Risks**

We have taken an initial view as to the significant audit risks the IJB faces. These are presented as a summary dashboard on page 14.

- In accordance with auditing standards, we have identified a significant risk associated with income. This risk is pinpointed to the recognition of income from its funding partners, Shetland Islands Council (the Council) and NHS Shetland (the Health Board), which accounts for the vast majority of income received.
- In accordance with auditing standards, management override of controls has also been identified as a significant audit risk.

### **Audit Dimensions**

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. Our audit work will consider how the IJB is addressing these and report our conclusions in our interim report to the Audit Committee in June 2019 and our annual report to the Audit Committee in September 2019. In particular, our work will focus on the following areas:

**Financial sustainability** – as with other public sector bodies, the IJB continues to face financial challenges due to uncertainty around future funding and increase in demand for services. As at 30 September 2018, an overspend of £4.2m (9.3%) is forecast against the noted budget, a substantial deterioration on the prior year position (5.4%).

The IJB does not have a Medium-Term Financial Plan (MTFP), although we are aware that work on creating a standalone MTFP for the IJB is underway following recommendations made in the 2017/18 audit report. The IJB has no long-term financial plan and no work to remedy this is currently underway.

# Introduction (continued)

## The key messages in this report (continued):

### Audit Dimensions (continued)

- **Financial sustainability (continued)** – we will monitor the IJB’s actions in respect of overspends arising in the year and how balance will be achieved in the short term. We will also review the progress with the MTFP and what work the IJB has done or is planning to do to address the medium-long-term funding gap and ensure that services are commissioned within the funding available. There is currently a risk around how any service redesign will bring the financial benefits required to achieve a balanced financial position.
- **Financial management** – we will review the budget and monitoring reports to the IJB during the year and liaise with internal audit in relation to their work on the financial control environment to assess whether financial management and budget setting is effective. We note that the IJB has failed to approve a budget for 2018/19 and is forecasting a £4.2m (9.3%) overspend. We will evaluate the steps the IJB is taking to address these issues going forward.
- **Governance and transparency** – from our review of IJB papers, discussion with management and those charged with governance, and attendance at Audit Committees, we will assess the effectiveness of governance arrangements. As the IJB is still relatively new and faces significant challenges around financial sustainability, there is a risk that the governance arrangements between the Council and the IJB (and the partner Health Board) are not effective.
- **Value for money** – from our 2017/18 audit work, we concluded that the IJB performance management framework in place was integral to the delivery of quality and effective management, governance and accountability, with performance regularly considered by management and the IJB. We recommended that the IJB needs to demonstrate a clear link between spend and outcomes, linked with the IJB’s objectives. We will review how the IJB is addressing areas where targets are not being met and how strategic change is impacting on how the IJB’s performance is measured and reported. There is a risk that insufficient resources are targeted to areas of under-performance.

Our audit work on the four audit dimensions incorporates the specific risks highlighted by Audit Scotland, in particular: the impact of EU withdrawal, the changing landscape for public financial management, dependency on key suppliers and increased focus on openness and transparency.

# Introduction (continued)

## The key messages in this report (continued):

### **Regulatory Change**

New accounting standards on revenue and financial instruments will apply for 2018/19, and for leases from 2020/21. While we do not expect these standards to have a significant impact on the IJB, we recommend that the IJB review the impact of IFRS 9 and 15 in the year, including calculating any adjustments that will be required as at 31 March 2018 for transition. We would suggest that the Audit Committee receive reporting from management on the implementation of the new standard, and we will report specifically on the findings from our audit work in this area.

We have reported on other regulatory changes in our sector updates in our separate report.

### **Our Commitment to Quality**

We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience.

### **Adding value**

Our aim is to add value to the IJB through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

**Pat Kenny**  
Audit director

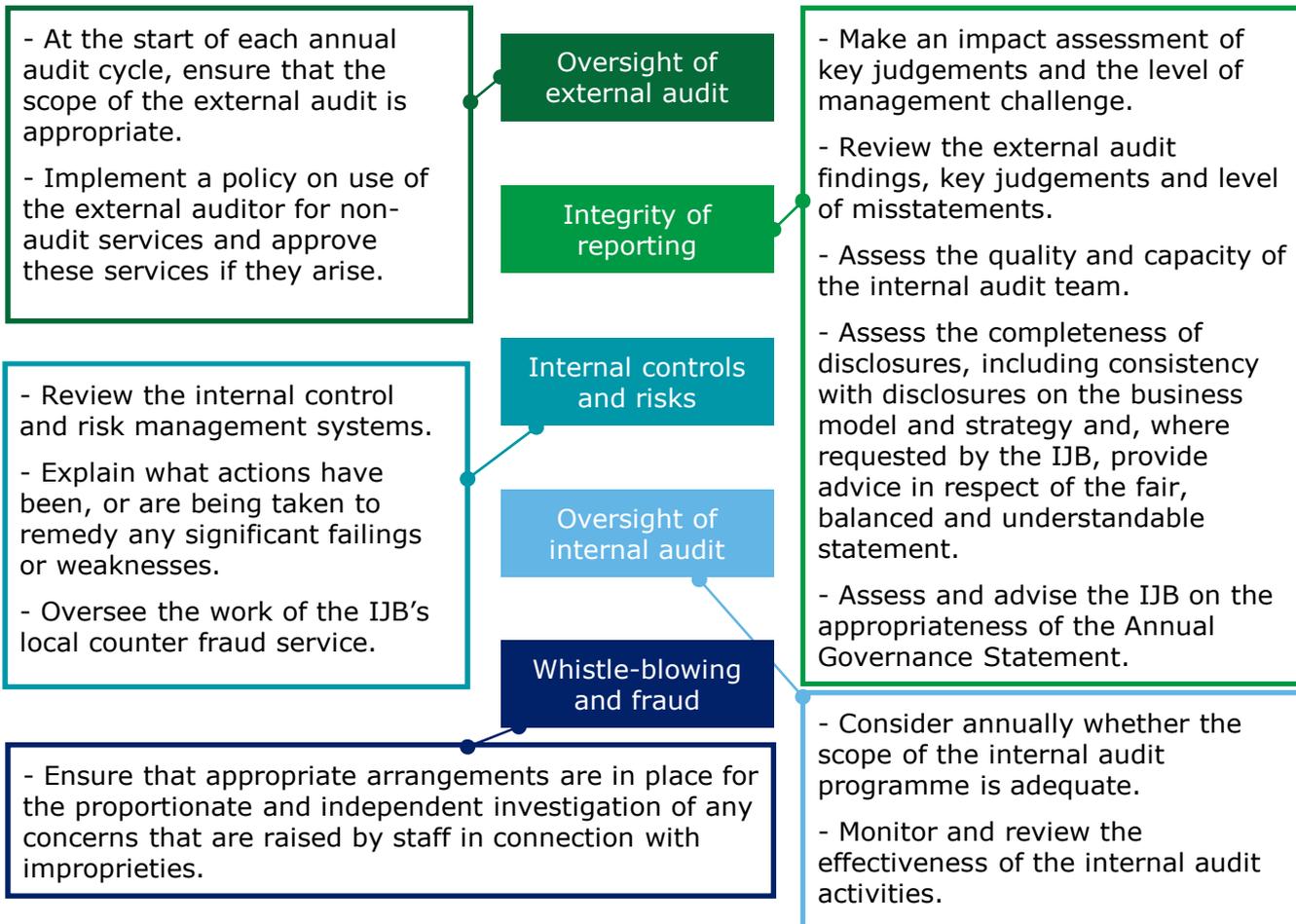
# Responsibilities of the Audit Committee

## Helping you fulfil your responsibilities

The primary purpose of the Auditor's interaction with the Audit Committee:

- Clearly communicate the planned scope of the financial statements audit.
- Provide timely observations arising from the audit that are significant and relevant to the Audit Committee's responsibility to oversee the financial reporting process.
- In addition, we seek to provide the Audit Committee with additional information to help fulfil your broader responsibilities.

As a result of regulatory change in recent years, the role of the Audit Committee has significantly expanded. We set out here a summary of the core areas of Audit Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit Committee in fulfilling its remit.

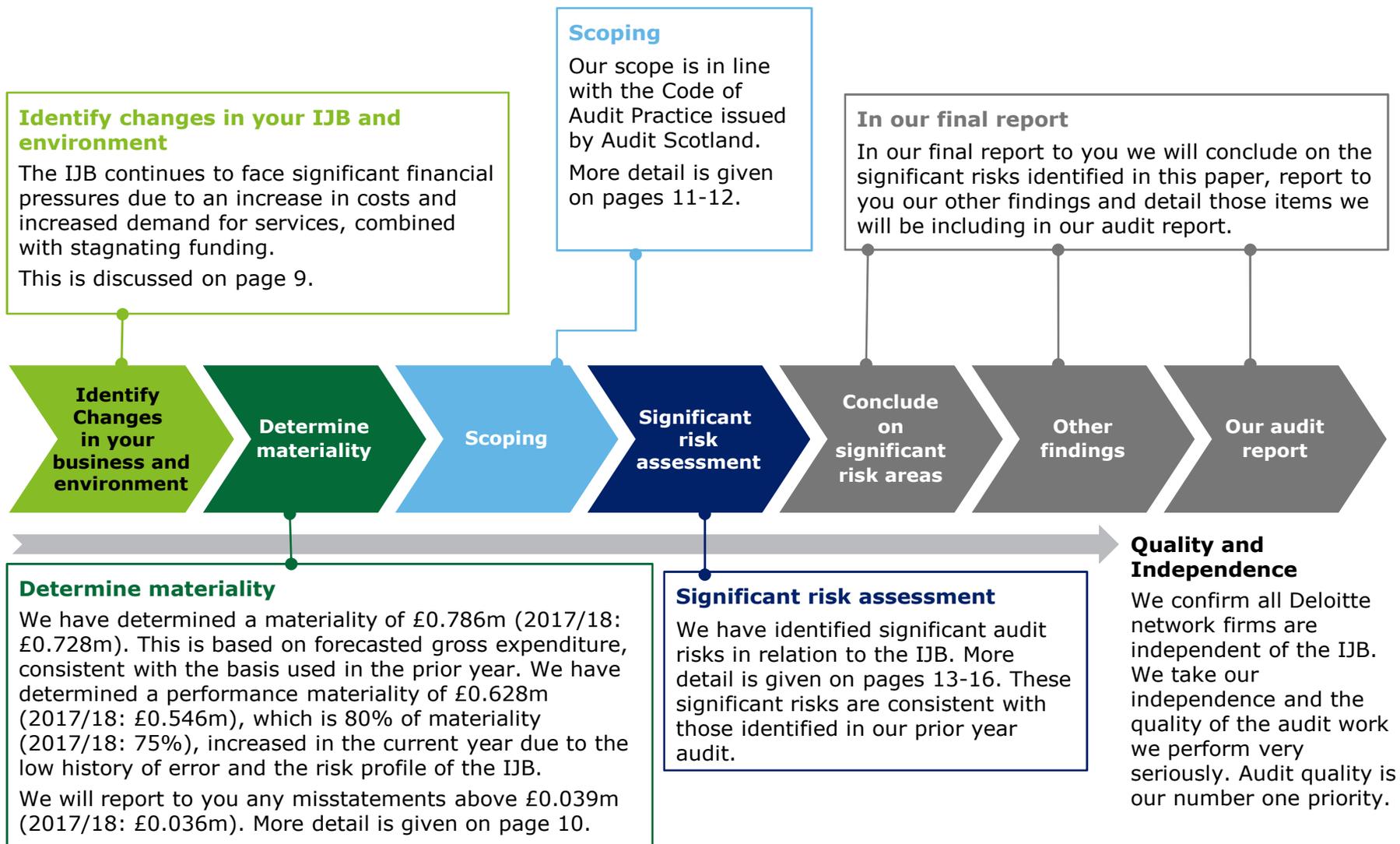


We use this symbol throughout this document to highlight areas of our audit where the Audit Committee need to focus their attentions.



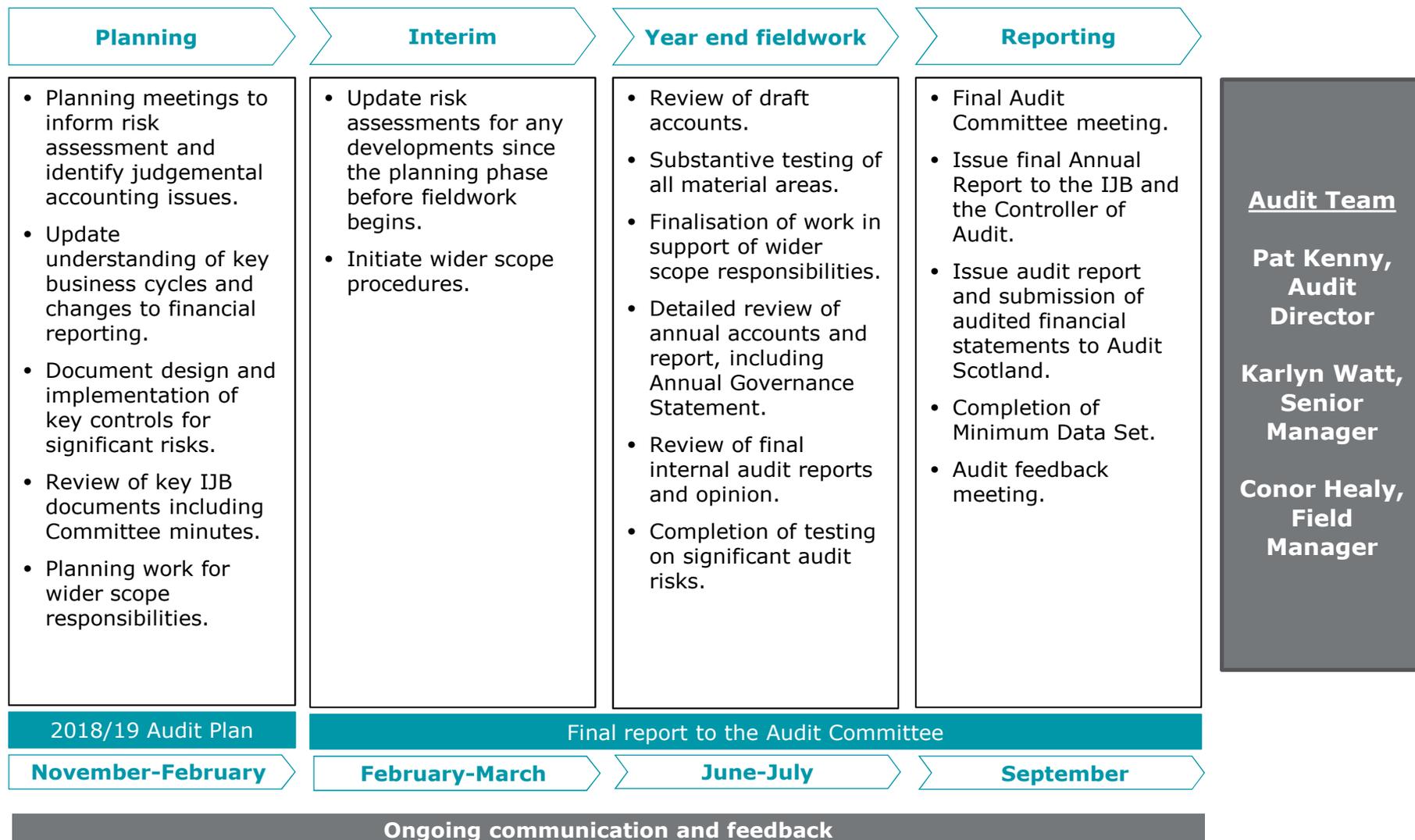
# Our audit explained

## We tailor our audit to your Board and your strategy



# Continuous communication and reporting

## Planned timing of the audit



# An audit tailored to you

## Focusing on your business and strategy

### Impact on our audit

#### Future financial strategy and sustainability



The prior year audit report noted that the IJB's financial monitoring arrangements were sound. However, the IJB recorded an overspend of £2.4m (5.4%) against budget, with this overspend being funded on a 'one-off' basis by the Health Board. As at 30 September 2018, the IJB is forecasting an overspend against budget of £4.2m (9.3%). The 'Health and Social Care Integration' report released by Audit Scotland in November 2018 noted that the Shetland IJB required the highest level of savings in Scotland.

In order to close this short-term funding gap, difficult decisions will need to be taken and transformational change will need to be progressed. The IJB forecasted a required £2.3m of efficiency savings required in 2018/19, however it is currently forecasting that it will achieve none. Given this difficult short-term position, the IJB needs to progress with the preparation of a Medium-Term Financial Plan to quantify the medium-term funding gap and take the appropriate steps to address this.

We note that the Integration Scheme requires a recovery plan to balance any overspend to be agreed with the constituent authority. This requires that both the IJB and the constituent authority agree how an overspend will be managed in the circumstance that recovery plans are unsuccessful. We are aware of the scenario planning work ongoing between the IJB and the Health Board, but this is not sufficiently advanced to generate the required savings, as noted above. In January 2019, the Council and Health Board agreed to cover any overspend for 2018/19. We will monitor the IJB's compliance – and that of the Council and Health Board – with the Integration Scheme in addressing these issues going forward.

The IJB suffers from a lack of integrated budget setting, with funding being seen as 'Council' and 'Health Board' funding. This is despite the requirement for treating the IJB's finances as a shared resource being set out in legislation. The Audit Scotland report noted that IJBs struggle to exert their influence on the budget-setting process.

In February 2018, the IJB noted, rather than approved, the budget for 2018/19 due to the funding received from the Council and Health Board being insufficient to produce a balanced budget. We highlighted in our final 2017/18 audit report in September 2018 that the IJB cannot continue to have unapproved budgets and we will monitor progress on this for the 2019/20 budget.



New significant risk



Continuing significant risk



Considered as part of wider scope audit requirements

# Materiality

## Our approach to materiality

### Basis of our materiality benchmark

- The audit director has determined materiality as £0.786m (2017/18: £0.728m) and a performance materiality of £0.628m (2017/18: £0.546m), based on professional judgement and risk factors specific to Shetland Islands IJB, the requirement of auditing standards and the financial measures most relevant to users of the financial statements.
- We have used 1.6% of forecasted gross expenditure as the benchmark for determining materiality and applied 80% (2017/18: 75%) as performance materiality.
- This approach is consistent with our prior year materiality calculation. We have increased the percentage applied as performance materiality given the low history of error and the level of risk faced by the Board.

### Reporting to those charged with governance

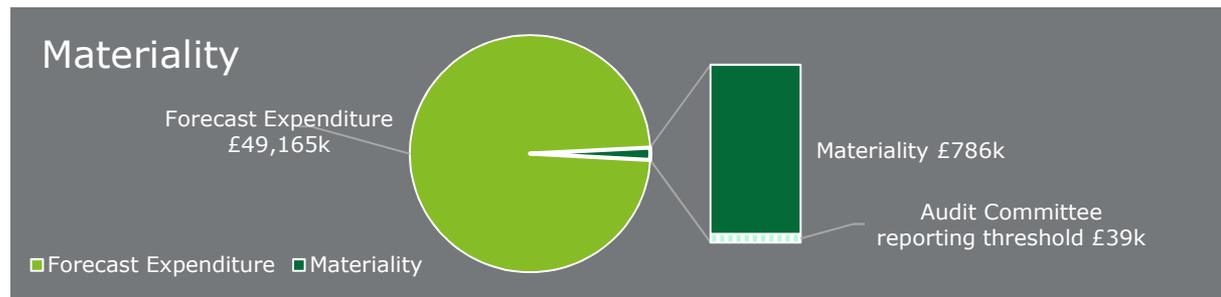
- We will report to you all misstatements found in excess of our clearly trivial threshold which is £0.039m (2017/18: £0.036m).
- We will report to you misstatements below this threshold if we consider them to be material by nature.

- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to audit committees must not exceed £250k.

### Our annual audit report

We will:

- report the materiality benchmark applied in the audit of the IJB;
- provide comparative data and explain any changes in materiality, compared to prior year, if appropriate; and
- explain any normalised or adjusted benchmarks we use, if appropriate.



Although materiality is the judgement of the audit director, the Audit Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

# Scope of work and approach

## Our key areas of responsibility under the Code of Audit Practice

Core audit work	Planned output	Timeline
Perform an ISA (UK) compliant audit of the annual accounts	<ul style="list-style-type: none"> <li>Annual audit plan</li> <li>Independent auditor's report</li> </ul>	<ul style="list-style-type: none"> <li>February 2019</li> <li>September 2019</li> </ul>
Audit and report on the audit dimensions	<ul style="list-style-type: none"> <li>Annual audit plan</li> <li>Interim report</li> <li>Annual audit report</li> </ul>	<ul style="list-style-type: none"> <li>February 2019</li> <li>June 2019</li> <li>September 2019</li> </ul>
Contribute to performance audits (including performance audit reports, overview reports and impact reports)	<ul style="list-style-type: none"> <li>Minimum datasets</li> <li>Data returns</li> </ul>	<ul style="list-style-type: none"> <li>September 2019</li> <li>As required</li> </ul>
Share audit intelligence with Audit Scotland including highlighting potential statutory reports	<ul style="list-style-type: none"> <li>Current issues returns</li> </ul>	<ul style="list-style-type: none"> <li>January, March, August and October 2019</li> </ul>
Carry out preliminary enquiries into referred correspondence	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Provide information on cases of fraud	<ul style="list-style-type: none"> <li>Fraud returns</li> </ul>	<ul style="list-style-type: none"> <li>November 2018, February, May and August 2019</li> </ul>
Provide information on cases of money laundering	<ul style="list-style-type: none"> <li>Audit Scotland to advise</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
Contribute to technical guidance notes	<ul style="list-style-type: none"> <li>Consultation comments on draft technical guidance notes</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>

# Scope of work and approach (continued)

## Our approach

### Liaison with internal audit

The Auditing Standards Board's version of ISA (UK) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

The IJB uses the corporate financial systems of the Council as well as the Council's internal audit function. We will review their reports and meet with them to discuss their work. We will discuss the work plan for internal audit, and where they have identified specific material deficiencies in the control environment we consider adjusting our testing so that the audit risk is covered by our work.

Using these discussions to inform our risk assessment, we can work together with internal audit to develop an approach that avoids inefficiencies and overlaps, therefore avoiding any unnecessary duplication of audit requirements on the IJB, Council and Health Board's staff.

### Approach to controls testing

Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D&I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

### Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We will utilise the Code of Practice on local authority accounts in the UK disclosure checklist to support the IJB in preparing high quality drafts of the annual report and financial statements, which we would recommend the IJB complete during drafting.

The Disclosure Checklist reflects the cutting clutter agenda and includes a "not material" column. We would encourage the IJB to exclude disclosure if the information is not material.

Audit Scotland has published good practice guides in relation to the Annual Accounts to support the IJB in preparing high quality drafts of the Annual Report and financial statements, which we would recommend the IJB consider during drafting.

Obtain an understanding of the IJB and its environment including the identification of relevant controls.

Identify risks and controls that address those risks.

Carry out D&I work on relevant controls.

If considered necessary, test the operating effectiveness of selected controls.

Design and perform a combination of substantive analytical procedures and tests of details that are most responsive to the assessed risks.

# Significant risks

## Our risk assessment process

We consider a number of factors when deciding on the significant audit risks. These factors include:

- the significant risks and uncertainties previously reported in the annual report and financial statements;
- the IAS 1 critical accounting estimates previously reported in the annual report and financial statements;
- our assessment of materiality;
- the changes that have occurred in the business and the environment it operates in since the last annual report and financial statements; and
- the IJB's actual and planned performance on financial and other governance metrics compared to its peers.

### Principal risk and uncertainties

- Staffing vacancies
- Expenditure on locum costs
- Achievement of efficiency savings
- Service redesign
- Digital connectivity

### Changes in your business and environment

- Risk that the Health Board will be unable to provide one-off funding to cover overspends in 2018/19 and going forward
- There will be a change in the Chair of the IJB for 2019/20

The next page summarises the significant risks that we will focus on during our audit. All the risks mentioned in the prior year Audit Committee report are included as significant risks in this year's audit plan.



# Significant risks (continued)

## Dashboard

Risk	Material?	Fraud risk identified?	Planned approach to controls testing	Level of management judgement	Page no.
Completeness and accuracy of income			Design and implementation		15
Management override of controls			Design and implementation		16



Some degree of management judgement



Limited management judgement

# Significant risks (continued)

## Risk 1 – Completeness and accuracy of income

---

**Risk identified** ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in income recognition, evaluate which types of income, income transactions or assertions give rise to such risks.

The main components of income for the IJB are contributions from its funding partners, namely Shetland Islands Council and NHS Shetland. The significant risk is pinpointed to the recognition of this income, being completeness and accuracy of contributions received from the Health Board and the Council. Given the year end deficit projected by the IJB, there is a risk that overspends could be funded by funding partners in the year following their approval, and therefore contributions could differ from the approved budget.

---

**Our response** We will perform the following:

- test the income to ensure that the correct contributions have been input and received in accordance with that agreed as part of budget process and that any increases or reductions have been appropriately applied;
  - test the reconciliations performed by the IJB at 31 March 2019 to confirm all income is correctly recorded in the ledger;
  - confirm that the reconciliations performed during 2018/19 have been reviewed on a regular basis; and
  - assess management’s controls around recognition of income.
-

# Significant risks (continued)

## Risk 2 – Management override of controls

We will use computer assisted audit techniques, including Spotlight, to support our work on the risk of management override

---

**Risk identified**

In accordance with ISA 240 (UK), management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the IJB's controls for specific transactions.

The key judgements in the financial statements are those which we have selected to be the significant audit risks around completeness and accuracy of income. This is inherently the area in which management has the potential to use their judgment to influence the financial statements.

---

**Planned audit challenge**

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

**Journal testing**

- We will test the design and implementation of controls over journal entry processing.
- Using our Spotlight data analytics tool, we will risk assess journals and select items for detailed follow up testing. The journal entries will be selected using computer-assisted profiling based on areas which we consider to be of increased interest.
- We will test the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting.

**Accounting estimates**

- We will test the design and implementation of controls over key accounting estimates and judgements.
- We will review accounting estimates for biases that could result in material misstatements due to fraud. This will include both a retrospective review of 31 March 2018 estimates and a review of the corresponding estimates as at 31 March 2019.

**Significant and unusual transactions**

- We will obtain an understanding of the business rationale of significant transactions that we become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual, given our understanding of the entity and its environment.

# Wider scope requirements

## Audit dimensions

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. We will consider how the IJB in addressing these areas, including any risks to their achievement, as part of our audit work as follows:

Audit dimension	Areas to be considered	Impact on the 2018/19 Audit
<p><b>Financial sustainability</b> 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.</p>	<ul style="list-style-type: none"> <li>• The financial planning systems in place across the shorter and longer terms.</li> <li>• The arrangements to address any identified funding gaps.</li> <li>• The affordability and effectiveness of funding and investment decisions made.</li> <li>• Workforce planning.</li> </ul>	<p>The IJB is projecting an overspend of £4.2m (9.3%) for 2018/19, an increase from £2.4m (5.4%) in 2017/18. The Council and Health Board have agreed to cover this overspend on a one-off basis. We will monitor the IJB's recovery plan, scenario planning, MTFP and ongoing financial performance to consider if the IJB is planning appropriately to remain financially sustainable in the short, medium and longer term.</p> <p><b>Audit Risk:</b> The IJB fails to take sufficient action to reach a financially sustainable position.</p> <p>In view of the Scottish Government's Medium-Term Financial Strategy (MTFS) (discussed further on page 20) we will consider the extent to which the IJB has reviewed the potential implications of the MTFS for its own financial planning and whether it is taking these into account in its arrangement for financial management and financial sustainability.</p> <p><b>Audit Risk:</b> The IJB's long-term financial planning is inconsistent with the Scottish Governments five-year plan.</p>
<p><b>Financial management</b> is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<ul style="list-style-type: none"> <li>• Systems of internal control.</li> <li>• Budgetary control system.</li> <li>• Financial capacity and skills, including plans for replacing the recently departed Head of Finance.</li> <li>• Arrangements for the prevention and detection of fraud.</li> </ul>	<p>The IJB failed to approve a budget for 2018/19 due to being unable to agree a balanced budget with the Council and Health Board. We will consider budget setting for 2019/20 and whether arrangements remain appropriate.</p> <p><b>Audit Risk:</b> The budget setting arrangements of the IJB are insufficient to commission services within the funding available and monitor performance.</p> <p>In view of the Scottish Government's new budget process (discussed further on page 20) we will confirm that underlying financial performance including any in-year changes to funding agreed with the Scottish Government, is transparently presented.</p> <p><b>Audit Risk:</b> The underlying financial performance of the IJB is not transparently reported.</p> <p>Our fraud responsibilities and representations are detailed on pages 26 and 27.</p>

# Wider scope requirements (continued)

## Audit dimensions (continued)

Audit dimension	Areas to be considered	Impact on the 2018/19 Audit
<p><b>Governance and transparency</b> is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<ul style="list-style-type: none"> <li>• Governance arrangements.</li> <li>• Scrutiny, challenge and transparency on decision making and financial and performance reports,</li> <li>• Quality and timeliness of financial and performance reporting,</li> <li>• Accountable officers' duty to secure Best Value,</li> </ul>	<p>The management accounts reporting process takes approximately two months. Although this is in line with protocol, improvements in the speed of reporting – without compromising on quality – would be beneficial. We will review the process in 2018/19 to monitor any improvements made.</p> <p><b>Audit Risk:</b> Scrutiny is rendered less timely and appropriate given the time between the events occurring and being reported to the IJB.</p> <p>In view of the increased focus on how public money is used and what is achieved (as discussed further on page 20), we will consider how the IJB has reviewed its approach to openness and transparency.</p> <p><b>Audit Risk:</b> The IJB's approach is not keeping pace with public expectation and good practice.</p>
<p><b>Value for money</b> is concerned with using resources effectively and continually improving services.</p>	<ul style="list-style-type: none"> <li>• Value for money in the use of resources.</li> <li>• Link between money spent and outputs and the outcomes delivered.</li> <li>• Improvement of outcomes</li> <li>• Focus on and pace of improvement.</li> </ul>	<p>In order to demonstrate how the IJB is achieving its objectives and meeting planned outcomes, a clear link should be made between expenditure, outcomes achieved and objectives impacted. We will review the performance monitoring for evidence of this in 2018/19.</p> <p><b>Audit Risk:</b> The IJB does not allocate resources effectively.</p> <p>In view of the Scottish Government's new budget process (discussed further on page 20) we will consider the extent to which the IJB's performance report provides an accessible account of the IJB's overall performance and impact of its public spending.</p> <p><b>Audit Risk:</b> The IJB does not clearly report on its contribution towards the national outcomes.</p>

# Wider scope requirements (continued)

## Specific risks

As part of the 2018/19 planning guidance, Audit Scotland have identified the following areas as significant risks faced by the public sector. Any specific risks in relation to these areas for the IJB have been included in our audit risk under the audit dimensions, discussed on the previous pages. We will continue to monitor these areas as part of our audit work.

Risk	
<b>EU withdrawal</b>	<p>There are uncertainties surrounding the terms of the UK's withdrawal from the European Union in March 2019. Some arrangements have been provisionally agreed, such as a transition period to the end of 2020, although they are dependent on a final deal being reached between the UK Government and the remaining EU countries. The outcome of negotiations should become clearer in the weeks up to March 2019.</p> <p>Whatever the outcome, EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. Audit Scotland has identified three areas where EU withdrawal may have the most significant impact as summarised below:</p> <ul style="list-style-type: none"><li>• <b>Workforce</b> – Many public services are dependent on workers from EU countries, including health, social care and education. A decline in migration from the EU could potentially result in vacancies and skills gaps in some areas of the public sector. There is a risk that this could impact on some public bodies' ability to deliver 'business as usual' particularly given existing workforce and service pressures.</li><li>• <b>Funding</b> – Funding from the EU makes an important contribution to the Scottish public sector. The main sources of funding provide support to farmers and rural businesses, projects to encourage economic growth and support for research and education. The UK Government has made guarantees to meet some funding commitments to the end of existing programmes, but there are uncertainties about what any replacement funding may look like.</li><li>• <b>Regulation</b> – The EU Withdrawal Bill will transpose existing EU law into UK law immediately after the UK leaves the EU. Legislation in many devolved areas will transfer to the Scottish Parliament. The UK Government has identified 24 devolved policy areas where it seeks to retain temporary control until UK-wide common legislative frameworks are developed. This is currently an area of contention between the Scottish and UK Governments and is under consideration by the Supreme Court.</li></ul> <p>In addition, some public bodies may be affected directly by changes to trade and customs rules, which could impact on supply chains and the procurement of goods or services from EU countries. This could influence the availability and cost of supplies and services (e.g. specialist medical equipment or drugs) with potential implications for public bodies' finances and their ability to deliver specific services.</p> <p>While there are considerable uncertainties about the detailed implications of EU withdrawal, at a minimum by the end of 2018/19, we would expect public bodies to have assessed the potential impact of EU withdrawal on their operations and identified any specific risks and how they will respond to them. We will assess how the IJB has prepared for EU withdrawal and how it continues to respond to any emerging risk after March 2019. Some suggested key questions for the Audit Committee are included in our separate Sector Update paper.</p> <p>In addition, in accordance with the FRC guidance, the IJB should consider the disclosure within its annual report, distinguish the specific and direct challenges that it faces from the broader economic uncertainties. In some circumstances this may mean recognising or re-measuring certain items in the Balance Sheet. A comprehensive post balance sheet events review must be reflected in accounts and disclosures.</p>

# Wider scope requirements (continued)

## Specific risks (continued)

Risk	
<p><b>Changing landscape for public financial management</b></p>	<p>Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for 11 social security benefits worth over £3 billion a year. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater volatility, uncertainty and complexity.</p> <p>Parliamentary scrutiny of the public finances is increasingly important in this changing landscape. A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. This involves parliamentary committees looking back to explore what public spending has achieved, looking forward to longer-term objectives and challenges, and considering what this should mean for future budgets.</p> <p>As part of the new budget process, the Scottish Government published an initial five-year Medium-Term Financial Strategy (MTFS) in May 2018. This five-year outlook for the Scottish budget provides useful context for audited bodies' financial planning. As part of our wider scope audit work on financial management and financial sustainability (discussed further on page 17), we will consider how the IJB has reviewed the potential implications of the MTFS for its own finances, including longer-term financial planning.</p> <p>The new budget process places greater emphasis on assessing outcomes and the impact of spending. There is an expectation that the Scottish Government and public bodies will report on their contributions towards the national outcomes in their published plans and performance reports, including their annual reports. Increased complexity and volatility are also likely to mean that the Scottish Government will be increasingly active in managing its overall budget position in-year, engaging with public bodies closely on their anticipated funding requirements. As part of our wider scope audit work on financial sustainability (page 17) and value for money (page 18) we will consider the extent to which the IJB's performance report provides an accessible account of the body's overall performance and impact of its public spending. We will also confirm that underlying financial performance, including any in-year changes to funding agreed with the Scottish Government, is transparently presented.</p>

# Wider scope requirements (continued)

## Specific risks (continued)

Risk	
<p><b>Dependency on key suppliers</b></p>	<p>It has become clear that the collapse of Carillion has had a significant impact across the public sector. This has brought into focus the risk of key supplier failure and the risk of underperformance in suppliers that are experiencing difficult trading conditions. The risk exists on two levels:</p> <ul style="list-style-type: none"> <li>• Individual public sector bodies are dependent on key suppliers; and</li> <li>• The Scottish public sector as a whole is subject to significant systematic risk.</li> </ul> <p>We will determine as part of our detailed risk assessment the extent to which the IJB is dependent on key supplier relationships, through the Council and Health Board. Where dependency is significant, we will consider this as part of our audit work and report back to the Audit Committee.</p> <p>We will also be requested to complete a short questionnaire to establish the extent, value and nature of key supplier dependencies that can inform the national position.</p>
<p><b>Openness and transparency</b></p>	<p>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. We will consider this as part of our wider scope work on governance (discussed further on page 18).</p> <p>We would expect to see public bodies reviewing their approach to openness and transparency to ensure they are keeping pace with public expectations and good practice. Evidence of progress might include:</p> <ul style="list-style-type: none"> <li>• increased public availability of board papers;</li> <li>• more insight into why some business is conducted in private; and</li> <li>• Development of the form and content of annual reports.</li> </ul>

# Wider scope requirements (continued)

## Other responsibilities

### Performance Audits

In accordance with Audit Scotland planning guidance, we will be requested to provide information to support performance audits that Audit Scotland intends to publish during 2018/19 and 2019/20. There are no specific reports planned, other than the overview report, which directly impact on the IJB. We will provide an update to the Audit Committee if there are any changes to this plan.

### Impact reports

We will also be requested to provide information to support assessing the impact of previously published performance audit reports. There are no specific impact reports which directly relate to the IJB. We will provide an update to the Audit Committee if there are any changes to this plan.

### Anti-money laundering

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on 26 June 2017 and replace the Money Laundering Regulations 2007. The regulations impose an obligation on the Auditor General to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. As part of our audit work, we will ensure we are informed of any instances of money laundering at the IJB so that we can advise the Auditor General.

# Audit Quality

## Our commitment to audit quality



Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

- We will apply professional scepticism on material issues and significant judgements identified, by using our expertise in the health and local government sector and elsewhere to provide robust challenge to management.
- We have obtained a deep understanding of your business, its environment and of your key business processes, enabling us to develop a risk-focused approach tailored to the IJB.
- Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge.

In order to deliver a quality audit to you, each member of the core audit team will receive tailored learning to develop their expertise in audit skills, delivered by Pat Kenny and other sector experts. This includes sector specific matters, and audit methodology updates.



### **Engagement Quality Control Review**

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to establish our respective responsibilities in relation to the financial statements audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- Our audit plan, including key audit judgements and the planned scope.
- Key regulatory and corporate governance updates, relevant to you.

### What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the IJB.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

### Other relevant communications

We will update you if there are any significant changes to the audit plan.

This report has been prepared for the Audit Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.



**Pat Kenny, CPFA**

for and on behalf of Deloitte LLP

Glasgow

5 February 2019

# Appendices



# Fraud responsibilities and representations

## Responsibilities explained



### **Your responsibilities:**

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.



### **Our responsibilities:**

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the risk of fraud in the recognition of income and management override of controls as a key audit risk for your organisation.



### **Fraud characteristics:**

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

### **We will request the following to be stated in the representation letter signed on behalf of the IJB:**

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We are not aware of any fraud or suspected fraud that affects the entity and involves:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

# Fraud responsibilities and representations (continued)

## Inquiries

We will make the following inquiries regarding fraud:



### **Management**

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.
- Management's process for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.
- Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.
- Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.

### **Internal audit and local counter fraud specialist**

- Whether internal audit and the IJB's local counter fraud specialist has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain their views about the risks of fraud.



### **Those charged with governance**

- How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.
- Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.
- The views of those charged with governance on the most significant fraud risk factors affecting the entity.



# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

---

**Independence confirmation** We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the IJB and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 March 2019 in our final report to the Audit Committee.

---

**Fees** The audit fee for 2018/19, in line with the fee range provided by Audit Scotland, is £25,000 as analysed below:

	£
Auditor remuneration	17,200
Audit Scotland fixed charges:	
Pooled costs	1,670
Performance Audit and Best Value	5,050
Audit support costs	1,080
<b>Total proposed fee</b>	<b>25,000</b>

There are no non-audit services fees proposed for the period.

---

**Non-audit services** In our opinion there are no inconsistencies between the FRC's Ethical Standard and the IJB's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

---

**Relationships** We have no other relationships with the IJB, members, senior managers and affiliates, and have not supplied any services to other known connected parties.

---



# Our approach to quality

## AQR team report and findings

We maintain a relentless focus on quality and our quality control procedures and continue to invest in and enhance our overall firm Audit Quality Monitoring and Measuring programme.

In June 2018 the Financial Reporting Council ("FRC") issued individual reports on each of the eight largest firms, including Deloitte, on Audit Quality Inspections which provides a summary of the findings of its Audit Quality Review ("AQR") team for the 2017/18 cycle of reviews.

We take the findings of the AQR seriously and we listen carefully to the views of the AQR and other external audit inspectors. We remediate every finding regardless of its significance and seek to take immediate and effective actions, not just on the individual audits selected but across our entire audit portfolio. We are committed to continuously improving all aspects of audit quality in order to provide consistently high quality audits that underpin the stability of our capital markets.

We have improved the speed by which we communicate potential audit findings, arising from the AQR inspections and our own internal reviews to a wider population, however, we need to do more to ensure these actions are embedded. In order to achieve this we have launched a more detailed risk identification process and our InFlight review programme. This programme is aimed at having a greater impact on the quality of the audit before the audit report is signed. Consistent achievement of quality improvements is our aim as we move towards the AQR's 90% benchmark.

All the AQR public reports are available on its website. <https://www.frc.org.uk/auditors/audit-quality-review/audit-firm-specific-reports>

### The AQR's 2017/18 Audit Quality Inspection Report on Deloitte LLP

"The overall results of our reviews of the firm's audits show that 76% were assessed as requiring no more than limited improvements, compared with 78% in 2016/17. Of the FTSE 350 audits we reviewed this year, we assessed 79% as achieving this standard compared with 82% in 2016/17. We are concerned at the lack of improvement in inspection results. The FRC's target is that at least 90% of these audits should meet this standard by 2018/19."

"Where we identified concerns in our inspections, they related principally to aspects of group audit work, audit work on estimates and financial models, and audit work on provisions and contingencies. During the year, the firm has continued to develop the use of "centres of excellence", increasing the involvement of the firm's specialists in key areas of the audit. We have no significant issues to report this year in most of the areas we reported on last year."

"The firm has revised its policies and procedures in response to the revised Ethical and Auditing Standards. We have identified some examples of good practice, as well as certain areas for improvement."

#### The firm has enhanced its policies and procedures in the following areas:

- Increased use of centres of excellence ("CoE") involving the firm's specialists, including new CoEs focusing on goodwill impairment (established in response to previous inspection findings) and corporate reporting, to address increasing complexity of financial reporting.
- Further methodology updates and additional guidance issued to the audit practice including the audit approach to pension balances, internal controls, data analytics, group audits and taxation.
- A new staff performance and development system was implemented with additional focus on regular timely feedback on performance, including audit quality.
- Further improvements to the depth and timeliness of root cause analysis on internal and external inspection findings.

#### Our key findings in the current year requiring action by the firm:

- Improve the group audit team's oversight and challenge of component auditors.
- Improve the extent of challenge of management's forecasts and the testing of the integrity of financial models supporting key valuations and estimates.
- Strengthen the firm's audit of provisions and contingencies.

#### Review of firm-wide procedures. The firm should:

- Enhance certain aspects of its independence systems and procedures.



Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

© 2019 Deloitte LLP. All rights reserved.



**Shetland Islands Integration Joint Board**  
Sector developments paper

For the Audit Committee meeting on 28 February 2019

# Contents

---

## 01 Sector Update

Medtech and the Internet of Medical Things	3
Health Care and Life Sciences' Predictions 2022	4
The Health and Social Care Interface	5
The right health care the right way	6
Managing increased demand in emergency departments	7
The State of the State	8
UK exit from the EU	9
FRC areas of focus	10

---

## 02 Appendices

New Accounting Standards	11
--------------------------	----

# Medtech and the Internet of Medical Things

Deloitte's Centre for Health Solutions has looked at how connected medical devices are transforming health care

## Issue

Major advances in technology are driving innovation in medical technologies, leading to the development of an increasing number of connected medical devices that are able to generate, collect, analyse and transmit data. The data, along with the devices themselves, are creating the "Internet of Medical Things" ("IoMT") – a connected infrastructure of medical devices, software applications and health systems and services.

New research from the Deloitte UK Centre for Health Solutions examines how the IoMT is transforming medical technology's role in health care, identifying a series of challenges affecting the adoption of IoMT technologies:

- **Interoperability** – for interoperability to work effectively, the direction of travel should be towards open platforms, based on open data standards. This will enable payers, providers and technology vendors to come together to make data more available to each another.
- **Cyber security** – the increasing numbers and capability of connected medical devices present additional risks for data security.
- **Regulatory change** – managing required regulatory changes is imperative for developing and deploying connected medical devices.
- **Funding, business and operating models** – different types of innovation will require different business models for medtech companies, and progress will depend on both the innovators themselves working in new ways to take on risks and rewards.
- **Digital talent and building digital capability** – there is a risk that a growing skills gap will delay the deployment of IoMT solutions.
- **Maintaining trust in a digital age** – as medtech companies develop strategies and services based on the generation and transmission of patient data, they need to ensure they demonstrate clearly to patients, the public and health care professionals how their data is being used.
- **Scale** – a key challenge for medtech is ensuring that health care organisations, clinicians and patients understand the added-value of connected medical devices and use them at scale to drive better economics and patient outcomes.

Key enablers to successful implementation will include effective collaboration between health care providers and technology companies, adoption of technologies which integrate with healthcare IT systems and allow for analytics to empower better decision-making, and ensuring that new services can demonstrate improvements in patient outcomes and reduced overall costs.

## Next steps

The report is available at <https://www2.deloitte.com/uk/en/pages/life-sciences-and-healthcare/articles/medtech-and-the-internet-of-medical-things.html>, with an accompanying web-cast on key findings from the research. We would encourage the IJB to consider how these advancements can improve the delivery of health and social care in Shetland. This research can be used to drive the business case for improved digital connectivity in Shetland, which has been identified by the IJB as a principal risk.

# Health Care and Life Sciences' Predictions 2022

Deloitte's Centre for Health Solutions has made six predictions for how health care and life sciences will develop in the coming years

## Issue

This Deloitte Centre for Health Solutions' report builds on its 2014 report [Healthcare and Life Sciences Predictions 2020: A bold future?](#) The pace and scale of innovation has meant that some of these original predictions are already a reality while some are still a way off and a few may never quite happen. The report evaluates more recent evidence and makes six new predictions of what the life sciences and health care ecosystem might look like in 2022 and the key constraints that will need to be overcome.

The six predictions are:

- 1. The quantified self is alive and well** - the "genome generation" is more informed and engaged in managing their own health.
- 2. The culture in health care is transformed by digital technologies** - smart health care is delivering more cost-effective, patient-centred care.
- 3. The life sciences industry is industrialised** - advanced cognitive technologies have improved the productivity, speed and compliance of core processes.
- 4. Data is the new health care currency** - artificial intelligence and real-world evidence are unlocking value in health data.
- 5. The future of medicine is here and now** - exponential advances in life-extending and precision therapies are improving outcomes.
- 6. New entrants are disrupting health care** - the boundaries between stakeholders have become increasingly blurred.

The key enablers identified to address these developments, include:

- **Wide-scale adoption of new digital and cognitive health technologies**  
Health care providers, and the life sciences industry, have traditionally been slow to use data and analytics due to multiple disconnected systems, poor data quality and patient and provider behaviours that have been difficult to change. However, we are now at a tipping point in advanced technology adoption towards an outcomes-based, patient-centric care model.
- **Recruitment and retention of new skills and talent**  
The delivery of efficient and effective services requires organisations to have access to appropriate specialist and generalist skills and talent, including digital and analytical skills. How the health care industry responds in relation to recruitment and retention of the right talent and skills will determine how well these predictions are realised.
- **A new approach to regulation**  
For the past decade, most life sciences and health care companies have highlighted that a risk-averse approach to regulation has impeded adoption of innovation. The evidence today and predictions for tomorrow illustrate that this is changing.

## Next steps

The report is available at <https://www2.deloitte.com/uk/en/pages/life-sciences-and-healthcare/articles/healthcare-and-life-sciences-predictions.html>. We would encourage the IJB to review this and other relevant reports when developing its scenario planning and medium to longer term plans.

# The Health and Social Care Interface

The National Audit Office has published a landscape review of key barriers to overcome to achieve greater integration in how care is provided.

## Issue

Despite the wide consensus of the need to change how health and social care services are delivered, there continue to be significant barriers to integration that have slowed progress of previous initiatives in England. The NAO has drawn together findings from across its previous work in *"The Health and Social Care Interface"*, highlighting positive case studies but also the barriers that prevent integration and lead to gaps, duplication and wasted resources. The report is intended to inform the debate on the future of health and social care in England, ahead of green papers on funding adult social care and the 2019 Spending Review. As the Health and Social Care Partnerships in Scotland are still developing, this can also provide a useful reference point on good practice and barriers to avoid.

The report identifies 15 barriers, which we have reproduced below. Although many are familiar issues, they provide a summary of issues that should be considered as part of the ongoing development of the Health and Social Care Partnerships.

### Extract of findings from "The Health and Social Care Interface":

Financial challenges	Culture and structure	Strategic issues
Both the NHS and local government are under financial pressure, which can make closer working between them difficult. This could deter organisations in partnerships from seeking system-wide benefits that may be detrimental to them as individual organisations.	Traditional boundaries between the NHS and local government, and between individual organisations within these sectors, lead to services being managed and regulated at an organisational level.	Differences in national influence and status, as well as public misunderstanding of how social care is provided and funded, have contributed to social care not being as well represented as the NHS.
Short-term funding arrangements and uncertainty about future funding make it more difficult for health and social care organisations to plan effectively together.	The NHS and local government operate in very different ways, and can have a poor understanding of how the other side's decisions are made.	Organisations across a local system may have misaligned strategies, which can inhibit joint local planning.
Additional funding for health and social care has at times been used to address the immediate need to reduce services and financial pressures in the acute sector.	Complex governance arrangements are hindering decision-making within local health and social care systems. Problems with local leadership can destabilise or hold back efforts to improve working across health and local government.	Central government in the past has had unrealistic expectations of the pace at which the required change in working practices can progress.
Current accountability arrangements, set by legislation, emphasise the need for individual organisations to balance their books.	The geographical areas over which health and local government services are planned and delivered often do not align, which can make it difficult for the relevant organisations and their staff to come together to support person-centred care.	Progress to date has demonstrated that joining up health and social care can support a greater focus on preventative services and the wider determinants of health.
Different eligibility requirements for health and social care make it difficult to plan services around the needs of the individual.	Problems with sharing data across health and social care can prevent an individual's care from being coordinated smoothly.	
	New job roles and new ways of working could help to support person-centred care, but it is difficult to develop these because of the divide between the health and social care workforces.	

## Next steps

The IJB will note many of these issues have been highlighted in prior audit reports and in the Audit Scotland national report released in November 2018. The IJB, in partnership with the NHS and Council, needs to consider how these issues will be addressed as part of the development of the Partnerships.

# The right health care the right way: Case studies in reducing low-value care

Research by the Deloitte Centre for Health Solutions has identified four avenues for reducing low value care

## Issue

Managing unnecessary costs of care that deliver “low value” to patients is a concern globally and an increasing area of focus in the NHS. Examples include unnecessary diagnostic tests, accident and emergency visits, and avoidable procedures.

The Deloitte Centre for Health Solutions conducted research to see what is working globally to reduce low-value care (defined as services of low, no, or even negative impact on patients, as well as services delivered inefficiently or unsafely). The report, “*The right health care the right way*”, is available at <https://www2.deloitte.com/insights/us/en/industry/life-sciences/reducing-low-value-care.html>.

The resulting case studies, spanning 10 organizations in five different countries, illuminate four avenues for reducing low-value care:

- **Providing the right care** - Curbing services that offer few or no patient benefits.
- **Delivering care in the right setting** - Curtailing unwarranted emergency department utilization.
- **Delivering care safely** - Tackling safety failures.
- **Providing care in the right way** - Rooting out operational inefficiencies.

The case studies highlight where effective use of technology has made a difference, from seemingly simple fixes such as including patient photographs in electronic health records to improving clinician training with Wi-Fi-enabled robots that simulate patients.

The report also suggests where emerging applications could make even more of an impact in the future in terms of improving outcomes or reducing costs, and how seemingly simple ideas or process redesigns, such as regular review of elderly patients’ drug regimens by pharmacists or incorporating lean principles throughout a hospital, can significantly reduce costs or improve outcomes when implemented effectively. Taken together, these examples show how health care organizations can reduce low-value care in favour of the right care, in the right setting, safely, and in the right way.

## Next steps

The areas covered in this report may be useful in helping the IJB deliver on its operational plan and longer term strategy, particularly in relation to value in health and social care which has been identified as a key area on which the IJB will need to focus going forward. Additional detail on case studies is available if helpful.

# Managing increased demand in emergency departments

The CQC has summarised findings from its inspections highlighting practical solutions from staff to the challenges of unprecedented demand.

## Issue

In response to the unprecedented levels of demand for health and care support services, particularly in emergency departments, the Care Quality Commission has published "*Under pressure: safely managing increased demand in emergency departments*". This draws upon inspections over winter 2017/18, as well as workshops to investigate issues facing services, and the CQC's assessment of how health and social care systems are working together in 20 local areas.

The report summarises solutions identified by frontline clinicians of what needs to change to keep services safe when facing surges in demand. This includes closer working between health and social care to manage capacity and improve planning, together with examples of good practice and success in planning for and managing increased demand.

The report focuses on adopting a whole system approach, with a focus on:

- what can be done to help keep people well and reduce visits to emergency departments;
- what emergency departments can do to manage how patients flow through the hospital;
- ways to help avoid unnecessary admissions and ensure early discharge; and
- timeliness of planning and involvement of all partners in the care system, including independent, voluntary, community and social enterprise providers of social care.

## Next steps

The IJB may wish to consider if any of the areas covered in the report are helpful for wider planning for demand management, in conjunction with NHS Shetland and Shetland Islands Council.

# The State of the State

## Government beyond Brexit

### Overview

Now in its seventh year, **The State of the State** has once again brought together Deloitte LLP and Reform to reflect on the most pressing public sector issues along with new, exclusive research. Central to the report is our citizen survey, which provides a platform for the most important voices of all in the public sector: that of the public. Also exclusive to the report is our research with the people who know the public sector's challenges best: the people who run it.

This year, we interviewed fifty senior figures including civil servants, police leaders, NHS directors and Council Chief Executives, producing the most extensive qualitative research of its kind in the sector.

This year's **The State of the State** finds the UK government amid the complex and politically-charged challenge of leaving the EU. But while Brexit may dominate daily headlines, our report finds a wider set of challenges – and opportunities – for government and the public services as they gear up for a Spending Review.

Key findings	
<b>Scotland's government has now been led by the Scottish National Party for three consecutive terms in office</b>	In those eleven years, the administration has taken forward the possibilities of devolution to shape a Scottish public sector landscape that now differs substantially from the rest of the UK – in its public finances, its policy priorities and its ethos.
<b>Austerity has flipped public attitudes to tax and spending</b>	As austerity began in 2010, more than half of the public backed spending cuts to restore the public finances. In 2018, as the Prime Minister calls a formal end to the austerity years, our exclusive citizen survey finds that support has dwindled to less than one fifth of the public.
<b>People are increasingly concerned about public services and their future provision</b>	Our survey finds that the public is increasingly concerned about public services. It suggests that the past four years have seen a decline in the number of people who think that public bodies understand their needs, listen to their preferences and involve them in decisions – perhaps driven by perceptions of austerity. Looking to the future, the number of people who are worried that the state will provide too little support for them in the years ahead has risen from fifty per cent in 2010 to seventy per cent this year.
<b>Citizen views differ significantly across the UK's four countries</b>	Recent years have seen an acceleration in the public policy differences between the devolved administrations, and our survey finds that citizen attitudes also differ. For example, people in Scotland are more likely to believe that taxes should be higher to pay for more public services, people in Northern Ireland are less likely to say they have felt the effects of austerity, and people in Wales are the most likely to say that public services listen to their needs. These differing views underscore the diverging political and policy landscapes across the UK.
<b>The public back penalty fines for wasting public sector time</b>	Our citizen survey explored the circumstances in which the public would find charges reasonable, and found that the most acceptable would be penalty fines for wasting public sector time, like missing NHS appointments or wrongly calling out the emergency services.

### Next steps

The report is available at <https://www2.deloitte.com/content/campaigns/uk/the-state-of-the-state/the-state-of-the-state/the-state-of-the-state.html>. The IJB should consider the findings of this report when formulating its budget, medium term plans and whilst determining its objectives and developing strategies to achieve those objectives.

# UK exit from the EU

## Navigating uncertainty – key questions for the Audit Committee

Whilst nobody can predict the outcome of negotiations, we can be sure that Brexit will require all organisations to take some big decisions. As we have seen, some will require lengthy and complicated preparations, and we advise keeping track of the negotiations and thinking what this means for the IJB sooner rather than later.



### Is the IJB set up to navigate the change?

Have you assessed the impact of potential changes and identified key decision points?

Does your assessment include how Brexit could impact on your users, supply chain and people?

Have you defined the options there are to respond? e.g. scenario or contingency planning?

Are you monitoring developments and are you ready to act proportionately at the right time?

Are all the right people involved? Does this include discussion with key stakeholders?

Are channels of communication clear, both internally and externally, and have company spokespeople been fully briefed?



### Impact on internal planning, forecasting and strategy

Is management using forward-looking indicators such as forward bookings, contact conversion rates and supplier forward pricing?

Have cash reserves, financing requirements and longer-term viability all been assessed?

Have opportunities as well as risks been considered?



### Impact on internal and external audit

Should the scope and plan for internal audit be amended to include contingency planning, or testing key risk indicators?

Should internal audit be asked to perform work on longer term viability?

Is there an impact on critical accounting judgements and areas of estimation uncertainty that need to be discussed with the external auditor?



### Impact on external reporting

Will disclosures on principal risks and uncertainties need to be reconsidered now Article 50 has been triggered and be revisited based on the current status of negotiations?

Have you developed a plan for appropriately detailed disclosure in management commentary?

"We encourage companies to provide disclosure which distinguishes between the specific and direct challenges to their business model and operations from the broader economic uncertainties which may still attach to the UK's position when they report. Where there are particular threats, for example the possible effect of changes in import/export taxes or delays to their supply chain, we expect these to be clearly identified and for management to describe any actions they are taking, or have taken, to manage the potential impact. In some circumstances this may mean recognising or remeasuring certain items in the balance sheet.

The broad uncertainties that may still attach to Brexit when companies report will require disclosure of sufficient information to help users understand the degree of sensitivity of assets and liabilities to changes in management's assumptions."

(FRC Letter to CFOs and Audit Committee Chairs, October 2018)

# FRC areas of focus for 2018/19 Annual Reports

## Clear, concise, informative disclosures that are specific to the Board

In October 2018 the FRC sent a letter to the Audit Committee Chairs and Finance Directors of listed companies to outline the areas of reporting that the FRC would like companies to focus on for the 2018/19 reporting season, and to highlight changes in reporting requirements. It also published its annual review of corporate reporting and supporting technical findings. While not directly applicable to local government bodies, a number of the themes are relevant for consideration when drafting the IJB's Annual Accounts, to take into account wider best practice. The key areas included in the publications are set out below.

### Critical judgements and estimates

Key judgements and estimates disclosures remain a key FRC focus area. The FRC expects to see:

- judgements other than those involving estimates and sources of estimation uncertainty shown separately;
- disclosure of sensitivity of carrying amounts to assumptions and estimates or the range of reasonably possible outcomes within the next year; and
- voluntary disclosure of longer-term estimation uncertainties distinguished from those required where the risk of material adjustment within the next year is significant.

### Brexit

The FRC encourages disclosures which distinguish between specific and direct challenges to a business model and broader economic uncertainties attached to Brexit. The FRC reminds entities that a comprehensive post-balance sheet review must be reflected in accounting and disclosure.

### New accounting standards on revenue and financial instruments

The FRC is encouraging entities to invest sufficient time to ensure:

- explanations of the impact of transitioning to IFRS 9 and IFRS 15 are comprehensive and linked to other relevant information, including the impact on performance metrics where comparatives are not restated;
- changes to policies are clearly described and explained;
- relevant assumptions, judgements and sources of estimation uncertainty are explained;
- performance obligations are identified and explained, with a focus on how they have been determined and timing of delivery to the customer;
- the extended scope of IFRS 9 impairment requirements is taken into account; and
- new disclosure requirements are properly and meaningfully addressed.

These areas are discussed further on page 11 of this report.

### Strategic report

The strategic report remains a frequent area for FRC challenge. For the report to be fair, balanced and comprehensive, the FRC expects the narrative to explain significant amounts in the financial statements.

# Appendix: New Accounting Standards

## IFRS 9 *Financial Instruments*

### In a nutshell

- In July 2014, the IASB published a final version of IFRS 9. This version supersedes all previous versions.
- IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and Measurement*, and has three main impacts:
  - *Classification and measurement* - introduces new approach for the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. This classification determines how financial assets are accounted for in financial statements and, in particular, how they are measured on an ongoing basis.
  - *Amortised cost and impairment of financial assets* - introduces an "expected losses" impairment model where entities are required to account for expected credit losses from when financial instruments are first recognised.
  - *Hedge accounting* - introduces new general hedge accounting model that aligns the accounting treatment with risk management activities and allows for better reflection of the hedging activities in the financial statements.
- HM Treasury has adopted IFRS 9 from 2018/19 onward, with a number of interpretations and adaptations for the public sector, generally simplifying the requirements.
- The key practical change in IFRS 9 for most local government bodies is the introduction of a new approach to recognising impairments of debtors and other financial instruments.
  - The key change to IFRS 9 affecting the IJB will be the movement from an incurred losses model for receivables to an expected credit losses (ECL) model. The move is intended to reflect that there is always a risk of late/non-payment when granting credit and that this should be reflected in the value of receivables upon recognition.
  - If the debt is later repaid in full, the ECL creditor can be reversed. ECL creditors should be set up on a portfolio rather than arrangement-by-arrangement basis.
  - A further change from IAS 39 to IFRS 9 will be that all financial assets are recognised as Fair Value through Profit or Loss, unless where there are specific business cases to designate alternative treatment.

### Effective date

The Standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HM Treasury have decided that on transition there will be no restatement of comparatives, and any impact of transition will be recognised as a reserves movement in 2018/19.

The 2018/19 accounting code requires bodies to disclose information in 2018/19 on the transition to IFRS 9.



Find out more on our UK Accounting Plus website [www.iasplus.com/en-gb](http://www.iasplus.com/en-gb) by following the links to Standards -> IFRS 9

### Potential impact on the IJB

Given the historically low levels of debtors and other financial instruments held by the IJB, IFRS 9 is expected to have relatively limited impact. However, it will nevertheless affect the process of assessing impairment of debtors and other financial assets as noted above.

As part of the process of adoption, the IJB will need to consider the impact on policies, processes, systems and people. This may include reviewing how entries are posted for impairment of assets, given the requirement to provide on initial recognition for lifetime expected credit losses. We would recommend that the IJB review the impact of IFRS 9 in the year, including calculating any adjustments that will be required as at 31 March 2018 for transition. We would suggest that the Audit Committee receive reporting from management on the implementation of the new standard, and we will report specifically on the findings from our audit work in this area.



Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

© 2019 Deloitte LLP. All rights reserved.



<b>Meeting:</b>	Integration Joint Board Audit Committee
<b>Date:</b>	28 February 2019
<b>Report Title:</b>	Audit Scotland report- "Health and social care integration- Update on progress"
<b>Reference Number:</b>	CC-10-19-F
<b>Author / Job Title:</b>	Simon Bokor-Ingram / Director Community Health & Social Care

### 1.0 Decisions / Action required:

That the IJB Audit Committee:

- 1.1 NOTE the Audit Scotland Report "Health and Social Care Integration- Update on progress" (November 2018);
- 1.2 COMMENT on the key issues that are pertinent to Shetland;
- 1.3 and AGREE the local response and in particular the work detail in appendix 1.

### 2.0 High Level Summary:

- 2.1 This Audit Scotland report is the second study on how IJBs are performing since the introduction of the Public Bodies (Joint Working) (Scotland) Act 2014.
- 2.2 The report contains a number of recommendations, some of which are to Scottish Government, COSLA, Councils and NHS Boards. The recommendations that are for IJBs need to be looked at in our local context and the IJB, along with our local council and health board, will need to continue working in partnership so that progress can be made on the integration journey.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 The Joint Strategic Commissioning Plan is the key underpinning document for the Shetland Health and Social Care Partnership, which describes how health and care services can be delivered, jointly, across the services described in the Shetland Islands Health and Social Care Partnership's Integration Scheme.
- 3.2 The Plan is a significant part of public sector delivery in Shetland and supports the Shetland Community Partnership's Local Outcome Improvement Plan, Shetland Islands Council's Corporate Plan and NHS Shetland's 2020 Vision and Local Delivery Plan.
- 3.3 Delivery of the Strategic Commissioning Plan relies on partnership working between Shetland Islands Council, NHS Shetland, Shetland Charitable Trust, other regional and national organisations (such as the Scottish Ambulance Service, NHS Grampian and other specialist Health Boards) and voluntary

sector providers.

#### 4.0 Key Issues:

- 4.1 The Audit Scotland report is an acknowledgement of national issues that can be improved if appropriate action is taken by IJBs and partner organisations. Key points include:
- 4.1.1 Where there have been collaborative approaches there has been demonstrable improvements in a number of areas, such as reducing delayed discharges and reducing unscheduled care activity.
  - 4.1.2 Confusion around “set-aside” as a key part of the legislation for health and social care integration that has not been enacted in most areas.
  - 4.1.3 Acknowledgement of the financial pressures across the health and social care system, and achieving the best outcomes needing an integrated financial planning approach.
  - 4.1.4 Improving the strategic planning process to accelerate the change process.
  - 4.1.5 Significant changes are needed in how health and social care services are delivered, with partnership working between all agencies key to achieving that change.
  - 4.1.6 The importance of engagement with all stakeholders at local and national levels.
- 4.2 There are a number of key points in the report that are particularly relevant to Shetland, and a local response including action to be taken locally is presented in appendix 1.

#### 5.0 Exempt and/or confidential information:

None

#### 6.0 Implications :

<b>6.1 Service Users, Patients and Communities:</b>	Successful implementation of our Strategic Plan will contribute to improved outcomes for service users and the community.
<b>6.2 Human Resources and Organisational Development:</b>	We will need to overcome the recruitment challenges in order to create sustainability. This will involve role redesign and using more technology enabled care.
<b>6.3 Equality, Diversity and Human Rights:</b>	Shetland’s Strategic Plan supports and promotes equalities, health and human rights.
<b>6.4 Legal:</b>	Audit Scotland’s report relates directly to the statutory functions of the Integration Joint Board and its statutory partners.

<b>6.5 Finance:</b>	Audit Scotland highlights the significant national sum that Integration Authorities now direct, and this translates to the significant portion of public money that the IJB directs locally.
<b>6.6 Assets and Property:</b>	There are no implications for major assets and property arising from this report.
<b>6.7 Environmental:</b>	There are no environmental issues arising from this report.
<b>6.8 Risk Management:</b>	The IJB risk register recognises the risks and complexities of new legislation and how not implementing that fully can lead to poor outcomes.
<b>6.9 Policy and Delegated Authority:</b>	Shetland's Integration Joint Board has delegated authority to determine matters relating to those services for which it has responsibly and oversight, as set out in the Integration Scheme and the IJB Scheme of Administration [2015]. In exercising its functions the IJB must take into account the requirement to meet statutory obligations placed on the NHS and SIC, including those that pertain to delegated IJB functions.
<b>6.10 Previously considered by:</b>	N/A

**Contact details:**

Simon Bokor-Ingram  
 Director Community Health and Social Care  
 Upper Floor  
 Montfield  
 Burgh Road  
 Lerwick  
 01595 743087  
[simon.bokor-ingram@nhs.net](mailto:simon.bokor-ingram@nhs.net) or [simon.bokor-ingram@shetland.gov.uk](mailto:simon.bokor-ingram@shetland.gov.uk)

**Appendices**

Appendix 1 - Local response to the recommendations from Audit Scotland report "Health and Social Care integration- update on progress.

**Background documents:**

Health and social care integration-Update on progress. Audit Scotland, November 2018  
<http://www.audit-scotland.gov.uk/report/health-and-social-care-integration-update-on-progress>

Health and Social Care Integration. Audit Scotland, December 2015 [http://www.audit-scotland.gov.uk/uploads/docs/report/2015/nr\\_151203\\_health\\_socialcare.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2015/nr_151203_health_socialcare.pdf)

What is integration? A short guide to the integration of health and social care services in Scotland. Audit Scotland, April 2018. [http://www.audit-scotland.gov.uk/uploads/docs/report/2018/briefing\\_180412\\_integration.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/briefing_180412_integration.pdf)



**Appendix 1.** Local response to the recommendations from Audit Scotland report “Health and Social Care integration- update on progress.

<b>Recommendations</b>	<b>Local response</b>	<b>Further local work required</b>	<b>Work detail</b>
Commitment to collaborative leadership and building relationships	Scottish Government and COSLA are working collaboratively on a national stage to progress integration. Helpful that clear unequivocal messages being issued to affirm that integration is here to stay.	Ensure that leadership continues to be supported and developed locally so that there is capacity and capability to take forward the integration agenda.	Identify leaders. Develop shared understanding through seminars and workshops. Support attendance at external events.
Effective strategic planning for improvement.	There are a number of aligned change plans and operational plans across the health and care system that support the delivery of good outcomes.  Best value is an area that is less developed and will need national support to develop indicators for all of health and care.	Be able to demonstrate the achievement of good outcomes, and how that correlates to the strategic aims and objectives set out in change and operational plans.  Work with national bodies who are tasked with developing indicators that will measure more effectively to demonstrate achievement against the 9 national health and wellbeing outcomes.	Clear aims and objectives in the Strategic Plan where evidence can then be provided to demonstrate how we are meeting those aims and objectives.  Identify officers who can contribute to the national work streams.
Integrated finances and financial planning	The Local Partnership Finance Team support the planning process and the alignment of funding to priorities. There is further work to do on pooled budgets, with good examples of where this is working well.	Develop a medium term financial plan for the IJB so that it can better plan over the medium term to align resources to aspirations.  Through the medium term financial plan resources will be pooled to achieve the best outcomes possible.	Chief Finance Officer developing a medium term financial plan for Q4 18/19.  Local Partnership Finance Team to support the aligning of resources to the Strategic Plan so that the best outcomes can be achieved from the totality of the resources available.

<p>Agreed governance and accountability arrangements</p>	<p>Good governance for the IJB is well supported through the council corporate services. There is a well established Liaison Group mechanism for bringing together the IJB, Council and Health Board to resolve any issues.</p>	<p>Continue to provide training to IJB Members to develop the shared approach required, and to work through any potential areas of conflict for Members.</p> <p>Continue to utilise the Liaison Group to deal with concerns and challenges.</p>	<p>Chief Officer to continue using seminars to cover complex themes, and for specific training.</p> <p>Use the Liaison Group for strategic discussion and development of the scheme of integration.</p>
<p>Ability and willingness to share information</p>	<p>Whilst there have been opportunities to share good practice and innovation which the partnership has fully engaged in, there are a number of national agencies that need to align their activities to simplify approaches to learning.</p>	<p>Continue to work with national data collection and analysis and use the outputs to drive local improvement.</p> <p>Use the annual IJB performance report to publicise local progress more widely.</p>	<p>Seek out good practice from other areas of Scotland to maintain momentum on innovation and redesign. Share local practice with others and seek feedback.</p> <p>Through the Strategic Planning Group consider how best to publicise performance data, and how best to present that.</p>
<p>Meaningful and sustained engagement</p>	<p>Risk of triplication of efforts to engage with communities between IJB, council and health board. Using the framework for the Shetland Partnership will improve co-ordination and clarity for communities.</p>	<p>The health and social care partnership needs to continue engaging with the work of the Shetland Partnership.</p> <p>Discussions will continue with communities on specific challenges so that solutions for health and care can be developed with and by communities.</p>	<p>Engagement with specific work streams to ensure that the health and social care partnership actively contributes to the success of the Shetland Partnership Plan.</p> <p>Continue to engage with communities where there are specific challenges, linking back to the strategic aims and objectives of the IJB to ensure good outcomes.</p>

	<p>There is a mechanism in place to share and discuss issues affecting health and social care staff with unions and staff side representatives.</p>	<p>Ensure that the Joint Staff Forum continues to meet regularly, with relevant and timely agenda management.</p>	<p>Seek feedback from Joint Staff Form Members on a regular basis on effectiveness of the agendas.</p>
--	---	---	--





<b>Meeting(s):</b>	Integration Joint Board Audit Committee	28 February 2019
<b>Report Title:</b>	IJB Audit Committee Business Programme 2019/20	
<b>Reference Number:</b>	CC-09-19-F	
<b>Author / Job Title:</b>	Simon Bokor-Ingram, IJB Chief Officer	

<b>1.0 Decisions / Action required:</b>
1.1 That the IJB Audit Committee RESOLVES to consider and approve its business planned for the financial year to 31 March 2020, including any changes or additions identified.
<b>2.0 High Level Summary:</b>
2.1 The purpose of this report is to inform the IJB Audit Committee of the planned business to be presented over the financial year to 31 March 2020, and discuss with Officers any changes or additions required to that programme.
<b>3.0 Corporate Priorities and Joint Working:</b>
3.1 The IJB Joint Strategic Commissioning Plan describes how health and care services can be delivered, jointly, across the services described in the Shetland Islands Health and Social Care Partnership's Integration Scheme.
3.2 In order to fulfil the statutory duties with regard to the functions delegated to the IJB Audit Committee by the Shetland Islands Council (the Council) and Shetland NHS Board (the Health Board), and in order to meet public governance principles, the IJB Audit Committee must make sure its Business Programme supports its role in the planning and direction of services to meet the needs of some of the most vulnerable people in our community, and to set its business in accordance with local and national reporting frameworks.
<b>4.0 Key Issues:</b>
4.1 The IJB Audit Committee's governance documents contain the legislative requirements and matters of best practice and standards, and the Business Programme enhances these by publicising the plans for decision making and other public reporting requirements, in keeping with the principles of good governance.

4.2	There is a strong link between strategic planning and financial planning, to provide the best possible environment to ensure that the strategic direction, service models and resources to deliver services are aligned.
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The Business Programme provides the community and other stakeholders with important information, along with the Strategic Commission Plans, as to the planned business for the coming year.
<b>6.2 Human Resources and Organisational Development:</b>	There are no direct impacts on staffing or organisational development matters with regard to approval of the Business Programme. However approval of the Business Programme will give direction and assurances to staff with regard to the timing and requirements for decisions and public reporting that the IJB has agreed.
<b>6.3 Equality, Diversity and Human Rights:</b>	There are no direct impacts on equality, diversity or human rights with regard to approval of the Business Programme, although individual items will have to have regard to those in terms of any outcomes and associated risks. The recommendation in this report does not require an Equalities Impact Assessment.
<b>6.4 Legal:</b>	<p>The IJB Audit Committee is advised to establish a Business Programme, but there are no legal requirements to do so.</p> <p>There are no direct legal impacts with regard to approval of the Business Programme, although individual reports will have to have regard to current and impending legislation and the impact on the IJB, and the services which the NHS and SIC deliver, in terms of outcomes and legal risks.</p>
<b>6.5 Finance:</b>	<p>There are no direct financial implications by approving the Business Programme, but indirect costs may be avoided by optimising time spent by officers and members of the IJB at scheduled meetings. Regular financial and performance reporting will ensure that the IJB fulfils the terms of the Integration Scheme.</p> <p>Any costs associated with the development and maintenance of the IJB Audit Committee</p>

	Business Programme will be met from within existing budgets of the Council and the Health Board.
<b>6.6 Assets and Property:</b>	There are no implications for major assets and property. It is proposed that all meetings of the IJB Audit Committee will be held in either the premises of the Council or the Health Board and that the costs will be covered accordingly by the Council and the Health Board.
<b>6.7 ICT and new technologies:</b>	There are no ICT and new technology issues arising from this report.
<b>6.8 Environmental:</b>	There are no environmental issues arising from this report.
<b>6.9 Risk Management:</b>	The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the Business Programme slipping and causing reputational damage to the IJB, the Council or the NHS. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the IJB's Business Programme with the objectives and actions contained in its Strategic Plans could mitigate against those risks.
<b>6.10 Policy and Delegated Authority:</b>	As a separate legal entity the IJB has full autonomy and capacity to act on its own behalf. Having in place a structured approach to considering key planning, policy and performance documents at the right time is a key element of good governance. Regular Business Planning reports are already prepared for each IJB meeting.
<b>6.11 Previously considered by:</b>	None

**Contact Details:**

Simon Bokor-Ingram

IJB Chief Officer

[Simon.bokor-ingram@shetland.gov.uk](mailto:Simon.bokor-ingram@shetland.gov.uk)

12 February 2019

**Appendices:**

Appendix 1 Business Programme 2019/20





Shetland NHS  
Board



Shetland Islands  
Council

Shetland Health and Social Care Partnership  
**Integration Joint Board Audit Committee**  
**Meeting Dates and Business Programme 2019/20**  
as at Wednesday, 20 February 2019

IJB Audit Committee		
Quarter	Date of Meeting	Business
Quarter 1 1 April 2019 to 30 June 2019	Tuesday 14 May 2019 9.30 a.m.	
	Thursday 27 June 2019 <i>Special Meeting A/Cs only</i> IJB Audit 2 p.m.	<ul style="list-style-type: none"> <li>• Unaudited Accounts 2019/20</li> <li>• Internal Audit Report 2019/20</li> <li>• Chief Internal Auditor – Annual Report 2019/20</li> <li>• IJB Business Programme 2019/20</li> </ul>
Quarter 2 – 1 July 2018 to 30 September 2018	Thursday 29 August 2019 IJB Audit 2 p.m.	
Quarter 3 - 1 October to 31 December 2018	Thursday 26 September 2019 <i>Special Meeting A/Cs only</i> IJB Audit 2 p.m.	<ul style="list-style-type: none"> <li>• Annual Audit Report 2019/20</li> <li>• Final Audited Accounts 2019/20</li> </ul>
Quarter 4 1 January 2019 to 31 March 2019	Thursday 28 November 2019 IJB Audit 2 p.m.	
	Tuesday 25 February 2020 IJB Audit 9.30 a.m.	<ul style="list-style-type: none"> <li>• Annual Audit Plan 2019/20</li> <li>• IJB Audit Committee Business Programme 2020/21</li> </ul>

END OF BUSINESS PROGRAMME as at Wednesday, 20 February 2019