

# Midlothian Integration Joint Board

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Midlothian Integration Joint Board and the Controller of Audit  
November 2023

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# Key messages

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## 2022/23 annual accounts

- 1 Audit opinions on the annual accounts of the Midlothian Integration Joint Board are unmodified.
- 2 The unaudited annual accounts were provided within the agreed timescale and were of a good standard.

## Financial management and sustainability

- 3 Midlothian Integration Joint Board has appropriate and effective financial management.
- 4 For the financial year 2022/23 Midlothian IJB reported a deficit of £10.3 million. The deficit resulted from the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves.
- 5 The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post. The future CFO proposal including interim arrangements is due to be reported to the IJB in December.
- 6 A medium-term financial plan was agreed in December 2022 but needs to be updated to reflect current funding levels and the latest cost pressures. In addition recovery plans have still to be identified to bridge the projected deficit.

## Vision, leadership and governance

- 7 Governance arrangements remain appropriate and support effective scrutiny, challenge and informed decision making.

## Use of resources to improve outcomes

- 8 Midlothian IJB has effective arrangements for managing and reporting performance.
- 9 There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.

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# Introduction

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**1.** This report summarises the findings from the 2022/23 annual audit of Midlothian Integration Joint Board (Midlothian IJB). The scope of the audit was set out in an annual audit plan presented to the 28 June 2023 meeting of the Audit and Risk Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of Midlothian IJB's annual accounts.
- conclusions on the following wider scope areas that frame public audit as set out in the [\*Code of Audit Practice 2021\*](#):
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.
- conclusions on Midlothian IJB's arrangements for meeting its Best Value duties.

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

## Audit appointment from 2022/23

**3.** I, Claire Gardener (Audit Director), have been appointed by the Accounts Commission as auditor of Midlothian IJB for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new [\*Code of Audit Practice\*](#) which was introduced for financial years commencing on or after 1 April 2022.

**4.** My team and I would like to thank management, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

## Responsibilities and reporting

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

**6.** The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#), and supplementary guidance and International Standards on Auditing in the UK.

**7.** Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of Midlothian IJB from its responsibility to address the issues we raise and to maintain adequate systems of control.

## Auditor Independence

**8.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £31,470 as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**9.** We add value to Midlothian IJB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and identifying good practice.

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# 1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

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## Main judgements

Audit opinions on the annual accounts of Midlothian IJB are unmodified.

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

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## Audit opinions on the annual accounts are unmodified

**10.** The Chief Officer in consultation with Chair and Vice-Chair in terms of Standing Order 15.1 approved the Annual Accounts for Midlothian IJB for the year ended 31 March 2023 on 23 November 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework.
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## Overall materiality was assessed as £3.7million

**11.** The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

**12.** Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

## Exhibit 1

### Materiality values

Materiality level	Amount
Overall materiality	£3.7 million
Performance materiality	£2.7 million
Reporting threshold	£0.2 million

**Source: Audit Scotland**

**13.** The overall materiality threshold for the audit of the annual accounts of Midlothian IJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

**14.** Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting a history of no significant matters arising, audit recommendations, adjusted or unadjusted errors.

**15.** It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

## Significant findings and key audit matters

**16.** Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

**17.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements. Significant findings and key audit matters are summarised in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<b>1. Disclosures in the Management Commentary</b>	We are satisfied that management have addressed the disclosure issues.

Issue	Resolution
<p>The Management Commentary provides contextual information and detail which will help the reader understand the primary statements.</p> <p>Our audit work identified an error in the social care expenditure figure in the unaudited accounts. We also considered that further detail was required in the financial analysis table to reconcile funding and expenditure totals for health and social care services.</p>	

Source: Audit Scotland

**18.** Our audit work responded to the risks of material misstatement we identified in the annual accounts.

**19.** We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

## Exhibit 2

### Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Agreement of balances and transactions to Midlothian Council and NHS Lothian financial reports/ledger and correspondence.</li> <li>• Constituent body auditor assurances will be obtained over the completeness, accuracy and allocation of income and expenditure to Midlothian Integration Joint Board activities included in the Annual Accounts.</li> <li>• Review of year-end adjustments and journals.</li> </ul>	<p>Assurances received from Midlothian Council did not support the figures in the council ledger or the IJB unaudited accounts.</p> <p>Following agreement of the correct figures, the Council provided revised assurances which have been assessed as satisfactory.</p> <p>We obtained satisfactory assurances from the external auditors of NHS Lothian and Midlothian Council.</p> <p>No significant weaknesses in the systems of internal control</p>



Audit risk	Assurance procedure	Results and conclusions
		<p>have been identified that impact on Midlothian IJB.</p> <p>We reviewed adjustments at year end and financial monitoring reports.</p> <p><b>Conclusion</b></p> <p>No incidents of management override of controls were identified.</p>

Source: Audit Scotland

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

**20.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. However, the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Our audit identified no misstatements above our reporting threshold.

## The unaudited annual accounts were received in line with the agreed audit timetable

**21.** The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2023. However, the working papers provided to support the audit process were amended to show greater clarity on figures presented in the financial statements regarding movements in reserves. This led to the delay in concluding the audit. Notwithstanding this difficulty, officers provided good support to the audit team.

## There were no objections to the annual accounts

**22.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on their website that includes details of the period for inspecting and objecting to the annual accounts. This must remain on the website throughout the inspection period. Midlothian IJB complied with this requirement and there were no objections to the 2022/23 annual accounts.

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## 2. Financial management and sustainability

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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### Conclusion

Midlothian Integration Joint Board has appropriate and effective financial management.

For the financial year 2022/23 Midlothian IJB reported a deficit of £10.3 million. The deficit resulted from the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves.

The Chief Finance Officer is due to resign from the IJB and a replacement has not been identified for the post.

A medium-term financial plan was agreed in December 2022 but has not been updated to reflect current funding levels or the latest cost pressures. In addition recovery plans have still to be identified to bridge the projected deficit.

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### We carried out audit work in response to risks relating to financial management and sustainability identified in our 2022/23 Annual Audit Plan

**23.** [Exhibit 4](#) sets out the wider scope risks relating Financial Sustainability we identified in our 2022/23 audit. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

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### Exhibit 4

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

Audit risk	Assurance procedure	Results and conclusions
<p><b>Financial Sustainability</b></p> <p>Midlothian Integration Joint board (the IJB) has developed a 5-year financial plan for the period 2022/23 to 2026/27. The latest plan is forecasting a cumulative funding gap of £12 million to 2026/27.</p> <p>The latest cost pressures and inflation figures have been applied in the financial plan but these pressures will continue to present significant challenges to financial planning and the ability of the IJB to deliver quality services.</p>	<p>Perform a review of the five-year financial plan, providing comment in our Annual Audit Report.</p>	<p>Reviewed the 5-year financial plan. We have concluded our work in this area at paragraph 37.</p> <p><b>Conclusion:</b> The 5-year financial plan is out of date as it has not been updated since December 2022 and does not reflect current funding levels or the financial recovery plan for 2023/24.</p>

## Financial management and reporting arrangements are effective and allow members and officers to scrutinise the budget effectively

**24.** Senior management and Midlothian IJB members regularly receive and monitor financial information on the financial position. Finance updates were submitted to Midlothian IJB Board throughout the year. These clearly stated the outturn to date, latest budget information and the projected year-end outturn position. These reports also made clear the impact of ongoing Covid-19 costs and the additional funding as it was being received. We have concluded that Midlothian IJB has good budget monitoring arrangements that support effective scrutiny.

## The IJB returned a deficit on the provision of services of £10.3 million in 2022/23, largely due to the clawback of £5.8 million Covid-19 funding by Scottish Government and the use of earmarked reserves

**25.** [Exhibit 3](#) provides a summary of the financial position. Midlothian IJB returned a deficit of £10.3 million which reduced reserves to £13.2 million as at 31 March 2023.

**26.** The majority of this deficit relates to the timing of Covid-19 funding received late in 2021/22 from the Scottish Government for use in 2022/23. This resulted in a Covid-19 reserve balance of £9.7 million as at 31 March 2022 which was used by the IJB in 2022/23. In September 2022 the Scottish Government indicated that it would reclaim unspent IJB Covid-19 reserves for use elsewhere in the NHS. Midlothian IJB returned £5.8 million to the Scottish Government via

reduced NHS funding allocations to the IJB in 2022/23. Going forward, the expectation is that any Covid-19 expenditure is funded by IJB baseline budgets.

**27.** The “in year” health services budget was overspent by £1.5 million but a break-even position was achieved due to an additional funding contribution of £1.5 million from NHS Lothian to cover the overspend.

### Exhibit 3 Financial Position

	Actual Outturn £m
<b>Cost of Services</b>	<b>183.18</b>
NHS Lothian Health Care Services	122.66
Midlothian Council Social Care Services	60.52
Taxation and Non-Specific Grant Income	(172.83)
<b>Deficit on Provision of Services</b>	<b>(10.35)</b>
Reserves brought forward	23.51
<b>Total Reserves as at 31 March 2023</b>	<b>13.16</b>
Earmarked Reserves	6.98
Uncommitted General Fund Reserve	6.18

**Source: Midlothian IJB annual accounts**

### Budget monitoring arrangements were appropriate

**28.** Budget monitoring reports were submitted to the Midlothian IJB Board throughout the year. The outturn to date and projected year-end outturn position were clearly stated in these reports. The actual year-end outturn position was broadly in line with expectations with Set Aside functions experiencing the most significant overspend of £1.1 million.

**29.** Through attending committee meetings, we observed that senior management and members receive regular and accurate financial information on the IJB’s financial position and have concluded that Midlothian IJB has appropriate budget monitoring arrangements.

### Financial systems of internal control operated effectively

**30.** Midlothian IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Finance Officer. All funding and expenditure are incurred by constituent bodies and

processed in their accounting records. Midlothian IJB does not have its own financial systems and instead relies on the financial systems of its constituent bodies, NHS Lothian and Midlothian Council.

**31.** As part of our audit approach, we obtained assurances from the external auditors of NHS Lothian and Midlothian Council. The assurances confirmed that there were no significant weaknesses in the systems of internal control for either body which would impact on the IJB.

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

**32.** Midlothian IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its constituent bodies. The IJB has a Code of Conduct for members but could improve transparency by making Members' Registers of Interest publicly available on the IJB's website. This can only be currently viewed physically at Midlothian Council.

**33.** As part of our audit approach, we obtained assurances from the external auditors of NHS Lothian and Midlothian Council. The assurances confirmed that there were no significant weaknesses in the arrangements for the prevention and detection of fraud at either body.

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## **Recommendation 1**

To improve transparency, the Members' Registers of Interest should be published on the Midlothian IJB website.

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### **Changes in the Chief Finance Officer post**

**34.** The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post. Active discussions have taken place with partners and an update on interim and future arrangements for the IJBs CFO post will be reported to the Board in December.

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## **Recommendation 2**

It is crucial that a replacement s95 Officer is appointed to ensure effective financial management arrangements are in place and the IJB can demonstrate compliance with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.

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## **Midlothian IJB agreed a 5-year financial plan in December 2022**

**35.** Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

**36.** Midlothian IJB agreed a 5-year financial plan in December 2022. This plan is projecting a budget gap for the IJB of £12.3 million over the five year period to 2026/27. By February 2023 financial recovery plans were in place to bridge £4 million of the £6 million forecast deficit for 2023/24. Since February, further increases in funding have been agreed by Midlothian Council for 2023/24 but the 5 year financial plan has not been updated to reflect this additional funding or the latest cost pressures. Furthermore, no financial recovery plans have been reported to bridge the remaining £8.3 million funding gap.

**37.** The 5-year financial plan does not reflect the current funding levels and cost of living pressures and there is a risk that board members make ineffective decisions for the period 2023/24-2026/27.

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### **Recommendation 3**

To support effective decision making it is crucial that the 5-year financial plan is updated to reflect current funding levels, and the latest cost pressures. Financial recovery plans also need to be identified to bridge any projected budget gap.

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## 4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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### Conclusion

Governance arrangements are appropriate and support effective scrutiny, challenge and informed decision making though there is scope to further enhance arrangements.

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### Governance arrangements are generally appropriate and support scrutiny

**38.** The Midlothian IJB Board met eight times during 2022/23 and the Audit, Risk and Governance Committee met three times in the same period, with one planned meeting unable to proceed as it was not quorate. The meetings were held virtually. Our observations at committee meetings have found that these are conducted in a professional manner and there is a reasonable level of scrutiny and challenge by members.

**39.** An annual review of the effectiveness of the governance framework, informed by the work of Internal Audit identified three areas where further improvements could be made within the IJB to enhance compliance with the Local Code of Governance. These relate to further developing the medium-term financial plan and making a more explicit link to the Midlothian IJB Strategic Commissioning Plan; ensuring governance arrangements are in place for monitoring against financial recovery plans; and further developing the risk register in relation to the financial challenge currently being faced by the IJB. The Annual Governance Statement includes information on these issues to be addressed going forward.

**40.** We consider that governance arrangements are generally appropriate and support effective scrutiny, challenge and decision making.

**Midlothian IJB published the Strategic Plan for 2022-25 in June 2022 setting out how available resources will be managed to**

## **design services that contribute to people in Midlothian living longer and healthier lives**

**41.** In 2022/23 Midlothian IJB approved a new Strategic Plan covering the period 2022-2025. The focus of the plan is on achieving a sustainable health and social care system. The new plan recognises that to achieve this, the way in which health and social care is provided must be transformed, shifting resource away from traditional models of care to new models. The plan outlines how Midlothian IJB plans to improve the quality of health and social care services to deliver the nine national health and wellbeing outcomes against the background of demographic, workforce and financial challenges identified.

**42.** The Plan shares the overarching strategic vision of the Lothian Strategic Development Framework, the Midlothian Council 5-year plan and the ambitions of the Midlothian Community Planning Partnership to ensure an integrated approach to improving the outcomes that matter most to the people and communities of Midlothian.

**43.** Over the course of our 5-year appointment, we will monitor the IJB's progress in the delivery of the strategic plan objectives to ensure achievement of the nine national health and wellbeing outcomes. Progress for year one is discussed briefly at paragraphs 47-49 below.

## **Revisions to the Integration Scheme have been concluded**

**44.** Legislation requires that the Integration Scheme be reviewed by the council and the health board at least every five years. This has been completed and Scottish Ministers approved the scheme in May 2023.



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# 5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Conclusion

Midlothian IJB has effective arrangements for managing and reporting performance.

To demonstrate full compliance with the duty of best value an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board.

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## Midlothian IJB has effective arrangements for managing and reporting performance

**45.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance, and best value, reporting on localities, and the inspection of services. The Ministerial Strategic Group for Health and Community Care has agreed a core suite of integration indicators against which all IJBs should report in their annual performance reports.

**46.** The IJB Board has continued to monitor key performance throughout the year. The 2022/23 Annual Performance Report was progressed through the Strategic Planning Group and discussed and scrutinised by the Performance, Assurance and Governance Group and the Senior Management Team prior to being further scrutinised and agreed by the Board on 24 August 2023. The Public Health Scotland data was not available until mid-July and as no IJB meeting was planned in that month, partly because of the Council recess, the IJB informed the Scottish Government that the 31 July deadline for publication of the Annual Performance Report would not be met. The final report was approved once the data was available and published before the end of August.

**47.** Underneath the nine National Health and Wellbeing Outcomes sit integration indicators which all Health and Social Care Partnerships use to report their performance. Of the 18 currently reported national indicators, the Midlothian IJB is at or better than the Scottish national average in 10 indicators.

**48.** The National Indicators 1-9 are taken from the Health and Care Experience Survey (HACE) which is conducted every 2 years. 2022/23 is not a reporting year for the HACE Survey so there is no available update or change in the data from the Annual Performance Report 2021/22. These indicators can be compared to the Scottish national averages but cannot be compared with previous years data because of changes in the way the Experience Survey commissioned by the Scottish Government was designed.

**49.** For indicators 11-19, performance is the same or better for five indicators when compared to the Scottish national averages. In comparison to the prior year data, the IJB improved in three indicators with five showing a declining performance and one remaining the same.

**50.** Midlothian IJB developed a new Performance Framework in 2022/23 and are building on this through work on an innovative integrated performance framework across health and social care which is expected to create meaningful outcome focused performance reporting and align strategic aims, national outcomes, operational planning and governance and assurance. Work to date on the integrated framework has been recognised by a number of bodies, including the Scottish Government and Healthcare Improvement Scotland, as sector leading and pioneering.

### **Arrangements for securing Best Value**

**51.** The Local Government (Scotland) Act 2003 places a duty on Local Government bodies to secure Best Value. As a Section 106 body under the 2003 Act, Integration Joint Boards have the same statutory duty to secure best value. Compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

**52.** There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.

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### **Recommendation 4 (refer [Appendix 1](#), action plan)**

To demonstrate full compliance with the duty of best value, an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board.

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# Appendix 1: Action plan 2022/23

## 2022/23 recommendations

Issue/risk	Recommendation	Agreed management action / timing
<b>1. Governance - Transparency</b>		
The Members' Register of Interests is not accessible to local citizens as it is not published on the Midlothian IJB website.	The Members Register of interests should be available from the Midlothian IJB website.	Agreed.
There is a lack of transparency in governance arrangements.		Integration Manager March 2024
<b>2. Changes in Chief Finance Officer</b>		
The IJB is required to appoint a s95 officer and this role was carried out by the Chief Finance Officer in 2022/23. However, the Chief Finance Officer is due to resign from the IJB and a replacement has not yet been identified for the post.	It is crucial that a replacement s95 Officer is appointed to ensure continued financial management arrangements and compliance with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014	Agree, interim and future Chief Finance Officer post arrangements for the IJB will be presented to the next IJB Board meeting.
		Chief Officer December 2023
<b>3. Financial Sustainability</b>		
Midlothian IJB agreed a 5-year financial plan in December 2022. This plan is projecting a budget gap for the IJB of £12.3 million over the five year period to 2026/27. By February 2023 financial recovery plans were in place to bridge £4 million of	To support effective decision making it is crucial that the 5-year financial plan is updated to reflect current funding levels, and the latest cost pressures. Financial recovery plans also need to be identified to bridge any projected budget gap.	Agree, the IJBs financial plan will be updated in line with both Partners financial planning processes and presented to the next IJB meeting.
		Chief Finance Officer December 2023

Issue/risk	Recommendation	Agreed management action / timing
<p>the £6 million forecast deficit for 2023/24.</p> <p>Since February, further increases in funding have been agreed by Midlothian Council for 2023/24 but the 5 year financial plan has not been updated to reflect this additional funding or the latest cost pressures. Furthermore, no financial recovery plans have been reported to bridge the remaining £8.3 million funding gap.</p>		
<h4>4. Best Value</h4> <p>There is evidence of best value being demonstrated by Midlothian IJB across a range of areas including partnership working and performance reporting, however the mechanism for reviewing and reporting on the arrangements to secure best value has not been formalised or published.</p>		
	<p>To demonstrate full compliance with the duty of best value an annual assessment of the board's Best Value arrangements should be completed with the outcome of each assessment reported to the board</p>	<p>Agreed, an annual assessment on Best Value in relation to the IJB will be reported.</p> <p>Chief Finance Officer March 2024</p>

# Midlothian Integration Joint Board

## 2022/23 Annual Audit Report

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