

Aberdeen City Integration Joint Board

2024/25 Annual Audit Report – draft



Prepared for Aberdeen City Integration Joint Board and the Controller of Audit
September 2025

Contents

Key messages	3
Introduction	5
Audit scope and responsibilities	6
Audit of the annual accounts	8
Wider scope and Best Value audit	14
Appendix 1	22

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key messages

Audit of the annual accounts

- 1 Our audit opinions on the annual accounts of Aberdeen City Integration Joint Board were unmodified and confirmed that the accounts were free from material misstatement.
- 2 The quality of the annual accounts submitted for audit were of a poor standard. Peer review and quality checks need to be implemented as part of the preparation of accounts process.
- 3 Audit changes were required to ensure the Annual Governance Statement, Management Commentary and Remuneration Report were in line with statutory guidance. In addition, audit adjustments were required to correct the financial statements. These were processed by the IJB.

Wider scope and Best Value audit

- 4 The IJB has experienced a significant turnover in the Chief Finance Officer (CFO) role in the last year. Between summer 2024 and July 2025, four officers have filled the CFO role. In addition, there have been changes to the partner finance officer roles who support the CFO. The lack of consistent financial leadership and reduced capacity have contributed to the poor quality of accounts and the limited progress with previous year audit recommendations.
- 5 The IJB routinely sets a balanced budget which is dependent on the delivery of savings. Savings targets have generally not been delivered in the past and expenditure has been higher than anticipated due to increased demand for services. The level of reserves held provided a cushion in recent years, but these were fully utilised in 2024/25 and in accordance with the Integration Scheme, additional contributions were required from partners to cover the £17 million deficit incurred.
- 6 The IJB needs to deliver £28 million of savings within the next two years. Areas requiring review have been identified but significant work is needed for these to be realised. Difficult decisions are required as achieving financial

balance will mean a reduction in the quality and/or quantity of IJB services. This is against the backdrop of its partners undergoing the same financial challenges.

- 7 While the IJB has appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes, a number of improvement recommendations have been identified from the audit. These are set out in Appendix 1.
-

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Aberdeen City Integration Joint Board's annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to Aberdeen City Integration Joint Board, hereafter referred to as 'the IJB' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. We have been appointed by the Accounts Commission as auditors of the IJB for the 5-year period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, we are independent of the IJB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on our continued independence from the IJB.

Acknowledgements

4. We would like to thank the IJB, health and social care staff and partner staff, particularly those involved in the preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the IJB's arrangements for securing Best Value.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the IJB and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the IJB from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The IJB's responsibilities

10. The IJB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the IJB that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit of the annual accounts

Main judgements

Our audit opinions on the annual accounts of Aberdeen City Integration Joint Board were unmodified and confirmed that the accounts were free from material misstatement.

The quality of the annual accounts submitted for audit were of a poor standard. Peer review and quality checks need to be implemented as part of the preparation of accounts process.

Audit changes were required to ensure the Annual Governance Statement, Management Commentary and Remuneration Report were in line with statutory guidance. In addition, audit adjustments were required to correct the financial statements. These were processed by the IJB.

Audit opinions on the annual accounts

11. The IJB's annual accounts are scheduled to be approved by the Aberdeen City Integration Joint Board 30 September 2025 and will be signed by the auditor thereafter. As reported in the Independent Auditor's Report, the financial statements give a true and fair view and, in our opinion, are free from material misstatement.

Audit timetable

12. The unaudited annual accounts were received in June 2025 in line with the agreed audit timetable. The working papers were not however received until August 2025. This is the third year where we experienced delays in receiving working papers for the audit.

Audit Fee

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £39,100. An additional audit fee will be levied as a result of additional audit work required to resolve a number of issues in the accounts provided for audit.

Materiality

14. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

15. Materiality levels for the audit of the IJB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts and are outlined in [Exhibit 1](#).

Exhibit 1**2024/25 Materiality levels for the IJB**

Materiality	£
Materiality – set at 2% of Gross Expenditure	£8.6 million
Performance materiality – set at 50% of materiality and acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£4.3 million
Reporting threshold – set at 3% of materiality.	£260,000

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the IJB is the Integration Joint Board.

17. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

18. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

19. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p>1. Quality of the annual accounts submitted for audit</p> <p>The quality of the annual accounts submitted for audit was of a poor standard.</p> <ul style="list-style-type: none"> • There were a range of presentational errors such as references to the wrong financial year, typos and formatting issues. • Changes made to the 2023/24 remuneration report and annual governance statement to ensure they complied with statutory guidance were not applied in the preparation of the 2024/25 accounts. A number of changes were therefore required to meet the relevant disclosure requirements. • We expected a number of improvements to be made to the management commentary in response to the 2023/24 audit recommendation. No changes were made in the version submitted for audit. (Refer para 23, page 11) 	<p>Additional audit work and discussions with officers were required to identify the additional information needed and check the changes made in the revised accounts.</p> <p>Overall, quality control checks around the preparation of the accounts need to be implemented.</p>
<p>2. Additional funding contributions to cover the deficit incurred by the IJB</p> <p>At the request of the IJB, its partners approved additional contributions to the IJB totalling £10.5m to cover the remaining deficit following use of the IJB's reserves. The additional contributions reported in the unaudited accounts only amounted £7.2m leaving a difference of £3.3m.</p> <p>Only £7.2m of the additional funding was required if the IJB was to show full utilisation of its opening reserves. Balances of £3.3m held by NHS Grampian had been omitted when the calculation for additional contributions was undertaken. Once the position was clarified, it was confirmed that the request for additional funding had been overstated by £3.3m.</p>	<p>The partners have agreed that £2.2m of the excess funding will be used to cover a reversal of income accrued at the year-end which is now considered to be uncollectable.</p> <p>The balance of £1.1m will be returned to the partners using the same proportional split as for the additional contributions received.</p> <p>These adjustments increase Net Cost of Services and Taxation and Non-Specific Grant by £2.2m. There is no impact on the Deficit on Provision of Services.</p>

Significant findings and key audit matters	Outcome
<p>3. Grossing up of debtor and creditor balance</p> <p>The IJB incurred a deficit on provision of services of £17m before utilisation of reserves and additional funding from partners. This essentially relates to the services commissioned from the council. After other adjustments, there is a balance of £18m which NHS Grampian needs to re-imburse. IJBs do not hold bank accounts. Relevant transactions are processed by the partners and any outstanding balances at the year-end are reflected as a debtor/creditor with the partner. This was not apparent in the unaudited accounts as the amounts were netted off.</p>	<p>For transparency, the amount due to the council by NHS Grampian is shown in the IJB Balance Sheet by creating a Debtor (from NHS Grampian) and a Creditor (to the Council) of £18m.</p>

Source: Audit Scotland

Qualitative aspects of accounting practices

20. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the IJB's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

21. The appropriateness of accounting policies adopted by the IJB was assessed as part of the audit. These were considered to be appropriate to the circumstances of the IJB, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

22. Accounting estimates are used in a number of areas in the IJB's financial statements. Audit work considered the process management of the IJB has in place around making accounting estimates, including the assumptions and data used. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

23. In previous years, we reported that the content of the management commentary submitted for audit fell short of statutory guidance. This year was no different. The following should have been included:

- a fair, balanced and understandable analysis of the IJB's performance during 2024/25.
- an overview of service performance in the year with relevant indicators to enhance the service 'story'. While the guidance allows flexibility in terms of the level of

performance information included, there is an expectation that the commentary includes financial and non-financial performance indicators. The commentary should include both positive and negative aspects.

- references to, or additional explanations of, amounts included in the financial statements. The commentary provided for audit did not explain the reasons for the scale of the deficit reported in the comprehensive income and expenditure statement, why it differed from forecasts or the action being taken by management in response.

24. As mentioned in Exhibit 2, there were shortfalls in the disclosures in the Remuneration Report and the Annual Governance Statement. The disclosures in the notes to the financial statements were however considered to be adequate.

Audit adjustments

25. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £260,000 are outlined in [Exhibit 3](#). There were no unadjusted misstatements.

Exhibit 3 Audit adjustments

Details	Comprehensive Income and Expenditure Statement (CIES)		Balance Sheet	
	Dr	Cr	Dr	Cr
Audit adjustments to financial statements	£000	£000	£000	£000
Cost of Services /Taxation and non-specific grant income – adjustment for uncollectable income (Exhibit 2, item 2)	2,167	(2,167)		
Inclusion of year-end outstanding partner balances on the Balance Sheet (Exhibit 2, item 3)			18,368	(18,368)
Nil net impact on financial statements				

Source: Audit Scotland

Significant risks of material misstatement identified in the Annual Audit Plan

26. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 4, \(page 13\)](#).

Exhibit 4**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>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>	<p>Evaluated assurances from partner external auditors i.e., Aberdeen City Council and NHS Grampian, which included</p> <ul style="list-style-type: none"> • Assessing the design and implementation of controls over journal entry processing and testing a sample of journals with a focus on higher risk areas. • Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Evaluating significant transactions outside the normal course of business. • Reviewing the arrangements for identifying related parties and associated transactions. • Assessing changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. 	<ul style="list-style-type: none"> • Based on audit work undertaken, there was no evidence of management override of controls.

Source: Audit Scotland

Prior year recommendations

27. The IJB has made limited progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the IJB and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Conclusion

While the IJB has appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes, a number of improvement recommendations have been identified from the audit.

Audit approach to wider scope and Best Value

Wider scope

28. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

29. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the IJB has in place for each of these is reported in this chapter.

Best Value

30. The duty on auditors to consider the arrangements in place to secure Best Value applies to the IJB as it falls within section 106 of the Local Government (Scotland) Act 1973. Our consideration of the IJB's arrangements has been carried out alongside the wider scope audit.

Significant wider scope risks

31. Audit work has been performed in response to the significant wider scope risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 5](#).

Exhibit 5**Significant wider scope risks**

Significant risk	Audit response	Outcome of audit work
<p>Financial management</p> <p>Our Annual Audit Plan concluded that significant risk existed in relation to the adequacy and effectiveness of financial management. This was based on:</p> <ul style="list-style-type: none"> • The significant turnover in the Chief Finance Officer (CFO) role during 2024 • Changes in the partners' finance officers who support the CFO • Recommendations made in our 2023/24 Annual Audit Report to increase scrutiny and accountability of financial performance • The IJB continued to experience significant increases in the forecast outturn deficit each quarter. 	<p>The audit team:</p> <ul style="list-style-type: none"> • Held discussions with senior officers about the IJB's financial position. • Reviewed the adequacy of financial information considered by the IJB Senior Leadership Team (SLT) during the year. • Reviewed and assessed the Q4 outturn report. • Reviewed the accuracy and completeness of the IJB's arrangements for estimating year end accruals. 	<p>Refer paras 32-40, pages 16-17</p>
<p>Financial sustainability</p> <p>Our Annual Audit Plan reported that an overspend of £16.6 million was forecast for 2024/25 of which £6.2 million would be met from reserves. In line with the integration scheme, partners would also provide additional funding of £10 million to cover the remaining shortfall. The 2025/26 budget has identified a funding gap of £25.3 million to be met by £10.9 million additional contributions from partners and planned savings of £14.4 million.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Review quarterly financial reports to assess the latest projections and actions being taken to address overspends. • Review delivery of budget savings. • Review impact of financial challenges and decisions made on IJB services. • Assess if financial plans are aligned to IJB's priorities. 	<p>Refer paras 41-43, page 18</p>

Conclusions on wider scope audit

Financial Management

32. The IJB has been experiencing significant turnover in the CFO role in the last year. Between summer 2024 and July 2025, when the CFO for Aberdeen City Council was also appointed as IJB Interim CFO, four officers have filled the role. In addition, there have been changes to the partner finance officer roles who support the CFO. In our view, the lack of consistent financial leadership and reduced capacity have contributed to the poor quality annual accounts and the limited progress with previous year audit recommendations.

33. Steps are currently being taken to recruit a deputy chief finance officer for the IJB who will lead on financial management and provide additional capacity. Given the uniqueness of the role, it is critical that appropriate induction and training is provided and that the successful candidate is provided with an effective mentor.

34. The IJB routinely sets a balanced budget which is dependent on the delivery of savings. Savings targets have generally not been delivered in the past and expenditure has been higher than anticipated due to increased demand for services. The level of reserves held provided a cushion in recent years, but these were fully utilised in 2024/25 and in accordance with the Integration Scheme, additional contributions were required from partners to cover the deficit incurred.

35. During 2024/25, the projected overspend increased each quarter. From £0.6 million in Q1 to £10.7 million in Q2, followed by £16.6 million in Q3 to £17.7 million by the year-end. While increased demand and more complex cases across services are clear reasons, the assumptions behind the budget may also be a contributing factor.

36. The reasons for the in-year movements include pay and price assumptions being lower than actual, Scottish Government funding and other income being lower than anticipated, significant overspends due to significant and sustained demand for urgent services, higher running costs and savings plans not being achieved. While some of the reasons are beyond the control of the IJB, there are also those which can be attributed to out-of-date forecasting. A full review of the financial model should therefore be undertaken to ensure it is realistic and reflects current information. The opportunity should also be taken to share the model with the Risk, Audit and Performance Committee for additional challenge on the assumptions.

37. A balanced budget of £439 million has been set for 2025/26 which includes additional contributions of £10.9 million from partners and is dependent on the achievement of savings of £14.4 million. With no reserves, it is crucial that planned savings are realised to achieve financial balance in the current year and beyond.

38. The health and social care management team have established a Budget Savings Oversight Group with the remit of generating savings plans and overseeing their delivery. Extensive work is also being carried out to monitor client and care package status along with financial assessment reviews. It is important that progress against savings plans is formally monitored to provide an audit trail on what has been achieved and any remedial action taken. Such monitoring reports should be shared quarterly with the Risk, Audit and Performance Committee for scrutiny purposes and the lessons learnt used to inform future plans

39. With the above context, the audit work performed on the arrangements the IJB has in place for securing sound financial management found that these were broadly effective and appropriate but that some of the more fundamental features would benefit from review and challenge. This judgement is evidenced by the IJB:

- having a system of internal control in place through its partners that is operating effectively and has no significant weaknesses or deficiencies.
- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.
- having clear and up-to-date policies in place through its partners for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- needing to undertake a full review of the budget financial model to ensure it is realistic and reflects current information. The opportunity should also be taken to share the model with the Risk, Audit and Performance Committee for additional challenge on the assumptions.
- senior leadership team discussing the financial position more regularly and sharing it at staff sessions including budget options for 2025/26.
- establishing a Budget Savings Oversight Group with responsibility for overseeing the delivery of savings plans. These need to be formally monitored at a detailed level including e.g. unit costs, volumes and trends, reported quarterly to the Risk, Audit and Performance Committee for scrutiny and the lessons learnt used to inform future plans

40. As a result of the issues identified, the following recommendations have been made, with further details outlined in [Appendix 1](#).

Recommendation 1

Significant turnover in the CFO role

The IJB should implement an appropriate onboarding plan for the deputy chief finance officer covering sufficient training and mentoring.

Recommendation 2

Review of budget financial model

The financial model should be reviewed to bring financial assumptions up-to-date and the assumptions challenged by the board/committee.

Recommendation 3

Savings plan monitoring and reporting

Detailed reports on progress in delivering planned savings should be formally monitored by senior management and reported quarterly to the Risk, Audit and Performance Committee for increased scrutiny.

Financial Sustainability

41. The audit work performed on the arrangements the IJB has in place for securing financial sustainability found good structures in place but overall, improvement is needed to ensure the service has robust, reliable information on which to base future financial plans. This judgement is evidenced by the following arrangements:

- The medium-term financial framework was refreshed in summer 2025. It uses scenario planning and is linked with key priorities to transform service delivery as set out in the new Strategic Plan covering 2025-29. The strategic plan was intentionally delayed ensuring it focused on priorities and delivering services within budget. In recognition of this, it has been significantly downsized.
- The IJB recognises that it needs to deliver services within its budget. This is challenging when there is increasing demand for services particularly in older people's services and learning disabilities. This is further hindered by the lack of routine data being available to the management team to assist in setting priorities and taking corrective action. For example, information on numbers and unit costs are not routinely available e.g. caseloads, complex cases, level and length of support provided.
- While the service reports a number of performance indicators, these are dated by the time the data is collated and reported. Challenging targets need to be set and measures put in place to provide the management team with real-time performance information. Over time, this information will provide trends and a robust basis for future financial planning and decision-making.

42. Another £14 million of savings are required to be made in 2026/27 on the assumption that the planned savings in 2025/26 are achieved in full. This means that the IJB has to deliver £28 million of savings within the next two years. Areas requiring review have been identified but significant work is needed. Difficult decisions are required as achieving financial balance will mean a reduction in the quality and/or quantity of IJB services. This is against the backdrop of its partners undergoing the same financial challenges.

43. As a result of the issues identified, the following recommendations have been made, with further details outlined in [Appendix 1](#).

Recommendation 4

Availability of management data

Systems need to be developed to enable the routine extraction of fundamental management data to assist health and social care management in reviewing priorities and decision-making.

Recommendation 5

Developing performance information

Challenging targets need to be set and measures put in place to provide the management team with real-time performance information.

Vision, Leadership and Governance

44. The audit work performed on the arrangements the IJB has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by the IJB:

- having a new Strategic Plan in place covering 2025-29 that sets out its vision, strategy, and priorities and reflects the pace and depth of improvement required to realise these in a sustainable manner.
- involving service users, delivery partners, and other stakeholders in the development of its vision, strategy, and priorities to ensure these align to their needs.
- having an Annual Delivery Plan for 2025/26 that details the activities and projects the IJB intends to undertake in the first year of its Strategic Plan.
- conducting an annual review of the IJB's Scheme of Governance comprising of Standing Orders, Terms of Reference, Roles and Responsibilities Protocol, Carers Expenses Policy, and Code of Conduct, with any changes being presented to the IJB for approval.
- having generally effective governance arrangements in place as reflected in the Annual Governance Statement.

45. The IJB has acknowledged that a refreshed Workforce Plan is also required to support the new Strategic Plan to ensure it has the right number of people with the right skills and the support they need to ensure priorities are delivered.

Use of Resources to Improve Outcomes

46. The audit work performed on the arrangements the IJB has in place around its Use of Resources to Improve Outcomes found that these were broadly effective and appropriate. The reporting arrangements for the new delivery plan should however include targets and measures to improve the board's performance information. This judgement is evidenced by the IJB:

- having arrangements in place to benchmark its performance through the use of the National Indicators and the Ministerial Steering Group Indicators.
- being able to demonstrate progress with achieving its delivery plans on a quarterly basis to the Risk, Audit and Performance Committee. Of the 82 projects; 37 are transitioning to business as usual; 13 are closed; 10 are completed; and 22 are continuing onto the new Delivery Plan.

- developing new dashboards for reporting progress against the new Strategic Plan and Delivery Plan, these need to include targets and performance measures.
- Receiving reasonable assurance from the chief internal auditor on the adequacy and effectiveness of the IJB's framework for governance, risk management and control.

47. The IJB produced its Annual Performance Report for 2024/25 in July 2025 which sets out progress against the strategic priorities, the national indicators set by the Scottish Government and Ministerial Strategic Group (MSG).

48. Overall, performance in 2024/25 is positive as reflected in [Exhibit 6](#), with all indicators showing an improvement on the previous year with the exception of delayed discharges. The delayed discharges days has increased significantly since the previous year but still remains well below the Scottish average. There are three indicators where Aberdeen performs below the Scottish average and these are:

- Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)
- Proportion of care services graded 'good' or 'better' in Care Inspectorate inspections
- Percentage of adults with intensive care needs receiving care at home.

Exhibit 6

Progress against National Indicators (NI) and Ministerial Strategic Group (MSG) indicators

Core Indicator	Rate	Scottish average	Comparison with Scottish Average
NI - 12 Emergency admission rate (per 100,000 population)	8,665	11,559	Lower than average
NI - 13 Emergency bed day rate (per 100,000 population)	86,474	113,627	Lower than average
NI - 14 Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	117	103	Higher than average
NI - 15 Proportion of last 6 months of life spent at home or in a community setting	91.60%	89.20%	Higher than average
NI - 16 Falls rate per 1,000 population aged 65+	17.9	22.5	Lower than average
NI - 17 Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	71.80%	81.90%	Lower than average
NI - 18 Percentage of adults with intensive care needs receiving care at home	56.50%	64.70%	Lower than average

NI - 19 Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	655	952	Lower than average
Core Indicator	Rate 2024/25	Rate 2023/24	Comparison with previous year
MSG1 Rate of Emergency Admissions (lowest rate = Quartile 1)	23	23	In line with previous year
MSG2.a Unscheduled Bed Days (Acute)	107,404	130,236	Reducing days
MSG3.a Rate of A&E Attendances (lowest rate = Quartile 1)	42,179	42,163	In line with previous year
MSG3.b Hour Performance	57	57	In line with previous year
MSG4 Delayed Discharge Bed Days	18,066	7,016	Increasing days
MSG5 Percentage - End of Life Care	90.00%	90.20%	In line with previous year
MSG6 Percentage 65+ living at home	95.9%	95.9%	In line with previous year

Source: Aberdeen City IJB Annual Performance Report 2024/25.

Conclusions on Best Value

49. IJB's have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

50. We have not undertaken any specific Best Value work in 2024/25. However, we considered how board members received assurance that arrangements are in place to secure Best Value. The Annual Governance Statement confirms that this responsibility is discharged by the governance arrangements put in place by the IJB and Chief Officer.

51. Audit work undertaken around the four wider scope audit areas contribute to the IJB being able to demonstrate Best Value. While we found appropriate arrangements in place, a number of improvements have been recommended.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. CFO Role The IJB experienced high turnover in the CFO role during 2024/25.	The IJB should implement an appropriate onboarding plan for the deputy chief finance officer covering training and mentoring.	Agreed Chief Officer/Partner CFOs Within three months of appointment
2. Review of financial model The IJB forecast overspend significantly increased each quarter in 2024/25. A contributing factor being out-of-date assumptions used in forecasting.	The budget financial model should be reviewed to bring financial assumptions up-to-date and the assumptions should be challenged by the board/committee.	Agreed CFO/Risk, Audit and Performance Committee By March 2026
3. Savings plan monitoring and reporting With no reserves and partners also experiencing financial challenges, the IJB needs to deliver its planned savings.	Detailed reports on progress in delivering planned savings should be formally monitored by senior management and reported quarterly to the Risk, Audit and Performance Committee for increased scrutiny.	Agreed Monthly monitoring by Budget Savings Group and Quarterly reporting to Risk, Audit and Performance Committee
4. Availability of management data Health and social care SLT have limited access to robust, regular management data.	Systems need to be developed to enable the routine extraction of fundamental management data to assist health and social care management in reviewing priorities and decision-making.	Agreed Chief Officer (Lead) with partner data insights and intelligence teams Chief officer (Lead) with partner IT leads March 2026 – August 2026
5. Developing performance information With increased demand for services, good performance data needs to be available to enable scrutiny and challenge and support decision making.	Challenging targets need to be set and measures put in place to provide the management team with real-time performance information.	Agreed Chief Officer /SLT June 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1.Completeness of expenditure</p> <p>Accruals at 31 March 2024 were understated partly due to the £10,000 de minimus threshold used by the council and gaps in the social care manual accrual process.</p>	<p>The year-end arrangements for accruing expenditure back into the previous year should be reviewed to ensure no significant amounts are omitted taking IJB materiality and the level of reserves into consideration.</p> <p>Agree - work has started to review and improve the arrangements, which will be fully implemented.</p> <p>IJB Chief Finance Officer and Aberdeen City Council Chief Officer – Finance</p> <p>By 31 March 2025</p>	<p>Officers implemented tighter arrangements for year-end accruals. Our audit work did not identify any significant misstatements.</p> <p>Action implemented.</p>
<p>2.Management commentary (also reported in 2022/23)</p> <p>While guidance allows flexibility in terms of the level of performance information included in the management commentary, the initial version of the annual accounts submitted for audit did not provide sufficient detail to allow a reader to fully assess the board's overall performance.</p>	<p>The management commentary should provide a clear and balanced narrative on the performance of the IJB during the year and be supported by financial and non-financial information.</p> <p>Agree - the performance information will be reviewed for inclusion in the accounts. A clearer narrative will be provided on the balances.</p> <p>Chief Finance Officer</p> <p>March 2025</p>	<p>There was no improvement in the management commentary submitted for audit. Refer to Exhibit 2, and para 23 on pages 9 – 10.</p> <p>Action agreed</p> <p>CFO/Senior Leadership Team</p> <p>June 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>3. Annual Governance Statement</p> <p>Given some of the major findings identified by internal audit, there is scope to better demonstrate that systems and processes are operating as expected across services.</p>	<p>A framework should be put in place which requires managers to reflect on their areas of responsibility with a view to undertaking self-assessment each year and providing the Chief Officer with a certified assurance statement. In turn, the Chief Officer should consider the level of assurance required to support the Risk, Audit and Performance Committee when they consider the annual governance statement for approval.</p> <p>We will review and implement a self-assessment having regard to assurances provided through NHS Grampian and Aberdeen City Council arrangements.</p> <p>Chief Finance Officer</p> <p>By 31 March 2025</p>	<p>Action implemented</p> <p>All members of the health and social care management team are now required to provide the chief officer with a certified assurance statement.</p>
<p>4. Previous year recommendations/working paper package</p> <p>Limited improvements were made in response to our recommendations following the audit of the 2022/23 accounts. There were delays in receiving 2023/24 working papers and responses to subsequent queries raised. The departure of key staff adversely affected the audit and with limited spare capacity, there was little alternative for the Chief Officer but to delay the conclusion of the audit by two months.</p>	<p>Improvement is required to the working paper package provided for audit alongside the unaudited accounts and associated support arrangements.</p> <p>Agree and will be taken forward.</p> <p>Chief Finance Officer</p> <p>By May 2025</p>	<p>The council finance team provided good support to deal with audit queries and update the annual accounts. The recommendation still stands however in terms of delivery of the working paper package.</p> <p>Action agreed.</p> <p>Prepare annual accounts timetable and review working papers required to support the annual accounts.</p> <p>Chief Officer/CFO/ Risk, Audit and Performance Committee</p> <p>March 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>5.Budget monitoring</p> <p>Improvement is needed to support increased scrutiny and accountability of financial performance.</p>	<p>The board should review the adequacy and frequency of the financial information it receives and consider the best forum in which to monitor and scrutinise expenditure incurred, performance against budget and progress on savings.</p> <p>The CFO agreed to:</p> <p>work with partners to consider if there is scope for receipt of more financial information on a more frequent basis.</p> <p>review the reporting of financial information to the IJB and its Risk, Audit and Performance Committee and seek to adopt a more consistent approach through.</p> <p>Chief Operating Officer</p> <p>By March 2025</p>	<p>There has been regular reporting of financial information to the IJB and the Risk, Audit and Performance Committee.</p> <p>Matter to be kept under review.</p>
<p>6.Reporting progress against workforce plans (also reported in 2022/23)</p> <p>Workforce planning arrangements set out clear aims and key actions. The recent update provides information and narrative on progress but targets and measurable performance indicators have yet to be developed.</p>	<p>Targets and measures should be agreed and reported to demonstrate the effectiveness of the workforce plan.</p> <p>People and Organisation Lead</p> <p>May 25</p>	<p>No action as yet, the workforce plan is due to be updated in 2025/26 to support the new Strategic Plan.</p> <p>Action agreed</p> <p>People and Organisation Lead</p> <p>March 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>7.Arrangements for approving the annual accounts (also reported in 2022/23)</p> <p>Consideration of the unaudited and audited annual accounts is currently split between the board and the Risk, Audit and Performance Committee. This is not in line with the terms of reference or standard audit committee practices.</p>	<p>Arrangements should be put in place for the Risk, Audit and Performance Committee, as the body charged with governance, to routinely consider and approve the board's annual accounts including the arrangements for producing the annual governance statement. This would be in line with the committee's existing terms of reference.</p> <p>Due regard has been given to the availability of quarterly reports to allow those to be reported into Risk, Audit and Performance Committee in a timely manner. The Chief Officer reserves the power however to report the accounts straight to the Integration Joint Board having regard to the level of risk</p>	<p>No change. In practice, the accounts will be submitted to the meeting which best fits with the statutory timetable for approving the accounts.</p> <p>Matter to be kept under review, no further action.</p>
<p>8.Strategic plan – measuring impact (also reported in 2022/23)</p> <p>It is not clear how the strategic planning actions relate to service delivery and improvement.</p>	<p>Consideration should be given to the use of success targets and outcomes when reporting on the impact of the delivery of the strategic plan.</p> <p>We are currently working on how we can improve the visibility of the correlation of the successful delivery of our Delivery Plan project measures to the priorities within the Strategic Plan and the National Performance Indicators. We hope to be able to better demonstrate this for 2024/25. We are in the process of refreshing our Strategic Plan for 2025 onwards and this correlation is being built into the design of that.</p> <p>Strategy & Transformation Lead</p> <p>March 2025</p>	<p>No change in 2024/25.</p> <p>The IJB approved a new Strategic Plan in July 2025 and are currently considering how to best report progress against the associated delivery plan.</p> <p>Action agreed</p> <p>Strategy and Transformation Lead</p> <p>2026 Strategy Review</p>

Aberdeen City Integration Joint Board

2024/25 Annual Audit Report – draft – draft



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot