



Audit and Performance Systems Committee

Report Title	Unaudited Final Accounts 2016/17
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author (Job Title, Organisation)	Alex Stephen, Chief Finance Officer
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Date of Report	30/05/2017
Date of Meeting	20/06/2017

1: Purpose of the Report

The purpose of this report is to allow the Audit & Performance Systems (APS) Committee to review and comment on the unaudited final accounts for 2016/17.

The APS Committee has provision within its Terms or Reference 'to consider and approve annual financial accounts and related matters.'

2: Summary of Key Information

This is the first time that a full set of accounts have been prepared for the Integration Joint Board (IJB). In 2015/16 a set of accounts were prepared, however, these were only from the 6 February 2016 to the 31 March 2016 and did not include the services provided by the Partnership which were formally delegated from the 1 April 2016.

A great deal of work has been undertaken at a national level to agree on a proposed approach to the Integration Joint Board Accounts. Even then there will be changes in format and the disclosures contained in the accounts based on local circumstances. However, the major disclosures and format is based on a template commissioned by the Scottish Government with the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts are based the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and follow the format of the accounts used by local authorities as the IJB is recognised as a local government body, under Part VII of the Local Government (Scotland) Act 1973.

Given this is the first year and the external auditors (KPMG) have not reviewed the



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accounts before, there is a possibility that some of the disclosures and the accounts will need to be changed during the audit process.

The audit of the accounts will take place week beginning the 17 July 2017. The final audited accounts will be brought back to the APS Committee for approval at a special meeting on the 24 August 2017 (subject to approval).

The Local Authority Accounts (Scotland) Regulations 2014 defines the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. At least 14 days' public notice must be given prior to the commencement of the inspection period. The latest date by which the public inspection can start is 30 June 2017 and therefore the latest date for issuing this public notice is 14 June 2017. The inspection must last 15 working days and will therefore end on 20 July 2017.

The accounts follow the following format:

Management Commentary - Explains the performance over the last financial year and highlights some of the potential risks during the next financial year.

Remuneration Note – contains details of the pay and pension benefits accrued by the senior officers of the IJB during 2016/17.

Annual Governance Statement – Highlights the Governance Framework in place and describes performance and improvements against the local code of governance. Was discussed at the last APS Committee and now contains the assurances from Aberdeen City Council, NHS Grampian and the Internal Auditors. Note it also contains an additional disclosure in relation to the Kingsmead Nursing Home.

Financial Statements – contains details of the financial transactions, including the Income & Expenditure Account, Balance Sheet and Movement in Reserves Statement.

Notes to the Accounts – including the financial policies used by the IJB over this period and the relevant disclosures required through the code.

As can be seen through the accounts at the end of the financial year the IJB has £10,417,474 in its useable reserve at the end of the financial year, which has largely been allocated by the IJB for specific integration and change projects.



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The IJB is required to approve its annual accounts before submitting the accounts to its partner organisations by no later the 25th of August 2017. Authority for approving the IJB's annual accounts has been delegated to the Audit and Performance Systems Committee as outlined in item 8.13 of the Committee's terms of reference. Therefore it is proposed that the Committee's scheduled meeting date of 12 September 2017 be brought forward to 2pm on 21 August 2017 to ensure that the accounts can be approved and submitted in a timely manner.

3: Equalities, Financial, Workforce and Other Implications

Equalities – There are no equalities implications arising from this report.

Financial – The financial implications are highlighted throughout the report and in the appendix.

Workforce – There are no workforce implications directly arising from this report.

4: Management of Risk

Identified risk(s) and link to strategic risk register:

- There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend – Medium
- There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within the current assessment framework – leading to duplication of effort and poor relationships – Medium
- There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, delegation and delivery of services across health and social care – High
- Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system – High



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How might the content of this report impact or mitigate the known risks: The audited accounts are an important document for the IJB, demonstrating financial performance over the year and are independently audited. Recommendations could be received from the external auditors which impact on any of the strategic risks highlighted above.

5: Recommendations

It is recommended that the Audit & Performance Systems Committee

- 1) Consider and comment of the Integration Joint Board's Unaudited Accounts for 2016/17
- 2) Note the revised Annual Governance Statement and assurances provided from NHS Grampian, Aberdeen City Council and the internal auditors.
- 3) Agree to bring forward the Committee's meeting date on 12 September 2017 to 21 August to ensure that the IJB annual accounts can be agreed and submitted in a timely manner to partner organisations.