



AUDIT & PERFORMANCE SYSTEMS COMMITTEE

Date of Meeting	11.09.2019
Report Title	External Audit Annual Report
Report Number	HSCP.18.073
Lead Officer	Alex Stephen, Chief Finance Officer
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Consultation Checklist Completed	No
Appendices	<i>a. External Audit Report.</i>

1. Purpose of the Report

- 1.1. The purpose of this report is to present the Audit & Performance Systems (APS) Committee with the external audit annual report for discussion and noting.

2. Recommendations

- 2.1. It is recommended that the Audit & Performance Systems Committee:

- a) Note the content of the *Annual Audit Report for the year ended 31 March 2018*, as at appendix A.

3. Summary of Key Information

- 3.1. The Accounts Commission has appointed KPMG LLP as auditor of the Aberdeen City Integration Joint Board (IJB).
- 3.2. The APS Committee considered the '*ISA 260: Audit report to those charged with governance and the Controller of Audit – year ended 31 March 2018*' at its meeting on the 19th of June 2018.



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- 3.3. This report to those charged with governance (appendix A) is designed to summarise the external auditor's opinions and conclusions on significant issues arising from the audit of the financial statements for Aberdeen City IJB for the financial period 2017/18. The report covers the wider scope areas of the audit as set out in External Audit's audit strategy.
- 3.4. The scope and nature of the audit was set out in the audit strategy document, which was presented to the Audit & Performance Systems committee at the outset of the audit.
- 3.5. There was one recommendation made during the audit for the year ended 31 March 2017. This is complete, and no issues were noted during the 2017-18 audit.
- 3.6. There was one new audit recommendation identified during the audit for the year ended 31 March 2018, which was agreed by management with a set implementation date of 31 March 2019:

"The IJB should progress workforce planning to identify and address potential skills gaps."

4. Implications for IJB

- 4.1. Equalities – there are no direct equalities implications arising from this report.
- 4.2. Fairer Scotland Duty – there are no direct implications relating to the Fairer Scotland Duty arising from this report.
- 4.3. Financial – this report presents an external audit opinion on the IJB's financial sustainability, financial management, governance & transparency and value for money. The report confirms that the IJB is progressing well in each of these areas.
- 4.4. Workforce – the recommendation of the external audit report relates directly to workforce planning.
- 4.5. Legal – The Accounts Commission appointed KPMG LLP as auditor of Aberdeen City Integration Joint Board ("the IJB") under part VII of the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2021-22, inclusive. KPMG issued an ISA 260: *Audit report to those charged with governance* report to the June 2018 meeting of the APS, summarising the findings and conclusions from the financial



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statements audit. The ISA 260 report and this report discharge their year end reporting responsibilities under Audit Scotland's Code of Audit Practice.

4.6. Other – there are no other implications arising directly from this report.

5. Links to ACHSCP Strategic Plan

5.1. Ensuring appropriate governance and scrutiny of the IJB and its financial matters will help ensure that all strategic priorities, as outlined in the strategic plan, are achieved.

6. Management of Risk

6.1. **Identified risks(s):** *There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.*

6.2. **Link to risks on strategic or operational risk register:** Strategic – Risk Number 2

6.3. **How might the content of this report impact or mitigate these risks:**
This report presents an external audit opinion on the IJB's financial sustainability, financial management, governance & transparency and value for money which will help to mitigate this risk.