



AUDIT AND PERFORMANCE COMMITTEE

20 September 2018

ANNUAL ACCOUNTS 2017/18

Report by Chief Financial Officer (Report No. G/18/127)

PURPOSE OF REPORT

This report presents the IJB's Audited Annual Accounts for the period to 31 March 2018 to the Audit & Performance Committee for approval and submission to the IJB.

1. BACKGROUND

The Unaudited Annual Accounts for 2017/18 were submitted to Audit Scotland on 30 June 2018. The Annual Accounts were prepared in accordance with the 2014 CIPFA Code of Practice on Local Authority Accounting ('the code'). These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014. The Unaudited Annual Accounts were available for public inspection between 2 July and 20 July (inclusive). KPMG, the IJB's external auditors, received no objections during this period. On 22nd June 2018 the IJB approved the Unaudited Annual Accounts for 2017/18.

2. ANNUAL ACCOUNTS 2017/18

The audit of the Annual Accounts took place between July and August 2018 during which time KPMG considered whether the Annual Accounts 2017/18:-

- Gave a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the IJB as at 31 March 2018 and the income and expenditure of the IJB for the year then ended;
- Had been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2014/15 Code;
- Had been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

KPMG's findings are set out in the Annual Audit Report to members and the Controller of Audit provided to the Audit and Performance Committee under separate cover.

The key messages from the 2017/18 audit are set out at within the Executive Summary at Page 3 and are summarised as follows:-

- Unqualified independent auditor's report on the 2017/18 financial statements;
- The IJB has robust controls over the monitoring of expenditure against budget, with regular reports going to public meetings of the IJB. KPMG recognise the increasing need for the Board to have timeous information in order to make effective and informed decisions.
- Financial capacity is appropriate for the purposes of delivering services. KPMG concur with management's assessment that further support is needed to ensure that there is adequate capacity to deliver on savings plans and effectively direct all services.
- The IJB faces ongoing financial pressures, reflecting those faced by its partner bodies. With both partner organisations forecasting overspends in their respective services, the integration scheme may require partners to contribute further to the IJB. KPMG remain satisfied that the IJB is financially sustainable in the short term as a result of the ongoing commitment of the two joint venture partners.
- KPMG are satisfied that the ongoing development of a three year revenue budget will help the IJB plan for future pressures, and will allow management to have quality conversations when discussing future budget settlements.
- The IJB has effective scrutiny and governance arrangements, supported by joint internal audit staff from both partners, and with adequate focus on risk management. The IJB conducts its business in an open and transparent manner.
- Overall, KPMG consider that the IJB has appropriate arrangements for using resources effectively and continually improving services.
- KPMG propose a recommendation in relation to the workforce plan.

The Audited Accounts are attached to this report at Appendix 1.

3. CONCLUSION AND RECOMMENDATION

KPMG's findings on the 2017/18 Audit are set out in the Annual Report to members and the Controller of Audit.

It is recommended that the Audit & Performance Committee:

- Approve the Audited Annual Accounts for 2017/18 for submission to the IJB for final approval.

Author(s)

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Appendix 1 - 2017/18 Audited Annual Accounts