



## **PERTH AND KINROSS INTEGRATION JOINT BOARD**

### **AUDIT & PERFORMANCE COMMITTEE**

**14 SEPTEMBER 2020**

### **ANNUAL ACCOUNTS 2019/20**

**Report by Chief Financial Officer (Report No. G/20/87)**

#### **PURPOSE OF REPORT**

This report presents the IJB's Audited Annual Accounts for the period to 31 March 2020 to the Audit & Performance Committee for approval.

#### **1. BACKGROUND**

On 22nd June 2020 the IJB approved the Unaudited Annual Accounts for 2019/20. The Unaudited Annual Accounts for 2019/20 were then submitted to Audit Scotland on 30 June 2020. The Annual Accounts were prepared in accordance with the 2019 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 1 July 2020 and 21 July 2020(inclusive). KPMG, the IJB's external auditors, received no objections during this period.

#### **2. ANNUAL ACCOUNTS 2019/20**

The audit of the Annual Accounts took place between July and August 2020 during which time KPMG considered whether the Annual Accounts 2019/20:-

- Gave a true and fair view in accordance with applicable law and the 2019/20 Code of the state of the affairs of the IJB as at 31 March 2020 and of its income and expenditure of the IJB for the year then ended;
- Had been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code;
- Had been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, 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 at Appendix 2.

The key messages from the 2019/20 audit are set out at within the Executive Summary at Page 3 and are summarised as follows:-

- Unqualified independent auditor's report on the 2019/20 financial statements
- The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.
- The annual performance report shows significant improvement with most of the indicators above the national average.
- The IJB faces ongoing financial pressures due to salary costs, price pressures and increasing demand for services. KPMG remain satisfied that the IJB is a going concern as a result of the integration scheme and the financial sustainability of the partners.
- There has been positive development of a three-year financial recovery plan during 2019-20 which will help the IJB plan for future pressures, and will enable management to have valuable conversations when discussing future budget settlements. KPMG consider the arrangements regarding financial management are effective.
- The IJB's arrangements for assessing and reporting on the impact of Covid-19 is considered appropriate.
- A recommendation surrounding the achievement of the reserves strategy in respect of the budget setting process has been made.
- Concerns remain around the high turnover of voting members, and a continued lack of a workforce plan, both of which were recommendations in the prior year.
- KPMG's recommendation last year of moving to a proportional risk sharing agreement has not been delivered in year, and is now reported as a grade one action point.

The Audited Accounts are attached to this report at Appendix 2.

The Audit and Performance Committee are asked to consider the Letter of Representation at Appendix 3 for submission to the IJB for final approval.

### **3. CONCLUSION AND RECOMMENDATIONS**

It is recommended that the Audit & Performance Committee:

- Approve the Audited Annual Accounts for 2019/20 ;
- Consider the contents of KPMG's Annual Audit Report to Members of Perth & Kinross IJB and the Controller of Audit on the 2019/20 Audit and approve for consideration by the IJB;
- Consider and approve the Letter of Representation for signature by the Chief Financial Officer.

**Author(s)**

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**Appendices**

1. Annual Audit Report to the Members of Perth and Kinross Integration Joint Board and the Controller of Audit
2. 2019/20 Audited Annual Accounts
3. Letter of Representation