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Mr Gordon Paterson  
Chief Officer  
Perth & Kinross IJB  
Pullar House  
35 Kinoull Street  
Perth  
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17 December 2019

Dear Gordon

### **Annual Audit Report 2018/19**

As you know, the annual audit process continues to be a critical part of the assurance framework for integration authorities. It is central to our ability to provide assurance to the Accounts Commission, and the public more widely, on how IJBs are using public money.

Each year, your appointed auditor prepares an Annual Audit Report which is addressed to members of the IJB and me as Controller of Audit. As well as providing an opinion on the financial statements, these reports comment on financial sustainability and will increasingly provide a richer picture of Best Value in IJBs.

The Annual Audit Report summarised a number of positive conclusions in respect of 2018-19. However, it also included a 'grade one' recommendation in respect of the need to address key gaps in strategic and corporate planning capacity in order to ensure the IJB's effectiveness. This recommendation was also associated with continued changes in IJB membership which impacts on the level of experience and ability of members to adequately consider, challenge and support management proposals. Two 'grade two' recommendations were also made in respect of budget setting and the risk sharing agreement which underpin the ability of members to demonstrate good governance.

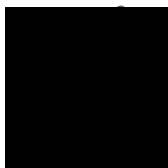
The Joint Inspection of the effectiveness of strategic planning, conducted by Healthcare Improvement Scotland and the Care Inspectorate, makes a number of similar observations, in particular around leadership, capacity and clarity of strategic direction.

I welcome the proposed development of a Corporate Improvement Plan which is referred to in the Chief Officer Strategic Update presented to the IJB in November 2019. I would further recommend that it includes actions in response to recommendations made in the Annual Audit Report, in addition to those in the Joint Inspection.

More broadly, the Accounts Commission has asked me to consider what the audit of Best Value in IJBs might look in future, from the next audit appointment round (i.e. from October 2021). Development work for this will be kicking off soon.

Thank you for your support of the audit process in 2018/19 and please do get in touch if you would like to discuss anything.

Yours sincerely



Fraser McKinlay  
Controller of Audit