

Scottish Borders Health & Social Care Integration Joint Board



Meeting Date: 21 October 2020

Report By	Chief Financial Officer
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SCOTTISH BORDERS INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/20 (AUDITED)	
Purpose of Report:	The purpose of this report is to present, for noting, the final audited Annual Accounts of the Integration Joint Board (IJB) for the period to the 31 March 2020, complying with its statutory responsibility to produce financial statements in respect of financial year 2019/20.
Recommendations:	The Health & Social Care Integration Joint Board is asked to: <ul style="list-style-type: none"> a) note the 2019/20 Annual Accounts (audited); and b) approve the report and the 2019/20 Annual Accounts.
Personnel:	There are no personnel implications resulting from this report.
Carers:	There is no impact on carers resulting from this report.
Equalities:	There is no impact on the partnership's equality and diversity requirements arising from this report.
Financial:	The accounts and their underlying supporting records contain all financial information for the partnership's activities to 31st March 2020.
Legal:	The requirement for the Integration Joint Board to produce Annual Accounts for 2019/20 is contained within Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 2014.
Risk Implications:	There are no risks directly arising from this report. The accounts are now audited and the Independent Auditor has expressed an opinion that they represent a true and fair view of the IJB's financial affairs during 2019/20 and at the 31 March 2020. The Independent Auditor has made a number of recommendations within the Management Letter and Audit Report that require consideration and addressing by the IJB and its officers.

Background

- 1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the Integration Joint Board is subject to the audit and accounts provisions of a body under Section 106 of the Local Government (Scotland) Act 1973. This requires the IJB to prepare and publish a set of Annual Accounts at the end of each financial year.
- 1.2 These accounts must be reviewed by an Independent Auditor who reports their findings to the IJB Audit Committee. The report will present the Independent Auditors opinion on the accounts and bring any matters of concern to the Audit Committee. The independent Auditors of the Border's IJB are Audit Scotland.
- 1.3 Integration Joint Board accounts normally require preparation in draft by 30 June each financial year, subject to audit, following which they require approval by the IJB Audit Committee by 30 September. They also require noting by the IJB itself following this approval by the Audit Committee. This year, as a result of the Covid-19 pandemic, a more flexible approach has been required. Draft unaudited accounts were prepared in advance of 30 September and their audit was completed and a final set of accounts submitted to the IJB Audit Committee in advance of the revised statutory deadline of 31 October 2020.
- 1.4 IJB's are specified in legislation as 'section 106' bodies under the terms of the Local Government (Scotland) Act 1973 as amended and as such they are expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

2019/20 Draft Annual Accounts (audited)

- 2.1 The Scottish Borders Health and Social Care Partnership Integration Joint Board was established on 06 February 2016. The 2019/20 accounts therefore represent the fourth year of operation of the IJB.
- 2.2 Under the Code of Practice on Accounting for Local Authorities in the United Kingdom, the IJB accounts must meet a number of specific reporting requirements. These include:
 - Management Commentary
 - Remuneration Report
 - Statement of Responsibilities
 - Annual Governance Statement
 - Independent Auditor's Report
 - Statement of Accounts
 - Disclosure Notes to the Accounts
- 2.3 The Partnership's governance arrangements determine who is responsible for signing the financial statements each year, following specification in Regulations under s.105 of the Local Government (Scotland) Act 1973. This is provided for within the Annual Accounts and consists of the IJB Chair, Chief Officer and Chief Financial Officer where relevant. The accounts also require signing by the Independent Auditor by the same date.

- 2.4 Unaudited accounts were presented to the IJB Audit Committee for noting on 31 August 2020 and submitted to Audit Scotland, the partnership's appointed External Auditor, on 10th September 2020. Following a process of independent audit involving the provision of supplementary evidence, explanatory information and incorporation of suggested presentational and technical amendments, a final version incorporating the External Auditor's audit opinion has been agreed. This version is included as [Appendix 1](#) to this report.
- 2.5 Audited accounts are included as [Appendix 1](#) to this report following their approval by the IJB Audit Committee on 21 October 2020.

Independent Auditor's Conclusion and Recommendations

- 3.1 The external Independent Auditor submitted the 2019/20 Draft Annual Audit Report on 12 October 2020. It remains draft as, whilst the work of the Independent Auditor is substantially complete, it is subject to the outstanding matters being concluded and final review of the resulting revised set of financial statements provided to them prior to the meeting of the IJB Audit Committee on 21 October 2020.
- 3.2 This will enable the Independent Auditor to issue an unqualified auditor's report on 21 October 2020.
- 3.3 The Independent Auditor's draft Annual Audit Report to the Members of the Scottish Borders Integration Joint Board and the Accounts Commission, together with the Letter of Representation has also been provided and will be considered separately by the Audit Committee on 21 October. In addition to the auditor's judgement on the 2019/20 Annual Accounts, it also contains a detailed evaluation of the activities of the IJB against the dimensions of audit that frame the wider scope of public sector audit requirements – Financial Management and Sustainability and Governance, Transparency and Value for Money.
- 3.4 The report also recommends an Action Plan based on the 2019/20 Annual Accounts Audit.
- 3.5 In summary, the Key Messages highlighted within the Independent Auditor's draft Annual Audit Report are:

2019/20 Annual Accounts

- 1 Our audit opinions were all unqualified. These covered the financial statements, the remuneration report, the management commentary and the annual governance statement.

Financial management and sustainability

- 2 The ongoing need to appoint a Chief Financial Officer to the Integration Joint Board on a permanent basis.
- 3 IJB functions continue to remain under significant financial pressure. In 2019/20, significant additional resource required delegating by partners in order to achieve the reported financial position. In 2020/21, ongoing financial

pressure, exacerbated by the additional and opportunity costs of the Covid-19 mobilisation plan, will also require additional funding.

Governance, transparency and value for money

- 4 Better attendance at Board meetings during 2019/20 is one of a number of factors that provide assurance that adequate governance arrangements are in place across the IJB.
 - 5 Performance monitoring, reporting and management arrangements are effective.
 - 6 The IJB is only partly established across the majority of functions requiring the delivery of an action plan in 2020/21.
- 3.6 An unqualified audit opinion on its statutory financial reports and recognition of the robustness of its governance, financial planning and budgetary control arrangements by the Independent Auditor provides the IJB not only with assurance over the financial aspects of its operations, but is a measure of the progress which it continues to make.
- 3.7 A number of key points have been highlighted for further development. These form the key recommendations within the Action Plan set out by the Independent Auditor and will be progressed to completion during 2020/21.