



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 22 SEPTEMBER 2022

2021/22 AUDITED ANNUAL ACCOUNTS

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

This report sets out the output from the Integration Joint Board's External Auditor's 2021/22 annual audit report of Angus IJB and the IJB's audited annual accounts for the period to 31 March 2022. The External Auditor's annual audit report and then the annual accounts now need to be considered by the Audit Committee.

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) consider and accept the External Auditor's annual audit report for Angus IJB (Appendix 2), including the associated covering letter (Appendix 1) which includes the "Proposed Independent Auditor's Report", for the period to 31 March 2022. Specifically, this includes noting the key audit report recommendations and accepting the associated agreed management actions;
- (ii) consider the annual accounts and then approve the audited annual accounts for signature by the Chair, Chief Officer and Chief Finance Officer of the IJB; and
- (iii) request that updates regarding management actions are reported to the December 2022 Audit Committee.

2. BACKGROUND

As a formally constituted body the IJB is required to produce a set of formal Annual Accounts under the Local Authority Accounts (Scotland) Regulations 2014 and Regulations under Section 106 of the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. The accounts have been produced in line with LASAAC (Local Authority Scotland Accounts Advisory Committee) guidance "Additional Guidance on Accounting for the Integration of Health and Social Care" (revised March 2019), with reference to the template for IJB Annual Accounts produced by CIPFA (Chartered Institute of Public Finance and Accountancy) and taking into account the "Good Practice Note on Improving the Quality of Local Authority Annual Accounts (Integration Joint Boards)" produced by Audit Scotland, April 2018. For 2021/22, the accounts continue to reflect LASAAC guidance regarding accounting for COVID-19 issues.

The Audit Committee considered the IJB's unaudited Annual Accounts at the Audit Committee meeting of 22 June 2022. Those accounts were subsequently available for public inspection during July 2022.

The IJB's annual accounts have now been audited by the IJB's External Auditor (Audit Scotland) and the IJB has received feedback in the form of the attached External Auditor's

annual audit report (Appendix 2) and the associated covering letter (Appendix 1) which includes the “Proposed Independent Auditor’s Report” (Appendix A).

The IJB’s revised Audited Annual Accounts for 2021/22 are included at Appendix 3. While there have been some improvements made to the accounts (as described below), there have been no material amendments since they were shared with the Audit Committee in June 2022.

It is worth noting that subsequent to the accounts being submitted to the IJB’s auditors based on the best information available at the time, and with the external audit largely complete, the IJB received some updated information on 30 August 2022 that would, routinely have led to an adjustment to the accounts of c£200k. After discussion with the IJB’s auditors, it is recognised that formally this adjustment is deemed to be not material in the context of turnover of c£200m, and the managerial judgment has been to not adjust the accounts for this. For the Committee’s interest, this will not result in any “prior year adjustment” to the IJB’s accounts for 2022/23 but is noted by the IJB’s External Auditors in their annual report.

3. CURRENT POSITION

The Audit Committee should now consider the External Auditor’s report regarding the Annual Accounts and the revised Audited Annual Accounts.

External Auditors 2021/22 Annual Audit report (Appendices 1 and 2)

Appendix 1 is a covering letter to the External Auditor’s Annual Audit Report. The covering letter itself includes a copy of the “Proposed Independent Auditors Report” (Appendix A) which summarises the outcomes of the External Annual Audit. This Independent Auditors Report then also appears in the final version of the Annual Accounts.

There is a further Appendix B of the covering letter, a Letter of Representation, which will be signed and submitted to the External Auditors by the IJB’s Chief Finance Officer after the Audit Committee. This Letter of Representation provides confirmation to the External Auditors regarding a series of issues relating to the completion of the IJB’s final annual accounts.

Appendix 2 - the External Auditors “2021/22 Annual Audit Report – Draft”, sets out the External Auditor’s findings arising from the 2021/22 audit of Angus IJB. The report is a final agreed draft, to be issued in final form after the Annual Accounts are signed. The scope was set out in the Annual Audit Plan presented at the April 2022 Audit Committee (report 20/22).

Eight key messages are included in the report (page 3). The audit report also includes a series of issues/risks with recommendations for improvement (an “Action Plan 2021/22”, page 19). This includes commentary re actions from the “2020/21 Action Plan” – noting some of those actions are ongoing. The recommendations have now been considered by the IJB’s management team and agreed management responses are included in the report. Updates regarding these management responses/actions will be reported to future IJB Audit Committees.

2021/22 Annual Accounts (Appendix 3)

As noted above there have been no material amendments to the annual accounts since they were shared with the Audit Committee in June 2022. However there have been a number of improvements /minor amendments. These include: -

- Moving the information contained in a previously separate “performance Management section to become part of the Management Commentary.
- Including a reference to the Audit Scotland “Best Value Assurance Report” for Angus Council, issued in July 2022.
- Noting that the IJB now has confirmation that Audit Scotland have been re-appointed as the IJB’s External Auditors for the period 2022/23 to 2026/27”.
- Improving the within the Annual Governance Statement regarding the Serious Case Review (P19) reflecting the IJB discussion of February 2022.

- Included narrative regarding the status of the Scottish Government's progress with the National Care Service.
- A number of punctuation/wording/rounding adjustments.

These changes largely reflect the feedback received from External Auditors during the audit period.

4. PROPOSALS

The IJB's Audit Committee has responsibility to scrutinise the IJB's Annual Accounts. As was the case in previous years, and as set out in the IJB's Standing Orders (report 33/22, June 2022 IJB), this also includes final approval of those Annual Accounts after consideration of the External Auditor's report.

The IJB's Audit Committee needs to consider and accept the External Auditor's annual audit report regarding the IJB's Annual Accounts for period to 31 March 2022, including noting the key recommendations and associated agreed management actions.

Following consideration of the External Auditor's annual audit report and associated covering letter, the Audit Committee are requested to consider the Annual Accounts and then approve the audited Annual Accounts.

The Audit Committee should request that updates regarding management actions are reported to the December Audit Committee.

The Audit Committee should also note that the IJB's audited Annual Accounts, along with the External Auditor's annual audit report and a short covering note prepared by the Chief Finance Officer, will be shared with main IJB Board members and Finance contacts in Partner organisations soon after the approval of the Annual Accounts.

5. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

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List of Appendices:

Appendix 1- Covering letter to the External Auditors Annual Audit Report (includes Appendix A and Appendix B).

Appendix 2- Draft Annual Audit Report by the External Auditor regarding the IJB's 2021/22 Annual Accounts.

Appendix 3- Angus Integration Joint Board's Audited Annual Accounts for period to 31 March 2022.