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**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 27 JUNE 2019**

**SUBJECT: UNAUDITED ANNUAL ACCOUNTS**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1. To inform the Board of the Unaudited Annual Accounts of the Moray Integration Joint Board (MIJB) for the year ended 31 March 2019.

**2. RECOMMENDATION**

**2.1. It is recommended that the Moray Integration Joint Board:**

- i) Consider the unaudited Annual Accounts prior to their submission to the external auditor, noting that all figures remain subject to audit;**
- ii) note the Annual Governance Statement contained within the unaudited Annual Accounts;**
- iii) note the accounting policies applied in the production of the unaudited Annual Accounts, pages 32 to 40 of the accounts; and**
- iv) formally delegates responsibility to the Audit, Performance and Risk Committee for sign off of the Audited Annual Accounts at its meeting on 19 September 2019.**

**3. BACKGROUND**

- 3.1 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 requires that an integration joint board is subject to the audit and accounts regulations and legislation of a body under Section 106 of the Local Government (Scotland) Act 1973.
- 3.2 The Local Accounts (Scotland) Regulations 1985 (as amended) ('the Regulations'), places a statutory obligation on the MIJB to submit draft Annual Accounts for the year ended 31 March 2019 to its external auditors by 30 June 2019. A copy of the unaudited 2018/19 accounts is attached at **APPENDIX 1**.

#### **4. KEY MATTERS RELEVANT TO RECOMMENDATION**

- 4.1 The Annual Accounts have been prepared in accordance with the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom.
- 4.2 Under Regulation 9(1) of the Local Authority Accounts (Scotland) Regulations 2014, notice has been given and copies of the unaudited Annual Accounts will be available for public inspection at named locations for the period 28 June 2019 to 18 July 2019.
- 4.3 Audit Scotland as appointed external auditors will audit the accounts. They are required to complete their audit by 30 September 2019. The audited accounts and the External Auditor's report will be submitted to the Audit, Performance and Risk Committee on 19 September 2019, should the MIJB delegate that responsibility as recommended.
- 4.4 The Comprehensive Income and Expenditure Statement shows a deficit of £0.590m on the provision of services for the year. At the start of the financial year £0.847m of reserves had been brought forward. £0.590m has been utilised through the general fund reserve leaving a reserve to be carried forward to 1 April 2019 of £0.257m. This only remaining reserve held by the MIJB is earmarked to fund the Scottish Government commitments of the Primary Care Transformation Programme.
- 4.5 The out-turn position for the 2018/19 financial year resulted in an overspend of £1.193m. In accordance with the MIJB Integration Scheme, in the event of an overspend, the partners are required to make one-off payments in order to meet this. The proportionate split of this payment had been agreed earlier in the financial year with the respective finance leads, following identification that an overspend would be likely at the end of the year. The resulting funding increase to address the £1.193m was £0.752m NHS Grampian and £0.441m Moray Council.
- 4.6 As at 31 March 2019 there were significant variances between budget and actual on several services. These are evident in the Comprehensive Income and Expenditure Statement and are detailed in a separate report being presented to this Board entitled '*Revenue Budget Outturn for 2018/19*'. A summary on the major variances is included within the Management Commentary as part of the Unaudited Annual Accounts.

#### **5. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019**

The unaudited Annual Accounts have been completed and are available for audit inspection within the specified timescale.

**(b) Policy and Legal**

The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the MIJB is subject to the audit and accounts provisions of a body under

Section 106 of the Local Government (Scotland) Act 1973. In producing Annual Accounts for the 2018/19 financial year, the MIJB have complied with statute and mandatory guidance through attention to the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom.

**(c) Financial implications**

The unaudited Annual Accounts provide all required information about the MIJB in relation to its financial position at 31 March 2019. The overriding principle in relation to annual accounts preparation is to provide a true and fair view

**(d) Risk Implications and Mitigation**

There are no risk issues arising directly from this report. The unaudited Annual Accounts will be subjected to audit by external auditors, Audit Scotland, which will provide assurance that the Accounts for 2018/19 give a true and fair view of the financial position and expenditure and income of the MIJB for the 2018/19 financial year.

**(e) Staffing Implications**

None arising directly from this report.

**(f) Property**

None arising directly from this report.

**(g) Equalities/Socio Economic Impact**

An Equalities Impact Analysis is not required because there are no changes to policy arising as a direct result of this report.

**(h) Consultations**

In preparation of the unaudited Annual Accounts, consultations have taken place between finance staff of both Moray Council and NHS Grampian. The Chief Officer and other key senior officers have been consulted for comment where appropriate

**6. CONCLUSION**

- 6.1 The unaudited Annual Accounts, subject to audit, show an overspend on the provision of services of £0.590m for MIJB for the year ending 31 March 2019. At the beginning of the year the MIJB, held in its general reserve £0.847m. The closing balance on the general fund reserve as at 31 March 2019 is £0.257m and has been earmarked for specific purposes as detailed in the unaudited annual accounts 2018/19.**

Author of Report: Tracey Abdy, Chief Financial Officer  
Background Papers: with author  
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