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**REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 27 JUNE 2024**

**SUBJECT: UNAUDITED ANNUAL ACCOUNTS**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

1.1 To inform the Committee of the unaudited Annual Accounts of the Moray Integration Joint Board (MIJB) for the year ended 31 March 2024.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee:**

- i) consider and scrutinise the unaudited Annual Accounts and recommend approval to the MIJB to be submitted to the external auditor, noting figures remain subject to audit, in Appendix 1;**
- 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 46 to 47 of the accounts; and**
- iv) note the updated Local Code of Corporate Governance which supports the Annual Governance Statement, in Appendix 2.**

**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 Authority Accounts (Scotland) Regulations 2014 (2014 Regulations), places a statutory obligation on the MIJB to submit draft Annual Accounts for the year ended 31 March 2024 to its external auditors by 30 June 2024 and the audited annual accounts are required to be approved by the MIJB and published by 30 September each year.

- 3.3 A copy of the unaudited accounts is attached at **Appendix 1**.
- 3.4 The MIJB has a statutory duty to conduct a review at least once in each financial year of the effectiveness of its system and to include a statement reporting the review within its Statement of Accounts. The MIJB does this through its Annual Governance Statement which is published as part of its Annual Accounts
- 3.5 The MIJB has established arrangements and continues to develop its governance framework which includes the system of internal control. This system is intended to manage risk and support the achievement of the MIJB's policies, aims and objectives. Reliance is placed on the NHS Grampian and Moray Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives; to the extent that these are complementary to those of the MIJB

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

- 4.1 The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is underpinned by the International Financial Reporting Standards (IFRS).
- 4.2 Grant Thornton, under the Local Authority Accounts (Scotland) Regulations 2014 is required to complete their audit by 30 September 2024. The audited accounts and the External Auditor's report will be submitted to the MIJB at its meeting of 27 September 2024 prior to publication.
- 4.3 The Comprehensive Income and Expenditure Statement shows a deficit of £2.697m on the provision of services for the year. As at 31 March 2024, the Balance Sheet showed total Reserves of £1.983m. This decrease is primarily due to use of reserves during the year. Note 7 within the unaudited accounts breaks down the Reserves between what is General Reserve and available for utilisation and supporting the budget and what is earmarked for specific purposes.
- 4.4 The unaudited accounts are given at **Appendix 1** and consist of the following:

**Management Commentary** – provides the context through narrative that supports the financial statements. It describes the strategic intent of the MIJB, together with its performance through the year, highlighting areas of risk. It also provides some forward thinking on the forthcoming year and planned developments.

**Remuneration Report** – details the pay and pension benefits accrued by the MIJB senior officers during 2023/24.

**Annual Governance Statement** – is a means of reporting publicly on the MIJB's governance arrangements, and seeks to provide assurance that its business is conducted in accordance with law, regulations and proper practices and that public money is safeguarded and properly accounted for.

**Financial Statements** – provides detail of the main financial transactions through the Comprehensive Income & Expenditure Statement, Movement in Reserves Statement, and Balance Sheet.

**Notes to the Accounts** – explains the use of accounting policies and provides supporting information to the main financial statements.

- 4.5 As at 31 March 2024 there were significant variances between budget and actual on several services. These are evident in the summary on the major variances included within the Management Commentary on pages 15 to 16. More details were included in the separate report, Revenue Budget Outturn for 2023/24, reported to MIJB on 30 May 2024 (para 10 of minute refers).
- 4.6 In April 2016 an updated CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' was published. The framework, whilst written in a local authority context, is applicable to integration authorities particularly as legislation recognises an IJB as a local government body under part VII of the Local Government (Scotland) Act 1973.
- 4.7 The Framework defines the principles that should underpin the governance arrangements and provides a structured approach. On 24 June 2021, the MIJB approved an updated Local Code of Corporate Governance based on the Framework and adopting the principles by which to evaluate performance (para 8 of minute refers). The principles as set out in the CIPFA/SOLACE Framework are:
- a. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law,
  - b. Ensuring openness and comprehensive stakeholder engagement,
  - c. Defining outcomes in terms of sustainable economic, social and environmental benefits,
  - d. Determining the interventions necessary to optimise the achievement of intended outcomes,
  - e. Developing the entity's capacity, including the capability of its leadership and the individuals within it,
  - f. Managing risk and performance through robust internal control and strong public financial management; and
  - g. Implementing good practices in transparency, reporting and audit to deliver effective accountability
- 4.8 The term 'Local Code' refers to the governance structure in place and is a statement of the policies and procedures by which functions are directed and controlled and how engagement with service users, the local community and other stakeholders is carried out. The collective policies and procedures of the MIJB constitute a Local Code of Corporate Governance
- 4.9 The MIJB can achieve good governance by demonstrating that its governance structures comply with the principles as set out in the Framework. Regular review is carried out to assess the MIJB's performance against the principles, identify areas for development and inform the Annual Governance Statement. **APPENDIX 2** displays the sources utilised in assessing MIJB's compliance against each governance principle. With regard to the partnership model of operation, reliance is also placed on the systems and procedures of Moray

Council and NHS Grampian and so for completeness, assurance sources are listed for these organisations

## 5. **SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan “Moray Partners in Care 2022-2032”**

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. The MIJB's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is underpinned by IFRS.

**(c) Financial implications**

The unaudited Annual Accounts provide all required information about the MIJB in relation to its financial position at 31 March 2024. 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, Grant Thornton, which will provide assurance that the Accounts for 2023/24 give a true and fair view of the financial position and expenditure and income of the MIJB for the year ended 31 March 2024.

Effective governance is essential in providing the framework for the MIJB to conduct its business. The annual review of governance arrangements aims to ensure that internal controls, risk management and associated governance arrangements are being constantly developed with the aim of providing reasonable assurance on the framework as a whole. Regular review and application of a Local Code of Corporate Governance supports this process

**(e) Staffing Implications**

None arising directly from this report.

**(f) Property**

None arising directly from this report.

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

None arising directly from this report as there has been no change to policy as a result of this report.

**(h) Climate Change and Biodiversity Impacts**

There are no direct climate change and biodiversity implications.

**(i) Directions**

None arising directly from this report.

**(j) Consultations**

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

**6. CONCLUSION**

**6.1 The Annual Accounts, subject to audit, show an overspend on the provision of services of £2.697m for MIJB for the year ending 31 March 2024. At the beginning of the year the MIJB, held in its reserves £4.683m. The closing balance on the reserves as at 31 March 2024 is £1.986m, consisting wholly of reserves earmarked for specific purposes as detailed in the unaudited annual accounts 2023/24.**

Author of Report: Deborah O'Shea, Chief Financial Officer

Background Papers: with author

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