



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 24 JUNE 2021

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 2021.

2. RECOMMENDATION

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

- i) consider and note 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; and**
- iii) note the accounting policies applied in the production of the unaudited Annual Accounts, pages 41 to 49 of the accounts.**

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 2021 to its external auditors by 30 June 2021 and the audited annual accounts are required to be approved by the MIJB and published by the 30 September each year. The Coronavirus (Scotland) Act 2020 provides opportunity for an Integration Authority to extend this timescale and relates mainly to the timing of the audit. Audited accounts, under the Act are required to be published by 30 November 2021.

3.3 A copy of the unaudited accounts is attached at **APPENDIX 1**

4. KEY MATTERS RELEVANT TO RECOMMENDATION

- 4.1 In relation to the Coronavirus (Scotland) Act 2020, Scottish Government has advised that the Act has been extended to 30 September 2021. Subsequently, this allows for the ability to delay the publication of Annual Accounts until November 2021. Audit Scotland have assessed the resources they have available to conduct the audit and have made a decision to exercise the powers to extend the timescales as set out in the legislation. The Chief Financial Officer has had regular contact with the external auditor to ensure reporting and inspections periods are appropriate and have adapted timelines accordingly, whilst ensuring the accounts preparation is completed in a timely manner.
- 4.2 The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is underpinned by the International Financial Reporting Standards (IFRS).
- 4.3 Audit Scotland, under the Coronavirus (Scotland) Act 2020 is required to complete their audit by 30 November 2021. The audited accounts and the External Auditor's report will be submitted to the MIJB at its meeting of 25 November 2021 prior to publication.
- 4.4 The Comprehensive Income and Expenditure Statement shows a surplus of £6.155m on the provision of services for the year. As at 31 March 2020, the Balance Sheet showed total Reserves of £0.187m. This increase is primarily due to late allocation of Scottish Government as advance payment to support the continued response and remobilisation of services in relation to Covid-19. Note 7 within the unaudited accounts breaks down the General Fund Reserve between what is General Reserve and available for utilisation and supporting the budget and what is earmarked for specific purposes.
- 4.5 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 2020/21.

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.

- 4.6 As at 31 March 2021 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 2020/21*'. A summary on the major variances is included within the Management Commentary as part of the Unaudited Annual Accounts.
- 4.7 There has been a late national discussion led by Audit Scotland in relation to the treatment of Personal Protective Equipment (PPE) supplied during the pandemic by National Services Scotland. Currently, this expenditure is not reflected in the accounts of Integration Authorities. The latest information is that the proposed accounting treatment will likely result in an amendment to the annual accounts. A meeting has been convened for 23 June 2021 between the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA). We await the outcome. It should be noted that this will not affect the net position of the MIJB.

5. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2019 – 2029 'Partners in Care'

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 2020/21 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 2021. 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 2020/21 give a true and fair view of the financial position and expenditure and income of the MIJB for the year ended 31 March 2021.

(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) 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 Annual Accounts, subject to audit, show an underspend on the provision of services of £6.155m for MIJB for the year ending 31 March 2021. At the beginning of the year the MIJB, held in its reserves £0.187m. The closing balance on the general fund reserve as at 31 March 2021 is £6.342m, consisting of £1.598m in a general reserve and ££4.744m that has been earmarked for specific purposes as detailed in the unaudited annual accounts 2020/21.**

Author of Report: Tracey Abdy, Chief Financial Officer

Background Papers: with author

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