

Title/Subject: 2016/17 Annual Audit Report to the Integration Joint Board and the Controller of Audit

Meeting: Integration Joint Board Audit Committee

Date: 13 September 2017

Submitted By: Chief Finance Officer

Action: For Noting

1. INTRODUCTION

- 1.1 The purpose of this report is to present the key messages coming out of Ernst & Young's 2016/17 Annual Audit Report to the Integration Joint Board and the Controller of Audit.

2. RECOMMENDATION

- 2.1 The committee is asked to note the contents of this report and the completed action plan at appendix one.

3. BACKGROUND

- 3.1 The IJB's appointed auditors, Ernst & Young, are required to produce a number of reports as part of their annual audit. The International Standard on Auditing 260 (ISA 260) "Communication of audit matters to those charged with governance" requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body, in sufficient time to enable action. In addition, an annual report on matters of significance that have arisen out of the audit process is required. The Ernst & Young report attached as appendix one covers both these requirements.
- 3.2 As part of the audit process Ernst & Young prepare an action plan which requires management responses. This is also included at appendix one.

4. KEY AUDIT FINDINGS

Audit of the Financial Statements

- 4.1 The unaudited accounts were passed to Ernst & Young by 30 June 2017 and considered by the Audit Committee on 4 August 2017. Ernst & Young have completed their audit of the financial statements and issued an Auditor's Certificate which is free from qualification.

4.2 Following approval by the Audit Committee, the accounts will be signed by the Chair of the IJB and the Chief Officer. This process is in line with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.

4.3 There are a number of points to note in respect of the audited annual accounts as noted below:

- There were no adjusted or unadjusted audit differences arising from the audit.
- No material issues or unusual transactions were found.
- No material weaknesses were found in the controls tested as part of the audit work.

4.4 A number of improvement actions have been identified as part of the wider scope audit work covering financial sustainability, financial management, governance and transparency and value for money. These have been included in an action plan in appendix one. Six actions have been identified and all have been agreed with management. These actions include:

- Prioritisation of medium term financial planning.
- Improvement in financial reporting to enable Board members to have sufficient oversight of financial performance.
- Improvement in planning Audit Committee meetings, including availability of papers.

5. CONCLUSIONS

5.1 The audit of the IJB's annual accounts for 2016/17 will be formally concluded following the approval of the accounts. The action plan arising from the audit process has been agreed and will be monitored to ensure completion.

Resource Implications

There are no resource implications arising from the report recommendations.

Impact on IJB Outcomes and Priorities

The production and audit of annual accounts is a statutory requirement of the IJB.

Legal & Risk Implications

There are no legal and risk implications arising from the report recommendations.

Consultation

No consultation is required on this report. The audited accounts will be available online.

Equalities Assessment

There are no equality implications arising from the report recommendations.

Approved for Submission by: Title and Organisation

Author – Amanda Templeman

Date: 5 September 2017

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.