Annual Audit Report

Argyll and Bute Integration Joint Board – year ended 31 March 2024

March 2025

forv/s mazars

Members of the Audit and Risk Committee
Argyll and Bute Integration Joint Board (IJB)
Kilmory
Lochgilphead
PA31 8RT

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

28 March 2025

Dear Committee Members and Controller of Audit,

Annual Audit Report – Year ended 31 March 2024

We are pleased to present our Annual Audit Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 7 June 2024.

We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 0191 383 6339 or via Mark.Outterside@mazars.co.uk.

Yours faithfully

Mark Outterside

(Audit Director)

Forvis Mazars LLP

Contents

Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Accounts Commission has appointed us as external auditor of Argyll and Bute Integration Joint Board (the IJB) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with Part VII of the Local Government (Scotland) Act 1973, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to the IJB are prepared for the sole use of the IJB and made available to Audit Scotland and the Accounts Commission, the Controller of Audit. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

Executive summary

Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from Part VII of the Local Government (Scotland) Act 1973 and as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the IJB's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have concluded on our audit in respect of the financial statements for the year ended 31 March 2024.

Based on our audit work completed to date, we have the following conclusions:

Audit opinion

We have issued an unqualified opinion, without modification, on the financial statements. Our final audit opinion is included in the draft auditor's report in Appendix B.

Matters on which we report by exception

We are required by the Accounts Commission to report to you if, during our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Executive summary (continued)

Conclusions from our audit testing and audit opinion (continued)

Other information
We are required to report on whether the other information (comprising of Management's Commentary, Statement of Responsibilities and the unaudited parts of the Remuneration Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated.
No inconsistencies have been identified, and we have issued an unmodified opinion in this respect.

Wider powers
Section 101 of the Local Government (Scotland) Act 1973 requires us to give any person interested, the opportunity to question us about the accounting records of the IJB and to consider any objection made to the accounts. We confirm that no such correspondence from electors has been received.

Management Commentary and Annual Governance Statement
We are required to report on whether the information given in the Management Commentary and Annual Governance Statement is consistent with the financial statements; and has been properly prepared in accordance with the statutory guidance issued under the Local Government in Scotland Act 2003 and Delivering Good Governance in Local Government Framework 2016.
We have no matters to report in respect of the Management Commentary and Annual Governance Statement

Executive summary (continued)

Best Value and Wider Scope conclusions

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in Audit Scotland's Code of Audit Practice 2021 and sits alongside Best Value requirements detailed the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 audit and allows us to use a risk-based approach to report on our consideration of the IJB's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the IJB's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

It remains the responsibility of the IJB to ensure proper financial stewardship of public funds, it complies with relevant legislation and establishes effective governance of their activities. The IJB is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the IJB, appropriate to the nature of the IJB and the services and functions that it has been created to deliver.

Wider Scope

We have identified risks in arrangements to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that the IJB has in place.

Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.

Best Value

We anticipate having no risks in arrangements to report in relation to the arrangements that the IJB has in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail on our Best Value work is provided in section 8 of this report including any significant risks identified.

02

Status of the audit

Status of our audit

We have concluded on our audit work in respect of financial statements for the year ended 31 March 2024 and there are no matters outstanding of which we are aware that would require modification of our audit opinion.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 7 June 2024.

Materiality

Our provisional materiality at the planning stage of the audit was set at 7,610k using a benchmark of 2% of gross expenditure. Our Performance materiality was set at 5,327k and clearly trivial threshold was set at £228k.

There have been no changes to the materiality levels we communicated in the Annual Audit Plan.

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Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant findings

Management override of controls	**Description of the risk** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • we reviewed the key areas within the financial statements where management has used judgements and estimation techniques and considered whether there was evidence of unfair bias;; • we tested the appropriateness of adjustments made in preparing the financial statements; • we considered and tested any significant transactions outside the normal course of business or otherwise; and • we examined any accounting policies that varied from The Code of practice on Local Authority Accounting in the United Kingdom (the Code).
	Audit conclusion At the time of preparing the report, our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Qualitative aspects of the IJB's accounting practices

We have reviewed the IJB's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the IJB's circumstances.

Draft accounts were received from the IJB on 24 May 2024. Following our review of the draft financial statements, we recommended several changes to their presentation, as documented on page 23 of this report.

Significant matters discussed with management

During our audit we did not identify any significant matters to discuss with management.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management.

Significant findings (continued)

Wider responsibilities – statutory reporting

The 1973 Act allows any persons interested to inspect the accounts to be audited and the underlying accounting records of the IJB. The act also allows any persons interested to object to the accounts. No such objections have been raised.

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We are required to notify the Controller of Audit when circumstances indicate that a statutory report may be required.

- Section 102(1) of the 1973 Act allows us to prepare a report to the Commission about the IJB's accounts; matters that have arisen during the audit that should be brought to the attention of the public; or the performance of the IJB in their duties relating to Best Value and community planning.
- Section 102(3) of the 1973 Act allows us to make a special report to the Commission if an item of account is contrary to law; there has been a failure on someone's part to bring into account a sum which ought to have been brought into account; a loss has been incurred or deficiency caused by the negligence or misconduct of a person, or by the failure of a body to carry out a duty imposed on them by any enactment; or a sum which ought to have been credited or debited to one account of a body has been credited or debited to another account and the body has not taken, or is not taking, steps to remedy the matter.
- Section 97A of the 1973 Act allows us to undertake or promote comparative and other studies to make and publish recommendations for the securing by local government bodies of Best Value, improving economy, efficiency and effectiveness in the provision of services by local government bodies and improving the financial or other management of local government bodies.

We confirm that a statutory report is not required.

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Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of IJB's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of IJB's internal controls, we are required to communicate to Audit and Risk Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered IJB's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IJB's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.
Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not identified any deficiencies in IJB's internal controls as at the date of this report.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Audit and Risk Committee.

We have not identified any significant deficiencies in the IJB's internal controls as at the date of this report.

Other observations

We also record our observations on the IJB's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

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Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Accuracy and completeness of recording and reporting financial information in the accounts

The IJB depends on financial data from its partner organisations, NHS Highlands and Argyll and Bute Council. At present, the IJB lacks documented controls to verify the accuracy and completeness of this data. Furthermore, some working papers supporting the financial statement figures are insufficiently detailed, resulting in numerous follow-ups by the audit team to gather all necessary information.

For instance, this includes evidence to support income and expenditure with the Council, such as a year-end financial direction letter, enhanced evidence and working papers for remuneration disclosures, data quality checks to ensure the completeness of data from the IJB's partners, and a reconciliation of the financial statement outturn to the budget.

Potential effects

The financial statements could be materially misstated, potentially leading to extra time spent addressing audit queries.

Recommendation

The IJB should establish data quality and internal controls to guarantee the accuracy and completeness of financial data received from the NHS and the Council. Additionally, the IJB should ensure that figures included in the financial statements are supported by detailed working papers and evidence, ready in time for the audit.

Management Response

Recommendation Accepted
The HSCP will seek to ensure that there are improved checks on the completeness and accuracy of the financial data provided through the systems administered by NHS Highland and Argyll & Bute Council. We will work with the auditors to improve the detail contained within the working papers.
Responsible – Head of Finance, by August 2025

Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Related parties' transactions –Register of interest

Officers could not provide declaration of interest forms for several Board members and senior officers. Several of the declaration forms completed by Board members did not have physical or electronic signatures and instead the individual's name had been typed into the Word documents.

Potential effects

Failure to update the register of interest may result in conflicts of interest going undisclosed leading to incorrect or incomplete disclosure of related party transactions. There is a risk that the register of interest could be manipulated in the absence of formal signatures.

Recommendation

The IJB should establish robust procedures for disclosure of related party interests and ensure the register is regularly updated for all relevant individuals.

2023/24 update

No issued noted in 2023/24. This recommendation is now complete

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Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of 228k.

We identified no misstatements, adjusted or unadjusted, above our reporting threshold as at the date of this report.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 7 June 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Summary of misstatements (continued)

Disclosure errors

We identified the following disclosure misstatements during our audit that have been corrected by management:

- **Significant accounting policies -** Amendments were made to ensure compliance with the 2023/24 Code of Practice on Local Authority Accounting. The Code now incorporates the amended IAS 1 Presentation of Financial Statements reporting standard, which requires the disclosure of material accounting policies information instead of significant accounting policies. The financial statements have been updated to align with the amended standard.
- **Comprehensive Income and Expenditure Statement (CIES) –** The service heading descriptions in the statement have been consolidated to better reflect the nature of the IJB's transactions with the Health Board and Council. The revised presentation also complies with the IJB's significant accounting policy 1.4 (funding).
- **Expenditure and Income analysis by nature -** This disclosure has been removed because it would duplicate the IJB's revised CIES and would not provide any additional information about the financial performance of the IJB.
- **Remuneration Report**:- PY comparatives updated to be in line with prior year financial statements. Accrued pensions adjusted to reflect correct rounding.
- **Related Parties note**:- Restatement of signs within the prior year note.

There were other adjustments to the annual report and accounts except for minor disclosure, consistency or presentational matters.

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Wider scope

Commentary on Wider Scope

Overall Summary

Commentary on Wider Scope

Wider scope summary

As auditors appointed by the Accounts Commission, our wider scope responsibilities are set out in the Code of Audit Practice 2021 and sits alongside Best Value requirements detailed in the Local Government (Scotland) Act 1973. The Code requirements broaden the scope of the 2023/24 audit and allow us to use a risk-based approach to report on our consideration of the IJB's performance of best value and community planning duties and make recommendations for improvement and, where appropriate, conclude on the IJB's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
Financial management	27	No	No	No
Financial sustainability	30	Yes	Yes – see recommendations on page 32 & 33	Yes – see recommendations on page 32 & 33
Vision, leadership and governance	34	Yes	No	Yes- see recommendation on page 37
Use of resources to improve outcomes	38	No	No	No

Commentary on Wider Scope

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Financial management (continued)

Area assessed	Our findings	Our judgements	Risks identified
Financial management culture	The IJB does not have any Non-current assets and does not directly incur expenditure or employ staff. The IJB's funding and expenditure is incurred by its partner bodies, Argyll & Bute Council and NHS Highlands, and processed in their financial reporting ledger systems. The IJB's finance team works closely with NHS and council finance colleagues to identify and properly record its income and expenditure. The management within the IJB maintain good communications and coordinate effectively with both NHS and Council partners, and there is a culture of ensuring financial regulations are monitored and adhered to. In January 2024, the IJB presented its Budget and Medium-Term Financial Plan for 2024-2027. This process indicates good financial management as it aims to budget in the near term whilst considering changes in assumptions and pressures that affect future year estimates and outturns.	The IJB has appropriate and effective financial management arrangements in place. The IJB has sufficient financial skills, capacity and capability.	No significant issues identified
Accountability	Budget outlooks are prepared and reported to the board, these contain a three-year outlook. The budget is prepared during the December to March period and involves consultation with the management team, Finance & Policy Committee, IJB members and both partners. The budget for 2024/25 was approved by the IJB in March 2024. While the resources allocated to the HSCP are budgeted to increase, the impact of inflation and increasing service demand meant the HSCP was unable to balance its budget without relying on its reserves. To ensure that the IJB continues to improve efficiency and deliver value for money, a savings programme totalling £5.7m has been established. The final outturn for 2023/24 was an underspend of £2.9m against the resources available of £362m. The underspend has been retained within the general reserve. It is intended that it will be used to enable service transformation, invested in key projects and will help mitigate the financial challenge in future years as inflation and increasing demand for services continue to put pressure on service budgets.	The IJB has appropriate budget monitoring and reporting arrangements in place. It achieved financial balance in year through use of its reserves.	No significant issues identified

Financial management (continued)

Area assessed	Our findings	Our judgements	Risks identified
Arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption	We have considered IT general controls and other key business process controls which are administered by Argyll & Bute Council. We did not identify any significant issues with the controls in place. The Audit & Risk Committee regularly reviews the functioning of the internal controls through the work done by the internal audit and reports forwarded for scrutiny by the Audit & Risk Committee. The IJB has a code of conduct for Board members, which is published on its website. This includes guidance on general conduct; registration of interests; declaration of interests; and lobbying. The IJB does not have its own policies for fraud and corruption, instead it follows the financial regulations of its partner bodies, including their arrangements for managing fraud and corruption. For instance, within the Council there are established arrangements for preventing and detecting fraud and corruption. These include: • Whistleblowing policy • Anti-fraud strategy • Codes of conduct for councillors and officers. The annual Head Internal Audit report provided a reasonable level of assurance on the adequacy of internal controls and governance arrangements within the IJB. We received signed letters of assurance from the Chief Financial Officer and the Chair of the Audit & Risk Committee. Both provide positive commentary on controls and do not raise any issues in the year.	The IJB has appropriate arrangements for preventing and detecting breaches of standards, including any instances of corruption..	No significant issues identified

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Commentary on Wider Scope

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial sustainability (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial planning	The Board approved the IJB's Medium Term Financial Plan (MTFP) in November 2024. It will be updated for the next spending review and any planning assumptions from the Scottish Government. The MTFP outlines the IJB's forecasted income and expenditure for the five-year period from 2023/24 to 2027/28. Future projections beyond the first year are based on historical trends and the outlook of its Council and NHS partners. The IJB has developed the MTFP to ensure it has sufficient resources to deliver services and achieve desired outcomes for Argyll & Bute communities. The plan includes sensitivity analysis highlighting best case, worst case, and mid-range financial projections. At the time of drafting our report, the MTFP forecasted a cumulative funding gap of £47 million for the four years from 2024/25 to 2027/28. Review of the MTFP 2023-26 and the 2023/24 Board budget reports highlighted a significant variance between the 2023/24 budgeted expenditure in the MTFP (£335m) and the regular budget reports. In March 2023, the budget was reported at £334.3m with a planned deficit of £2.7m. The budget figure fluctuated throughout the year, and the provisional year-end budget report showed the budget as £355.3m. The financial statements reported a £2.9m surplus against a budget of £362.3m. The last financial performance report included updated financial projections with budget gaps of: • £5.6 million in 2024/25 • £15.0 million in 2025/26 • £14.4 million in 2026/27 • £11.9 million in 2027/28	In common with most public sector bodies the IJB faces a challenging financial position, and it has identified significant funding gaps. The IJB should refresh its MTFP to ensure it has a clear plan for how it will use service redesign, transformation and savings to address its financial challenges. While the budget outturn was reported throughout the year, there is an inconsistency between the regular budget reports, MTFP and financial statements. Additional narrative should be provided to explain any changes to the budget and the MTFP should also be regularly updated and reported to reflect any significant changes.	**Financial sustainability** There is a risk to the longer-term financial sustainability of the IJB. See page 32 for follow up of our prior year recommendation made to the IJB.

Financial sustainability (continued)

Follow up of previously-reported recommendations

In November 2023 we reported two recommendations to the IJB to address risks identified from our Wider Scope audit for financial sustainability. As part of our work in 2023/24, we followed up the progress made by the IJB against the recommendations made and determined whether the risks remained during the year.

	Financial sustainability finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusion reached
1	**Financial sustainabiity –Level 2** The IJB's medium-term financial plan (MTFP) outlines significant cost pressures and resulting funding gaps in the medium to longer term, with difficulty in achieving savings targets to alleviate the gaps. The IJB should refresh its MTFP to ensure it has a clear plan for how it will use service redesign, transformation and savings to address its financial challenges. MTFP should be regularly updated to ensure if reflects the latest financial information.	**Management Response** Recommendation accepted, the IJB will continue to update its Medium-Term Financial Plan and acknowledges the financial challenge it faces. It is also in the process of reviewing its Transformation Programme in a way which will ensure services are provided on a sustainable basis in the longer term. **Implementation timescale** March 2024	**Progress against the recommendation** We reviewed the IJB's financial performance and updates to its financial planning throughout the year, including the interim financial performance reports published in Month 8 of 2024/25. In 2024/25 there were planned cost reductions/ improvements identified totalling £6.6m. As at 30th November 2024 when the report was released, there had been £4.8m of savings delivered (73% of target achieved), the IJB continues to work towards achieving the remaining £1.8m in savings by year end. The IJB's medium to long-term financial plan projects significant budget gaps in future years. In common with most public sector organisations, the IJB faces significant financial challenges, including inflation and pay awards exceeding funding allocations. In addition, the IJB faces several specific issues, including the requirement to fund current service overspending, the reduction in the formula allocation of NHS funding and on-going challenges in identifying and delivering savings which do not have adverse impacts on service delivery. The impact of these challenges means that the IJB's longer term financial sustainability remains at risk. The IJB has continued to update its financial planning assumptions and model. However, the impact of increasing costs and service demand are such that it is facing increasing pressure on finance and is in the process of identifying ways in which it can operate at a lower cost. The IJB is awaiting longer term planning assumptions and modelling from the Scottish Government. In its latest report (November 2024), the IJB reported a projected overspend of £1.6m, projected to increase to £2.6m against its budget of £369m. **Management Response** Recommendation Accepted. The HSCP recognised that it is not operating on a financially sustainable basis at present. It will continue to update its medium-term plan as new budgeting assumptions are provided by Government. Responsible – Head of Finance, On-going	Ongoing.

Financial sustainability (continued)

Follow up of previously-reported recommendations

	Financial sustainability finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusions reached
2	**Sustainability of services –Level 2** The medium to long-term financial plan projects significant budget gaps in future years. While the financial plan contains broad themes setting out how budget gaps will be addressed, transformation and service redesign plans require further development. Risk –The IJB is unable to operate within agreed/planned budgets and fails to meet savings targets on a recurring basis. Recommendation -The IJB should continue to review and update its medium-term financial plan with appropriate action taken to bring financial performance into recurring balance.	**Management Response** The financial planning framework will continue to be updated as budget announcements are made by Government in respect of funding and priorities for 2022/23 and beyond. **Implementation timescale** March 2023	**Progress against the recommendation** We have reviewed IJB's medium-term financial plan and the financial update to the medium-Term plan from November 2024, to evaluate whether appropriate action has been taken to bring financial performance into recurring balance. The IJB recorded an overall surplus on the provision of services of £2.9 million in 2023/24. The IJB Reserves Policy is that a prudent level of General Fund reserve is 2% of the revenue budget, this equates to around £7.5m. As at 31 March 2024 the IJB general reserves were consistent with this policy at £7.8m. The reserves are earmarked to enable key projects to progress and to fund the 2024/25 budget gap. Officers regularly presented financial performance reports to the Board to update members on the IJB's budget position and the progress of savings programmes. The IJB's 2023/24 budget included agreed efficiency savings of £8.9 million, of which £7.4 million (83%) were achieved. The shortfall of £1.5 million was covered by other underspends or funding streams, with non-recurring budget underspends accounting for the unachieved savings.. Service reviews are progressing and the IJB will track progress and update the medium-term financial strategy. Approval of budget and savings proposals are scheduled for March 2025.	Ongoing. The IJB should continue to review and update its medium-term financial plan with appropriate action taken to bring financial performance into recurring balance.

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Commentary on Wider Scope

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Clarity of plans to implement the vision	The IJB's strategic plan is supported by a delivery plan which details the actions it will take over the next three years to achieve its strategic outcomes. The delivery plan provides details of the work programme and projects relating to each priority. Throughout the three-year period of the current strategic plan, the IJB aim to perform monitoring of the plan on a quarterly basis when the performance measurement targets are presented to the IJB and the Strategic Planning Group (SPG). This would also incorporate operational plans being developed by each service line, along with a Commissioning Plan and as such the HSCP Strategic Plan will be an iterative document in response to these more focused plans and will also be updated in response to any national policy developments being monitored.	The IJB has clear strategic priorities and an annual delivery plan setting out the actions to achieve these.	No significant issues identified.
Strategy and priorities	The IJBs Strategic Plan for 2022-2025 was approved by the Board in May 2022. It outlines four key priorities to be delivered over the three-year period and provides specific commitments and objectives against each of these. The IJB's vision remains unchanged -"People in Argyll and Bute will live longer, healthier, independent lives" and is underpinned by six core values described in the plan. The IJB also has an Annual Delivery Plan for each year of the Strategic Plan that includes specific actions and deliverables for the year to support its strategic priorities. Officers report progress against the Annual Delivery Plan to the Board quarterly. There is also yearly reporting of progress to the Board through the annual performance review	The IJB's strategic plan sets out a clear vision and strategy for the organisation With the current strategic plan coming to an end in the coming year, we recommend that management and those charged with governance should ensure that a new plan is put in place, with any revisions made continuing the clarity of vision, and ensuring these changes are communicated effectively.	There is a risk that future strategic documents will be inconsistent with other related policy documents, adversely impacting the clarity of the IJBs vision and direction. See risk identified at Pg 37.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Governance arrangements	The Board comprises eight voting members, four non-executive directors of NHS Highlands and four local councillors from Argyll & Bute Council. The Board is the IJB's key decision-making body. The Board is supported by several committees and management groups including the Audit and Risk Committee (ARC), Senior Management Team, Finance and Policy Committee, Strategic Planning Group, Locality Planning Group, and Clinical and Care Governance Committee. The ARC supports the Board with its responsibilities for risk, internal control, performance and governance. Board and ARC papers are publicly available on the IJB's website. We have observed a good level of scrutiny and challenge by members at Board and ARC meetings.	The IJB's governance arrangements appear appropriate and allow effective scrutiny and challenge.	No significant issues identified
Financial and performance information	Officers presented regular financial performance reports to the Board during 2023/24. Officers present quarterly public performance reports to each meeting of the Audit and Risk Committee. These reports show how the IJB is performing against its strategic priorities. The IJB also prepares an annual performance report, which is published on its website. This outlines the IJB's performance in relation to national and local priorities. The report also includes a summary of the IJB's budget performance for the year.	Regular performance reports are presented to the Board to monitor progress on an agreed suite of measures and targets for the priorities set out in the strategic plan	No significant issues identified

Vision, leadership and governance (continued)

Identified risks in vision, leadership and governance arrangements and recommendations for improvements

As a result of our work, we have identified risks in IJB's vision, leadership and governance arrangements. These identified risks have been outlined in the table below.

	Vision, leadership and governance risks identified	Recommendation for improvement	IJB's response and implementation timescale
1	**Strategic Plan –Level 2** There is a risk that future strategic documents will be inconsistent with other related policy documents, adversely impacting the clarity of the IJBs vision and direction.	With the current strategic plan coming to an end in the coming year, we recommend that management and those charged with governance should ensure that a new plan is put in place, with any revisions made continuing the clarity of vision, and ensuring these changes are communicated effectively.	**Management's response** Recommendation Accepted. The HSCP is in the process of developing its new strategic plan. This work is progressing in an uncertain political landscape and requires to take account of the developing policy framework governing health and social care. It also requires to align with the financial position of the HSCP and anticipated future resourcing. It must be a driver for transformation and change and recognise projected increases in demand for many services. **Responsible officer** Head of Strategic Planning, Performance and Technology **Implementation date** October 2025, subject to approval by the IJB.

Commentary on Wider Scope

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Resources deployed to improve strategic outcomes	The IJB officers provide regular budget and performance monitoring reports to the Board and Performance, Audit and Risk Committee. These reports give an overview of the IJB's performance against agreed targets with narrative covering rationale, contextual information and improvement actions for areas where performance is off target. The IJB has a Strategic Workforce Plan 2022-2025 which is aligned with its strategic plan for the same period.	The IJB has appropriate arrangements in place for managing and reporting performance.	No significant issues identified.
Needs of service users being met	The IJB uses its annual performance report to measure and report publicly on how it is meeting the needs of service users. This is measured through: • the Scottish Government's core integration indicators which allow comparison nationally and by IJB • performance against its strategic priorities which all have a service user focus • Care Inspectorate gradings of services, children's homes and care homes. The Finance and Performance report for 2024 indicates that 77% of care services were graded 'good' or better by the care Inspectorate.	The IJB has a range of indicators to measure how well it is meeting the needs of service users. It reports this information publicly through its annual performance report. The IJB adhere to The Public Bodies (Joint Working) (Scotland) Act 2014, which sets out nine National Health and Wellbeing Outcomes. These outcomes and service delivery are currently facing pressures from restricted financing	No significant issues identified

Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Arrangements to deliver continuous improvements in priority services	The IJB has a savings plan which is approved as part of the budget each year. The IJB hold meetings known as 'Savings Review Groups' between finance and service managers to monitor progress on the delivery of savings at an operational level. The progress is reported to each meeting of the IJB and Finance & Policy Meetings in the management accounts paper which provides a summary and an appendix that provides project level detail. For the FY 2023/24, 83% of cost saving targets were achieved by month 12. This shows a commitment to improve cost efficiency whilst also balancing the delivery of services to achieve value for money. Additionally, there is a Transformation Programme which seeks to develop and progress service change and transformation projects over the long term. This programme aims to deliver strategic priorities whilst maintaining the HSCP’s medium term financial sustainability is maintained, linking directly to best value objectives. As part of this, £450k was secured for the island programme and £60k from Scottish Government for carbon reduction plans, demonstrating continuous planning and developments in local communities.	The IJB has appropriate arrangements in place to demonstrate how it is seeking to deliver continuous improvements in its priority areas.	No significant issues identified.

08

Best Value

Best Value

Best Value summary

Under the Code of Audit Practice, the audit of Best Value is fully integrated within our annual audit work. We are required to o report on how the IJB demonstrates and reports that it has Best Value arrangements in place, to secure continuous improvement. We have used a risk-based approach that is proportionate to the size and type of the body, to assess whether the IJB has made proper arrangements for securing Best Value and is complying with its community planning duties. We have also followed up on previously reported Best Value findings and have assessed the pace and depth of improvement implemented by the IJB.

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
Best Value	43	No	No	No

Best Value (continued)

Overall commentary on the Best Value arrangements

IJBs have a statutory duty to establish arrangements that secure Best Value. To achieve this, they should implement effective processes for scrutinising performance, monitoring progress towards strategic objectives, and holding partners accountable.

The IJB has completed its 2023/24 Annual Performance Report. This is available on its website following approval in May 2024 and notes progress made against its strategic plan priorities.

The IJB consistently report on budget saving targets and upcoming transformational projects to help adapt and change service delivery to maximise benefits for local communities, whilst simultaneously maximising costs through savings plans and the saving review groups between managers at an operational level. Some examples of cost savings under review and yet to be achieved by year-end include a review of home care and smarter commissioning with a target of £400k. Additionally, the introduction of shared services with the Council aims to reduce costs by £130k through the redesign of hotel services, catering, and domestic spending.

The IJB reports its annual assessment of Best Value to the Performance, Audit and Risk Committee. Officers also present performance reports to the Board on quarterly basis. The Board and senior management team scrutinise the delivery of the IJB’s annual delivery plan through regular updates and reporting to the Performance, Audit and Risk Committee on key priorities. Officers prepare monthly budget monitoring reports at service level and regular budget meetings are carried out with managers across the IJB.

The IJB’s Clinical and Care Governance Group provides oversight of improvement activity through service reviews, inspection reports, incident reporting and complaints learning.

This is reported through the senior management team, Performance, Audit and Risk Committee and Board to ensure areas of high risk with scope for most improvement are prioritised.

The Annual Service Delivery Plan aligns key priorities for service redesign and transformation to the delivery of efficiency savings. The IJB’s progress in achieving savings is regularly reported in financial monitoring reports and the Performance, Audit and Risk Committee provides scrutiny of the transformation plan. Overall, we have concluded that the IJB has appropriate arrangements in place for managing and monitoring performance and reporting on its efforts to secure Best Value.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope and Best Value ratings

Appendix A: Draft management representation letter

Mark Outterside
Forvis Mazars
The Corner
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Date

Dear Mark,

Argyll and Bute Integration Joint Board - Audit for the Year Ended 31 March 2024
This representation letter is provided in connection with your audit of the financial statements of Argyll and Bute Integration Joint Board for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).
I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information
I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

My responsibility to provide and disclose relevant information
I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the IJB you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.
As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records
I confirm that all transactions undertaken by the IJB have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

Accounting policies
I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events, or conditions on the IJB’s financial position, financial performance, and cash flows.

Appendix A: Draft management representation letter

Accounting estimates, including those measured at fair value
I confirm that the methods, significant assumptions, and the data used by the IJB in making the accounting estimates, including those measured at fair value are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies
There are no material contingent losses including pending or potential litigation that should be accrued where:
- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.
There are no contingent gains which should be disclosed.
All material matters, including unasserted claims, that may result in litigation against the IJB have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

Laws and regulations
I confirm that I have disclosed to you all those events of which I are aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.
We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error
I acknowledge my responsibility as Chief Financial Officer for the design, implementation, and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:
- all knowledge of fraud or suspected fraud affecting the IJB involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.
- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the IJB's financial statements communicated by employees, former employees, analysts, regulators, or others.

Related party transactions
I confirm that all related party relationships, transactions, and balances, have been appropriately accounted for and disclosed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

Appendix A: Draft management representation letter

Future commitments
I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Ultimate parent company
I confirm that the ultimate parent company for Argyll and Bute Integration Joint Board is the Scottish Government.

Other Matters
I confirm in relation to the following matters that:

- COVID-19 – I have assessed the continued impact of the COVID-19 Virus pandemic on the IJB and the financial statements, including the impact of mitigation measures and uncertainties, and am satisfied that the financial statements and supporting notes fairly reflect that assessment.
- Ukraine – I confirm that I have carried out an assessment of the potential impact of the continued conflict in Ukraine on the IJB and there is no significant impact on the IJB's operations from restrictions or sanctions in place.
- I confirm that I have assessed the impact on the IJB of the on-going Global Banking challenges, whether there is any impact on the IJB's ability to continue as a going concern, and on the post balance sheet events disclosures.

Going concern
To the best of my knowledge there is nothing to indicate that the IJB will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Performance related allocations
I confirm that I am not aware of any reason why the IJB's funding allocation limits would be changed.

Subsequent events
I confirm all events subsequent to the date of the financial statements and for which the Part VII of the Local Government (Scotland) Act 1973 and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code), require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Annual Governance Statement
I am satisfied that the Annual Governance Statement(AGS) fairly reflects the IJB's risk assurance and governance framework, and I confirm that I am not aware of any significant risks that are not disclosed within the Governance Statement.

Unadjusted misstatements

I confirm that there are no uncorrected misstatements.

Yours faithfully

James Gow
Chief Financial Officer

Appendix B: Draft audit report

Independent auditor's report to the members of Argyll and Bute Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of Argyll and Bute Integration Joint Board ("the IJB") for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Argyll and Bute Integration Joint Board as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted, and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the IJB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the IJB. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting.

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the IJB's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the IJB's current or future financial sustainability. However, we report on the IJB's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Finance Officer and the Performance, Audit and Risk Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements, that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing each year the IJB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the IJB operations.

The Performance, Audit and Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the IJB;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the IJB;
- inquiring of the Chief Finance Officer concerning the IJB's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the IJB's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Appendix B: Draft audit report

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Statement of Responsibilities, Annual Governance Statement, and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception.

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Appendix B: Draft audit report

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Outterside,

Audit Director
For and on behalf of Forvis Mazars LLP

Forvis Mazars
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

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Appendix C: Confirmation of our independence (continued)

Fees for work as the IJB's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit and Risk Committee in May 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 fees	2022/23 fees
Auditor remuneration	£35,400	£33,400
Pooled costs	£1,290	£0
Contribution to PABV costs	£7,560	£6,350
Audit support costs	£0	£1,270
Sectoral cap adjustment	(£10,890)	(£9,550)
Total fees	**£33,360**	**£31,470**

Fees for other work

We confirm that we have not undertaken any non-audit services for the IJB in the year.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Chief Financial Officer that IJB will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

forvis mazars

Appendix D: Other communications (continued)

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of the IJB's arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented We will obtain written representations from management, and where appropriate Audit and Risk Committee, confirming that: a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Wider scope and Best Value ratings

We need to gather sufficient evidence to support our commentary on the IJB's arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the IJB and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

Contact

Forvis Mazars

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