

A decorative background pattern consisting of a large blue triangle on the left and a cluster of grey, green, and blue triangles of various sizes on the right.

Fife Integration Joint Board

2024/25 Annual Audit Report to Members of the Fife
Integration Joint Board and the Controller of Audit

September 2025

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Key messages

Financial statements audit

Audit opinion	The opinions within our independent auditor's report are unqualified.
Audit approach	Our audit approach has been based on gaining a thorough understanding of the Integration Joint Board (IJB's) control environment and has been risk based. This included: • An evaluation of the IJB's internal control environment, including the IT systems and controls; and • Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our key audit risks. We have not altered our audit plan.
Key audit findings	The IJB had good administrative processes in place to prepare the annual accounts and supporting working papers. We obtained adequate evidence in relation to the significant audit risks identified in our audit plan. The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Audit adjustments	We have not identified any material adjustments or unadjusted differences to the unaudited annual accounts. We identified some minor disclosure and presentational adjustments during our audit, which have been reflected in the final set of financial statements.

**Accounting systems and
internal controls**

We applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess the IJB's processes and internal controls relating to the financial reporting process.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where we identify any control weaknesses, we include them in this report.

We identified no significant weaknesses in accounting and internal control systems during our audit.

Wider scope of public audit and best value

Financial Management

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

Auditor judgement

Risks exist to the achievement of operational objectives



The IJB was faced with an uncertain and challenging financial position alongside an increase in demand for services throughout 2024/25.

The IJB reported a core overspend of £34.017million which was funded through utilisation of £3.019million of IJB reserves and the implementation of the risk share agreement in line with the Integration Scheme. Utilising the risk share agreement presented further financial challenge to both partner bodies.

The position has worsened compared to 2023/24, and is consistent with the Audit Scotland report on Integration Joint Boards: Finance bulletin 2023/24, which highlighted that the weakening financial health of IJBs is a challenge nationally.

The IJB, working alongside its partner bodies, continues to demonstrate good collaboration and partnership working to tackle the financial and demand driven challenges within the system.

Financial Sustainability

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

Auditor judgement

Significant risks affect achievement of corporate objectives



The IJB’s medium term financial plan shows a budget gap of £121.755million over the period 2025/26 to 2027/28 alongside a challenging savings target of £40.624million in 2025/26, rising to £40.862million in 2027/28.

The IJB now holds no contingency reserves to support the mitigation of the financial impact of unforeseen circumstances which further increases the risk to its financial sustainability.

The IJB has a good focus on achieving its savings targets in the medium to longer term through the establishment of Progress Report Updates (PRU). These provide early intervention for savings areas that have a risk of not being achieved and require recovery actions.

The IJB has recognised that the medium term financial plan presents a very challenging three years and emphasises the focus on medium term transformational change to allow delivery of safe and sustainable services in the future, whilst balancing the budget

The IJB is making good progress with the establishment and implementation of its transformational programmes; however, it is important that the pace of the transformation work is appropriate and effective in order to reduce the risks to the IJB’s financial sustainability in the medium to longer term.

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.

Auditor judgement

Effective and appropriate arrangements are in place



Governance arrangements throughout the year were found to be satisfactory and appropriate. We are satisfied that the IJB continued to receive sufficient and appropriate information throughout the period to support effective and timely scrutiny and challenge.

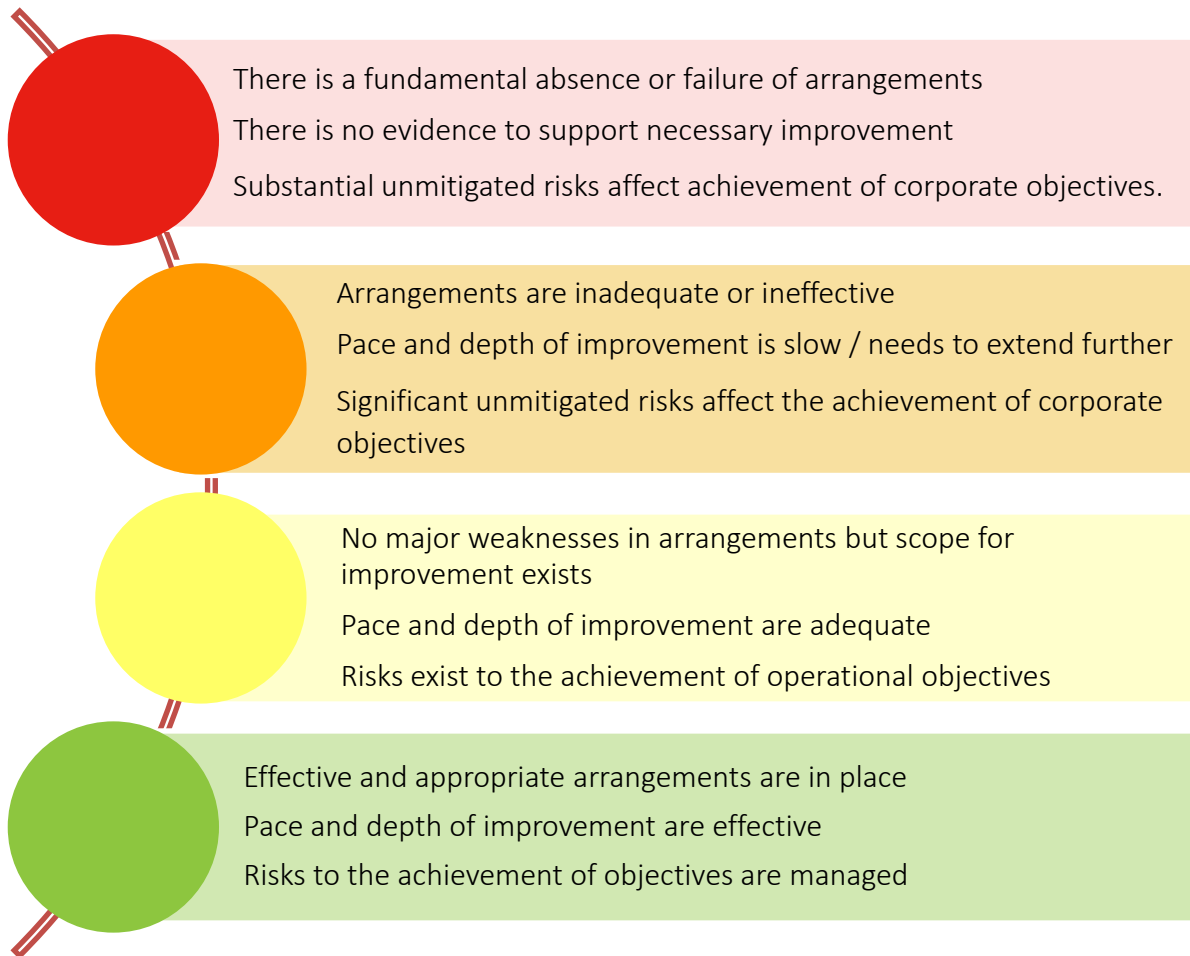
Our assessment has been informed by a review of the corporate governance arrangements in place and the information provided to the Board and Committees.

We are satisfied that appropriate arrangements are in place to oversee the delivery of the Strategic Plan for Fife 2023-26 and to prepare for the development of the next iteration the IJB's Strategic Plan.

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.	Auditor judgement Risks exist to achievement of operational objectives Whilst an established and appropriate performance management framework is in place at the IJB, the pandemic exacerbated what were already tough core service delivery challenges. The IJB continues to develop its performance reporting to allow for greater analysis and scrutiny of performance and has committed to improve areas of poor performance by working with partner agencies on new strategies and transformation programmes. As described in the Financial Sustainability section, there is a risk that the scale of savings required to enable the IJB to achieve a financially sustainable position may impact on its ability to deliver services to a high quality. This also presents a risk of deterioration in the IJB's performance. Good progress continues to be made across actions identified under all five workforce pillars within the year three workforce action plan.
Best Value The IJB has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions.	Auditor judgement Effective and appropriate arrangements are in place We are satisfied that the IJB has organisational arrangements in place to secure Best Value.

Definitions

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas and reporting our findings on Best Value. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



Introduction

Scope of audit

The annual external audit comprises the audit of the financial statements, the wider-scope audit and Best Value audit responsibilities set out in Audit Scotland's Code of Audit Practice. [Code of Audit Practice 2021 | Audit Scotland](#)

We outlined the scope of our audit in our External Audit Plan, which we presented to the Audit and Assurance Committee at the outset of our audit.

Responsibilities

The IJB is responsible for preparing annual accounts, including financial statements, which show a true and fair view of the results for the year and position at the year end, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All our clients demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to

promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team or to Audit Scotland.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Financial statements audit

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	We conduct our audit in accordance with applicable law and International Standards on Auditing. Our findings / conclusions to inform our opinion are set out in this section of our annual audit report.	The annual accounts were considered by the Audit and Assurance Committee on 19 September 2025 and approved by the Board on 29 September 2025. We have issued unqualified opinions in our independent auditor's report.
Going concern basis of accounting	When assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body. We assess whether there are plans to discontinue or privatise the IJB's functions. Our wider scope audit work considers the financial sustainability of the IJB.	We reviewed the financial forecasts for 2025/26. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the IJB will have continued provision of service for at least 12 months from the signing date. Our audit opinion is therefore unqualified in this respect.

Opinion	Basis for opinion	Conclusions
Opinions prescribed by the Accounts Commission: • The audited part of the Remuneration Report • Management Commentary • Annual Governance Statement	We plan and perform audit procedures to gain assurance that the audited part of the Remuneration Report, the Management Commentary and the Annual Governance Statement are prepared in accordance with relevant legislation and guidance.	We have concluded that: • the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014. • the information given in the management commentary is consistent with the financial statements and has been properly prepared in accordance with relevant statutory guidance. • the information given in the Annual Governance Statement is consistent with the financial statements, our understanding of the organisation gained through our audit and has been prepared in accordance with the Delivering Good Governance in Local Government Framework.

Opinion	Basis for opinion	Conclusions
Matters reported by exception	We are required to report on whether: - 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.	We have no matters to report.

An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Audit and Assurance Committee in March 2025. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the IJB. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

In our audit, we test and examine information using sampling and other audit techniques to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. This includes:

- An evaluation of the IJB's internal control environment, including the IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including procedures outlined in this report in relation to our key audit risks.

Quality indicators

We have applied a suite of quality indicators to assess the reliability of the IJB's financial reporting and response to the audit.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of draft financial statements	Mature	We received the unaudited financial statements of a good standard in line with our audit timetable. Revisions were provided promptly where required.
Quality of working papers provided and adherence to timetable	Mature	We received working papers of a good standard in line with our audit timetable. Further information was provided promptly where required.
Timing and quality of key accounting judgements	Mature	We did not identify any issues with the timing and quality of key accounting judgements.
Access to finance team and other key personnel	Mature	We received full access to the finance team and other key personnel. All audit queries and requests were responded to in a timely manner.
Quality and timeliness of the - audited part of the Remuneration Report - Management Commentary - Annual Governance Statement As well as the quality and timeliness of supporting	Mature	We identified disclosure changes in relation to the audited part of the Remuneration Report, Management Commentary and Annual Governance Statement. See Appendix 2 for further details.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
working papers for those statements.		
Volume and magnitude of identified errors	Mature	We have not identified any material adjustments or unadjusted differences to the unaudited annual accounts. This is in line with the position from the previous year and is in line with our expectations.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures are designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we considered the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual report and accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our opinion on the annual report and accounts is not modified with respect to any of the risks described below.

The table below summarises each significant risk. Detail behind each risk and the work undertaken is set out on the following pages.

Risk area	Financial statement / Assertion level risk	Fraud risk	Planned approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Financial statement	Yes	Assess design & implementation	Low	Our work has not identified any significant issues in respect of this risk.
Fraud in revenue recognition	Assertion level	Yes	Assess design & implementation	Low	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the IJB, we determined that the risk of fraud arising from revenue recognition can be rebutted.
Fraud in non-pay expenditure recognition	Assertion level	Yes	Assess design & implementation	Low	Having considered the risk factors set out in ISA 240 and the nature of the non-pay expenditure streams at the IJB, we determined that the risk of fraud arising from non-pay expenditure recognition can be rebutted.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Risk area	Management override of controls
Significant risk description	Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk. Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. This was considered to be a significant risk and Key Audit Matter for the audit. Risk of material misstatement: High
How the scope of our audit responded to the significant risk	Key judgement There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions. Audit procedures Agreeing balances and transactions to Fife Council and NHS Fife reports/ledger/correspondence.

Risk area	Management override of controls
	• Receiving assurances from constituent body auditors in relation to financial information provided, controls in place and results of testing at constituent bodies. • Reviewing financial monitoring reports during the year. • Reviewing the consolidation adjustments made to arrive at figures in IJB. • Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Key observations	We did not identify any indication of management override of controls from our audit work.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor’s report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the IJB and the needs of users. We reviewed our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality for the IJB financial statements was £14.7million. On receipt of the 2024/25 unaudited financial statements, we reassessed materiality and updated it to £16.649million due to the increase in expenditure. We consider that our updated assessment has remained appropriate throughout our audit.

Materiality	
£million	
Overall materiality for the financial statements	16.649
Performance materiality (75% of materiality)	12.487
Trivial threshold	0.832
Materiality	Our assessment is made with reference to the IJB’s gross expenditure. We consider this to be the principal consideration for users of the financial statements when assessing financial performance. Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2024/25 unaudited annual accounts.

Performance materiality

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.

Trivial misstatements

Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In addition to the above, we consider any areas for specific lower materiality.

We have applied a lower materiality threshold for disclosures within the Remuneration Report to Senior Officer Remuneration Tables. Due to the public interest in senior remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area.

We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior remuneration disclosures. We evaluate errors in the remuneration report for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus on the completeness and clarity of disclosures in this area and will request amendments to be made if any errors would alter the bandings reported for any individual.

Audit differences

We have not identified any material adjustments or unadjusted differences to the unaudited annual accounts.

We identified some disclosure and presentational adjustments during the audit, which have been reflected in the final set of financial statements and are disclosed in Appendix 2.

Internal controls

As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these in this report. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

We did not identify any control weaknesses during our audit.

Follow up of prior year recommendations

We followed up on progress in implementing actions raised in the prior year as they relate to the audit of the financial statements, wider scope and Best Value. Full details of our findings are included in Appendix 3.

Other communications

Other areas of focus

Area of focus	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management.
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the annual accounts.	There were no other significant management judgements which required additional audit work, where there was disagreement over the judgement or where the judgement is significant enough that requires reporting, in addition to those reflected in this report.
Prior year adjustments identified	There were no prior year adjustments identified.

Area of focus	Audit findings and conclusion
Concerns identified in the following: • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target	No concerns were identified in relation to these areas.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and the appropriateness of the accounting policies adopted by the IJB.

The accounting policies, which are disclosed in the financial statements, are in line with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 and are considered appropriate.

Presentation and disclosures

There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.

Key judgements and estimates

As part of the planning stages of the audit we sought all accounting estimates made by management and determined which of those are key to the overall financial statements. Management did not identify any significant accounting estimates. We considered this appropriate to the IJB's annual accounts.

In addition, we are satisfied with the appropriateness of the accounting judgements used in the preparation of the financial statements.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Audit and Assurance Committee. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the IJB. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

The Local Authority Accounts (Scotland) Regulations 2014

As part of our audit we reviewed the IJB's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 10¹ as they relate to the annual accounts.

Overall, we concluded that appropriate arrangements were in place to comply with these Regulations.

Written representations

The letter of representation from the IJB was signed at the same time as the financial statements were approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

¹ Regulations 8 to 10 relate to the preparation and publication of unaudited accounts, notice of public right to inspect and object to the accounts and consideration and signing of the audited accounts.

Wider scope of public audit and best value

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management

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

Auditor judgement

Risks exist to the achievement of operational objectives



Significant audit risk

Our audit plan identified the following significant risk in relation to financial management:

Financial management (extract from 2024/25 External Audit Plan)

In March 2024, the IJB approved the 2024/25 financial plan which showed a projected budget gap of £39.066million, to be bridged by an ambitious savings target of £39.033million.

The latest forecast (November 2024) projected a forecast deficit of £34.863million at March 2025, alongside an anticipated delivery of only 59% of the IJB's 2024/25 savings target.

The IJB no longer holds any useable reserves which can be utilised to reduce the forecast year end overspend position. In line with the Integration Scheme, it will therefore be likely that the risk share agreement will require to be implemented for the second consecutive year, to fund the overspend position.

There is therefore a continued risk that achieving a balanced outturn position will present significant further financial challenge to the IJB and its partner bodies.

Our detailed findings on the IJB's arrangements for responding to financial challenges that have occurred during the year, in collaboration with its partner bodies are set out below.

Financial performance 2024/25

Throughout 2024/25 the IJB has continued to face an uncertain and challenging financial position alongside an increase in demand for services.

In line with the previous years, deficit positions were forecast in each Finance Update report presented to the IJB in 2024/25 in which the IJB identified the following key financial pressures contributing to the overspend position:

- **Increased Demand for Services:** Driven by an ageing population and more complex care needs, which resulted in higher demand for adult packages, homecare, and residential care.
- **Staff Recruitment Challenges:** Difficulty recruiting staff, particularly in mental health services, which led to reliance on higher-cost locum and agency staff.
- **Prescribing Costs:** Significant increases in both volume and cost.
- **Cost-of-Living Increases:** Rising costs in pay, energy, fuel, and food impacted service delivery, with external providers requiring additional support.

The outturn position as at 31 March 2025 for the services delegated to the IJB was as follows:

	Budget £000	Actual £000	Variance £000
Delegated and Managed Services	770,799	773,818	3,019
Set Aside Acute Services	58,672	58,672	-

This position was achieved after implementation of the risk share agreement, in line with the Integration Scheme, to fund the core overspend position of £34.017million. Utilising the risk share agreement presented further financial challenge to partner bodies as NHS Fife was required to request significant brokerage from Scottish Government and Fife Council had to utilise reserves to ensure financial balance. The remaining overspend was funded through utilisation of £3.019million of IJB reserves.

This is a worsened position compared to 2023/24, and is consistent with the Audit Scotland report on Integration Joint Boards: Finance bulletin 2023/24, which highlighted that the weakening financial health of IJBs is a challenge nationally. As also outlined in Audit Scotland's bulletin, the increasing demand for services is one of the key financial pressures impacting on the health and social care sector, which Fife IJB has identified is primarily due to a significantly ageing population.

The Fife health and social care system are working collaboratively to tackle the financial and demand driven challenges through developing and implementing new initiatives, including:

- Introduction of the new system Liquidlogic to provide better quality management information to allow weekly monitoring of the position of cost pressures, alongside supporting with management decisions.
- Scrutiny panels over assigning care packages to allow greater scrutiny and control over ensuring that the most appropriate care packages are provided.
- Increased public communications and other early intervention tools in relation to areas including Medicines.
- Increased tripartite communication between NHS Fife, Fife IJB and Fife Council, where the Directors of Finance meet with the CFO of the IJB monthly.

Fife IJB, working alongside NHS Fife and Fife Council have demonstrated good collaboration and partnership working through taking a whole system approach to these challenges. It is crucial that this continues as difficult decisions continue to be made across health and social care nationally to sustain vital services over the medium to longer term.

Savings plan

In March 2024, the Board approved a balanced budget for 2024/25 through planned delivery of a savings target of £39.033million.

The IJB delivered £20.355million (52%) of the 2024/25 savings target. This represents a similar position to the previous year where the IJB only delivered 53% of its savings target. This failure to deliver savings targets places substantial additional pressure on the future financial position of the IJB and therefore requires careful management.

The table below shows performance against the approved savings plan. The main areas that were not achieved relate to previous agreed savings and remodelling of mental health services.

Exhibit 2: 2024/25 savings plan

Savings Theme	Target £m	Actual £m	(Under)/over achieved £m
Previously Agreed Savings	15.213	7.434	(7.779)
Income Generation	0.500	0.500	0
Efficiency	12.020	8.763	(3.257)
Service Redesign	6.400	2.208	(4.192)
Commissioning	3.200	0.700	(2.500)

Savings Theme	Target £m	Actual £m	(Under)/over achieved £m
Reserves	1.700	0.750	(0.950)
Total	39.033	20.355	(18.678)

Source: Finance Report Provisional Outturn as at March 2025 - May 2025

Reserves position

The utilisation of reserves to fund the IJB's 2023/24 overspend position resulted in the IJB holding an actual closing reserves balance at 31 March 2024 of £4.731million, which is below the IJB's minimum policy to hold 2% of budget in reserves. The IJB's reserves balances continues to deteriorate. After allocating reserves for 2024/25 commitments and partial funding of the 2024/25 overspend, the closing reserves balance at March 2025 was £1.712million. None of this balance is available for general use. The IJB now holds no contingency reserves to support the mitigation of the financial impact of unforeseen circumstances which further increases the risk to its financial sustainability.

Prevention and detection of fraud and irregularity

The IJB does not directly employ staff and so places reliance on the arrangements in place within Fife Council and NHS Fife for the prevention and detection of fraud and irregularities. Arrangements are in place to ensure that suspected or alleged frauds or irregularities are investigated by the partner bodies. Overall, we found arrangements to be sufficient and appropriate.

Financial sustainability

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

Auditor judgement

Significant risks affect achievement of corporate objectives



Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Financial sustainability (extract from 2024/25 External Audit Plan)

The IJB continues to face major risks to achieving financial balance and the need to focus on transformational change is becoming increasingly essential to medium and longer term financial sustainability. The lack of reserves puts additional pressure on the resources required to progress with transformation plans.

The IJB's latest medium term financial plan was approved in March 2024. The plan shows a cumulative budget gap of £48.459million over the period 2024/25 to 2026/27. The identified gap is to be mitigated by a challenging savings target of £39.033million in 2024/25, rising to £52.267million in 2026/27. In recent years the IJB has not achieved its savings targets in full.

Work is currently ongoing to review planning assumptions to reflect the current financial environment in which the IJB operates, as part of developing the 2025/26 budget and revised medium term financial plan. The 2025/26 budget is due to be approved by the IJB in March 2025. It is essential that medium term financial plans reflect an achievable and sustainable financial position for the IJB and these are developed through working alongside its partner bodies.

Our detailed findings on the IJB's arrangements for achieving long term financial sustainability are set out below.

2025/26 Financial Plan

The 2025/26 financial plan was presented to the IJB in March 2025 for scrutiny and approval. The financial plan shows a forecast funding gap of £40.577million.

Delegated budgets from partners total £740.848million for 2025/26 (2024/25: £674.525million). This includes an additional funding allocation, beyond the Scottish Government requirement, of £4.400million from Fife Council. In July 2025, a further funding direction was agreed and issued to the Board which identified an increased budget of £755.561million after further funding of £14million being passported from partners and a funding transfer being made to IJB reserves.

Set against this, the projected cost of delegated services for 2025/26 is £781.425million, with the most significant increases arising from:

- Pay inflation (£10.081million)
- Pharmacy Inflation (£3million)
- External providers: living wage and funding requirements (£11.448million).

The IJB continues to monitor financial pressures and risks in the delivery of the financial plan on an ongoing basis through the IJB's Financial Risk Register and finance update reports presented and scrutinised at each Board meeting.

Savings plan

Delivery of savings is a fundamental component of achieving a balanced budget. For 2025/26, identified savings of £40.624million were approved by the IJB to bridge the identified 2025/26 forecast funding gap. The £14million additional funding from partners, off-set by unachieved savings from 2024/25, subsequently reduced the 2024/25 savings target to £29.424million.

The IJB did not meet its savings target for the financial years 2022/23 to 2024/25, and only 52% of the savings target was achieved in 2024/25. The 2025/26 savings target represents a level higher than in previous years where the IJB has faced challenges delivering savings targets in full. It is important that the IJB closely monitors the delivery of savings identified to ensure that achievement of savings does not impact on its quality of service delivery.

During the final quarter of 2024/25, monthly Progress Report Updates (PRU) were established to further support financial oversight and allow the IJB to have a greater focus on achieving its savings targets. The PRU meetings focus on how savings targets are progressing with the aim of providing early intervention for savings areas that have a risk of not being achieved and require recovery actions.

The Finance Update report presented to the IJB in July 2025 highlighted that 93% of 2025/26 target savings were on track to be delivered, which represents a significantly improved position compared to this stage in previous years.

Medium Term Planning

The IJB approved its medium term financial plan (2025/26 to 2027/28) alongside the Medium Term Financial Strategy 2025/28 (MTFS) in March 2025. The updated MTFS is aligned to the 2023-2026 Strategic Plan, supporting strategies, the workforce strategy and refreshed participation and engagement strategy. Key risks and uncertainties set out in the plan include:

- **Economic Crisis:** Ongoing inflationary pressures, rising energy costs, and increasing pay demands.
- **Ageing Population:** Growing demand and complexity of care needs, coupled with constrained resources.
- **Recruitment Challenges:** Continued difficulty in recruiting staff, leading to reliance on higher-cost locum and agency workers.
- **Transformation Programme Risks:** Potential delays or underperformance in delivering planned transformation benefits.
- **Workforce Sustainability:** Challenges in maintaining a stable workforce across both internal services and external care providers.
- **Financial Variability:** Exposure to financial impacts from local and national decisions or unexpected changes in service demand.

The financial plan shows a budget gap of £121.755million over the period 2025/26 to 2027/28 alongside a challenging savings target of £40.624million in 2025/26, rising to £40.862million in 2027/28.

	2025/26 £million	2026/27 £million	2027/28 £million
Cost of continuing exiting service provision	740.149	763.230	786.485
New Cost Pressures	41.276	41.276	41.276
Funding available	740.848	763.867	787.222
Total gap	40.577	40.639	40.539

Source: Revenue Budget 2025-26 and Medium Term Financial Strategy 2025-28- March 2025

The IJB has recognised that the medium term financial plan presents a very challenging three years and emphasises the focus on medium term transformational change to allow delivery of safe and sustainable services in the future, whilst balancing the budget.

A significant amount of work has been undertaken through the transformational change programme which spans the entirety of the health and social care partnership. The programme requires a focus on what services are delivered, how they are delivered, and where they are delivered from. The IJB's transformation programmes focus on alternative models of care where the current programmes are:

- Community Rehabilitation & Care
- Transforming Care
- Commissioning of Adult Care Packages
- Home First and Community Care Services Transformations Programme

The IJB's transformation team measures improvements in both outcomes and quality of services and tracks financial benefits such as cost avoidance through prevention and early intervention, efficiency savings and cashable savings from transforming services. The Finance Update report presented to the IJB in July 2025 highlighted that all savings identified from transformational services are on track to be achieved during 2025/26.

The IJB is making good progress with the establishment and implementation of its transformational programmes; however, it is important that the pace of the transformation work is appropriate and effective in order to reduce the risks to the IJB's financial sustainability in the medium to longer term.

The IJB has recognised that the level of challenge associated with the financial plan is substantial and that this also reflects the challenging financial environments of both NHS Fife and Fife Council. On this basis, the financial sustainability of the IJB remains a significant risk for 2025/26 and beyond and it is crucial that a whole system approach continues to be taken to manage the level of financial risk and challenge going forward.

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.

Auditor judgement

Effective and appropriate arrangements are in place



Governance arrangements

The Board of the IJB comprises 16 voting members, nominated by either Fife Council or NHS Fife, as well as non-voting members including a Chief Officer appointed by the Board.

Lynne Garvey, the IJB's previous Head of Community Care Services was appointed as the Chief Officer for the IJB from November 2024. Audrey Valente, Chief Finance Officer, is due to retire in October 2025, and Tracy Hogg, who previously held the role of Finance Manager, has been appointed to this position.

The Board continued to hold bi-monthly development sessions during 2024/25. The sessions covered topics including:

- Balancing performance, finance, quality & workforce
- A focus on Finance
- Governance and the 2025/26 Budget.

From review of the Board development sessions, we have concluded that they provide board members with the information and platform to continue to discharge their responsibilities effectively.

The Board is responsible for ensuring the overall governance of the IJB. In driving forward the strategic direction of the IJB and ensuring the governance framework is operating as intended, the Board continues to be supported by three committees:

- Audit and Assurance Committee;
- Quality and Communities Committee; and
- Finance, Performance and Scrutiny Committee.

In addition, the Senior Leadership Team (SLT) are continuing to work to establish a 'Team Fife' culture to support a vision of being amongst the best performing Health and Social Care Partnerships by 2025. This is known as Mission 2025.

During 2024/25, the IJB continued to deliver Systems Leadership Programmes for senior and middle managers to help roll out the systems leadership ethos across the health and social care partnership. Two further programmes for the Extended Leadership Team and Integrated Leadership Team are planned for September 2025 which have already gained significant interest throughout the partnership due to the positive feedback received from the previous programmes.

Board and Committee meetings

Committee meetings have continued to be held virtually rather than in person, and the preferred mechanism is through MS Teams, in line with the sector and the IJB's partner bodies. During 2024/25, Board meetings have continued to adopt a blended approach and development sessions have remained in-person.

Throughout 2024/25, the Board has been able to maintain all aspects of board governance, including its regular schedule of Board and Committee meetings.

Through our review of committee papers we are satisfied that there continued to be effective scrutiny, challenge and informed decision making through the financial period.

Strategic Plan for Fife 2023-2026

The IJB approved its Strategic Plan for Fife 2023-2026 in January 2023. The strategic plan was developed using a partnership approach and aligns to both Fife Council's 'Plan for Fife' and NHS Fife's 'Population Health and Wellbeing Strategy'.

The strategy recognises the challenges within health and social care including the impact of the COVID-19 pandemic on the demand for services, inequalities within the health population and the way in which the IJB has adapted the way it works internally and with partner organisations.

The strategy takes cognisance of the IJB's overarching vision, mission and values, and is structured under five strategic ambitions:

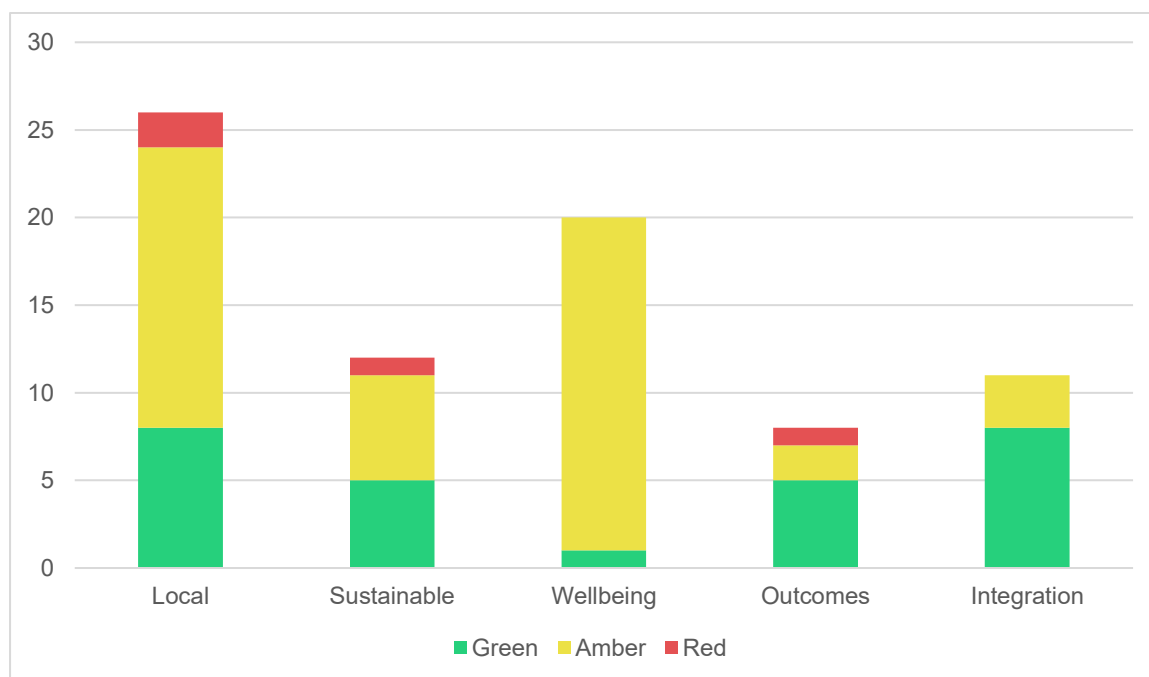
- Local - A Fife where we will enable people and communities to thrive;
- Integration - A Fife where we will strengthen collaboration and encourage continuous improvement;
- Outcomes - A Fife where we will promote dignity, equality and independence,
- Wellbeing - A Fife where we will support early intervention and prevention; and
- Sustainable - A Fife where we will ensure services are inclusive and viable.

The Strategic Plan 2023- 2026 is supported by annual delivery plans which set out the programme of work for each year and highlight the improvements that require to be made to

further improve health and social care services in Fife. The Delivery Plan 2024 was approved by the IJB in March 2024 and consists of 77 separate actions.

The year two annual report was presented to the March 2025 IJB meeting alongside the year three delivery plan. The report highlighted that 35% of actions were completed during 2023/24 (green RAG status), 60% were partially completed (amber RAG status) and 5% were delayed (red RAG status). This position represents a decrease in performance compared to the year one delivery plan. All red actions have either been carried forward into the 2025 delivery plan or have been updated and replaced with new relevant actions, for example, in response to national changes.

Exhibit 3: RAG Status of year two delivery plan grouped by strategic ambition



Source: Strategic Plan 2023-2026 Year Two Report 2024 - March 2025

The IJB is beginning to undergo preparations for the development of the next iteration of its Strategic Plan. A report was presented to the Strategic Planning Group in July 2025 which included the expected activity and timeline. A wide range of engagement has been undertaken on the Strategic Plan internally and externally, and this is due to move to a more consultative approach with the draft strategy from October 2025.

We are satisfied that appropriate arrangements are in place to oversee the delivery of the Strategic Plan for Fife 2023-26 and to prepare for the development of the next iteration of the IJB's Strategic Plan.

Internal audit

An effective internal audit service is an important element of the IJB's overall governance arrangements. The IJB's internal audit service is provided by FTF Internal Audit Service. During our audit we considered the work of internal audit wherever possible to inform our risk assessment and our work on the governance statement.

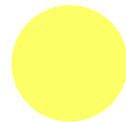
The annual internal audit report was presented to the Audit and Assurance Committee in June 2025. This report confirmed that "The IJB has adequate and effective governance, risk management and internal control arrangements in place and the 2024/25 internal audit plan has been delivered in line with Public Sector Internal Audit Standards". In addition, internal audit has not advised management of any additional disclosure requirements for the governance statement or any inconsistencies between the governance statement and information they are aware of from their work.

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.

Auditor judgement

Risks exist to the achievement of operational objectives



Performance Management Arrangements

Performance management framework

The IJB has developed a performance management framework which comprises key performance indicators (KPIs) including national, local and management targets which are reported to each second meeting of the Finance, Performance and Scrutiny Committee. Every other meeting of the Finance, Performance and Scrutiny Committee takes a deeper dive into areas of poor performance.

Performance reports are also presented to each meeting of the Board. These reports focus on more detailed considerations of the areas of performance that have been provided with a red RAG status as part of the full report presented to the Finance, Performance and Scrutiny Committee. In addition, in line with the requirements of the Public Bodies (Joint Working) Act 2004, the IJB prepares an annual public performance report that considers progress against both the National Health and Wellbeing Outcomes and the key priorities identified within the strategic plan.

During 2024/25 and to date, significant work has been undertaken by the IJB to further develop its performance reporting to allow for greater analysis and scrutiny of performance. Reporting improvements include refreshed performance scorecards, an increase to the set of indicators reported on and the inclusion of targets and benchmarks for indicators. This work is expected to continue into 2025/26.

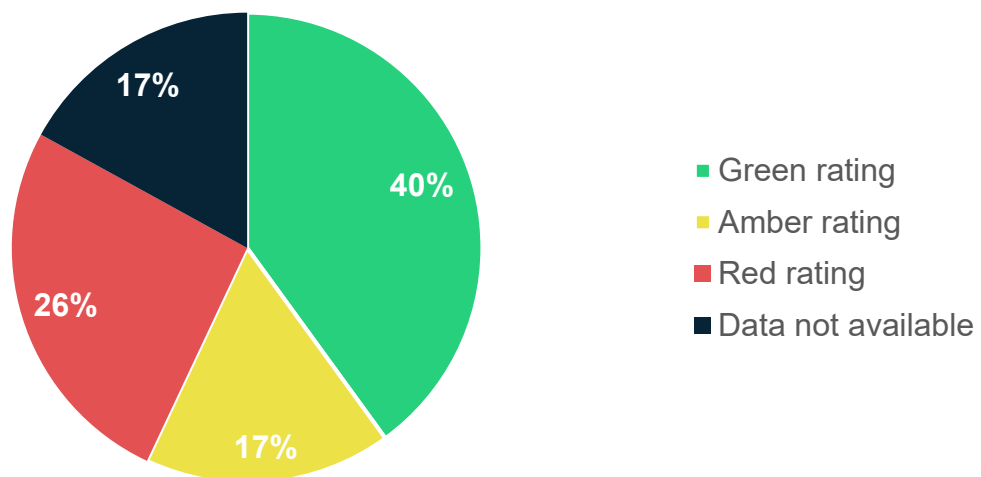
Through review of Board papers, we concluded that performance is given an appropriate level of scrutiny and challenge.

Performance in 2024/25

IJB's have been required by the Public Bodies (Joint Working) Act 2004 to report on the core suite of Integration Indicators within their Annual Performance Reports. The 2024/25 annual

performance report compares the IJB's performance against the Scottish average in 23 core national indicators. As noted in exhibit 4, there was insufficient data available to conclude on performance for four indicators due to national data being unavailable or there being no nationally agreed definition for the indicators.

Exhibit 4: National Indicators – Fife's performance for 2024-2025 compared to Scottish average



Source: Annual Performance Report 2024-25- July 2025

As exhibit 4 demonstrates, performance continues to be mixed compared to the Scottish average. The IJB performed worse than average in 10 of the core indicators, which is a slight improvement compared to the previous year.

The six indicators given a Red RAG rating are as follows:

- NI 3- Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided (51% compared to Scotland rate of 59.6% and prior year comparative of 51%);
- NI 4- Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated (53% compared to Scotland rate of 61.4% and prior year comparative of 53%);
- NI 12- Emergency admission rate per 100,000 population (14,360 compared to Scotland rate of 11,559 and prior year comparative of 13,809);
- NI 16- Falls rate per 1,000 population aged 65+ (28.7 compared to Scotland rate of 22.5 and prior year comparative of 28.1);
- NI 17- Proportion of care services graded good or better in Care Inspectorate inspections (73.5% compared to Scotland rate of 81.9% and prior year comparative of 68.7%); and

- NI 18- Percentage of adults with intensive care needs receiving care at home (55.5% compared to Scotland rate of 64.7% and prior year comparative of 59.2%).

The IJB has committed to continue to closely monitor performance in these areas and work to improve performance against the Scottish average by working with partner agencies on new strategies and transformation programmes.

As described in the Financial Sustainability section, there is a risk that the scale of savings required to enable the IJB to achieve a financially sustainable position may impact on its ability to deliver services to a high quality, and risks a further deterioration in performance.

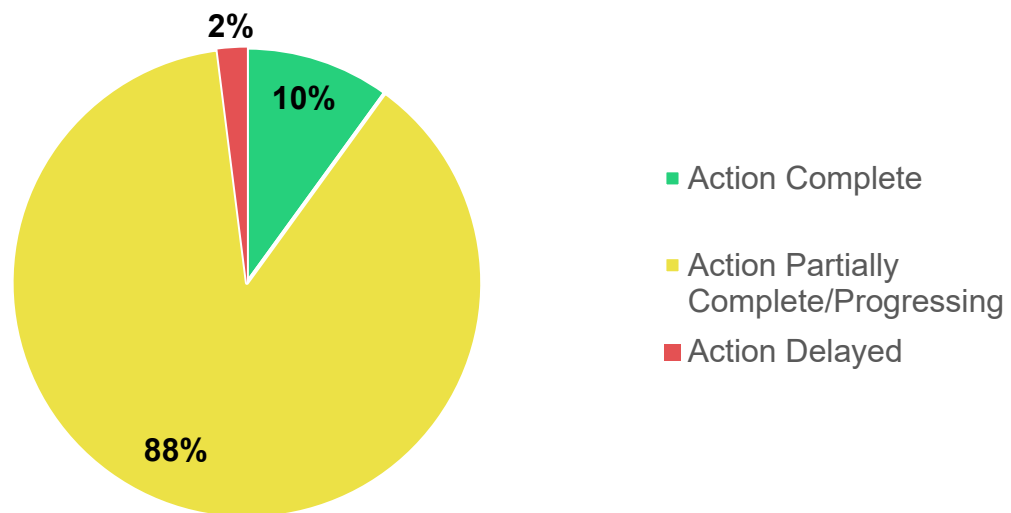
Workforce Planning

The Workforce Strategy 2022-25 was approved by the IJB in November 2022, accompanied by action plans and supporting governance arrangements. The strategy recognises the challenges currently faced within the workforce and the impact of risks to the IJB including factors such as an ageing workforce, increased vacancy levels, and a growing reliance on supplementary staffing.

In line with previous internal audit recommendations, an update report on the year three workforce action plan was presented to the IJB in May 2025. All actions within the plan were presented with a RAG status.

The update report highlighted that good progress is being made across actions identified under all five workforce pillars. As detailed in exhibit 5, 98% of actions as at April 2025 were either complete or partially complete and on track to be delivered as part of the annual report.

Exhibit 5: Workforce Strategy Year 3 Update



Source: Workforce Strategy Action Plan Year 3: Update- May 2025

An annual report on the delivery of the year three action plan is due to be presented to the IJB in November 2025.

We are satisfied that appropriate arrangements are in place to oversee the delivery of the Workforce Strategy 2022-25 and that workforce action plans are progressing at a good pace.

The Scottish Government advised in December 2024 that there is no longer a requirement for health and social care partnerships to prepare and submit three year Workforce Strategies. This was to avoid any unnecessary burden being placed on NHS Boards and health and social care partnerships during a time of significant change while they move forward jointly with reform. In place of this, Scottish Government requested that health and social care partnerships completed a reporting template which requested workforce information including hard to fill posts, vacancy management, sickness absence and role diversification. The IJB completed and submitted the reporting template to Scottish Government by the deadline of March 2025.

Due to the Scottish Government changes to workforce strategy requirements, the IJB's approach to workforce planning will be captured through the next iteration of its Strategic Plan. This will then be supported by annual workforce delivery plans to allow the IJB to focus on its workforce priorities, with the first of these expected to be produced by April 2026.

Best value

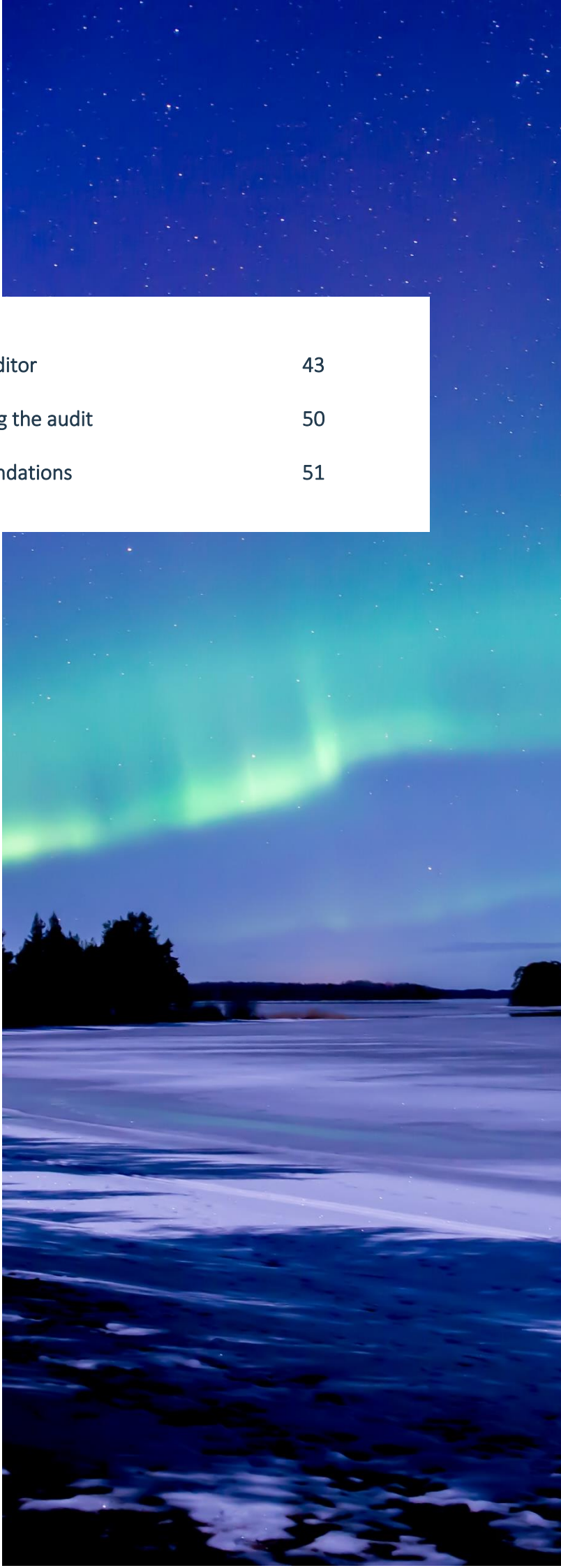
Appointed auditors have a duty to be satisfied that bodies have made proper arrangements to secure best value. We undertake this duty in a way that is proportionate to the size and type of body. We give due regard to:

- How the IJB demonstrates that it is meeting its Best Value responsibilities
- How our work on the wider-scope areas meets the Best Value responsibilities.

We are satisfied that the IJB has organisational arrangements in place to secure Best Value. The IJB approved a best value framework in 2019 and undertake a review against the best value framework on an annual basis. The position statement for 2024/25 is due to be presented to the IJB in November 2025.

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Appendix 1: Responsibilities of IJB and the Auditor

IJB responsibilities

The IJB is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs.

Area	IJB responsibilities
Corporate governance	The IJB is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.
Financial statements and related reports	The IJB has responsibility for: • preparing financial statements which give a true and fair view of the financial position of the IJB and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; and • preparing and publishing, along with the financial statements, an annual governance statement, governance compliance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements.

Area	IJB responsibilities
	Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the IJB and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely. The IJB is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The IJB is also responsible for establishing effective and appropriate internal audit and risk-management functions.
Standards of conduct for prevention and detection of fraud and error	The IJB is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.
Financial position	The IJB is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to: • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets;

Area	IJB responsibilities
	• Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
Best value	The IJB has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among: • The quality of its performance of its functions • The costs to the body of that performance • The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis. In maintaining the balance, the IJB shall have regard to: • Efficiency • Effectiveness • Economy • The need to meet the equal opportunity requirements. The IJB should discharge its duties in a way which contributes to the achievement of sustainable development.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code outlines the responsibilities of external auditors and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the financial statements and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the IJB and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance



Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.



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.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Appointed auditors have a duty to be satisfied that bodies have made proper arrangements to secure best value. We undertake this duty in a way that is proportionate to the size and type of body. We give due regard to:

- How the Board demonstrates that it is meeting its Best Value responsibilities
- How our work on the wider-scope areas meets the Best Value responsibilities

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2024-25 | Audit Scotland](#)

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to report full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our external audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and

independence as auditors that we are required or wish to draw attention to. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In particular:

Non-audit services: There are no non-audit services provided to the IJB.

Contingent fees: No contingent fee arrangements are in place for any services provided

Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the IJB, senior management or staff

Relationships: We have no other relationships with the IJB, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Our period of total uninterrupted appointment as at the end of 31 March 2025 was three years.

Audit fees

The total fees charged to the IJB for the provision of services in 2024/25 were as follows. Prior year charges are also shown for comparative purposes:

	2024/25	2023/24
Auditor remuneration (expected fee level)	£37,950	£36,420
Auditor remuneration (above expected fee level)	£3,795	£0
Pooled costs	£950	£1,330
Contribution to Performance Audit and Best Value work (PABV) costs	£7,280	£7,770
Sectoral cap adjustment	(£12,180)	(£12,160)
Extension of wider scope audit to review lessons learned report	N/A	£3,600
Total audit fee	£37,795	£36,960

The audit fees charged reconcile to the fees disclosed in the financial statements.

Appendix 2: Audit differences identified during the audit

We are required to inform the IJB of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit.

We have not identified any material adjustments or unadjusted differences to the unaudited annual accounts.

Misclassification and disclosure changes

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the IJB.

We identified some minor presentational issues in the accounts, and these have all been amended by management. Details of all disclosure changes amended by management following discussions are as below.

No	Detail
1.	Annual Governance Statement – update to include the correct 2024/25 Internal Audit Opinion and other minor amendments.
2.	Remuneration Report – inclusion of Full Year Equivalent salaries, inclusion of full pension scheme narrative to be consistent with partner body disclosures and other minor amendments.
3.	Management Commentary – inclusion of narrative on additional funding received from partners and other minor amendments.
4.	CIES – updates to the presentation of Other IJB: Operating Expenditure to ensure consistent presentation and classification across 2023/24 and 2024/25.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Appendix 3: Follow up of prior year recommendations

As part of our audit work we have followed up on control weaknesses and recommendations either raised in last year's Annual Audit Report or carried forward from prior years.

1. Lessons Learned Exercise	
Recommendation	We recommend that the Audit and Assurance Committee consider requesting Internal Audit to provide independent assurance on the effectiveness of controls identified as part of agreed corrective actions.
Implementation date	March 2025
Complete	A SMART action plan was developed and all actions have been implemented. The action plan was monitored by the Audit and Assurance Committee throughout 2024/25.

2. Financial pressures and identified savings	
Recommendation	Ensure that financial plans and strategies fully reflect pressures and that savings identified remain deliverable.
Implementation date	March 2025
Complete	The Medium Term Financial Strategy 2025/28 appropriately reflects financial pressures which face the IJB. After the receipt of £14million of additional funding r from partner bodies, the 2025/26 savings target was reduced to £29.424million, which is substantially lower than the previous year. The IJB has a good focus on achieving its savings targets in the medium to longer term through the establishment of Progress Report Updates (PRU). These provide early intervention for savings areas that have a risk of not being achieved and require recovery actions.



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Moving forward with confidence

