



Integration Joint Board
Audit and Risk Committee

11th March 2019

This Report relates to
Item 10 on the Agenda

Chief Finance Officer Quarterly Update

(Paper presented by Katy Lewis)

For Approval and Noting

Approved for Submission by	Katy Lewis, Chief Finance Officer
Author	Katy Lewis, Chief Finance Officer
List of Background Papers	None
Appendices	

Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Dumfries and Galloway Council	
	3. NHS Dumfries and Galloway	
	4. Dumfries and Galloway Council and NHS Dumfries and Galloway	

SECTION 1: REPORT CONTENT

Title/Subject: Chief Finance Officer Quarterly Update

Meeting: IJB Audit and Risk Committee

Date: 11th March 2019

Submitted By: Katy Lewis, Chief Finance Officer

Action: For Approval and Noting

1. Introduction

- 1.1 An update is provided to Audit and Risk Committee on a quarterly basis to reflect activity in the previous quarter and to update on a range of technical matters.

2. Recommendations

- 2.1 **The Audit and Risk Committee is asked to:**
- 2.2 **Note the Chief Finance Officer Quarterly Report and the updates provided.**
- 2.3 **Approve the changes to the accounting policies as set out in para 4.15.**

3. Background

- 3.1 As part of the reporting to Audit and Risk Committee, the Chief Finance Officer provides a quarterly written update to Audit and Risk Committee. The activity report provides an update on a range of technical matters.

4. Main Body of the Report

External Auditors Fees

- 4.1 Grant Thornton were appointed as the external auditor for Dumfries and Galloway's Health and Social Care Partnership Board. This appointment is for the financial years 2016/17 to 2020/21. The lead auditor is Joanne Brown who attends the Audit and Risk Committee meetings as requested by the Committee. The final audit fee for 2017/18 has been confirmed as £24,000; confirmation of fees for 2018/19 is yet to be received. Fees are set by Audit Scotland.

Technical Bulletin Summary

- 4.2 On a quarterly basis, Audit Scotland publish guidance to both External Auditors and Public Sector bodies which is intended to provide a composite of technical developments that are relevant to Auditors' responsibilities and provide guidance on any emerging issues. These Technical Bulletins offer coverage across Local Authority, Central Government, Health, Further Education and Cross-sectoral. All

publications are made available on the Audit Scotland website which can be found using the following link:

<http://www.audit-scotland.gov.uk/our-work/technical-guidance>

- 4.3 One bulletin has been published since the previous meeting (2018-4). There are no specific IJB issues highlighted in the report.

Annual Accounts preparation

- 4.4 The Integration Joint Board annual report and accounts for 2018/19 are required to be prepared in accordance with the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003. The financial statements are prepared in the format provided by The Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
- 4.5 The financial reporting framework that is applied in the preparation of the financial statements is International Financial Reporting Standards (IFRS) as adopted by the European Union and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).
- 4.6 The 2018/19 formal LASAAC guidance is currently out for consultation in advance of its final issue. Specific areas of amendment, or the inclusion of new items, are:
- Remuneration Reports in the IJB and Local Authority Partner
(regarding pay band disclosures)
 - Management Commentary
 - IJB Comprehensive Income and Expenditure Statement (CIES)
(regarding the number of segments)
 - Application of Statutory Mitigation
(clarification that no Expenditure and Funding Analysis required if there are no statutory adjustments)
 - Cash & Cash Equivalents
 - Treatment of over and under spends
 - Addressing a 'net liability' (negative reserves) position
 - Hosted services
 - Set Aside Arrangements
 - Earmarked elements of the General Fund balance
 - Significant judgements disclosures
 - Arrangements for agreeing balances and transactions
 - Appendix C – re accounting treatment of over and under spends
- 4.7 This is currently being reviewed ahead of final publication of the guidance by the team for changes that require to be pulled through to the Annual Report and accounts.
- 4.8 A best practice guide was issued by Audit Scotland in April 2018 and this was used to refresh the annual report and accounts for 2017/18 this will be reviewed again for the production of the 2018/19 report and accounts to ensure all areas of improvement have been considered.

4.9 In terms of planning ahead a meeting was held with the auditors (Grant Thornton) in December 2018. Discussion took place around lessons learned from 2017/18 audit, and audit planning for 2018/19 aligned with the Board and Local Authority audits.

4.10 A draft high level timetable for the annual accounts process is included below:

Action	Date
Agreement of NHS and Council expenditure and balances with IJB	30 April/ 8 May 2019
Accounts preparation	May 2019
Management review of accounts	May/June 2019
Assurance letters from Head of Finance D&G Council and Deputy Director of Finance NHS D& G	Early June 2019
Public notice to be given of public consultation/inspection period	W/c 10 June 2019
Unaudited annual report and accounts to Audit & Risk Committee for consideration and signing of statement of responsibilities and balance sheet	24 June 2019
Notification of significant issues letter to Scottish Government	24 June 2019
Unaudited annual report and accounts to be submitted to the independent auditors	24 June 2019
Publication of unaudited annual report and accounts for public consultation (22 days)	1st July 2019 – 21 July 2019
Latest date that objections may be sent to the Independent auditors	22 July 2019
Presentation of annual report and accounts and Independent auditors report to Audit & Risk Committee for approval and signature	9 September 2019
Sign off by IJB of Accounts	End September 2019
Annual report and accounts to be published on Website	No later than 31 October 2019

Accounting Policies

4.11 Following the publication of the Code of Practice for local authority accounting in the UK for 2018/19, two accounting standards have been applied for the first time in 2018/19 and are therefore a change to the Accounting Policies of the IJB.

- IFRS 9 Financial Instruments
The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected loss impairment model; and a revised approach to hedge accounting.
- IFRS 15 Revenue from Contracts with Customers
The standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

4.12 The team are working through the implications of these changes in advance of year end reporting.

- 4.13 Audit and Risk Committee are asked to approve the two amendments to the accounting policies as instructed by the Code of Practice.

Report from Controller of Audit

- 4.14 The Chief Officer has received a letter from Fraser McKinlay (Controller of Audit) for Audit Scotland identifying a range of areas they will continue to take interest in for 2018/19 and beyond. A copy of the letter has been included at appendix 1 and this will be updated and reported to committee through the year end process.

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SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

5. Resource Implications

5.1. There are no financial implications identified.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

6.1. Not applicable.

7. Legal & Risk Implications

7.1. Not applicable.

8. Consultation

8.1. The Chair of the IJB Audit and Risk Committee and the Chief Officer are provided with updates on a regular basis.

9. Equality and Human Rights Impact Assessment

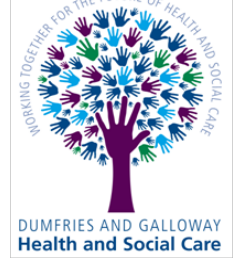
9.1. Not applicable.

10. Glossary

IJB	-	Integration Joint Board
COSLA	-	Convention of Scottish Local Authorities
LASAAC	-	Local Authority (Scotland) Accounts Advisory Committee
IFRS	-	International Financial Reporting Standards
CIES	-	Comprehensive Income and Expenditure Statement

Dumfries and Galloway Integration Joint Board

DIRECTION



(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)

1.	Title of Direction and Reference Number	
2.	Date Direction Issued by Integration Joint Board	
3.	Date from which Direction takes effect	
4.	Direction to	
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	
6.	Functions covered by Direction	
7.	Full text of Direction	
8.	Budget allocated by Integration Joint Board to carry out Direction	
9.	Desired Outcomes	
10.	Performance Monitoring Arrangements	
11.	Date Direction will be Reviewed	