



Thursday 15 June 2017 at 2.00pm

Draft Annual Accounts – 2016/17

Item number: 5.8

Executive summary

The IJB is required to prepare a set of annual accounts for the financial year 2016/17. A draft of these accounts must be agreed by the IJB before 30th June whereupon the draft must be published on the IJB's website and presented to the IJB's auditors for review.

This process is in three parts :-

1. The IJB's Chief Internal Auditor must deliver her audit opinion on the IJB's governance
2. The IJB must approve its annual governance statement (AGS) (this is included in the annual accounts)
3. The IJB must approve the draft annual accounts for audit

Board members are asked to:

1. *Note the Chief Internal Auditor's audit opinion*
 2. *Approve the AGS*
 3. *Approve the outline draft Annual Accounts for 2016/17.*
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IJB Draft Annual Accounts 2016/17

1. Purpose

- 1.1 This report brings together the elements required to present for approval the draft annual accounts for the IJB for the year ending 31st March 2017. This includes the presentation of the Chief Internal Auditors opinion on the governance of the IJB and the Annual Governance statement for the IJB which itself forms part of the IJB's annual accounts.,

2. Recommendations

The Board is asked to:-

- 2.1 Note the CIA's audit opinion – see appendix I
- 2.2 Approve the Annual Governance Statement
- 2.3 Approve the outline draft annual accounts for 2016/17

3. Background and main report

- 3.1 The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 31st June whereupon the accounts will be presented for audit by the IJB's auditors.
- 3.2 As part of this process the IJB's Chief Internal Auditor will prepare a report for the IJB presenting their opinion on the governance of the IJB. This report is attached as appendix I.
- 3.3 This report identifies a number of governance issues that require to be addressed – these are discussed further in the Annual Governance Statement – but the option shows that overall the IJB's framework of governance, risk management and control is adequate
- 3.4 An Annual Governance Statement must also be prepared as part of the annual accounts . This is attached as appendix 2 for convenience but is also part of the annual accounts. This statement must lay out the governance of the IJB and provide an action plan for addressing any governance issues identified. The IJB is required to approve the AGS.

- 3.5 These matters having been done, the IJB is then asked to approve the draft annual accounts which are then passed to the IJB's external auditors for review. These are attached as appendix 3.
- 3.6 The annual accounts contain range of sections but break down into three main areas :-
- The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.
 - The Annual Governance Statement – as discussed above
 - A range of financial statement showing the financial position of the IJB. At this time these have not yet been completed in full but the IJB has broken- even in 2016/17

The financial statements still require to be finalised and the final draft position will be distributed to the IJB's members before the 31st June 2017.

- 3.7 That said, the IJB is asked to approve this outline schedule reflecting on the Management commentary, the AGS and that the financial statements will show a break-even position for the IJB.

4. Policy Implications

- 4.1 There are no new policy implications arising from this report.

5. Equalities Implications

- 5.1 There are no equalities implications arising from this report.

6. Resource Implications

- 6.1 There are no further resources implications arising from this report.

7 Risks

- 7.1 No further risks arise from this report.

8 Involving People

- 8.1 This report is part of the regulations that support the IJB and is part of the overall communication between the IJB, staff and the general public.

9 Background Papers

9.1 None

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Appendices: **Appendix 1** Midlothian IJB Annual Assurance Report – 2016/17
 Appendix 2 Annual Governance Statement
 Appendix 3 Outline draft annual accounts 2016/17