



Perth and Kinross Integration Joint Board

Annual Accounts 2016/17



TABLE OF CONTENTS

SECTION 1: MANAGEMENT COMMENTARY	3
SECTION 2: STATEMENT OF RESPONSIBILITIES	10
SECTION 3: REMUNERATION REPORT	12
SECTION 4: ANNUAL GOVERNANCE STATEMENT	16
SECTION 5: ANNUAL ACCOUNTS	21
SECTION 6: NOTES TO THE ANNUAL ACCOUNTS.....	24
SECTION 7: INDEPENDENT AUDITOR'S REPORT.....	32
SECTION 8: GLOSSARY OF TERMS	35

SECTION 1: MANAGEMENT COMMENTARY

INTRODUCTION

This Management Commentary provides an overview of the key messages in relation to the objectives and strategy of Perth & Kinross Integration Joint Board (IJB) and the financial performance of the IJB for the year ended 31 March 2017. It also provides an indication of the issues and risks which may impact upon the finances of the IJB in the future.

Perth & Kinross Integration Joint Board was established as a body corporate by order of the Scottish Ministers on 3 October 2015 as part of the establishment of the framework for the integration of health and social care in Scotland under the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB has responsibility for providing social care and defined health care services for the residents Perthshire and Kinross encompassing an area of 5,000 square kilometres and a population of 150,000. In addition, the IJB provides specific health care services across Tayside by means of hosted services arrangements agreed in the Integration Scheme between NHS Tayside and Perth & Kinross Council. Perth & Kinross Council and the NHS Tayside (Health Board), as the parties to the Integration Scheme, each nominate four voting members to sit on the IJB. The Council nominates Elected Members and the Health Board Non-Executive Directors.

A Council nominee was the Chair of the IJB in 2016/17 and the Vice-Chair was drawn from NHS Board Non-Executive Directors. A number of non-voting Representative Members sit on the Integration Joint Board and contribute to its proceedings. These Representatives are chosen from the Third Sector, Carers, Services Users, and Council and NHS Board staff. A GP Stakeholder Member has also been appointed along with a Medical Practitioner who is not a GP.

Management support to the IJB is led by the Chief Officer. The operational structure is a composite of three principal service areas:

- Community Health / Hospital & Other Hosted Services
- Adult Social Care Services
- Inpatient Mental Health Services

The IJB has appointed a Clinical Director and a Chief Finance Officer. Corporate services including strategic planning, performance and business support services to the IJB are provided by NHS Tayside and Perth & Kinross Council

PURPOSE AND OBJECTIVES OF THE IJB

The main purpose of integration is to improve the wellbeing of families, communities and people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. The Integration Joint Board has approved the following Vision for the Health and Social Care Partnership as part of its approved Strategic Plan for 2016-19: "We will work together to support people living in Perth and Kinross to lead healthy and active lives and live as independently as possible in their own homes, or in a homely setting with choice and control over the decisions they make about their care and support." The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB Strategic Plan sets out a number of Strategic Objectives and Policy Priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Risk Assessment, all designed to ensure a direction of travel by the Partnership consistent with National Objectives. The Partnership's agreed Strategic Objectives are as follows:

1. Prevention and early intervention
2. Person-centred health, care and support
3. Working together with our communities
4. Reducing inequalities and unequal health outcomes and promoting healthy living
5. Making best use of available facilities, people and other resources

The plan places a lot of emphasis on the need for services and support to intervene early to prevent later, longer term issues arising, and enabling people to manage their own care and support by taking control and being empowered to manage their situation. Where this is not possible, our aim is for services to target resources where they are needed most, reducing ill health and deterioration and ultimately reducing health inequalities.

OPERATIONS FOR THE YEAR

The IJB's strategic ambitions sit alongside operational imperatives across a wide range of services. This creates a very challenging landscape to deliver major service redesign at the pace expected. However much progress has been made including:

- Locality Management Teams have now been established to drive forward the development of integrated care teams across Perth & Kinross.
- A review of Inpatient Hospital facilities is now underway working closely with clinicians at Perth Royal Infirmary and with staff across Community Hospitals.

- We have created a Discharge Hub at Perth Royal Infirmary to improve the patient pathway and ensure integrated, co-ordinated responses for patients and their carers. This will be strengthened by a more integrated assessment service for frail elderly people arriving at PRI and a more flexible discharge service that will identify people who can go home earlier with the support of the health and care teams. Overall this has created a significant improvement in the number of people delayed in getting home after a stay in hospital.
- We have completed a full review of our Care at Home Service and now seek to implement a new model for our internal care at home team, which will support prevention, reablement and care package review.
- As the IJB responsible for hosting In Patient Mental Health and Learning Disabilities, we are undertaking a comprehensive review of these services across Tayside in collaboration with NHS Tayside, Angus and Dundee Health and Social Care Partnerships. By involving service users, carers, staff, voluntary organisations and communities, we aim to identify the best way to provide in patient services across Tayside for the future.
- A Partnership Transformation Board has been established with wide representation to ensure robust support and scrutiny of our wide portfolio of redesign plans.

Looking forward to 2017/18, the Partnership has a number of key priorities focused on ensuring future sustainability of services:

- Implementation of a new Care at Home Contract aimed at delivering sustainable Care at Home Services across Perth & Kinross.
- Complete the review of Day Services
- Take forward a radical review of Carer Support for carers supporting people over the age of 65
- Undertake a review of options for Intermediate Care Provision aimed at ensuring timely discharge from hospital to home and the prevention of admission/re-readmission to an acute hospital setting.
- Complete our review of Residential Care.
- Undertake a review of the Clinical workforce model supporting Inpatient Mental Health Services.
- Redesign our Mental Health Services for Older People to prevent crisis and to provide care within a more homely setting - by investing in community based services.
- Implement our plan for GP Engagement to support sustainable future services and to improve the quality, cost effectiveness and safety of

prescribing across the HSCP by addressing variation between GP practices and from the Scottish mean.

- Development of Integrated Locality Teams which will provide seamless and enhanced person centred care & support as close as possible to the person's home.

FINANCIAL MANAGEMENT

Background

The IJB's finances are overseen by the IJB's Chief Finance Officer with support from Finance functions within Perth & Kinross Council and NHS Tayside. This support is provided as part of overall arrangements for corporate support services whereby Perth & Kinross Council and NHS Tayside provide a range of services including, for example, Finance, Human Resources and Committee Services support without charge to Perth & Kinross IJB.

Prior to April 2016, the IJB had developed the financial governance infrastructure required to allow it to assume new responsibilities from 1st April 2016. That financial governance infrastructure continues to be reviewed and refreshed.

Analysis of Financial Statements

The main objective of the Annual Accounts is to provide information about the financial position of the IJB that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. During 2015/16, the IJB was non-operational and consequently comparisons with previous years are of limited value.

The 2016/17 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that the IJB made an overall surplus of £1.386m in 2016/17 on the total income of £194m. This overall under spend (0.7% of 2016/17 income) will be carried forward into 2017/18 through the IJB's reserves.
- b) Against health budgets an underlying over spend of £2.774m was reported. However in line with the risk sharing agreement agreed with NHS Tayside and Perth & Kinross Council for the first two years of the IJB, NHS Tayside devolved further non-recurring budget to the IJB to balance income with expenditure. A break –even position for 16/17 is therefore reported against health budgets.
- c) Against Social Care budgets, an underlying under spend of £2.549m was reported. Of this £1.984m, although not planned, had been forecast in the latter months of the financial year. The Integration scheme sets out that under spends will be retained by the IJB as reserves following agreement

with the Partners. Agreement was reached with Perth & Kinross Council prior to 31 March 2017 that £1.386m would be retained by the IJB to meet agreed social care priorities with the £598k balance to be retained by Perth & Kinross Council in an earmarked reserve for the IJB against which priorities will be discussed and agreed in 2017/18. The unanticipated additional £565k year-end underspend will similarly be retained by PKC whilst further discussions take place around social care priorities.

The final underspend differs from that reported in the Perth and Kinross Council unaudited annual accounts, due to property maintenance costs not directly allocated to the IJB.

- d) Movement in Reserves – The IJB carried nil reserves into 2016/17 but, due to the operating surplus noted above, has year-end reserves of £1.386m. These are held in line with the IJB’s reserves policy.
- e) Balance Sheet – In terms of routine business the IJB does not hold assets, however the reserves noted above are reflected in the year-end balance sheet.
- f) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2016/17 do not include a Cash Flow Statement as the IJB does not hold any cash or cash equivalents.

Financial Outlook, Risks and Plans for the Future

The IJB, like many others, faces significant financial challenges and will be required to operate within very tight financial constraints for the foreseeable future due to the difficult national economic outlook and increasing demand for services.

A Financial Plan for 2017/18 is currently in development with the objective that the IJB operates within resources available. A budget settlement with Perth & Kinross Council has been agreed. Discussions are continuing with NHS Tayside in relation to Prescribing and Inpatient Mental Health (which Perth & Kinross IJB hosts on behalf of all three IJB’s).

Both settlements present significant challenges in terms of accommodating demographic and inflationary type pressures and for health budgets, the added requirement of delivering savings targets that have been carried forward from previous years.

The overall Financial Plan will need to address the following savings requirements inherent in each budget settlement: -

Devolved Budget	Perth & Kinross	NHS Tayside (Excluding	Prescribing	Inpatient Mental	Total

	Council	Prescribing/IPMH)		Health*	
	£000	£000	£000	£000	£000
Initial Shortfall	4,178	1,754	1,920	2,555	10,407
Plans in place	4,232	1,559	247	1,997	8,035
Residual Shortfall (June 2017)	(54)	195	1,673	558	2,372

- The overall position for Inpatient Mental Health is shown as this is a service hosted by Perth & Kinross IJB. However the IJB's share of this service has been agreed as 33.5%.

This table clearly demonstrates the importance of Perth & Kinross IJB being able to deliver all the plans currently in place and, in discussion with NHS Tayside the need to identify further savings/income measures. For Prescribing, a wider discussion will be required around sustainability.

Shifting the balance of care, a core strategic objective of the IJB, will be key to delivering a sustainable future financial position. Only through fundamental redesign of services will a number of the current workforce challenges be addressed and efficiencies delivered. Our workforce challenges include nursing staff across our hospital services, care at home and medical staffing for Mental Health Services and Psychiatry of Old Age.

The Partnership is leading an ambitious Pan-Tayside review of Inpatient Mental Health Services which is due to identify a preferred option in 2017/18 and this redesign along with a parallel review of clinical models represents a fundamental opportunity to bring services into recurring financial balance.

The significant gap between spend and current budget available to meet the cost of GP Prescribing represents the most significant financial risk to the IJB. The agreement of a GP Engagement Plan to put our GP's at the heart of the work to deliver a sustainable GP Prescribing position will be a priority focus for the Partnership in 2017/18.

FURTHER INFORMATION

These Annual Accounts refer to both the Perth & Kinross IJB Integration Scheme and the Perth & Kinross IJB Strategic Plan. These can be found at:

Perth & Kinross IJB Integration Scheme:

http://www.pkc.gov.uk/media/36049/Perth-and-Kinross-Integration-Scheme/pdf/Approved_Health_Social_Care_Integration_Scheme

Perth & Kinross IJB Strategic Plan:

http://www.pkc.gov.uk/media/38714/Health-and-Social-Care-Strategic-Commissioning-Plan/pdf/2016193_strat_comm_plan_CLIENT

Perth & Kinross IJB publishes all formal Board papers at:

<http://www.pkc.gov.uk/ijb>

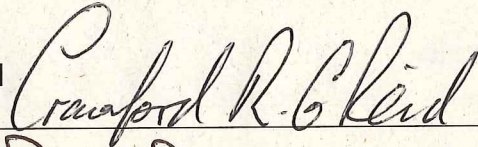

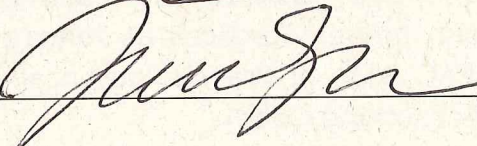
Further information regarding the Annual Accounts can be obtained from:

Chief Finance Officer, Perth & Kinross IJB, 2 High Street, Perth PH1 5PH.

CONCLUSION AND ACKNOWLEDGEMENTS

We are pleased to record that during 2016/17 the IJB has successfully delivered health and social care services to the population of Perth and Kinross and, for hosted services, to the population of Tayside. We acknowledge this has been a challenging year and the IJB's success has only been achieved through the hard work of staff employed in Perth & Kinross Council and NHS Tayside and other partner organisations.

Looking forward, while the IJB faces continuing challenging financial circumstances it also plans to continue to take advantage of the opportunities available through Health and Social Care Integration to best deliver affordable health and social care services for the population of Perth & Kinross.

Councillor Crawford Reid IJB Chair		26/9/17
Rob Packham Chief Officer		26/9/17
Jane Smith Chief Financial Officer		26/9/17

SECTION 2: STATEMENT OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the IJB and the Chief Financial Officer, as the IJB's Section 95 Officer, for the Annual Accounts.

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief financial officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Integrated Joint Board on 26 September 2017.

Signed on behalf of the Perth and Kinross IJB

Councillor Crawford Reid
IJB Chair



26/9/17

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the local authority Code (in so far as it is compatible with legislation)

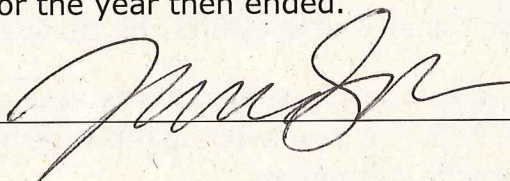
The Chief Financial Officer has also:

- kept proper accounting records which were up to date

- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the Perth and Kinross Integration Joint Board as at 31 March 2017 and the transactions for the year then ended.

Jane Smith
Chief Financial Officer



26/9/17

SECTION 3: REMUNERATION REPORT

INTRODUCTION

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

BOARD MEMBERS

At 31 March 2017, Perth and Kinross IJB has 8 voting members and 13 non-voting members as follows:

Voting Members:

Councillor Dave Doogan (Chair)	Councillor Ian Campbell
Linda Dunion (Vice Chair)	Judith Golden (NHS Employee Director)
Councillor Kate Howie	Sheila Tunstall-James (Non Executive Member)
Councillor Peter Barrett	Stephen Hay (Non Executive Member)

Non-voting Members:

Robert Packham (Chief Officer)	Dr Drew Walker (Director of Public Health)
Jane Smith (Chief Finance Officer)	Allan Drummond (Staff Organisations Rep.)
Bill Atkinson (Chief Social Work Officer)	Fiona Fraser (Staff Organisations Rep.)
Dr Neil Prentice (Associate Medical Director)	Helen McKinnon (Third Sector Representative)
Dr Neil McLeod (Medical Practitioner GP)	Ann Gourlay (Service User Representative)
Jim Foulis (Associate Nurse Director)	Bernie Campbell (Carers Representative)
Dr Alistair Noble (SACH and External Advisor)	

As at May 2017, the four nominated representatives of Perth and Kinross Council on the IJB during 2016/17 all stood down following Local Government elections.

Consequently the IJB will have four new Perth and Kinross Council nominated representatives on the IJB in 2017/18.

IJB CHAIR AND VICE CHAIR

The voting members of the IJB are appointed through nomination by Perth & Kinross Council and NHS Tayside. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are shown below.

Taxable Expenses 2015/16 £	Name	Post(s) Held	Nominated by	Taxable Expenses 2016/17 £
Nil	Councillor Dave Doogan	Chair	Perth & Kinross Council	Nil
Nil	Linda Dunion	Vice Chair	NHS Tayside	Nil
Nil	Total			Nil

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

OFFICERS OF THE IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Chief Officer

The Integration Joint Board requires to appoint a proper officer who has responsibility for the administration of its financial affairs in terms of Section 95 of the 1973 Local Government (Scotland) Act. The employing contract for the Chief Financial Officer will adhere to the legislative and regulatory governance of the employing partner organisation. The remuneration terms of the Chief Financial Officer as approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

Total 2015/16 £	Senior Employees	Salary, Fees & Allowances £	Compensation for Loss of Office £	Total 2016/17 £
40,662	Rob Packham Chief Officer	85,253	NIL	85,253
16,548	Jane Smith Chief Financial Officer	69,860	NIL	69,860
	Total	155,113	NIL	155,113

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions	Accrued Pension Benefits
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	For Year to 31/03/16 £	For Year to 31/03/17 £		Difference from 31/03/16 £	As at 31/03/17 £
Rob Packham	6,059	12,703	Pension	2,300	22,998
Chief Officer			Lump sum	6,900	68,994
Jane Smith	2,466	10,409	Pension	(1,017)	19,165
Chief Financial Officer			Lump sum	(6,931)	49,187
Total	8,525	23,112	Pension	1,283	42,163
			Lump Sum	(31)	118,181

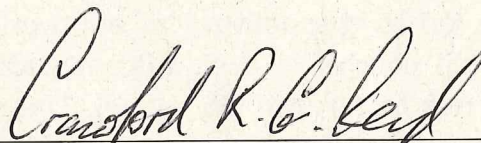
Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
1	£65,000 - £69,999	1
1	£85,000 - £89,999	1

Councillor Crawford Reid

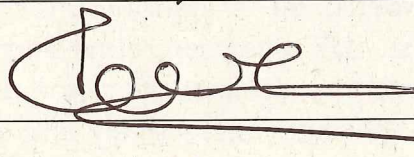
IJB Chair



26/9/17

Rob Packham

Chief Officer



26/9/17

SECTION 4: ANNUAL GOVERNANCE STATEMENT

INTRODUCTION

The Annual Governance Statement explains Perth & Kinross IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

SCOPE OF RESPONSIBILITY

Perth & Kinross IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the IJB has established arrangements for governance that includes a system of internal control. The system is intended to manage risk to support achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHS Tayside and Perth & Kinross Council systems of internal control that support compliance with both organisations policies and promotes achievement of each organisations aims and objectives including those of the IJB. Assurance has been received from both NHS Tayside and Perth and Kinross Council as to the effectiveness and adequacy of those systems.

The systems can only provide reasonable and not absolute assurance of effectiveness.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Perth & Kinross IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

OUR GOVERNANCE FRAMEWORK

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

The main features of the governance framework that were in place during 2016/17 are summarised below:

- The IJB, comprising all IJB Board members, was the key decision making body.
- Induction and ongoing development sessions have been provided to all IJB Board Members.
- The Audit and Performance Committee was established in 2016/17 and considered all matters in relation to Internal and External Audit, Risk Management and Performance;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of administration, scheme of delegation to officers and financial regulations;
- The IJB's purpose and vision are outlined in the IJB Strategic Plan. Regular progress reports on the delivery of the Strategic Plan were provided to the IJB;
- A risk management strategy has been agreed and the Strategic Risks of the IJB identified. Regular review mechanism is in place and overall scrutiny and review undertaken by the Audit & Performance Committee.
- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the IJB.
- The IJB has adopted a 'Code of Conduct' for all of its Board Members and employees, a register of interests is in place for all Board members and senior officers;
- The IJB has a Participation and Engagement Strategy and Communications Strategy in place.
- The IJB's transformation programme has been developed and scrutinised through the establishment of the Partnership Transformation Board.
- Clearly defined roles and responsibilities have been established for the Chief Officer, Chief Financial Officer and members of the Partnership Team.
- The IJB has established 3 locality planning forums and has set out an outline locality development plan.
- Financial management arrangements conform to the governance requirements of the CIPFA statement: 'The Role of the Chief Financial Officer in Local Government (2010)'. This included regular reports to the IJB of performance against budget.

SYSTEM OF INTERNAL CONTROL

The governance framework above operates on the foundation of internal controls including management and financial information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

The Board uses the systems of NHS Tayside and Perth & Kinross Council to manage its financial records. Development and maintenance of the systems is

undertaken by NHS Tayside and Perth & Kinross Council as part of the operational delivery of the Health & Social Care Partnership. In particular the systems include: -

- Comprehensive budgeting systems;
- Setting of targets to measure financial performance
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts;

The wider internal control framework includes: -

- Complaints handling
- Clinical Care Governance monitoring arrangements
- Whistle blowing
- Data Sharing
- Procedural frameworks including Scheme of Delegation; Standing Financial instructions, standing orders, scheme of administration
- Internal Audit Function
- Reliance on procedures, processes and systems of partner organisations

REVIEW OF ADEQUACY AND EFFECTIVENESS

Perth & Kinross IJB has responsibility for conducting, at least annually a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the framework has been informed by: -

- the work of the Executive Management Team who have responsibility for development and maintenance of the governance environment and
- the Annual Report by the Chief Internal Auditor
- Reports from Audit Scotland and other review agencies.
- Self assessment against the Delivering Good Governance in Local Government Framework 2016 Edition (CIPFA)

The Chief Internal Auditor reports directly to the IJB Audit & Performance Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit & Performance Committee on any matter.

In addition to regular reports to the IJB's Audit & Performance Committee during 2016/17, the Chief Internal Auditor prepares an annual report to the Audit & Performance Committee including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

The Internal Audit Annual Report 2016/17, received by the Audit & Performance Committee on 27 June 2017, highlights findings by the IJB's Internal Audit section which indicate some weaknesses in the internal control environment.

None of these are considered material enough to have a significant impact on the overall control environment and it is the opinions of the Chief Internal Auditor that the systems of internal control relied upon by the IJB provide reasonable assurance against loss.

ACTION PLAN FOR 2017/18

The IJB acknowledges that as a relatively new body working in a complicated governance environment, further review and development of governance arrangements is still required. A number of areas for continued development and review have been identified and will include: -

- Formally set out the overall governance framework that supports the relationship between Perth & Kinross Council, NHS Tayside and Perth & Kinross IJB and establish a clear basis on which to share this with officers, members and wider staff to ensure that roles and responsibilities and accountabilities are consistently understood.
- Risk management in Practice: establish clear protocols for risk management at both strategic and operational level that align with the governance structure within which the IJB and Partnership operate. In particular ensure that Clinical and Care Risk Management responsibilities both at strategic and operational level are clearly established with a clear programme of work in place to improve performance and mitigate risk.
- Review scrutiny and review arrangements including role, remit and membership of EMT/COG/Joint SMT/ Transformation Board etc and establish clear routes to PKC and NHST existing committees.
- Review and strengthen the role of the Strategic Planning Group moving forward to ensure direct involvement in the planning of services moving forward.
- Review the basis on which the partnership are engaging with communities, ensuring that a robust process exists that encourages active participation of service users, carers and communities in designing services.
- Development of 2017/18 Strategic Delivery Action Plan with timescales and clear SRO's against agreed actions and close alignment with Performance Framework.
- With the Partnership Team develop a shared Culture and Identity that is linked to a shared vision around the future shape of health and social care across Perth & Kinross.
- Review the Organisational Structure of the Partnership Team to ensure sufficient Leadership and Strategic Planning Capacity which takes account of our significant Hosted Service responsibilities.
- Develop a model for clinical leadership and engagement across all services to ensure that our medical staff are at the heart of designing sustainable future health and social care services.

- Development of Large Hospitals Set Aside arrangements in conjunction with NHS Tayside
- Development of improved Hosted Services arrangements including improved sharing of information between the three IJBs
- Review the effectiveness of corporate support arrangements that the IJB is reliant upon provided by NHS Tayside and Perth & Kinross Council
- Review the training requirements for Board Members.
- Establish a robust system to support performance management at locality, partnership and strategic IJB level.
- 17/18 Objectives agreed for senior leadership team aligned to Strategic Delivery Action Plan along with training and development plan.
- Work with both NHST and PKC to consider the sufficiency of the GP Prescribing budget and the how best to ensure financial sustainability moving forward.
- Work with NHST and PKC to develop principles to underpin an aligned approach to Budget Setting for 2018/19.

CONCLUSION AND OPINION ON ASSURANCE

While recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

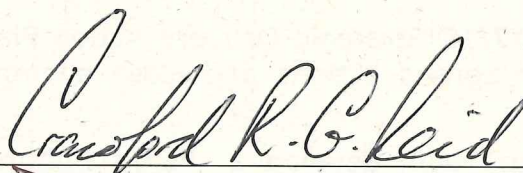
We consider that internal control environment operating during 2016/17 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment.

**Councillor Crawford
Reid**

26/9/17

IJB Chair



Rob Packham

26/9/17

Chief Officer



SECTION 5: ANNUAL ACCOUNTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015/16		2016/17			
Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000		£000	£000	£000
0	0	Community and Hospital Health Services	43,423	0	43,423
0	0	Hosted Health Services	20,751	0	20,751
0	0	GP Prescribing/General Medical/Family Health	63,638	0	63,638
0	0	Large Hospital Set aside	17,672	0	17,672
0	96	IJB Operating Costs	226	0	226
		Community Care	46,831	0	46,831
0	96	Cost of Services	192,541	0	192,541
(96)	(96)	Taxation and Non-Specific Grant Income (Note 4)		(193,927)	(193,927)
0	0	Surplus or Deficit on Provision of Services	192,541	(193,927)	(1,386)
		Total Comprehensive Income and Expenditure			(1,386)

The IJB was established on 3 October 2015. Integrated delivery of health and care services did not commence until 01 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the IJB and the figures above reflect this.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2016/17	General Fund Balance	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2016	0	0	0
Total Comprehensive Income and Expenditure	(1,386)	0	(1,386)
Increase or Decrease in 2016/17	(1,386)	0	(1,386)
Closing Balance at 31 March 2017	(1,386)	0	(1,386)

BALANCE SHEET

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2016		Notes	31 March 2017
£000			£000
0	Short term Debtors		1,386
0	Current Assets		1,386
0	Short-term Creditors		0
0	Current Liabilities		0
0	Provisions		0
0	Long-term Liabilities		0

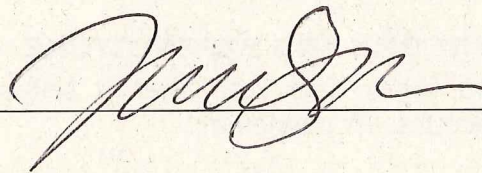
0	Net Assets		1,386
0	Usable Reserve: General Fund		(1,386)
0	Unusable Reserve: Employee Statutory Adjustment Account		0
0	Total Reserves		(1,386)

The unaudited accounts were issued on 30th June 2017.

Jane Smith

26/9/17

Chief Financial Officer



SECTION 6: NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL PRINCIPLES

The Financial Statements summarise the Integration Joint Board's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

B. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down

C. FUNDING

The IJB is funded through funding contributions from the statutory funding partners, Perth and Kinross Council and NHS Tayside. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Perth and Kinross.

D. CASH AND CASH EQUIVALENTS

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

E. EMPLOYEE BENEFITS

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer and a Chief Financial Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Charges from funding partners for other staff are treated as administration costs.

F. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

G. RESERVES

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

H. INDEMNITY INSURANCE

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Tayside and Perth and Kinross Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

I. RELATED PARTY TRANSACTIONS

Related parties are organisations that the IJB can control or influence or who can control or influence the IJB. As partners in the Joint Venture of Perth and Kinross Integration Joint Board, both Perth and Kinross Council and NHS Tayside are related parties and material transactions with those bodies are disclosed in note 8 in line with the requirements of IAS 24 Related Party Disclosures.

J. SUPPORT SERVICES

Support services were not delegated to the IJB and are provided by the Council and the Health Board free of charge as a 'service in kind'. These arrangements were outlined in the report of Corporate Supporting Arrangements to the IJB on 23 March 2016.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

The Annual Accounts were authorised for issue by the Chief Financial Officer on 26 September 20X2. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2017 as they provide information that is relevant to an understanding of the authority's financial position but do not relate to conditions at that date:

NOTE 3: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2015/16		2016/17
£000		£000
0	Services commissioned from Perth and Kinross Council	46,831
0	Services commissioned from NHS Tayside	145,484
90	Other IJB Operating Expenditure	199
1	Insurance and Related Expenditure	3
5	Auditor Fee: External Audit Work	24
(96)	Partners Funding Contributions and Non-Specific Grant Income	(193,927)
0	Surplus or Deficit on the Provision of Services	(1,386)

Costs associated with the Chief Officer and Chief Financial Officer are included within "other IJB operating expenditure". The insurance and related expenditure relates to CNORIS costs (see note 1,H). Auditor fees related to fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor.

NOTE 4: TAXATION AND NON-SPECIFIC GRANT INCOME

		2016/17
£000		£000
(48)	Funding Contribution from Perth and Kinross Council	(48,229)
(48)	Funding Contribution from NHS Tayside	(145,698)
(96)	Taxation and Non-specific Grant Income	(193,927)

The funding contribution from NHS Tayside shown above includes £17,672,000 in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced

funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

NOTE 5: DEBTORS

31 March 2016		31 March 2017
£000		£000
0	Perth and Kinross Council	1,386
0	Debtors	1,386

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

NOTE 6: USABLE RESERVE: GENERAL FUND

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

NOTE 7: AGENCY INCOME AND EXPENDITURE

On behalf of all IJBs within the NHS Tayside area, Perth and Kinross IJB acts as the host partnership for Learning Disability Inpatient services, Substance Misuse Inpatient services, Public Dental services/Community Dental services, General Adult Psychiatry (GAP) Inpatient services, Prisoner Healthcare and Podiatry.

The IJB directs services on behalf of Dundee and Angus IJBs and reclaims the full costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below.

	2016/17
	£000
Expenditure on Agency Services	21,228
Reimbursement for Agency Services	(21,228)
Net Agency Expenditure excluded from the CIES	0

NOTE 8: RELATED PARTY TRANSACTIONS

The IJB has related party relationships with the NHS Tayside and the Perth and Kinross Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

Income – payments for integrated functions

	2016/17
	£000
Perth and Kinross Council	48,229
NHS Tayside	145,698
Total	193,927

Expenditure – payments for delivery of integrated functions

	2016/17
	£000
Perth and Kinross Council	62,005
NHS Tayside	130,337
NHS Tayside: Key Management Personnel Non-Voting	199

Board Members	
Total	192,541

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer; the Chief Financial Officer. Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

Perth and Kinross Council employs the Staff (Council) and Chief Social Work Officer representatives on the IJB Board but there is no discrete charge for this representation.

Balances with Perth and Kinross Council

	31 March 2017
	£000
Debtor balances: Amounts due from Perth and Kinross Council	1,386
Creditor balances: Amounts due to Perth and Kinross Council	0
Net Balance with the Council	1,386

Balances with NHS Tayside

	31 March 2017
	£000
Debtor balances: Amounts due from NHS Tayside	0
Creditor balances: Amounts due to NHS Tayside	0
Net Balance with NHS Tayside	0

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

A review of contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2017.

NOTE 10: VAT

The IJB is not VAT registered and as such the VAT is settled or recovered by the partner agencies.

The VAT treatment of expenditure in the IJBs accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts relating to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is recoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the commissioning IJB.

SECTION 7: INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERTH & KINROSS INTEGRATION JOINT BOARD AND THE ACCOUNTS COMMISSION

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 120 of the Code of Audit Practice approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Perth and Kinross Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 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 of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 are independent of the body 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 Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SECTION 7: INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERTH & KINROSS INTEGRATION JOINT BOARD AND THE ACCOUNTS COMMISSION (continued)
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Responsibilities of the Chief Finance Officer 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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

Our objectives are to achieve 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&I) 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 economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. 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 matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**SECTION 7: INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PERTH & KINROSS INTEGRATION JOINT BOARD AND THE ACCOUNTS
COMMISSION (continued)**

Report on other requirements

Opinions on other prescribed matters

We are required by the Accounts Commission to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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 auditable 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; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.



Andrew Shaw (for and on behalf of KPMG LLP)
20 Castle Terrace
Edinburgh
EH1 2EG

29 September 2017

SECTION 8: GLOSSARY OF TERMS

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Asset

An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Accounts

An independent examination of the IJB's financial affairs.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

Contingent Asset/Liability

A Contingent Asset/Liability is either:

- A possible benefit/obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the IJB's control; or
- A present benefit/obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Creditor

Amounts owed by the IJB for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension scheme in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the IJB and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the IJB. These grants may be specific to a particular scheme or may support the revenue spend of the IJB in general.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IRAG

Integration Resources Advisory Group

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

Provisions

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PSIAS

Public Sector Internal Audit Standards.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer, the Chief Finance Officer, the Heads of Service and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SOLACE

Society of Local Authority Chief Executives.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom.