

# **Cùram is Slàinte nan Eilean Siar**

**CUNNTASAN BHLIADHNAIL  
2015/16**



**Western Isles  
Integration Joint Board**

**ANNUAL ACCOUNTS  
2015/16**



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## **MANAGEMENT COMMENTARY**

### **Introduction**

Cùram is Slàinte Nan Eilean Siar is the Western Isles Integration Joint Board (IJB). Its parent bodies are NHS Eileanan Siar and Comhairle nan Eilean Siar. This commentary provides a summary of the IJB's financial performance for the year and how this has supported delivery of its core duties. It also outlines the IJB's forward budget strategy and the challenges and risks it faces in future years in delivering its objectives.

The IJB covers the whole of the Outer Hebrides which are located to the north-west mainland of Scotland with a total population of around 27,000. The main Islands are Lewis, Harris, North Uist, Benbecula, South Uist, Eriskay and Barra. The length of the islands measures approximately 130 miles from the Butt of Lewis in the North, to the uninhabited small islands of Berneray, Pabbay and Mingulay to the south of Vatersay. The quality of the natural environment in the Outer Hebrides is special and the people have a strong cultural identity directly related to the Gaelic language, with some 72% of people aged three and over having some Gaelic language ability, significantly more than any other local authority area in Scotland. The traditional industries are crofting, fishing and Harris Tweed.

### **Annual Accounts 2015/16**

The Annual Accounts set out the financial statements for the IJB for the year ended 31 March 2016. Since the IJB did not become fully functional until 1 April 2016, the only detail within the accounts is the Chief Officer's salary.

### **Strategic Objectives**

Over the course of 2015/16, in preparation for the IJB assuming its role on 1 April 2016, the partnership focused on the following four priorities:

- Developing locality planning arrangements, to ensure that services are responsive and connected to local communities;
- Working with staff, stakeholders and service users to develop integrated delivery arrangements which are capable of improving the experience and outcomes of the people we serve;
- Deploying resources transparently, making sound investment decisions and managing a constrained budget; and
- Implementing the strategic plan to ensure that services change and adapt in response to population need.

### Locality Planning

The IJB is required to develop locality arrangements, to support more localised planning and delivery of services. In the Western Isles, five localities have been identified: Barra and Vatersay; the Uists and Benbecula; Harris; Rural Lewis and Stornoway and Broadbay.

Localities exist to help ensure that the benefits of integration improve health and wellbeing outcomes by providing a forum for professionals, communities and individuals to inform service redesign and improvement at local level. Over the course of 2015/16, the shadow IJB worked to develop a shared set of expectations around locality planning and to build local capacity ahead of 2016/17.

### Integrating our Services

Over the course of 2015/16, a single integrated management structure was brought in to ensure that the services are delivered effectively. Under the Chief Officer, five heads of service roles were agreed to lead on and manage primary care, dentistry, mental health, locality based services and partnership services.

In addition, the groundwork was laid for the operational integration of front line teams, with several development sessions being held with staff to consider the potential benefits of integrated arrangements. This work will be further advanced over the course of 2016/17.

### Financial Planning

In accordance with the Western Isles Integration Scheme, the IJB is required to approve a balanced budget on the basis of funding delegated by NHS Western Isles and Comhairle nan Eilean Siar (CnES). This has been a challenging process with both of the IJB's parent bodies experiencing significant financial pressure. NHS Western Isles has experienced a real terms reduction in funding and is carrying a funding gap of 6.1% against its baseline funding, while CnES has experienced a cash reduction of 4.5% and produced a balanced budget only as a result of difficult political choices.

Although the IJB has agreed a balanced budget proposal, this includes some high risk efficiency savings and it is clear that 2016/17 will be extremely challenging.

### Strategic Plan

The Integration Joint Board had a statutory obligation to have a strategic plan in place by 1 April 2016. The plan provides a detailed account of the changes to service that the IJB will drive forward over the three years of the plan. It is situated within a national policy framework which seeks to shift resources from acute into community settings.

Over the course of 2015/16, there was extensive engagement with communities from across the islands to elicit priorities in respect of the health and social care services. The IJB hosted five engagement events, in each of the geographical localities, prior to the development of the plan to elicit views about communities' priorities. A further five engagement events were held once the draft plan had been published for consultation. The process provided valuable feedback about the IJB's vision and priorities.

While the plan seeks to reflect the priorities of our communities, it also built on an assessment of population need. A very detailed needs assessment was put together by the Health Board's Analytical Services Division.

The formal consultation on the content of the strategic plan ran from 12 January until 12 February 2016 and invited comment from a range of stakeholders, across all sectors and localities.

The Strategic Plan itself provides the operating context and background to integration, a vision of future service delivery, an assessment of how good services are currently, a focused change plan, and a description of the organisational levers that will deliver that change.

Ron Culley  
Chief Officer  
22 September 2016

Neil Galbraith  
Chairperson  
22 September 2016

Debbie Bozkurt  
Chief Financial Officer  
22 September 2016

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Integration Joint Board's Responsibilities**

#### **The Board is required:**

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Board, that officer is the Chief Financial Officer.
- to 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).

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 22 September 2016.

Neil Galbraith  
Chairperson  
22 September 2016

### **The Chief Financial Officer's Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Integration Joint Board'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.

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Accounting 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; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts present a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2016.

Debbie Bozkurt  
Chief Financial Officer  
22 September 2016

## ANNUAL GOVERNANCE STATEMENT OF ASSURANCE

### Scope of Responsibility

Cùram is Slàinte Nan Eilean Siar, the Western Isles Integration Joint Board (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 proper arrangements are in place to account for it.

In meeting the obligations of the Public Bodies (Joint Working) (Scotland) Act 2014, NHS Western Isles and Comhairle nan Eilean Siar are required to put in place proper arrangements for the governance of the functions delegated to an Integration Authority. The legislation provides a choice of ways in which to do this. NHS Western Isles and the Comhairle have used a 'body corporate' integration model. This is where both the Health Board and the Local Authority delegate to a third body called an Integration Joint Board.

The IJB is required to agree a strategic plan and will begin to deliver its functions from the date set out in that plan. The IJB will achieve this by giving direction to the Health Board and the Local Authority and will be able to require them to carry out these functions in a particular way.

NHS Western Isles and Comhairle nan Eilean Siar set out within their integration scheme the scope of the delegated functions. The scheme was approved by the Scottish Parliament on 24 September 2015.

Delegated functions from the Comhairle include adult social work services (including criminal justice), homecare, adult day care, care homes, and housing support. Delegated functions from NHS Western Isles include Accident and Emergency, some elements of inpatient care, General Practice, Allied Health Professionals, Dentistry, Mental Health, Community Nursing, Health Visiting and School Nursing.

The Integration Scheme was approved in September 2015 and the IJB became fully operational in April 2016.

### The Integration Joint Board

#### Membership

The Public Bodies Joint Working (Scotland) Act 2014 and associated Regulations set out the arrangements for the membership of the IJB. As a minimum this must comprise voting members nominated from the NHS Board and Comhairle; non-voting members who are holders of key professional roles within the Comhairle and NHS Board; and representatives of groups who have an interest in the IJB. There is also flexibility to appoint additional members in certain circumstances.

Local authorities must nominate councillors as voting members. The NHS Board should nominate non-executive directors. Where this is not possible, there is scope to appoint "appropriate persons" as agreed by the Scottish Ministers, but at least two non-executive directors must be nominated.

The Chair and Vice-Chair of the IJB (until 21 September 2017) will be Dr Neil Galbraith and Cllr Uisdean Robertson respectively.

The IJB has four voting members each from the Comhairle and NHS Western Isles. These are:

- Dr Neil Galbraith (NHS Western Isles, Chair of IJB)
- Cllr Uisdean Robertson (CnES, Vice-Chair IJB)
- Mr Malcolm Smith (NHS Western Isles)
- Mr Iain Burgess (NHS Western Isles)
- Cllr Angus Campbell (CnES)
- Cllr Norman A MacDonald (CnES)
- Cllr Angus Morrison (CnES)
- Vacant (NHS Western Isles)

In addition, six professional advisers have been appointed as non-voting members. These are:

- the Chief Social Work Officer;
- the Chief Officer of the Integration Joint Board;
- the Section 95 Officer of the Integration Joint Board (Chief Finance Officer);
- a registered nurse employed by the NHS Board;
- a General Medical Practitioner; and
- a medical practitioner who is not a GP.

Finally, the IJB is required to appoint stakeholder members who are non-voting members. These include:

- two staff side representatives working within an integrated function;
- two representatives of the third sector;
- a service user; and
- an unpaid carer.

### Governance of the Shadow Board

During the financial year 2015/16, the IJB met in shadow form. During that period, the shadow Board:

- appointed a Chief Officer, as its principal advisor;
- appointed a Chief Finance Officer, as its principal financial advisor; and
- agreed the standing orders.

These decisions were homologated at the first meeting of the formally established IJB in May 2016.

### Sub Committees

The IJB is required to properly manage its financial and governance affairs. An Audit Committee of the IJB has been established to assist in the delivery of those functions. The IJB Audit Committee will have a key role with regard to ensuring the efficient and effective performance of Western Isles' Health and Social Care Partnership in order to deliver the outcomes set out in the Integration Scheme.

### Risk Management

The Integration Scheme indicates that a risk management strategy and policy will be adopted by the IJB. The Risk Management Strategy and Policy was agreed by the Shadow IJB in March 2016. It was prepared in line with the international standard for risk management (ISO 31000).

As part of that, the IJB will maintain a risk register, reflecting its strategic activities and taking cognisance of both significant issues from each statutory partner's own risk registers, and also emerging risks.

The Chief Officer will have overall accountability for risk management, ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the IJB. The Comhairle and NHS Western Isles will support the Chief Officer and the IJB with relevant specialist advice.

### Audit and Scrutiny

The Public Sector Internal Audit Standards 2013 (PSIAS) sets basic principles for carrying out public sector internal audit in the UK. The PSIASs are applicable to the Comhairle, NHS Western Isles and the IJB.

A Strategic Audit Plan has been prepared based on a robust risk assessment process, following appropriate consultation, challenge and comparison with underlying, national, corporate and professional objectives. The planned internal audit reviews address the main focus of the IJB in terms of establishment, planning, and complying with the need to provide quality service provision in our communities whilst doing so effectively and efficiently in the use of finite resources.

The Chief Internal Auditor for the IJB was appointed in December 2015. The internal audit function will be provided by the Comhairle.

Scott Moncrieff was appointed as the external auditor for 2015/16.

### Performance Management

For the purposes of managing the performance of the IJB, including the delivery of the national health and wellbeing outcomes and the Strategic Plan, a Performance Framework has been produced.

The monitoring arrangements within the Performance Framework are in accordance with statutory requirements for production of an Annual Performance Report under the Public Bodies (Joint Working) (Scotland) Act 2014.

Performance monitoring and reporting arrangements are set out within the Performance Framework. This includes the production of an Annual Performance Report as required under Section 42 of the 2014 Act with the content in accordance with the Public Bodies (Joint Working)(Content of Performance Reports)(Scotland) Regulations 2014. The Framework details a hierarchy of performance indicators that will comprise the performance monitoring of activities at various levels across the Partnership which are detailed in a series of appendices to the Framework.

### Strategic Plan

The IJB had a statutory obligation to have a strategic plan in place by 1 April 2016. The plan provides a detailed account of the changes to service that the IJB will drive forward over the three years of the plan. It is situated within a national policy framework which seeks to shift resources from acute into community settings.

Over the course of 2015/16, there was extensive engagement with communities from across the islands to elicit priorities in respect of the health and social care services. We hosted five engagement events, in each of the IJB's geographical localities, prior to the development of the plan to elicit views about communities' priorities. We hosted a further five engagement events once the draft plan had been published for consultation. The process provided valuable feedback about our vision and priorities.

While the plan seeks to reflect the priorities of our communities, it also built on an assessment of population need. A very detailed needs assessment was put together by the Health Board's Analytical Services Division.

The formal consultation on the content of the strategic plan ran from 12 January until 12 February 2016. We invited comment from a range of stakeholders, across all sectors and localities.

The Strategic Plan itself provides the operating context and background to integration, a vision of future service delivery, an assessment of how good services are currently, a focused change plan, and a description of the organisational levers that will deliver that change.

### **Review of Effectiveness**

During 2015/16, the Shadow IJB continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice.

Specifically, the IJB's governance arrangements have been reviewed and tested against the requirements of the Public Bodies (Joint Working) (Scotland) Act, associated regulations and guidance notes and the CIPFA Good Governance Framework.

The due diligence process which supported the establishment of the IJB was co-ordinated corporately and taken to the Shadow IJB by the Chief Executives of Comhairle nan Eilean Siar, NHS Western Isles, and the Chief Officer and Chief Finance Officer of the IJB.

The Chief Finance Officer was responsible for the preparation and oversight of the IJB's accounts for 2015/16, and for the development, along with the Chief Officer, of the budget for 2016/17.

A number of internal audit reports were considered over the course of 2015/16 at service level. In addition, the Care Inspectorate/Healthcare Improvement Scotland's joint inspection report into the provision of services to older people was published in March 2016. This had a number of challenging observations to make about the quality of the service being provided and these were subsequently accommodated within the strategic plan, as well as a bespoke action plan being developed.

### **Certification**

It is our opinion that reasonable assurance, subject to the matters noted above, can be placed upon the adequacy and effectiveness of the Western Isles Integration Joint Board's systems of governance.

Ron Culley  
Chief Officer  
22 September 2016

Neil Galbraith  
Chairperson  
22 September 2016

## REMUNERATION REPORT

### Introduction

This report is set out in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014. These regulations require the disclosure of certain details in respect of the remuneration and pension benefits of senior Voting Board Members and senior employees. The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Comhairle or NHS Western Isles. Gross salary means the annual salary for a full time employee or member and for presentation purposes the salaries of part time employees or those who have been employed or served as members for less than a full year are annualised.

The term pension benefits, covers the in-year contributions paid by the Comhairle or NHS Western Isles for the employee or Councillor, and their accrued pension benefits at 31 March 2016.

All information disclosed below will be audited by external auditors. The other sections will be reviewed by external auditors to ensure that they are consistent with the financial statements.

### Arrangements for Remuneration

#### Board Members

Voting membership consists of 4 councillors nominated as board members by the Comhairle and 4 NHS representatives nominated by NHS Western Isles. In addition, there are 12 non-voting members which include the Chief Officer, the Comhairle's Chief Social Work Officer, The Chief Financial Officer, registered medical practitioners from both primary and non-primary care and a registered nurse.

The Senior Members on the Board are:

Chairperson	Dr Neil Galbraith	NHS Western Isles
Vice-Chairperson	Mr Uisdean Robertson	Comhairle nan Eilean Siar

Members are remunerated by the relevant partner organisation and the Board does not pay allowances or other remuneration directly.

The statutory liability for pension contributions and ongoing commitments lies with the partner organisation and on this basis there is no pension liability reflected on the Board Balance Sheet.

#### Senior Employees

The appointment of a Chief Officer is required by Section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. However, the Board is not empowered to directly employ the Chief Officer and the contract of employment must be with one of the partner organisations. In this case the Comhairle is the employer.

Other Officers employed by the partner organisations, including the Chief Financial Officer, are not regarded as employees of the Board and as such are not included in this report.

The remuneration of the Chief Officer is set by reference to the arrangements for Service Directors in the Comhairle.

#### Remuneration

In 2015/16, Mr Ron Culley, the Chief Officer, received the following remuneration:

Salary, Fees and Allowances	<u>£</u> 58,291 (full year equivalent £78,239, started 3/7/15)
Taxable Expenses	-
<b>Total Remuneration</b>	<b>58,291</b>

#### Pension Benefits

The Chief Officer is a member of the Local Government Pension Scheme, which is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years the person has been a member of the scheme.

Whilst the Board will be expected to fund employer pension contributions as these become payable during the Chief Officer's period of service, the statutory responsibility for ongoing pension liabilities lies with the Comhairle. Therefore, there is no pension liability reflected in the Board's Balance Sheet.

Mr Culley's pension entitlements for the year to 31 March 2016, together with the contribution made by the Comhairle during the year are as follows:

	<u>£</u>
In-year Pension Contributions	10,784
Accrued Pension Benefits – Pension Lump Sum	1,188 -

Ron Culley  
Chief Officer  
22 September 2016

Neil Galbraith  
Chairperson  
22 September 2016

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Service	2015/16		
	Gross Expend	Gross Income	Net Expend
	£'000	£'000	£'000
Corporate Management	98	-	98
<b>Cost of Services</b>	<b>98</b>	<b>-</b>	<b>98</b>
Taxation and Non-Specific Grant Income		(98)	(98)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>98</b>	<b>(98)</b>	<b>-</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>98</b>	<b>(98)</b>	<b>-</b>

## BALANCE SHEET

	2015/16	
	£'000	£'000
Short Term Debtors	5	
<b>Current Assets</b>		<b>5</b>
Short Term Creditors	(5)	
<b>Current Liabilities</b>		<b>(5)</b>
<b>Net Assets</b>		<b>-</b>
Usable Reserves	-	
Unusable Reserves	-	
<b>Total Reserves</b>		<b>-</b>

The unaudited Accounts were issued on 20 June 2016 and the audited Accounts were authorised for issue on 22 September 2016.

Debbie Bozkurt  
Chief Financial Officer  
22 September 2016

## NOTE 1 ACCOUNTING POLICIES

### 1. General Principles

The Annual Accounts have been prepared on an Income and Expenditure basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The service headings under which the expenditure is analysed in the Comprehensive Income and Expenditure Statement are those recommended by the Service Reporting Code of Practice. The accounts have been prepared under the historic cost convention.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the service or goods are provided;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their use, they are carried as stock on the Balance Sheet;
- Works are charged as expenditure when completed, before which they are carried as work in progress; and
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the corresponding amount is recorded in the Balance Sheet.

### 3. Debtors and Creditors

A Debtor is recognised on the Balance Sheet and the related income included in the Comprehensive Income and Expenditure Statement, where goods or services have been provided on or before 31 March, but the income has not been received.

A Creditor is recognised on the Balance Sheet and the related expenditure included in the Comprehensive Income and Expenditure Statement, where goods or services have been received on or before 31 March, but the invoices or payments remain outstanding.

### 4. Support Services Costs

Costs relating to the overheads (e.g. human resources support, financial services, information technology) required by the Comhairle and the NHS Board to provide the services commissioned by the Integration Joint Board are not regarded as IJB running costs. These costs were not included in the partner contributions agreed as part of the establishment of the IJB and will be retained by the Comhairle and NHS Western Isles.

### 5. Provisions

Provisions are made where an event has taken place that places an obligation on the Comhairle that is likely to require a financial settlement, but where the timing and actual value of the settlement are uncertain. Provisions are charged to revenue in the year that the Board becomes aware of the obligation and actual payments in settlement are charged directly to the provision in the Balance Sheet. The main provisions relate to potential non-payment of debt for care charges.

### 6. Contingent Assets and Liabilities

Contingent Assets and Liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

### 7. Reserves

Integration Joint Boards are not currently anticipated to hold cash or to have bank accounts. However, where the IJB underspends on the partner funding contributions, this would result in a General Fund Reserve.

Property, Plant and Equipment used for the delivery of commissioned services have not transferred to the IJB Balance Sheet and the related Capital Adjustment and Revaluation Reserves are therefore not required.

### 8. Events after the Reporting Period

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the statements where there is evidence that the event relates to the reporting period, otherwise the statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

### 9. VAT

The Integration Joint Board is a non-taxable body and does not charge or recover VAT on its activities.

## Note 2 Related Party Transactions

The Integration Joint Board is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board. As a partnership between the Comhairle and the NHS Board, these two organisations are the main related parties to the Board and the following transactions were made during 2015/16.

	Income £'000	Expend £'000
Comhairle nan Eilean Siar	51	51
NHS Western Isles	47	47
<b>Total</b>	<b>98</b>	<b>98</b>

## Note 3 Corporate Expenditure

	£'000
Staff Costs	84
Administration	9
Audit Fee	5
<b>Total</b>	<b>98</b>

## Note 4 Short Term Debtors

	£'000
National Health Service	5
<b>Total</b>	<b>5</b>

## Note 5 Short Term Creditors

	£'000
Other Entities	5
<b>Total</b>	<b>5</b>

## Note 6 Movement in Reserves and Cash Flow Statements

A Code compliant set of Accounts should include both a Movement in Reserves Statement and a Cash Flow Statement. During 2015/16 the Joint Board has not made any transactions which would be shown through these statements and they have therefore not been included.

## **Independent auditor's report to the members of Cùram is Slàinte nan Eilean Siar and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of Cùram is Slàinte nan Eilean Siar for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. 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 2015/16 (the 2015/16 Code).

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

### **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 Financial Officer; and the overall presentation of the financial statements. In addition, we 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body 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 2015/16 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.

### **Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement of Assurance has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Gary Devlin  
For and on behalf of Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date.....

