# Ref: GJF/2017/06/13



# Board Meeting: 15 June 2017

**Subject:** Draft Annual Report and Accounts

**Recommendation:** Members are asked to approve the Annual Report and Accounts.

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#### Introduction

The attached draft Annual Report and Accounts have been prepared in accordance with guidance issued from the Scottish Government Health and Social Care Directorate (SGHSCD), International Financial Reporting Standards, the Financial Reporting Manual (FReM) and have been subject to audit by Scott-Moncrieff. The amendments to the accounts are included at section 3. The attached may be subject to minor changes prior to submission to the Board.

The Governance Statement and Accounting Policies were approved at previous committee meetings prior to their inclusion in the accounts. It should be noted that minor wording changes have been made to both documents since approval; there is no impact on the accounts.

The accounts were approved by the Audit and Risk Committee on 6 June 2017 and at the Senior Management Team on 8 June 2017.

#### Year–End Position

As detailed in the attached accounts the out-turn for the year is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Limit as set by SGHSCD** | **Actual Outturn** | **Variance (Over)/**  **Under** |
|  |  | **£’000** | **£’000** | **£’000** |
|  |  | (1) | (2) | (3) |
| 1 | Revenue Resource limit - core | 65,128 | 65,128 | - |
|  | Revenue Resource limit – non-core | 7,247 | 7,247 | - |
|  | Details of this are found in the Statement of comprehensive net expenditure and summary of resource out-turn on page 41-42. | | | |
| 2 | Capital Resource Limit - core | 4,947 | 4,947 | - |
|  | Details of this are found at Note 8, analysis of capital expenditure on page 59. | | | |
| 3 | Cash Requirement | 69,679 | 69,679 | - |
|  | Details of this are found in the Cash Flow Statement on page 45. | | | |

#### Amendments to Accounts

Following changes issued via the Financial Reporting Manual (FReM), a number of amendments primarily to the presentation of the accounts have been made and incorporated in these accounts. The amendments are also consistent with guidance issued by Audit Scotland regarding improvements to the format of the accounts. The revisions to disclosures are consistent with the guidance above and also support additional guidance from HM Treasury regarding updates to accounting standards, these are detailed below:

**Changes to presentation**:

* In line with FReM the structure of the accounts has been amended to reflect the following to be included in the annual report, this is consistent with prior year:
  + Performance Report (this provides a fair, balanced and understandable analysis of the Board’s performance) – requires to be signed by the Chief Executive.
  + Accountability Report (this provide assurance that the key accountability requirements are being met) – requires to be signed by the Chief Executive.
  + Financial Statements – Balance Sheet requires to be signed by the Chief Executive and Director of Finance.

The only other part of the accounts that requires signing is the Audit Opinion from external audit.

**Changes to Disclosures**

A number of areas that were included in the financial statements previously are now included in the Accountability Report, mainly related to remuneration:

* The inclusion of the statement from the Chief Executive providing their opinion of the Board’s performance for the year, become optional in 2016/17. It was agreed internally to include this statement.
* Staff numbers by WTE (prior year headcount was required as well, this has been removed as a requirement for 2016/17). In addition this has now been removed from the Disclosures at note 2 and is now included in the staff report part of the accountability report.
* Expenditure on Consultancy- this has been removed from the accountability report for 2016/17 and is contained within the expenditure note.
* Off-payroll engagements – this has been remove from Scottish Government reporting requirements, however is still included in FReM. It is likely that this will return to the accounts in 2017/18.
* The inclusion of a Parliamentary Audit Report – this collates the Key Parliamentary accountability documents in to the annual report and accounts and includes the following:
  + Losses and Special Payments (this is losses or payments over £250,000); and
  + Fees and Charges, this is fees and charges for services that have a material impact on the accounts (this is where the annual cost is over £1million).

In addition, a separate paper has been given to members detailing the changes in the accounts.

#### Conclusion

Members are asked to approve the Annual Report and Accounts.

## Julie Carter

**Director of Finance**

**29 May 2017**

**(Lily Bryson, Assistant Director of Finance – Governance and Financial Accounting)**