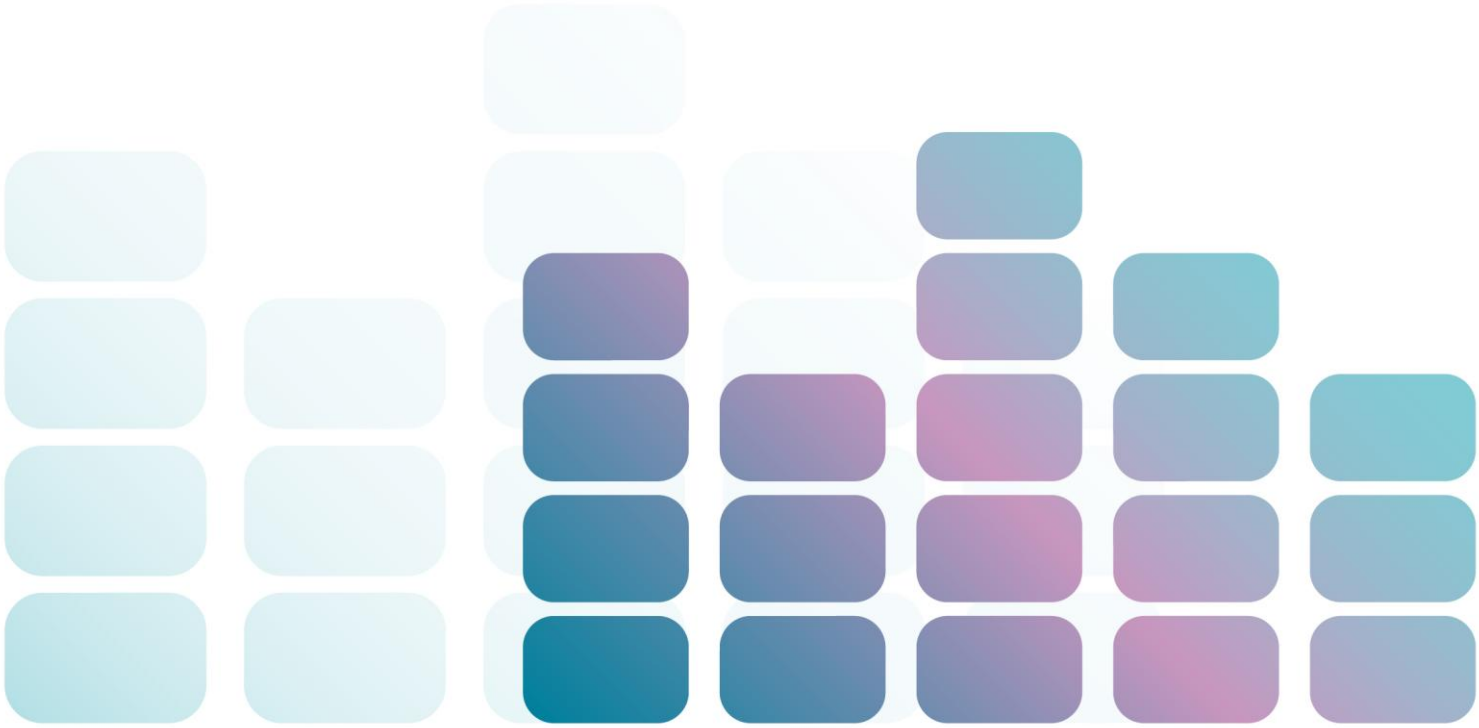
Angus Integration Joint Board

2024/25 Annual Audit Report



AUDIT SCOTLAND

Prepared for Angus Integration Joint Board and the Controller of Audit
October 2025

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Key messages

Audit of the annual accounts

1 All audit opinions stated that the annual accounts were free from material misstatement.

2 There were no significant findings or key audit matters to report.

Wider scope and Best Value audit

3 The arrangements in place for Financial Management; Financial Sustainability; Vision, Leadership and Governance; Use of Resources to Improve Outcomes; and securing Best Value are generally effective and appropriate.

4 Angus IJB reported an overall deficit of £2.43 million, including an operational service underspend of £1.24 million for 2024/25 and a planned use of earmarked reserves to support whole system pressures, partially offset by a net increase in reserves of £3.67 million.

5 The IJB continues to face significant financial pressures and has a structural shortfall in its medium-term financial plans. A longer-term plan to identify and deliver required savings is yet to be developed.

6 Unfilled vacancies remain at a higher level than originally anticipated. Staff vacancies may result in underspends but will also impact on the ability to meet performance targets.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Angus Integration Joint Board's annual accounts and the wider scope areas specified in the Code of Audit Practice.

2. The Annual Audit Report is addressed to Angus Integration Joint Board, hereafter referred to as 'the IJB' and the Controller of Audit and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Pauline Gillen, of Audit Scotland, has been appointed as the external auditor of the IJB for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Pauline Gillen, as engagement lead, and the audit team are independent of the IJB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the IJB, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the IJB and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the IJB's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the auditor and the IJB. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1 setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The IJB's responsibilities

10. The IJB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the body that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the IJB and the Audit Committee. Details of national and performance audit reports published over the last year can be seen in Appendix 2.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the IJB.

Audit opinions on the annual accounts

12. The IJB's annual accounts were approved by the Audit Committee and certified by the appointed auditor on 29 October 2025. The Independent Auditor's Report is included in the annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual accounts and all working papers were received in accordance with the agreed audit timetable.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £34,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

15. Materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the audit of the IJB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed and updated on receipt of the unaudited annual accounts. Materiality levels are outlined in Exhibit 1.

Exhibit 1
2024/25 Materiality levels for the IJB

Materiality	
Materiality – set at 2% of gross expenditure	£4.75 million
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£3.5 million
Reporting threshold – set at 4% of materiality.	£0.2 million

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the IJB is the Audit Committee.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by the IJB was assessed as part of the audit. These were appropriate to the circumstances of the IJB, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

24. Accounting estimates are used in the IJB's financial statements, including the large hospital set aside and charges for inpatient mental health services. Audit work considered the process management of the IJB has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Our audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity.

Significant matters discussed with management

26. All significant matters identified during the audit and discussed with the IJB's management have been reported in the Annual Audit Report.

Audit adjustments

27. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.2 million. There are no uncorrected misstatements to report.

Significant risks of material misstatement identified in the Annual Audit Plan

28. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 2, (page 10).

Exhibit 2
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	• Assurances will be obtained from the auditors of NHS Tayside and Angus Council over the completeness accuracy and allocation of income and expenditure. • Agreement of balances and transactions to financial reports / ledger NHS Tayside and Angus Council. • Detailed testing of any significant year-end adjustments. • Evaluate any significant unusual transactions outside the normal course of business	Audit work performed found: • Balances and transactions in the financial ledgers of partner bodies were consistent with the IJB's accounts. • Assurances were obtained from the auditors of Angus Council and NHS Tayside and agreed to the year-end position reported in the audited accounts. • Year-end adjustments and journals were reviewed in each partner audit and no errors identified. • No significant unusual transactions outside the normal course of business were noted. **Conclusion:** no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

29. The IJB has made limited progress in implementing the agreed prior year audit recommendation in relation to long-term financial sustainability. For this action, a revised response and timescale has been agreed with the IJB and is outlined in Appendix 1.

Wider scope and Best Value

Conclusion

The arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; Use of Resources to Improve Outcomes; and securing Best Value are generally effective.

Audit approach to wider scope and Best Value

Wider scope

30. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

31. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the IJB has in place for each of these is reported in this chapter.

Best Value

32. The duty on auditors to consider the arrangements in place to secure Best Value applies to the IJB as it falls within section 106 of the Local Government (Scotland) Act 1973.

33. Consideration of the arrangements the IJB has in place to secure Best Value has been carried out alongside the wider scope audit.

Conclusions on wider scope audit

Financial Management

34. The IJB has effective and appropriate arrangements in place for securing sound financial management. This judgement is evidenced by:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.

- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by Angus IJB Audit Committee.

35. The Board approved its 2024/25 budget of £236 million in April 2024 and reported an overall £2.43 million deficit for 2024/25. This comprised of operational underspends of £1.24 million, largely due to staffing vacancies and unmet need, and planned net use of £3.67 million from earmarked reserves. Opening reserves of £22.2 million reduced to £19.8 million in year.

36. The IJB does not have its own financial systems and instead relies on the financial systems of its partner bodies, NHS Tayside and Angus Council. The Board considered the assurances provided by partner bodies in relation to their governance arrangements at its meeting in August 2025. As part of our audit approach, we obtained assurances from the external auditors of NHS Tayside and Angus Council (in accordance with ISA 402) and confirmed there were no weaknesses in the system of internal control for either the health board or the council that would impact on the Board.

37. The internal audit function is carried out by FTF, internal audit consortium, working with support provided by Angus Council Internal Audit Services. Internal Audit completed their 2024/25 audit work and presented their Annual Audit Report to the June 2025 Audit Committee. The report concluded that reliance can be placed on the Board's governance arrangements and systems of internal controls for 2024/25.

38. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We obtained assurance from the partners' auditors that the arrangements in place at Angus Council and NHS Tayside are adequate.

Financial Sustainability

39. Financial stability looks forward to the medium and longer term to consider whether the IJB is planning effectively to continue to deliver its services or the way in which they should be delivered. As reported in 2023/24, the IJB continues to face significant financial pressures and has a structural shortfall in its medium-term financial plans. A longer-term plan to fully deliver required savings is yet to be developed.

40. In 2024/25 the contingency reserve increased from £6.9 million to £7.2 million, in line with the reserve policy. While this supports financial stability in the short term, there is recognition within the IJB that reliance on non-recurring underspends and contingency funds is not a strategic solution to the underlying funding shortfall. The Strategic Financial Plan (SFP) for the period 2025/26 – 2027/28 identifies a recurring funding shortfall of c£8.5 million by 2027/28 with planned reliance on non-recurring underspends and use of reserves required to achieve a breakeven position for the first two years of the plan.

41. Changes to service delivery are needed for the IJB to remain financially sustainable in the longer term.

42. In August 2025, the Board approved a series of proposals that will contribute to addressing long term financial sustainability challenges. These include additional operational and financial interventions and strategic opportunities. The Board will closely monitor the progress of these proposals. To date, only £1.16 million of proposals have been identified against the IJB's own target of £3 million.

43. The arrangements in place for securing financial sustainability are generally appropriate in the context of the significant challenges the IJB is facing. This judgement is evidenced by the body:

- making appropriate arrangements to develop medium term financial plans and linking these to its strategic priorities.
- identification of risks to financial sustainability over the medium term and understanding medium and longer-term demand pressures that could impact on available resources.
- developing savings plans to manage forecast budget deficits, and a reserves strategy in place to manage the use of reserves if the required level of savings cannot be met.

44. However, it is recognised that the pace of identifying progress and delivery will need to be adjusted, as key actions are yet to be fully implemented.

Recommendation 1

The Board should prioritise the identification and delivery of planned interventions to support the achievement of recurring savings to ensure financial sustainability.

Vision, Leadership and Governance

45. The audit work performed on the arrangements the IJB has in place around its vision, leadership and governance found that these were effective and appropriate. This judgement is evidenced by:

- having a strategic planning framework, including a Strategic Commissioning Plan, Strategic Delivery Plan and Strategic Financial Plan. These documents outline the current priorities and approach to implementing the plan to deliver them. Progress on the plan is monitored by the bi-monthly Strategic Planning Group and regularly reported to the Board. In June 2025, the IJB approved the request to revise the Strategic Commissioning Plan 2023-26, with the revised plan to be presented to the IJB for approval in February 2026. Regular reports throughout the year provide ongoing updates on progress in delivering commitments aligned with the strategic priority.

- involving service users, delivery partners, and other stakeholders in the development of its vision, strategy, and priorities to ensure these align to their needs.

- having clear financial and performance reporting in place, both internally and externally, that is linked to its operational plans, and effective scrutiny and challenge of performance provided by Angus IJB.

- having effective governance arrangements in place in general, as reflected in the Governance Statement included in the accounts.

46. We reported in our 2022/23 and 2023/24 Annual Audit Reports that the IJB faced significant workforce challenges. This remains a concern and is a key contributor to the operational underspends.

47. Management continues to work with partners to encourage local recruitment into health and social care roles. Through the Strategic Delivery Plan, new models of service delivery are being explored to relieve pressure on GPs and meet local needs in a community setting. Workforce challenges are recognised in the Board's Strategic Risk Register.

Use of Resources to Improve Outcomes

48. The audit work performed on the arrangements the body has in place around its use of resources to improve outcomes found that these were effective and appropriate. This judgement is evidenced by:

- being able to demonstrate a clear link between the use of resources and delivery of its priorities. The Annual Performance Report summarises the relationship between the Angus strategic priorities and performance areas, the national wellbeing outcomes and the national indicators. For each priority it shows key measures, the improvement or decline in those measures and the action being taken.

- monitoring performance indicators through six-monthly performance reports. Areas that are below target or declining are scrutinised to

understand the reasons for this and to ensure that appropriate improvement action is being taken.

- being able to demonstrate improvements in performance against benchmarks and relative to other comparable organisations.

49. The Annual Performance Report was published in July 2025. It confirms that of the 18 indictors where data is available:

- 10 indicators are better than the Scottish average
- 4 indicators are broadly in line (within 5%) of the Scottish average
- 4 indicators are below (more than 5%) the Scottish average.

50. Although performance has declined in some areas, such as those indicators relating to adults supported at home, Angus still outperforms the Scottish average in most of these areas. A particular area of concern is the percentage of people with positive experience of care at their GP practice which has declined from 70% in 2021/22 to 62%, and against a Scottish average of 69%. Management recognise that this is partly reflective of the workforce challenges in General Practice rather than care being provided, and the workforce challenge has been captured within the IJB's strategic risk around the sustainability of primary care services. An Angus GP Sustainability Group has been established to support the response to this issue.

51. Overall, the Board has effective arrangements for managing its performance and whether targets are being met.

Conclusions on Best Value

52. The audit work performed on the arrangements the IJB has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- well established governance arrangements in place, with the Best Value being a key aspect.
- effective arrangements in place around the four wider scope audit areas which contribute to securing Best Value.
- a strategic planning framework, including Strategic Commissioning Plan, Strategic Financial Plan, workforce plan and performance reporting, to support the achievement of its Best Value duties.

53. The Annual Performance Report is the Board's way of demonstrating that it is seeking to secure best value from the resources available as part of its overall strategy as captured in both the Strategic Commissioning and Strategic Financial Plans. Management also completes an annual self-

assessment checklist to formally evidence how they meet Best Value duties.

Appendix 1

Action plan 2024/25

2024/25 recommendations and prior year follow up

Matter giving rise to recommendation	Recommendation, prior year agreed action, officer and timing	Agreed action, officer and timing
1. **Financial Sustainability** The Board is yet to develop a longer-term financial plan to deliver savings and achieve financial balance. The Strategic Financial Plan 2025/26 – 2027/28 identified a recurring funding shortfall of c£8.5 million and recognises that interventions of £3 million require to be identified during 2025, but progress has been slower than initially anticipated. ***Risk** – The Board's operating model is not financially sustainable*.	The Board should prioritise the identification and delivery of planned interventions to support the achievement of recurring savings to ensure financial sustainability. **Prior year action** - The IJB remains focussed on delivering both in year financial balances and long-term sustainability. At the August 2024 Board Meeting, the IJB approved a series of proposals that contribute to addressing long-term financial sustainability. The IJB will closely monitor the progress of all approved proposals. Further, as part of the development of the next iteration of the Strategic Financial Plan (from 2025/26), the IJB will again consider options to close out strategic financial planning shortfalls. *Chief Officer / Chief Finance Officer* *December 2024* ***Superseded***	**Accepted** The IJB remains focussed on delivering both in year financial balances and long-term financial sustainability. In February 2025, the IJB requested the identification of £3 million of interventions to support long-term financial sustainability but by October 2025, only £1.16m had been identified. The IJB also recognises challenges delivering some previously agreed savings. The IJB recognises it will need to adjust its pace of identification and delivery of change to remain financial sustainable. The IJB will continue to closely monitor the progress of all approved proposals and has plans to improve its reporting of progress. The IJB retains outstanding action point to address the balance of the £3 million target. This will be a factor in the next iteration of the Strategic Financial Plan (from 2026/27), where the IJB will again consider options to close out strategic financial planning shortfalls. *Chief Officer / Chief Finance Officer* *February 2026*

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

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