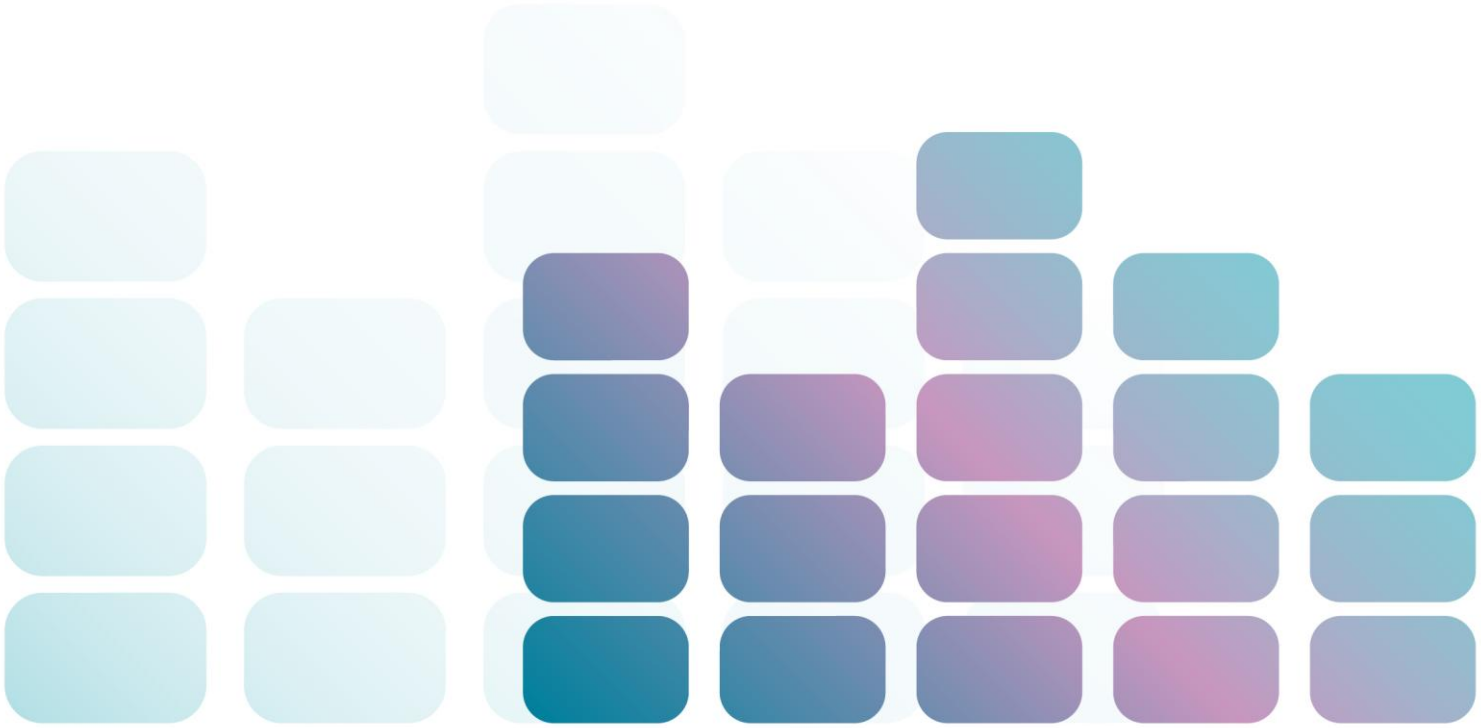
# Aberdeen City Integration Joint Board

## 2025/26 Annual Audit Report



AUDIT SCOTLAND

**Prepared for Aberdeen City Integration Joint Board and the Controller of Audit**
September 2026

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# Summary of audit opinions and conclusions

## Audit of the annual accounts

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

2 The quality of the accounts has improved compared with the previous year, providing encouraging evidence of progress and establishing a stronger foundation for future development.

3 There were no significant findings on the financial statements but improvements were required during the audit to strengthen the management commentary accompanying the financial statements.

4 There remains scope to streamline the management commentary to ensure that it is focused on the key issues, outcomes and messages arising from the financial results.

## Wider scope and Best Value audit

5 Following a period of significant turnover, Aberdeen City Integration Joint Board (IJB) experienced greater stability in its financial leadership during the year, with the council's Chief Finance Officer assuming dual responsibility and the appointment of a Deputy Chief Finance Officer to lead operational financial management. While these arrangements remain relatively new, there is evidence of a strengthened focus on financial management, including the preparation of the accounts and scrutiny of financial performance.

6 The IJB enhanced its arrangements for financial sustainability during the year. While these place the IJB in a better position for addressing future financial challenges, significant savings requirements and ongoing demand and funding pressures mean that continued attention will be required to secure long-term financial sustainability.

**7** Except for the above matters, the board has effective and appropriate arrangements in place for Financial Management, Financial Sustainability, Vision, Leadership and Governance, and Use of Resources to Improve Outcomes.

**8** Based on our wider scope conclusions, the IJB has effective and appropriate arrangements in place for securing Best Value.

# Introduction

## Purpose of the Annual Audit Report

**1.** The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of Aberdeen City Integration Joint Board's annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

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

## Appointed auditor and independence

**3.** We have been appointed as external auditors of the IJB for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, we 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 during the final year of the five-year audit appointment.

# Audit scope, responsibilities, and fee

## 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, Annual Governance Statement and the audited part of the Remuneration Report.
- An Annual Audit Report setting out any significant matters arising from the audit of the annual accounts and conclusions on the board's arrangements in relation to the wider scope areas specified in the Code of Audit Practice: 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.

## Responsibilities and reporting

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

### Auditors' 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 IJB 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 IJB 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.

## Audit Fee

**11.** The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £42,600. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

## National performance audit reporting

**12.** 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 Risk, Audit and Performance 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.

The quality of the accounts has improved compared with the previous year, providing encouraging evidence of progress and establishing a stronger foundation for future development.

There were no significant findings on the financial statements but improvements were required during the audit to strengthen the management commentary accompanying the financial statements.

There remains scope to streamline the management commentary to ensure that it is focused on the key issues, outcomes and messages arising from the financial results.

## Audit opinions on the annual accounts

**13.** The annual accounts were approved by Aberdeen City Integration Joint Board on 29 September 2026 and certified by the appointed auditor thereafter. The Independent Auditor's Report is included in the IJB's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

## Audit timetable

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

## Materiality

**15.** The concept of 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.** Broadly, 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 on receipt of the unaudited annual accounts. No changes were required to the materiality levels, which are outlined in Exhibit 1.

## Exhibit 1

### 2025/26 Materiality levels for the IJB

| Materiality | |
|---|---|
| **Materiality** – set at 2% of gross expenditure | £9.2 million |
| **Performance materiality** – set at 50% 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. | £4.6 million |
| **Reporting threshold** – set at 3% of materiality. | £280,000 |

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 with governance, which for the IJB is the board.

**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.** The significant findings and key audit matters to report are outlined in Exhibit 2.

## Exhibit 2

### Significant findings and key audit matters

| Significant findings and key audit matters | Outcome |
|---|---|
| There was an improvement in the management commentary compared with the previous year. However, further enhancement was required in the following areas:<br>• **Providing a balanced assessment of performance during the year**: the commentary did not clearly demonstrate the extent to which strategic priorities had been progressed. While a range of performance measures were included, it was not clear which period the information related to. The commentary should provide a balanced overview of the key achievements and challenges experienced during the financial year.<br>• **Explaining the financial position**: the commentary should provide a clear link between the approved budget and the year-end outturn, supported by an explanation of the key factors contributing to the financial result. This should include commentary on savings achieved, additional or unspent funding, movements in reserves, and other significant variances.<br>• **Maintaining a concise focus on key messages**: the level of detail should be streamlined, with greater emphasis on the most significant issues. Where appropriate, links to supporting documents should be used to keep the commentary focused and accessible. | Amendments have been made to the unaudited accounts to strengthen the commentary including<br>• Reporting on progress against the strategic plan and providing details of key savings initiatives.<br>• Enhancing the narrative explanation of budget increases during the year and the associated additional funding received.<br><br>**Recommendation 1** –There remains scope to streamline the level of detail within the management commentary and place greater emphasis on key achievements, outcomes and overall impact. This would help ensure the commentary provides a clearer and more focused account of performance during the year. |

Source: Audit Scotland

## Qualitative aspects of accounting practices

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

### Accounting policies

**23.** The accounting policies adopted by the IJB were assessed as part of the audit and were considered to be appropriate to the circumstances of the IJB. 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 a number of areas in the IJB's financial statements. Audit work considered the process management has in place around making accounting estimates, including the assumptions and data used in making the estimates. 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 considered to be 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. Other than the issues raised in Exhibit 2 regarding the management commentary, the quality of disclosures was assessed as satisfactory.

## 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.

## 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 3.

## Exhibit 3

**Significant risks of material misstatement to the financial statements**

| Risk of material misstatement | Audit response | Outcome of audit work |
|---|---|---|
| **Fraud caused by management override of controls**<br>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively. | • Evaluated assurances from the external auditors of partner bodies, i.e., Aberdeen City Council and NHS Grampian, which included:<br>– Evaluating the design and implementation of controls over journal entry processing.<br>– Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.<br>– Testing journal entries, focusing on those that are assessed as higher risk.<br>– Focused testing of accruals and prepayments to ensure transactions are recorded in the correct financial year.<br>– Evaluating significant transactions outside the normal course of business.<br>– Assessing changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.<br>• Assessing the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements | **Conclusion:** Based on audit work performed, there is no evidence of fraud caused by management override of controls. |

Source: Audit Scotland

## Prior year recommendations

**29.** The IJB has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the IJB and are outlined in Appendix 1.

# Wider scope and Best Value audit

## Conclusion

Following a period of significant turnover, the IJB experienced greater stability in its financial leadership during the year, with the council's Chief Finance Officer assuming dual responsibility and the appointment of a Deputy Chief Finance Officer to lead operational financial management. While these arrangements remain relatively new, there is evidence of a strengthened focus on financial management, including the preparation of the accounts and scrutiny of financial performance.

The IJB enhanced its arrangements for financial sustainability during the year. While these place the IJB in a better position for addressing future financial challenges, significant savings requirements and ongoing demand and funding pressures mean that continued attention will be required to secure long-term financial sustainability.

Except for the above matters, the board has effective and appropriate arrangements in place for Financial Management, Financial Sustainability, Vision, Leadership and Governance, and Use of Resources to Improve Outcomes.

Based on our wider scope conclusions, the IJB has effective and appropriate arrangements in place for securing Best Value.

## 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.

## Significant wider scope and Best Value risks

**34.** Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 4.

## Exhibit 4
### Significant wider scope and Best Value risks

| Significant risk identified in Annual Audit Plan | Audit response | Outcome of audit work |
|---|---|---|
| **Financial management**<br>The quality of the annual accounts submitted for audit in 2024/25 were of a poor standard. We also identified areas for improvement in both the Management Commentary and the Annual Governance Statement.<br>The IJB had seen a significant turnover in the Chief Finance Officer (CFO) role in previous years. New arrangements were implemented in summer 2025 with the appointment of the council's CFO as the IJB Interim CFO. He is supported by a deputy CFO post which has recently been filled on a permanent basis.<br>Given the importance of the deputy role, it is crucial that appropriate induction, training and mentoring are provided to ensure they are able to carry out their responsibilities effectively including the production of quality annual accounts and supporting working papers. | • Held early discussions with IJB and partner finance officers on audit requirements and timescales. | Refer paragraphs 35-45 |

| Significant risk identified in Annual Audit Plan | Audit response | Outcome of audit work |
|---|---|---|
| **Financial sustainability**<br>The IJB's risk register identifies financial sustainability as its most significant risk. This is described as the risk of financial failure arising from demand for services outstripping the available budget.<br>The IJB has an approved budget for 2025/26 and a refreshed medium-term financial framework. This is based on the delivery of £14 million savings in 2025/26. With no reserves and its partners also facing financial challenges, it is crucial that planned savings are realised to achieve financial balance in the current year and beyond. | • Reviewed quarterly financial reports and savings plans to assess the latest projections and actions taken to achieve financial balance.<br>• Reviewed the alignment of the medium-term financial framework with the board's strategic priorities and service delivery plans. | Refer paragraphs 46-50 |

Source: Audit Scotland

## Conclusions on wider scope audit

### Financial Management

**35.** In July 2025, the council's chief finance officer (CFO) was also appointed the IJB's interim CFO and in February 2026, a newly created post of Deputy CFO was filled who would have operational responsibility for financial management.

**36.** In response to the financial challenges experienced in 2024/25, which resulted in a significant overspend and use of available reserves, financial management arrangements have been subject to increased scrutiny during the year. The board and Risk, Audit and Performance Committee have received regular budget monitoring reports, with enhanced challenge and oversight of financial performance.

**37.** In March 2025, an officer-led Budget Savings Oversight Group (BSOG) was established to identify savings opportunities to support the setting of a balanced budget and to oversee the delivery of approved savings proposals and initiatives. The 2025/26 budget included a requirement to achieve £14.3 million of savings and, looking ahead, further savings measures will be required to support financial sustainability in 2026/27 and beyond.

**38.** At an early stage, the BSOG reviewed the board's budget financial model including the Budget Protocol, budget templates and the Budget Options 'Playbook' which is the key record of all budget options.

**39.** In response to our previous recommendation (Follow-up of prior year recommendation 3, Page 23), budget and savings monitoring reports are now presented to each Risk, Audit and Performance Committee meeting. However, while quarterly savings updates are provided, it remains difficult to assess the overall progress of the savings programme. Given the scale of savings required, more comprehensive tracking information would be beneficial, including movements since the previous quarter, the status of individual initiatives against plan, and any lessons learned that could inform the delivery of other proposals. This additional information, now reflected in the follow-up recommendation, would provide members with a clearer understanding of progress, provide better oversight of the savings programme, and support timely intervention where necessary.

**Budget**

**40.** Except for the savings matter referred to above, comprehensive budget monitoring reports are prepared each quarter. In addition, there have been deep-dive reviews of prescribing costs to provide board members with a wider understanding of the challenges involved in managing such a complex budget.

**41.** Budget monitoring reports are prepared by consolidating financial information from partner organisations' systems, a complex process involving finance staff across those organisations. The health and social care funding environment is also subject to frequent change, with additional funding allocations, particularly from the health sector, regularly received during the year. As a result, budget monitoring reports need to present a complex picture, balancing performance against budget with the impact of new funding allocations, emerging cost pressures, and the delivery of planned savings. This can make it challenging to present a clear and accessible assessment of the overall financial position.

## Exhibit 5
## 2025/26 Annual budget – quarterly revisions

| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Budget | 439.0m | 461.0m | 465.6m | 475.3m |

**42.** During 2025/26, the IJB's reported budget position changed significantly across the year, as illustrated in Exhibit 5. While budget monitoring reports explained performance against the budget for each reporting period, they did not provide sufficient analysis of the movements between quarters, making it difficult to understand the factors driving changes in the overall financial position.

**Recommendation 2**: To improve transparency, budget monitoring reports should include a reconciliation of movements between quarters, clearly identifying the nature and value of additional funding allocations and explaining their impact on the overall financial position for the year.

**43.** The £36 million increase in the budget between Q1 and Q4 reflects a combination of factors, including £17 million of ring-fenced funding, £11 million of other funding allocations, and an £8 million increase in the set-aside budget. As at 31 March 2026, the IJB held reserves of £11 million, comprising £3 million of ring-fenced balances and £8 million of uncommitted reserves.

### Reserves

**44.** The uncommitted reserve resulted from the net impact of performance in the following areas:

- Older People and Physical and Sensory Disabilities – underspend of £4 million due mainly to staffing savings from vacancy management and a reduction in high-cost service packages.
- Integration and Change - £3 million underspend due to unspent funding at the year end.
- Aberdeen City share of Hosted Services (health) - £2 million underspend largely due to the wind down of Rosewell facilities.
- Learning Disabilities - £3 million overspend due to ongoing demand and complexity pressures, including high-cost packages and transition costs.

## Conclusions on Financial Management

**45.** Except for the above matters, the audit work performed on the arrangements the IJB has in place for securing sound financial management found that these were broadly effective and appropriate and that further enhancements could be made. This judgement is evidenced by the IJB having:

- more stable financial leadership, with dedicated finance support across partner organisations re-established, improving capacity to develop more robust financial plans and monitoring reports.
- a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that support effective financial management.

- clear and up-to-date policies in place, through its partners, for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective oversight provided by the Risk, Audit and Performance Committee.

### Financial Sustainability

**46.** The audit work performed found that the IJB has strengthened its arrangements for financial sustainability during the year. While these place the IJB in a better position for addressing future financial challenges, significant savings requirements and ongoing demand and funding pressures mean that continued attention will be required to secure long-term financial sustainability. This judgement is evidenced by the IJB:

- having an annually updated medium-term financial framework that reflects demand pressures, resource availability and emerging risks.
- having a modernisation framework aimed at supporting service improvement and the delivery of savings and efficiencies, overseen by the Budget Savings Oversight Group.
- developing savings plans to help address forecast budget gaps and a reserves strategy to support the appropriate use of reserves where required.

**47.** One-off additional funding from partners in 2025/26 is not available in 2026/27 and has therefore added £10.9 million budget pressures. Other pressures include:

- Pay awards likely to exceed previous partner estimates including real living wage increases from April 2026.
- The full year impact of inflationary pressures applied during the year.
- The increase in the National Care Home Contract Rate in 2026/27.
- Sustained demand for social care services where need is ‘high’ or ‘urgent’.
- Prescribing costs that are projected to rise both in cost and need.

**48.** While the Scottish Government has provided additional funding to cover some of the above pressures, there is a shortfall of £6.2 million and when added to the removal of the 2025/26 one off funding, gives a total shortfall of £17.2 million to be met from new and recurring savings in 2026/27. An analysis is provided in Exhibit 6.

## Exhibit 6
### Funding and savings to close the budget gap

| | £ million |
|---|---|
| Review of service provision to achieve a balanced budget | 14.5 |
| Recurring savings from 2025/26 | 2.1 |
| Estimated additional funding | 0.6 |
| **Total required** | **17.2** |

Source: Aberdeen City IJB Budget 2026/27 and Medium-Term Financial Framework 2026/31

**49.** The work of BSOG will continue as savings continue to be sought through ongoing review of services. The strategic plan identifies four pillars of work which are intended to modernise ways of working and contribute to savings and efficiencies. The goals include:

- reducing acute dependency and total system cost through alternatives to admission and faster discharge.
- moving spend into interventions that improve outcomes and lower total cost of care.
- containing prescribing inflation and reduce unwarranted variation.
- delivering recurring productivity without destabilising frontline services.

**50.** The Medium Term Financial Forecast for 2026/27, summarised in Exhibit 7, was approved prior to the availability of the 2025/26 outturn. The uncommitted reserves of £7.7 million will therefore provide some headroom to manage the delivery of the five-year financial plan with a cumulative funding gap of £36.5 million. The focus is however on the delivery of recurring savings and building reserves.

## Exhibit 7
### Medium Term Financial Forecasts for 2026/27 – 2030/31

| | 2026/27 £ million | 2027/28 £ million | 2028/29 £ million | 2029/30 £ million | 2030/31 £ million |
|---|---|---|---|---|---|
| Budgeted expenditure | 471.120 | 487.010 | 502.630 | 518.885 | 535.802 |
| Total funding | (453.992) | (464.890) | (476.006) | (487.528) | (499.283) |
| Funding gap | 17.128 | 22.120 | 26.564 | 31.357 | 36.519 |
| **Annual budget gap (recurring savings achieved)** | **17.128** | **4.992** | **4.445** | **4.793** | **5.162** |

Source: Aberdeen City IJB Budget 2026/27 and Medium-Term Financial Framework 2026/27 to 2030/31

## Vision, Leadership and Governance

**51.** 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 the IJB:

- having a Strategic Plan in place covering 2025-29 which involved stakeholders in its development and is aligned with delivering services within budget.
- agreeing a new Workforce Plan covering 2026-29 that supports strategic priorities.
- creating new dashboards as part of the development of a performance management framework. This should provide improved opportunities for targets to be set and outcomes monitored.
- having effective governance arrangements in place, as reflected in the Governance Statement included in the accounts, generally positive internal audit reviews and regular consideration of the board's key governance documents.

**52.** The IJB approved a new three-year Workforce Plan with two priorities supported by four priority actions and high-level performance measures. Some of these measures have targets but the majority do not. The IJB should strengthen its Workforce Plan action plan by including clear targets, milestones and timescales to enable effective monitoring and scrutiny of progress against workforce priorities. (Refer follow-up action 9, page 26)

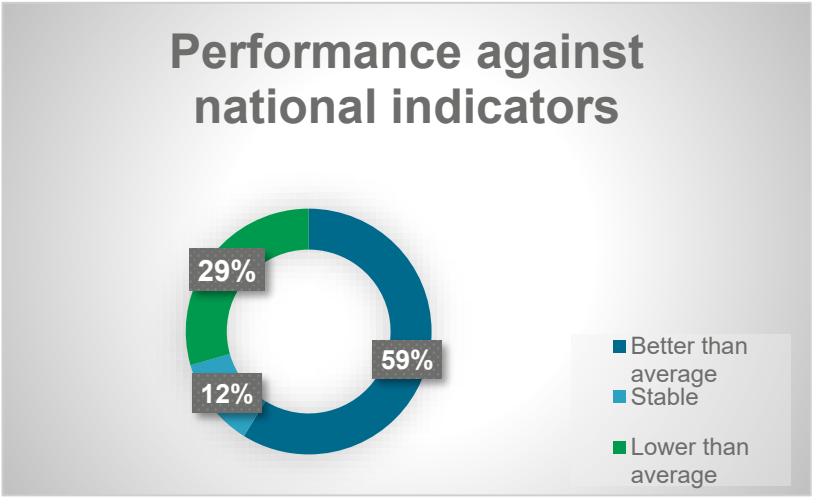
## Use of Resources to Improve Outcomes

**53.** The audit work performed on the arrangements the IJB has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by the IJB:

- developing reporting arrangements to monitor progress against the delivery plan and report this to the Risk, Audit and Performance Committee.
- having arrangements in place to benchmark its performance through the use of the National Indicators and the Ministerial Steering Group Indicators to identify areas of improvement.
- producing an Annual Performance Report which demonstrates its performance against the National Integration Indicators and those set by the Ministerial Steering Group as illustrated by Exhibit 8.

## Exhibit 8

**IJB's Performance against the National Integration Indicators compared with the Scottish average**




Source: Aberdeen City Health and Social Care Partnership Annual Performance Reports for 2024/25 and 2025/26

## Conclusions on Best Value

**54.** IJB's have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

- We have not undertaken any specific Best Value work in 2025/26. However, we considered how board members received assurance that arrangements are in place to secure Best Value. The Annual Governance Statement confirms that this responsibility is discharged by the governance arrangements put in place by the IJB and Chief Officer.
- Audit work undertaken around the four wider scope audit areas contribute to the IJB being able to demonstrate Best Value. While we found appropriate arrangements in place, some enhancements have been recommended.

## Good practice

**55.** The audit team identified reporting of progress made in implementing agreed audit recommendations as an example of good practice.

**56.** A significant action plan was agreed on the conclusion of the 2024/25 audit of the IJB's annual accounts. Progress against the action plan has been reported quarterly to the Risk, Audit and Performance Committee since March 2026. Appendix 1 sets out those 2024/25 recommendations and the progress made during the year.

# Appendix 1

Action plan 2025/26

## 2025/26 recommendations

| Matter giving rise to recommendation | Recommendation | Agreed action, officer and timing |
|---|---|---|
| **1.Management Commentary**<br>. | There remains scope to streamline the level of detail within the management commentary and place greater emphasis on key achievements, outcomes and overall impact. This would help ensure the commentary provides a clearer and more focused account of performance during the year. | Agreed<br>Responsible Officer - Strategy & Transformation Lead<br>By June 2027 |
| 2.**Budget monitoring reporting** | To improve transparency, budget monitoring reports should clearly reconcile key movements between reporting periods and explain their impact on the financial position. | Agreed<br>Responsible Officer – Deputy Chief Finance Officer<br>By April 2027 |

## Follow-up of prior year recommendations

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
|---|---|---|
| 1. **CFO Role**<br>The IJB experienced high turnover in the CFO role during 2024/25. | The IJB should implement an appropriate onboarding plan for the deputy chief finance officer covering training and mentoring.<br>Chief Officer/Partner CFOs<br>Within three months of appointment | Implemented |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
|---|---|---|
| 2. **Review of financial model**<br>The IJB forecast overspend significantly increased each quarter in 2024/25. A contributing factor being out-of-date assumptions used in forecasting. | The budget financial model should be reviewed to bring financial assumptions up-to-date and the assumptions should be challenged by the board/committee.<br>CFO/Risk, Audit and Performance Committee<br>By March 2026 | The Budget Oversight Group undertook a lessons learnt review following the 2024/25 financial deficit position including a review of the budget protocol and 'song book'. It is unclear to what extent the lessons learned and other related reviews have been incorporated into budget-setting briefings for members. There has however been increased scrutiny of budget outturn information.<br>Ongoing. |
| 3. **Savings plan monitoring and reporting**<br>With no reserves and partners also experiencing financial challenges, the IJB needs to deliver its planned savings. | Detailed reports on progress in delivering planned savings should be formally monitored by senior management and reported quarterly to the Risk, Audit and Performance Committee for increased scrutiny.<br>Monthly monitoring by Budget Savings Oversight Group and Quarterly reporting to Risk, Audit and Performance Committee | A surplus was delivered in 2025/26 enabling reserves to be replenished.<br>Agreed savings are built into budgets and become part of business as usual.<br>There is scope for more comprehensive tracking of savings by BSOG, including movements since the previous quarter, the status of individual initiatives against plan, and any lessons learned that could inform the delivery of other proposals. This additional information would provide members with a clearer understanding of progress, provide better oversight of the savings programme, and support timely intervention where necessary<br>Responsible Officer – Deputy Chief Finance Officer<br>By April 2027 |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
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| 4. **Availability of management data**<br>Health and social care senior leadership team (SLT) have limited access to robust, regular management data. | Systems need to be developed to enable the routine extraction of fundamental management data to assist health and social care management in reviewing priorities and decision-making.<br>Chief Officer (Lead) with partner data insights and intelligence teams<br>Chief officer (Lead) with partner IT leads<br>March 2026 – August 2026 | Review of the Population Needs Assessment/Joint Strategic Needs Assessment is underway in line with Public Health timelines. A local demand profile is being developed from existing service dashboards. The availability of trend data varies, but this will improve over time.<br>This recommendation will now be combined with number 5. |
| 5. **Developing performance information**<br>With increased demand for services, good performance data needs to be available to enable scrutiny and challenge and support decision making. | Challenging targets need to be set and measures put in place to provide the management team with real-time performance information.<br>Chief Officer /SLT<br>June 2026 | Dashboards have been developed but a further review of these is required. 'Real Time' access is achievable via both Illuminate and Power BI but dependant on updating schedules of partners. Development of targets is delayed pending review of historical performance and demand data to inform this work.<br>Performance Management Framework (PMF) is being developed and will be considered for approval by the board in December 2026 with implementation thereafter.<br>Further action required to develop an agreed suite of dashboards.<br>Responsible Officer - Strategy & Transformation Lead<br>By March 2027 |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
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| 6. **Management commentary**<br>While guidance allows flexibility in terms of the level of performance information included in the management commentary, the initial version of the annual accounts submitted for audit did not provide sufficient detail to allow a reader to fully assess the board's overall performance. | The management commentary should provide a clear and balanced narrative on the performance of the IJB during the year and be supported by financial and non-financial information.<br>Agree - the performance information will be reviewed for inclusion in the accounts. A clearer narrative will be provided on the balances.<br>Chief Finance Officer<br>March 2025 | Improvement made in 2025/26 but further enhancement required.<br>The development of the Performance Management Framework will provide data to inform future commentaries.<br>This recommendation is being superseded by 2025/26 recommendation 1. |
| 7. **Previous year recommendations/working paper package**<br>Limited improvements were made in response to our recommendations following the audit of the 2022/23 accounts. There were delays in receiving 2023/24 working papers and responses to subsequent queries raised. The departure of key staff adversely affected the audit and with limited spare capacity, there was little alternative for the Chief Officer but to delay the conclusion of the audit by two months. | Improvement is required to the working paper package provided for audit alongside the unaudited accounts and associated support arrangements.<br>Agree and will be taken forward.<br>Chief Finance Officer<br>By May 2025 | Working paper checklist provided as part of the audit was largely delivered.<br>Implemented |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
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| 8. **Budget monitoring**<br><br>Improvement is needed to support increased scrutiny and accountability of financial performance. | The board should review the adequacy and frequency of the financial information it receives and consider the best forum in which to monitor and scrutinise expenditure incurred, performance against budget and progress on savings.<br><br>The CFO agreed to:<br><br>work with partners to consider if there is scope for receipt of more financial information on a more frequent basis.<br><br>review the reporting of financial information to the IJB and its Risk, Audit and Performance Committee and seek to adopt a more consistent approach through.<br><br>Chief Operating Officer<br><br>By March 2025 | Comprehensive reports provided to board members during the year. Increased focus by both the board and the Risk, Audit and Performance Committee.<br><br>This recommendation is being superseded by 2025/26 Recommendation 2. |
| 9. **Reporting progress against workforce plans (also reported in 2022/23)**<br><br>Workforce planning arrangements set out clear aims and key actions. The recent update provides information and narrative on progress but targets and measurable performance indicators have yet to be developed. | Targets and measures should be agreed and reported to demonstrate the effectiveness of the workforce plan.<br><br>People and Organisation Lead<br><br>May 25 | The Workforce Plan was the subject of an Insight Session in May 2026 prior to board approval. This provided improved visibility of workforce related data. There will be regular updates to the senior leadership team and annual reporting to the Risk, Audit and Performance Committee.<br><br>Further work required to develop targets for all performance indicators identified in the Workforce Plan.<br><br>Responsible Officer - Lead for People & Organisation<br><br>By March 2027 |

| Matter giving rise to recommendation | Recommendation, agreed action, officer and timing | Update |
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| 10.**Strategic plan – measuring impact**<br><br>It is not clear how the strategic planning actions relate to service delivery and improvement. | Consideration should be given to the use of success targets and outcomes when reporting on the impact of the delivery of the strategic plan.<br><br>We are currently working on how we can improve the visibility of the correlation of the successful delivery of our Delivery Plan project measures to the priorities within the Strategic Plan and the National Performance Indicators. We hope to be able to better demonstrate this for 2024/25. We are in the process of refreshing our Strategic Plan for 2025 onwards and this correlation is being built into the design of that.<br><br>Strategy & Transformation Lead<br><br>March 2025 | Improved linkage is being considered as part of the refresh of the Performance Framework which will feed into the Annual Performance Report for 2026/27.<br><br>Further work required to develop targets and measures to demonstrate progress against the strategic plan.<br><br>Responsible Officer - Strategy & Transformation Lead<br><br>By September 2027 |

# Appendix 2

## Supporting national and performance audit reports

| Report name | Date published |
|---|---|
| Local government budgets 2025/26 | 22 May 2025 |
| NHS in Scotland: Spotlight on governance | 28 May 2025 |
| Delivering for the future: Responding to the workforce challenge | 7 August 2025 |
| Flooding in communities: Moving towards flood resilience | 28 August 2025 |
| Adult Disability Payment | 18 September 2025 |
| Scotland's colleges 2025 | 2 October 2025 |
| Improving care experience: Delivering The Promise | 8 October 2025 |
| Local government performance: Spotlight on culture and leisure services | 23 October 2025 |
| Financial sustainability and taxes | 13 November 2025 |
| NHS in Scotland 2025: Finance and performance | 4 December 2025 |
| Delayed discharges: A symptom of the challenges facing health and social care | 8 January 2026 |
| Community health and social care: Performance 2025 | 8 January 2026 |
| Administration of Scottish income tax 2024/25 | 16 January 2026 |
| Local Government in Scotland: Financial bulletin 2024/25 | 29 January 2026 |
| The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25 | 12 February 2026 |
| Integration Joint Boards: Finance bulletin 2024/25 | 26 February 2026 |
| Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland | 12 March 2026 |

# Aberdeen City Integration Joint Board

## 2025/26 Annual Audit Report

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