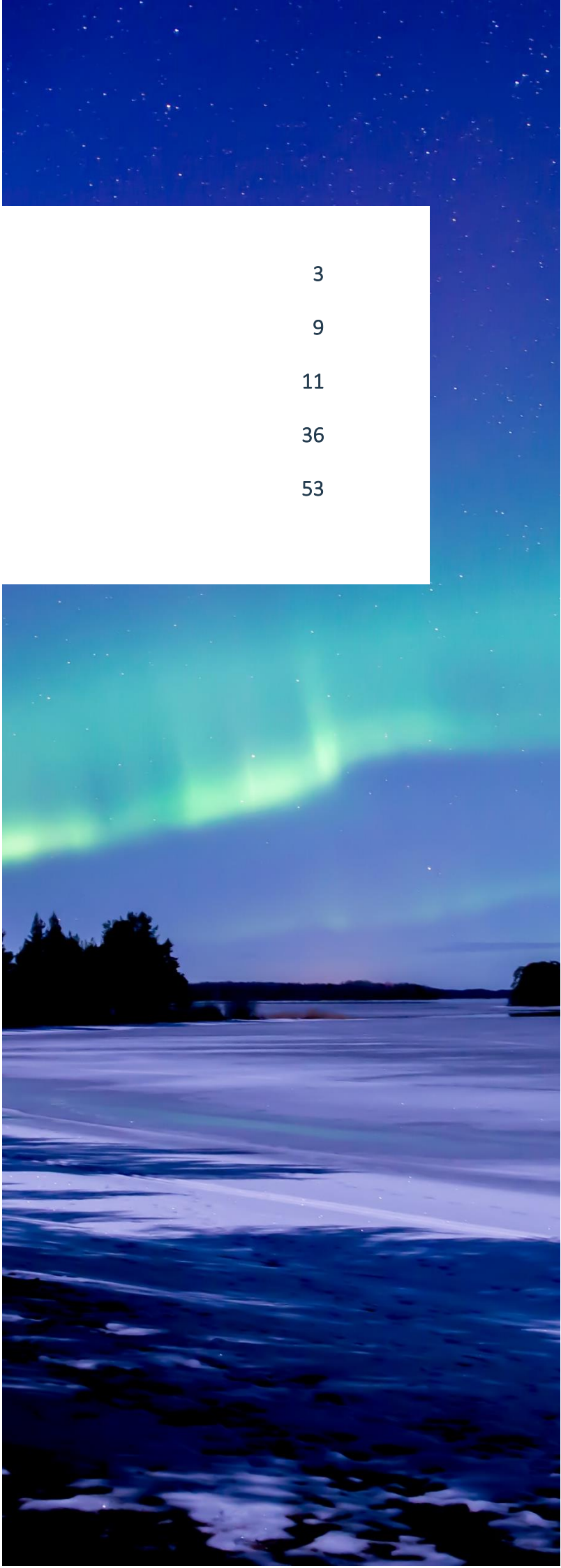
Scottish Ambulance Service

2024/25 Annual Audit Report to the Board and the Auditor General for Scotland

June 2025

Table of Contents



Key messages

Financial statements audit

Audit opinion	We have issued an unqualified opinion.
Key audit findings	Scottish Ambulance Service (SAS) had appropriate administrative processes in place to prepare the annual accounts and the supporting working papers. We have obtained adequate evidence in relation to the key audit risks identified in our audit plan. The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Audit adjustments	One audit adjustment has been identified in respect of a reclassification of the historic balance for insurance claims from prepayments to other receivables. No unadjusted differences were identified. We identified disclosure and presentational adjustments during our audit, which have been reflected in the final set of financial statements.
Accounting systems and internal controls	We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess SAS's processes and internal controls relating to the financial reporting process. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we include these in this report. No material weaknesses or significant deficiencies were noted.

Wider scope of public audit

	Auditor judgement Risks exist to the achievement of operational objectives
Financial Management Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	SAS continues to have effective arrangements in place for financial management. SAS met its key financial targets in the year, delivering an underspend against its revenue resource limit and a breakeven position against its capital resource limit. A savings target of £12million was set for 2024/25 and SAS achieved the delivery of these, primarily through best value programmes and local efficiency plans. Only 60% of savings achieved in 2024/25 represent recurring savings which means that the remaining savings will need to be achieved again in 2025/26 and future years. This failure to deliver recurring savings places substantial additional pressure on the future financial position of SAS and therefore requires careful management.

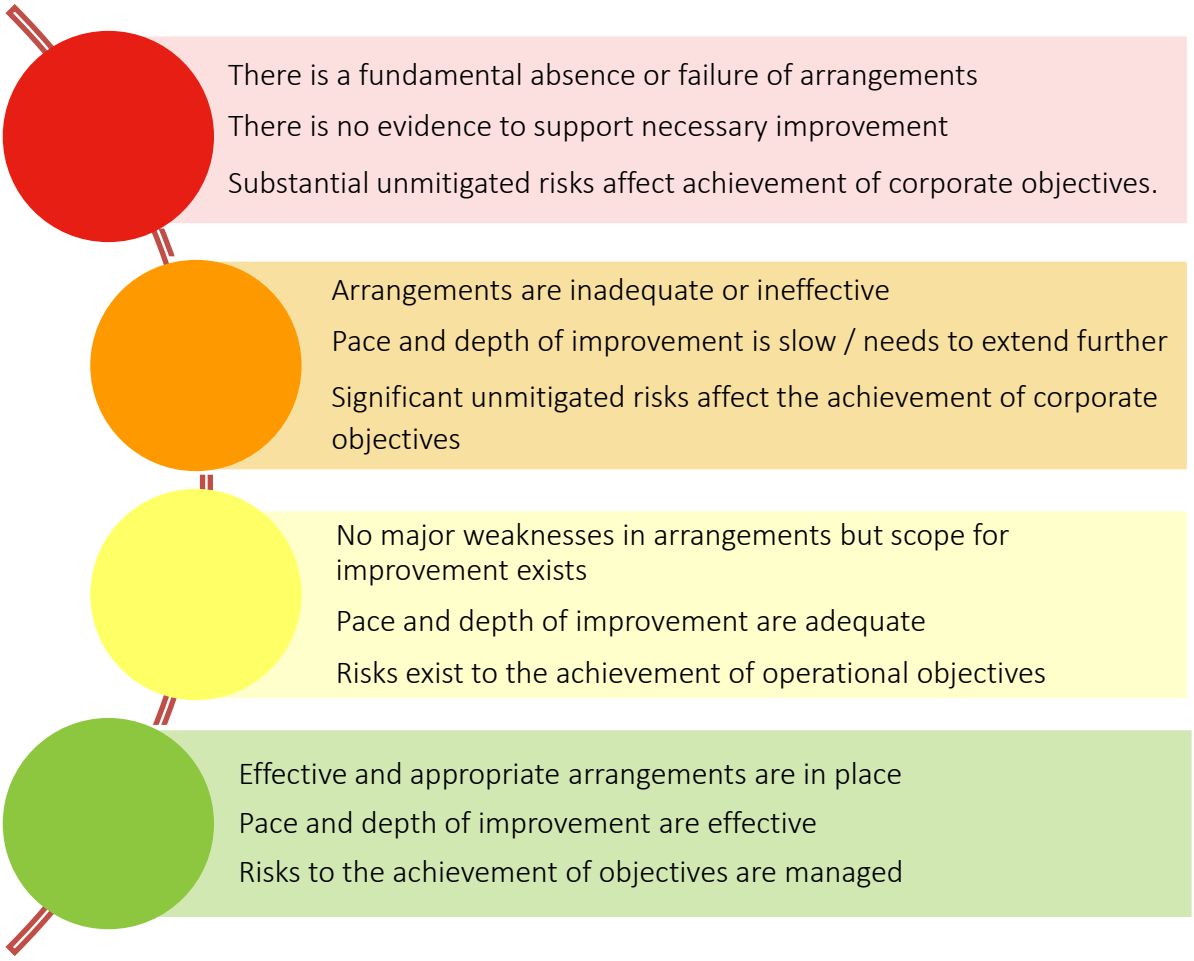
Financial Sustainability Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services and the way in which they should be delivered.	**Auditor judgement** Risks exist to the achievement of operational objectives SAS continues to have good arrangements in place for short and medium term financial planning. SAS continues to work towards the achievement of a long term sustainable financial position. The financial plan shows a financial gap of £4.3million for 2025/26 with a breakeven position forecast for 2026/27 and 2027/28. This financial gap position is after inclusion of a challenging savings target of at least £25million over the three year period. Recognising that the medium term financial plan presents a challenging three years for the service, SAS are focused on developing key change programmes to improve the financial sustainability of the service. It is important that the pace of the transformation activity and change programmes work is appropriate and effective in reducing the risk of SAS's financial sustainability in the medium to longer term. The emerging and uncertain impact on SAS's finances and ability to deliver services in a sustainable manner remains a significant challenge and risk for 2025/26 and beyond and requires continuing careful management and oversight.

Vision, Leadership and Governance Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	**Auditor judgement** Effective and appropriate arrangements are in place  Governance arrangements throughout the year were found to be satisfactory and appropriate. We are satisfied that the Board continued to receive sufficient and appropriate information throughout the period to support effective and timely scrutiny and challenge. Good progress is being made against SAS's Blueprint for Good Governance improvement plan. SAS are currently on track to meet the improvement action deadlines and we have no concerns over SAS's implementation of the improvement plan. Appropriate arrangements are in place to oversee the delivery of the 2030 Strategy and that delivery plans are progressing at a good pace.

Use of Resources to Improve Outcomes	Auditor judgement
Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.	Risks exist to achievement of operational objectives
	SAS continue to have appropriate performance management processes in place that support the achievement of value for money. Overall performance against SAS's KPIs has decreased since the prior year which is primarily due to SAS continuing to experience pressures through increases in demand of the most critically unwell patients and challenges in handing over patients timeously at Emergency Departments because of wider health and care system pressures. SAS has recognised that the main challenging area of performance continues to be hospital turnaround time. SAS are developing a number of initiatives to focus on improved performance in this area and is working with partner organisations across the NHS to support improvement.

Definitions

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



Introduction

Scope of audit

The annual external audit comprises the audit of the financial statements and other reports within the annual report and accounts, and the wider-scope audit responsibilities set out in Audit Scotland's Code of Audit Practice. Code of Audit Practice 2021 | Audit Scotland

We outlined the scope of our audit in our External Audit Plan, which we presented to the Audit and Risk Committee at the outset of our audit.

Responsibilities

SAS is responsible for preparing annual report and accounts which show a true and fair view of the results for the year and position at the year end, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on, the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team or to Audit Scotland.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Financial statements audit

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	We conduct our audit in accordance with applicable law and International Standards on Auditing. Our findings / conclusions to inform our opinion are set out in this section of our annual report.	The annual report and accounts was considered by the Audit and Risk Committee on 12 June 2025 and approved by the Board on 25 June 2025. We have issued an unqualified opinion.
Going concern basis of accounting	When assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body. We assess whether there are plans to discontinue or privatise the Board's functions. Our wider scope audit work considers the financial sustainability of the Board.	We reviewed the financial forecasts for 2025/26. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Board will have continued provision of service for at least 12 months from the signing date. Our audit opinion is therefore unqualified in this respect.

Opinion	Basis for opinion	Conclusions
Regularity of income and expenditure	We plan and perform our audit recognising that non-compliance with statute or regulations may materially impact on the annual report and accounts.	We did not identify any instances of irregular activity. In our opinion, in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.
Opinions prescribed by the Auditor General for Scotland: • The audited part of the Remuneration and Staff Report • Performance Report • Governance Statement	We plan and perform audit procedures to gain assurance that the audited part of the Remuneration and Staff Report, Performance Report and Governance Statement are prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.	The annual report contains no material misstatements or inconsistencies with the financial statements. We have concluded that: • the audited parts of the Remuneration and Staff Report have been properly prepared. • the information given in the performance report is consistent with the financial statements and has been properly prepared. • the information given in the Governance Statement is consistent with the financial statements and our understanding of the organisation gained through our audit.

Opinion	Basis for opinion	Conclusions
Matters reported by exception	We are required to report on whether: • adequate accounting records have not been kept; or • the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit; or • there has been a failure to achieve a prescribed financial objective.	We have no matters to report.

An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Audit and Risk Committee in January 2025. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to SAS This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise. We have not altered any of the risks outlined within our External Audit Plan.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. This includes:

- An evaluation of the SAS and the group's internal control environment, including the IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including procedures outlined in this report in relation to our key audit risks.

Quality indicators

We have applied a suite of quality indicators to assess the reliability of the Board's financial reporting and response to the audit.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of draft financial statements	Mature	We received the unaudited financial statements of a good standard in line with our audit timetable. Revisions were provided promptly where required.
Quality of working papers provided and adherence to timetable	Mature	We received working papers of a good standard in line with our audit timetable. Further information was provided promptly where required.
Timing and quality of key accounting judgements	Mature	We did not identify any issues with the timing and quality of key accounting judgements.
Access to finance team and other key personnel	Mature	We received full access to the finance team and other key personnel. All audit queries and requests were responded to in a timely manner.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of the • audited part of the Remuneration and Staff Report • Performance Report • Governance Statement As well as the quality and timeliness of supporting working papers for those statements.	Mature	We identified disclosure changes in relation to the Remuneration and Staff Report. See Appendix 2 for further details.
Volume and magnitude of identified errors	Mature	We identified one audit adjustment and no unadjusted misstatements. This is an improved position from the previous year.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures are designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we considered the significant risks for the audit that had the greatest effect on our

audit strategy, the allocation of resources in the audit and directing the efforts of the audit team (the 'Key Audit Matters'), as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual report and accounts as a whole, and not to express an opinion on individual accounts or disclosures.

Our opinion on the annual report and accounts is not modified with respect to any of the risks described below.

The table below summarises each significant risk. Detail behind each risk and the work undertaken is set out on the following pages.

Risk area	Fraud risk	Planned approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls – Financial Statement Level Risk	Yes	Assess design & implementation	Low	From our work we found no evidence of material fraud or error through management override of controls. We raised one recommendation in relation to SAS's journal authorisation. See Appendix 2 for further details.
Fraud in revenue recognition (Rebutted) – Assertion Level Risk	Yes	Assess design & implementation	Low	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Scottish Ambulance Service, we have determined that the risk of fraud arising from

Risk area	Fraud risk	Planned approach to controls	Level of judgement / estimation uncertainty	Outcome of work
				revenue recognition for all revenue streams can be rebutted.
Fraud in non-pay expenditure recognition – Assertion Level Risk	Yes	Assess design & implementation	Low	From our work we found no indication of fraud through expenditure recognition.
Valuation of land and buildings – Assertion Level Risk	No	Assess design & implementation	High	From our work we have obtained assurance that the valuation of land and buildings is free from material misstatement.
Valuation of Provisions – Assertion Level Risk	No	Assess design & implementation	High	From our work we have obtained assurance that the provisions in the account are free of material misstatement.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Risk area	Management override of controls (Board and Group)
Significant risk description	Management of any entity is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk will vary from entity to entity, this risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk on all audits. Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. This was considered to be a significant risk and Key Audit Matter for the audit. Inherent risk of material misstatement: Very High
How the scope of our audit responded to the significant risk	Key judgement There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions. Audit procedures • Documented our understanding of the journals posting process and evaluated the design effectiveness of management controls over journals; • Analysed the journals listing and determined criteria for selecting high risk and / or unusual journals; • Tested high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation for appropriateness,

Risk area	Management override of controls (Board and Group)
	corroboration and ensured approval has been undertaken in line with SAS's journals policy; • Gained an understanding of the accounting estimates and critical judgements made by management. We challenged key assumptions and considered the reasonableness and indicators of management bias which could result in material misstatement due to fraud; and • Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Key observations	We have not identified any indication of management override of controls in the year. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years. We raised one recommendation in relation to SAS's journal authorisation, see Appendix 2 for further details.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area	Fraud in revenue recognition – Rebutted (Board and Group)
Significant risk description	Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240. Having considered the nature of the income streams at SAS, we consider that the risk of fraud in revenue recognition can be rebutted on all income streams because: •There is little incentive to manipulate revenue recognition; •Opportunities to manipulate revenue recognition are limited due to the majority of revenue received being funding from the Scottish Government; •Income from services commissioned from other NHS Scotland bodies are well forecasted and agreed to in funding letters/inter-Board funding agreements, reducing the opportunity for manipulation; and •There is a low opportunity to manipulate other income since it is non complex and there are sufficient controls in place to prevent and detect fraud from other income streams, we therefore believe that the risk of material fraud is low. Audit approach Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Scottish Ambulance Service, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted because: • There is little opportunity to manipulate revenue recognition in any meaningful way or to adopt aggressive revenue recognition policies. Therefore, we do not consider this to be a significant risk for the Scottish Ambulance Service and the Group.
Key observations	Based on the audit work performed in relation to revenue recognition we did not identify any material issues.

Key risk area	Fraud in non-pay expenditure recognition (Board and Group)
Significant risk description	We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at SAS. Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of expenditure around the year end leading to a material misstatement in the reported financial position. This was considered to be a significant risk and Key Audit Matter for the audit. **Inherent risk of material misstatement:** Non-pay expenditure (completeness): High Accruals (completeness): High
How the scope of our audit responded to the significant risk	**Key judgements** Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals and non-pay expenditure around the year end. **Audit procedures** • Documented our understanding of SAS's systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluated the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems; • Evaluated SAS's accounting policies for recognition of expenditure and compliance with the FReM; • Searched for unrecorded liabilities by performing a substantive sample test of invoices input onto the accounts payable system post period end; and • Searched for unrecorded liabilities by reviewing cash payments post period end.

Key risk area	Fraud in non-pay expenditure recognition (Board and Group)
Key observations	Based on the audit work performed, we have gained reasonable assurance on the completeness of non-pay expenditure and accruals, and we are satisfied that expenditure is fairly stated in the financial statements.

Key risk area	Valuation of land and buildings - key accounting estimate (Board and Group)
Significant risk description	SAS held land and buildings with a net book value of £25.090million at 31 March 2025 with valuations of all land and building assets reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations during the year. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings as a significant risk. We have pinpointed this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations. **Inherent risk of material misstatement:** Land and Buildings (valuation): High
How the scope of our audit responded to the significant risk	**Key judgements** Boards are required to ensure fixed assets are held at a carrying amount that does not differ materially from the current value at 31 March, alongside appropriate additional disclosures. **Audit procedures** • Evaluated management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;

Key risk area	Valuation of land and buildings - key accounting estimate (Board and Group)
	• Evaluated the competence, capabilities and objectivity of the valuation expert; • Considered the basis on which the valuation was completed and challenged the key assumptions applied; • Evaluated the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, tested the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluated the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.
Key observations	We did not identify any assets that had movements that fell out with our expectations when reviewing the draft financial statements and valuation report. Therefore, as asset valuation movements fell within expectations these were considered as low risk. We have gained assurance that the carrying value of SAS's estate in the financial statements is in line with the reports received from the external valuers (VOA). The valuer prepared the valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. We evaluated the competence, objectivity and capability of management's expert in line with the requirements of ISA (UK) 500 and concluded that use of the expert was appropriate. We confirmed that the basis of valuation for assets is appropriate based on the usage and reviewed the reasonableness of valuation assumptions applied. Overall, the valuation movements were in line with supporting evidence. We reviewed the keys estimates and judgements that management made in respect to the valuation of land and buildings for any indication of bias and assessed whether the

Key risk area	Valuation of land and buildings - key accounting estimate (Board and Group)
	judgements used by management are reasonable. We concluded that estimates and judgements are reasonable. Our audit work has not identified any issues in respect of the valuation of land and buildings as at 31 March 2025.

Key risk area	Valuation of Provisions key accounting estimate (Board and Group)
Significant risk description	The Board's financial statements include provisions for legal obligations in respect of: • Clinical and medical obligations • Participation in CNORIS (Clinical Negligence and Other Risks Indemnity Scheme); and • Pensions and similar obligations There is a significant degree of subjectivity in the measurement and valuation of these provisions. This subjectivity represents an increased risk of misstatement in the financial statements. **Inherent risk of material misstatement:** Provisions (valuation): High
How the scope of our audit responded to the significant risk	**Key judgements** A significant level of estimation and subjectivity is required in order to determine the valuation of provisions. Small changes in the key assumptions can have a material impact on the provisions. **Audit procedures** • Reviewed management's estimation for the provision and related disclosures; • Considered compliance with the requirements of the FReM and NHS Manual for Accounts; and • Considered the competence, capability and objectivity of the management expert.
Key observations	We have reviewed management's estimations and related disclosures and are satisfied that these comply with the requirements of the FReM and NHS Manual for Accounts. We reviewed the key estimates and judgements that management made in respect to the provisions for any indication of bias and assessed whether the judgements used by management are reasonable. We have concluded that estimates and judgements are reasonable. **Provisions for clinical and medical obligations and participation in CNORIS**

Key risk area	Valuation of Provisions key accounting estimate (Board and Group)
	We are satisfied that the amounts recognised as provisions appropriately reflect the amounts notified by the Central Legal Office (CLO) and Scottish Government. We have assessed management's estimation technique for the provisions and related disclosures and are satisfied that these comply with the requirements of the FReM and NHS Manual for Accounts. Audit Scotland undertake an annual review of the work carried out by the CLO to establish the extent to which the information they provide as a management expert can be used as audit evidence under ISA (UK) 500 and evaluate the appropriateness of the methodology adopted by Scottish Government to estimate the total national obligation. Audit Scotland has concluded that the CLO is objective, has sufficient expertise and the capability, time and resource to deliver reliable information. **Provision for Pensions and similar obligations** SAS meets the additional costs of benefits beyond the NHS Superannuation Scheme in respect of employees who retire early by paying the required amounts on an annual basis over the period between early departure and normal retirement date. SAS provides for this cost in full with payments estimated using inflation and discount rates provided by HM Treasury. We have reviewed management's estimations and related disclosures and are satisfied that these comply with the requirements of the FReM and NHS Manual for Accounts. Overall the year end balance of the provision is considered reasonable.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of SAS and the needs of users. We reviewed our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality for the group financial statements was £8.934million and the Board's financial statements was £8.931million. On receipt of the 2024/25 unaudited financial statements, we reassessed materiality and updated as set out in the table below based on the increase gross expenditure incurred in year. This change is the result of SAS's results for the year, rather than a change in our judgements around the materiality threshold as this remains set as 2% gross expenditure.

	Group £million	SAS £million
Overall materiality for the financial statements	9.574	9.566
Performance materiality (75% of materiality)	7.181	7.174
Trivial threshold	0.479	0.478
Materiality	Our assessment is made with reference to the group and SAS's gross expenditure. We consider this to be the principal consideration for users of the annual accounts when assessing financial performance. Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2024/25 unaudited annual report and accounts. The financial statements are considered to be materially misstated where total errors exceed this value.	

Performance materiality	Performance materiality has been set at 75% of overall materiality (adjusted to take into account SAS's component materiality allocation for the group accounts). This is based on the internal control environment of SAS and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial misstatements	5% of overall materiality for SAS and the group. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality.

We have applied a qualitative materiality threshold for disclosures within the Remuneration Report to Senior Management and Board Member Remuneration Tables. Due to the public interest in senior remuneration disclosures, we apply specific audit procedures to this work and set a qualitative materiality level for this area.

We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior remuneration disclosures. We applied heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors would alter the bandings reported for any individual.

Group audit

SAS prepares its annual report and accounts on a group basis. The group consists of SAS and Scottish Ambulance Service Endowment Fund.

As group auditors, under ISA (UK) 600 we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and regarding the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

For periods commencing on/after 15 December 2023 the auditing standard for group engagements has been revised. The key changes that you may see reflected in the audit findings have been outlined below:

- Revisions to the definitions of a group and component extend the scope of the ISA to encompass a wider range of group scenarios. This means that a single legal entity could fall under the scope of the group's ISA based on its internal structure, while multiple legal entities may sometimes be defined as a single component
- There is increased leadership responsibilities and involvement requirements for the group engagement leader, particularly when component auditors are utilised
- In the UK, there is a specific requirement for all component auditors to confirm their ability and willingness to comply with the FRC's Ethical Standard, regardless of their local jurisdiction
- The analytical/desktop review designation has been removed from the scope of procedures performed over a component in response to risk

The table below sets out the components within the group.

As set out in our External Audit Plan the planned scope of our group audit was full scope procedures for SAS and no further audit procedures for the Scottish Ambulance Service Endowment Fund. We revisited our assessment, following receipt of the unaudited accounts and our assessment remained the same.

Component	Nature and extent of further audit procedures	Audit Approach	Audit findings
Scottish Ambulance Service	Full scope	Full scope statutory audit, as set out in this audit plan.	We have issued an unqualified opinion.
Scottish Ambulance Service Endowment Fund	None	No procedures planned.	No procedures undertaken in line with audit scope. There were no issues identified from review of the consolidation.

Definitions:

Full Scope Design and perform further audit procedures on the entire financial information of the component, beyond procedures completed to review the consolidation.

Specific Scope Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures, beyond procedures completed to review the consolidation.

None No further audit procedures required, beyond procedures completed to review the consolidation.

Risks at the component-level

The risks identified at the Board are set out in this annual audit report. There are no other risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a company-by-company basis.

Audit differences

Audit differences, both adjusted and unadjusted, identified during the audit are detailed in Appendix 2.

We also identified disclosure and presentational adjustments during the audit, which have been reflected in the final set of financial statements and are disclosed in Appendix 2.

Internal controls

As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these at Appendix 3. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

Service auditor reports

SAS utilise a number of shared IT systems, IT applications and processes with other Scottish Health Boards. Assurance reports are prepared by service auditors in the health sector under ISAE (UK) 3402 covering the national systems/arrangements.

Shared service	Service assurance
National IT contract This contract covers the services provided by ATOS IT Services UK Limited e.g. controls over the principal IT service delivery supporting eFinancials.	NHS National Services Scotland (NSS) procures a service auditor report from PwC. PwC reported a qualified audit opinion in relation to review of access controls, although no actual breaches of access were noted. We have considered the findings of the report, and additional assurances provided to management from the service provider and are satisfied that the findings do not represent a material risk to our audit approach or conclusions.
National Single Instance (NSI) eFinancials NHS Ayrshire & Arran provide the eFinancials service with the IT service delivery being provided via the 'National IT contract' including the Real Asset Management system on behalf of all Scottish Health Boards	NHS Ayrshire and Arran procure a service auditor report from BDO. The service auditor report highlighted no critical or significant risk findings and reported an unqualified opinion.

Shared service	Service assurance
Provision of payroll services National Services Scotland (NSS) provide payroll services for NHS Lothian, NHS Fife, NHS Forth Valley and the Scottish Ambulance Service.	NHS National Services Scotland (NSS) procures a service auditor report from PwC. PwC reported a qualified audit opinion in relation to controls related to employee additions and amendments to ePayroll and also controls related to review of payroll exceptions and temporary payroll changes within ePayroll. No actual errors were noted in payments as a result of these control failings. We have considered the findings of the report, and additional assurances provided to management from the service provider and are satisfied that the findings do not represent a material risk to our audit approach or conclusions.

Other communications

Other areas of focus

Area of focus	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management.
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	There were no significant management judgements which required additional audit work, where there was disagreement over the judgement or where the judgement is significant enough that requires reporting.
Prior year adjustments identified	There were no prior period adjustments identified in the 2024/25 financial statements.

Area of focus	Audit findings and conclusion
Concerns identified in the following: • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target	No concerns were identified in relation to these areas.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by SAS.

The accounting policies, which are disclosed in the financial statements, are in line with the NHS Accounts Manual and are considered appropriate.

We identified one accounting policy disclosure change within the financial statements. See Appendix 2 for further details.

Key judgements and estimates

As part of the planning stages of the audit we identified all accounting estimates made by management and determined which of those are key to the overall financial statements.

Consideration was given to asset valuations, impairment, depreciation , provisions for legal obligations and doubtful debts, leases and accruals. Other than asset valuations and provisions we have not determined the accounting estimates to be significant. See the section above on “Significant risks at the assertion level for classes of transaction, account balances and disclosures” for detailed findings in relation to key accounting estimates.

We reviewed the key estimates and judgements that management made in respect to the identified key accounting estimates for indication of bias and assessed whether the judgements used by management are reasonable. We concluded that those key accounting estimates were reasonable.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Audit and Risk Committee. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting SAS. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations.

Written representations

We will issue the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any material related party transactions which have not been disclosed.

Confirmations from third parties

All requested third party confirmations have been received.

Wider scope of public audit

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. We consider the arrangements put in place by the Accountable Officer to meet their Best Value obligations through our risk-based wider scope audit work. Based on the findings set out in this section we are satisfied that SAS has organisational arrangements in place to secure Best Value.

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Auditor judgement

Risks exist to the achievement of operational objectives

Significant audit risk

Our audit plan identified the following significant risk in relation to financial management:

Financial management (extract from 2024/25 External Audit Plan)
In March 2024, SAS approved the 2024/25 financial plan which showed a forecasted funding gap of £18.35million after an ambitious savings target totalling £12million. The latest full year forecast (October 2024) projects a break even position which is highly reliant on the delivery of a savings target of £12million. The savings target is on track to be met in full however, this is expected to be achieved through a higher level of non-recurring savings than previously planned. There is a continued risk that the 2024/25 financial target will not be achieved.

Our detailed findings on SAS's approach to identifying and responding to financial challenges that have occurred during the year are set out below.

Financial performance 2024/25

All Boards typically have to work within the resource limits and cash requirements set by the Scottish Government.

All key financial targets were met in 2024/25. SAS made a saving against its core revenue resource limit of £0.005million.

Performance against resource limits 2024/25

Financial target	Limit £000	Actual £000	Variance £000
Core revenue resource limit (RRL)	433,197	433,192	5
Non-core revenue resource limit	27,756	27,756	-
Capital resource limit (CRL)	28,284	28,284	-
Cash requirement	476,242	476,242	-

Financial Outturn

At the outset, SAS forecasted a funding gap of £18.35million after the achievement of a challenging savings target of £12million in full.

During the year the full year forecast was revised to a deficit £17.5million, which related to COVID/system pressures and air ambulance costs, and by February 2025 SAS was forecasting a break even position due to the following factors:

- Receipt of additional funding for ongoing COVID/system pressures
- Review of phasing of cost pressures
- Additional funding to support reduced working week implementation

The 2024/25 financial plan recognised that COVID-19 costs were not expected to reduce primarily due to the necessity for the service to continue with increased staffing within the Ambulance Control Centres to meet the increased demand in emergency calls, the impact on increased overtime as a result of shift overruns from turnaround times and staff absence, and the need for the timed admissions development. The Scottish Government advised that these measures are required to remain in place, meaning that these pressures will continue to impact on the financial position of SAS.

SAS received £9million of funding from the Scottish Government in 2024/25 to cover post COVID/system pressures which has been confirmed on a recurring basis from2025/26.

Efficiency savings

At the outset, in line with Scottish Government's Sustainability and Value programme, SAS's 2024/25 financial plan included plans in place to deliver 3% of savings (£12million). The savings target was at the same level as 2023/24. As highlighted in exhibit 1, SAS achieved the delivery of these savings in full, primarily through best value programmes and local efficiency plans.

Exhibit 1- Achievement of 2024/25 savings target

Efficiency Savings Schemes	Financial Plan £000	Actual £000	Variance £000
Local Efficiency Plans	4,000	1,150	(2,850)
Best Value Programmes- Overtime Reduction	3,500	4,970	1,470
Best Value Programmes- ICT, PTS and Estates	2,000	1,080	(920)
Best Value Programmes- Medicines & Equipment	900	0	(900)
Unidentified	1,600	0	(1,600)
Non-recurring efficiencies	0	4,800	4,800
Total	**12,000**	**12,000**	**0**

Source: Summary Financial Performance to 31 March 2025- May 2025

The 2024/25 financial plan also included the assumption that all savings would be achieved on a recurring basis. Of the £12million of savings achieved, only 60% represent recurring savings. This means that the remaining savings will need to be achieved again in 2025/26 and future years. This failure to deliver recurring savings places substantial additional pressure on the future financial position of SAS and therefore requires careful management.

SAS has acknowledged the challenge of delivering recurring savings and in response introduced weekly executive led oversight and operational group meetings which primarily focus on overtime controls and operational impacts, acceleration of best value savings plans and reducing high spend areas. It is expected that this group will continue to meet in 2025/26.

Capital programme

SAS reported a break even position against its capital resource limit (CRL) of £28.284million.

The Service received a recurring capital allocation of £1.794million. Additional earmarked allocations were received in 2024/25 in relation to the Digital Spend (£0.220million), Fleet

Decarbonization (£0.866million), Ambulance Replacement Programme (£23.640million), Scotstar Equipment Replacement (£0.250million) and Infrastructure (£1.514million).

Internal audit

An effective internal audit service is an important element of a Board's overall governance arrangements. SAS's internal audit service is provided by KPMG. During our audit we considered the work of internal audit wherever possible to avoid duplication of effort and make the most efficient use of SAS's total audit resource.

Prevention and detection of fraud and irregularity

We found SAS's arrangements for the prevention and detection of fraud and other irregularities to be adequate.

Regular updates on fraud related matters (including Counter Fraud Services updates), and the National Fraud Initiative (NFI) are presented to the Audit Committee.

National fraud initiative

The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error. The most recent NFI exercise commenced in 2024, with matches received for investigation in early 2025.

SAS engaged well with the NFI exercise and we have concluded that its arrangements with respect to NFI are satisfactory. SAS uploaded all relevant data for the 2024 NFI exercise by the timescale of 31 October 2024 and a good level of activity is being carried out in relation to reviewing and investigating matches.

In our 2023/24 Annual Audit Report, we recommended that SAS's NFI arrangements required improvement in relation to the timeliness of investigating and closing down payroll matches. As detailed in Appendix 4, we have concluded that all payroll matches were reviewed and marked for closure as appropriate by 31 March 2025. In addition, 100% of payroll matches for the 2024/25 exercise have been processed.

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether SAS planning effectively to continue to deliver its services and the way in which they should be delivered.

Auditor judgement

Risks exist to the achievement of operational objectives

Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Financial sustainability (extract from 2024/25 External Audit Plan)
SAS's latest medium term financial plan was approved by the Board in March 2024. The financial plan presented a forecasted best case scenario of a deficit position of £5.1million, a likely scenario of a deficit position of £11.9million and worst case scenario of a deficit position of £15.5million by 2026/27.This budget gap is inclusive of a challenging savings target of £36million over the three year forecast period, with the assumption that 100% of savings for 2024/25 will be recurring. The 2025/26 first pass budget was presented to the Board in November 2024. The budget showed a forecasted likely case scenario of a £17.53million deficit position after taking into account unfunded operational pressures and post COVID-19 costs. The challenging financial position for 2025/26 will form part of the updated medium term financial plan which is due to be considered by the Board in March 2025. SAS continues to face challenges in achieving financial balance due to a mix of COVID-19 legacy and more general pressures on the health service. SAS's ability to develop and maintain its core services in a sustainable manner remains a significant challenge and risk.
Our detailed findings on SAS's financial framework for achieving long term financial sustainability are set out below.

2025/26 Financial Plan

SAS presented the 2025/26 financial plan to the Board in March 2025 for scrutiny and approval. The financial plan for 2025/26 shows a forecast funding gap of £4.3million.

The following financial pressures / risks are highlighted in the 2025/26 financial plan:

- Delivery of efficiency savings;
- Pay pressures- impact of agenda for change pay deals and impact of agenda for change reform; and
- Operational Pressures funding.

SAS continues to monitor financial pressures and risks in the delivery of the financial plan on an ongoing basis through the Summary Financial Performance Reports presented and scrutinised at each Board meeting and the Board Corporate Risk Register.

Exhibit 2: 2025/26 deficit position

	2025/26 £m
Deficit brought forward	10.60
Pressures- Pay	19.08
Pressures- Non Pay	6.31
Baseline Funding Uplift	(12.70)
60% NI funding	(3.77)
National Board sustainability funding	(2.52)
Net Gap	17.00
3% Efficiency Savings	12.70
Total Position	**4.30 deficit**

Source: Financial Plan 2025-2028- March 2025

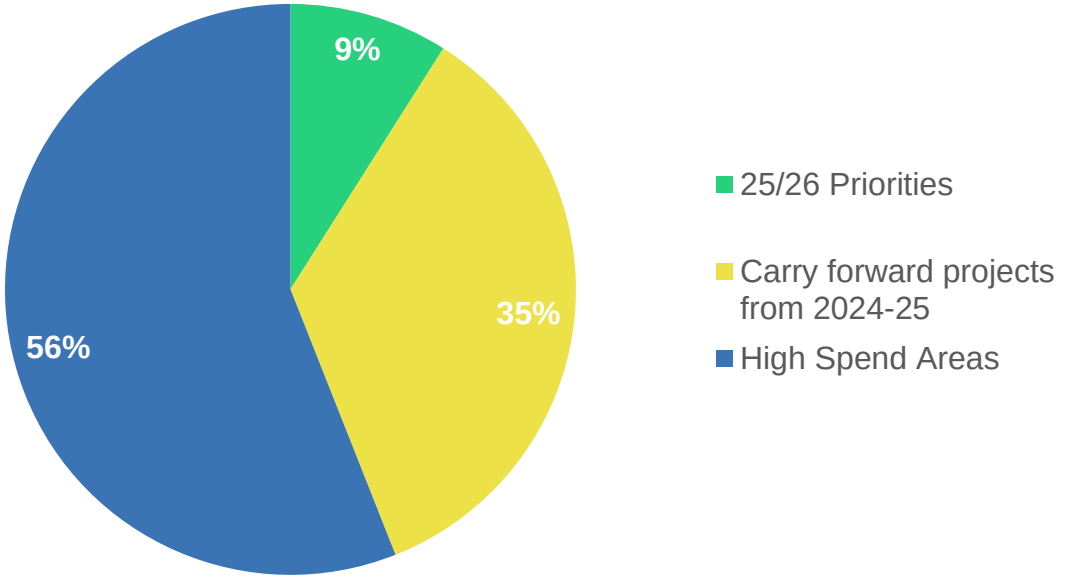
Savings plan

Delivery of savings is a fundamental component of achieving financial balance. For 2025/26, SAS has a £12.7million (3% efficiency savings) savings target which represents a small increase from the previous year. This target continues to be in line with Scottish Government financial planning.

Efficiency savings continue to be delivered through SAS's Best Value Programme which for 2025/26 focuses on the following workstreams:

- Best Value Priority Focus for 2025/26.
- Carry forward projects from 2024/25.
- Implementation of the 15 box grid ideas.
- Back to balance plan refresh on the high spend areas.
- Programmes that will deliver wider system impacts.

Exhibit 3: 2025/26 Identified Savings



Source: Best Value Programme Update- April 2025

The Best Value Programme paper presented to the April 2025 Audit and Risk Committee meeting highlighted that only £9.06million of the £12.7million 2025/26 efficiency savings target detailed within the financial plan has been identified. Significant work is ongoing to quantify values for the remaining savings plans and we encourage this work to be completed as a matter of priority. It is important that the 2025/26 savings plans represent a clear programme of work and supporting actions which focuses on achieving 3% savings (£12.7million) on a recurring basis, in line with Scottish Government planning guidance.

Additional Funding

The 2025/26 financial plan identified forecasted COVID-19 system pressures of £8.35million. This represents a small reduction from the 2024/25 financial plan position of £9million. In

previous years, SAS has worked with the Scottish Government to seek further funding to support these pressures, where non-recurring funding has been received each year.

SAS recognised that COVID-19 costs are not expected to significantly reduce primarily due to the necessity for the service to continue with increased staffing within the Ambulance Control Centres to meet the increased demand in emergency calls, the impact on increased overtime as a result of shift overruns from turnaround times and staff absence, and the need for the timed admissions development. The Scottish Government advised that these measures are required to remain in place, meaning that these pressures will continue to impact on the financial position of SAS.

In February 2025, Scottish Government confirmed these pressures should be assumed to be funded on a recurring basis from 2025/26 onwards.

In addition, a further key pressure within SAS's 2025/26 financial plan is air ambulance costs. This includes the costs of re-financing extension of the current air ambulance contract and the costs associated with the new contract which is due to commence in 2026.

In February 2025, Scottish Government also confirmed funding of the 2025/26 air ambulance contract extension costs (£4.7million). The approved Full Business Case for the new air ambulance contract also confirms additional funding from Scottish Government to cover non-recurring implementation costs in 2026/27 (£4.8million) and the assumption that the increase in revenue costs from the current contract would be fully funded (£4.7million in 2026/27 and £6.7million in 2027/28 onwards).

Medium Term Planning

SAS's medium term financial plan (2025/26 to 2027/28) was submitted to the Scottish Government in line with set deadlines and approved by the Board in March 2025.

The financial plan shows a financial gap of £4.3million for 2025/26 with a breakeven position forecast for 2026/27 and 2027/28. This financial gap position is after inclusion of a challenging savings target of at least £25million over the three year period.

Exhibit 4: 2025/26 to 2027/28 budget position

	2025/26 £m	2026/27 £m	2027/28 £m
Deficit brought forward	10.60	10.65	6.3
Pressures	25.39	15.01	15.26
Funding	(18.99)	(13.1)	(13.5)
Net Gap	17.00	12.6	8.06
3% Efficiency Savings	12.70	12.7	Assuming efficiency target will offset gap
Total Position	**4.30 deficit**	**Breakeven**	**Breakeven**

Source: Financial Plan 2025-2028- March 2025

SAS received approval from Scottish Government on its financial plan in March 2025, on the basis of being within 1% of Core Revenue Resource Limit (RRL) in 2025/26 and continuing to work towards a balanced position by year end.

SAS continues to recognise failing to achieve financial targets and the 3-year financial plan as a very high risk within its risk register. Recognising that the medium term financial plan presents a challenging three years for the service, SAS are focused on developing key change programmes to improve the financial sustainability of the service. The key change programmes for 2025/26 are:

- Scheduled care- increase productivity, use of digital working
- Workforce- staff working to scope of practice
- Maximise contribution- remote and rural, air ambulance
- Detailed workforce planning

The development of these programmes is at early stages where benefits realised from the change programmes will be closely monitored and reported through SAS's Best Value governance process. It is important that the pace of the transformation activity and change programmes work is appropriate and effective in reducing the risk of SAS's financial sustainability in the medium to longer term.

The emerging and uncertain impact on SAS's finances and ability to deliver services in a sustainable manner remains a significant challenge and risk for 2025/26 and beyond and requires continuing careful management and oversight.

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Auditor judgement

Effective and appropriate arrangements are in place

Leadership

The following changes in board composition occurred during the year:

- One non-executive member, Cecil Meiklejohn left the board during 2024/25 and was replaced by Thane Lawrie.

All new Board members were provided with an induction programme prior to their first Board meeting. Members were also provided with an induction pack which covered areas including an introduction to the Board and governance structure, code of conduct, standing orders and health and social care integration.

We reviewed the induction process and concluded that it provides those charged with governance with the information and platform to do so effectively.

In addition, the Board held regular development sessions during 2024/25. From review of the Board development sessions, we have concluded that it provides those charged with governance with the information and platform to continue to discharge its responsibilities effectively.

Governance arrangements

The Board is responsible for ensuring the overall governance of SAS. In driving forwards the strategic direction of SAS and ensuring the governance framework is operating as intended, the Board continues to be supported by four committees and the newly established Integrated Governance Committee:

- Audit and Risk Committee;
- Staff Governance Committee;
- Remuneration Committee; and
- Clinical Governance Committee.

Board and Committee meetings

Board and Committee meetings have continued to be held virtually rather than in person, to date, and the preferred mechanism is now through MS Teams, in line with other NHS Boards. Board development sessions continue to be held in person.

Throughout 2024/25, the Board has been able to maintain all aspects of board governance, including its regular schedule of Board and Committee meetings.

Through our review of committee papers we are satisfied that there continues to be effective scrutiny, challenge and informed decision making through the financial period.

Blueprint for Good Governance

The refreshed Blueprint for Good Governance (second edition) was published by the Scottish Government in December 2022. The Board's improvement plan was formally approved by the Board in the April 2024 Board development session and submitted to Scottish Government thereafter. A series of actions were identified, which were grouped between newly developed focus actions and continued focus actions.

Progress made against the improvement plan actions continues to be regularly reported to the Integrated Governance Committee in the form of an action progress tracker. The latest progress tracker presented in April 2025 highlighted that good progress is being made against all improvement actions. SAS are currently on track to meet the improvement action deadlines and we have no concerns over SAS's implementation of the improvement plan.

Strategy 2030

SAS launched its 2030 Strategy in September 2022.

The strategy recognises the challenges currently faced within the NHS sector and is built upon how SAS has changed how it delivers services, the lessons learned and the positive whole system changes made throughout their response to the COVID-19 pandemic.

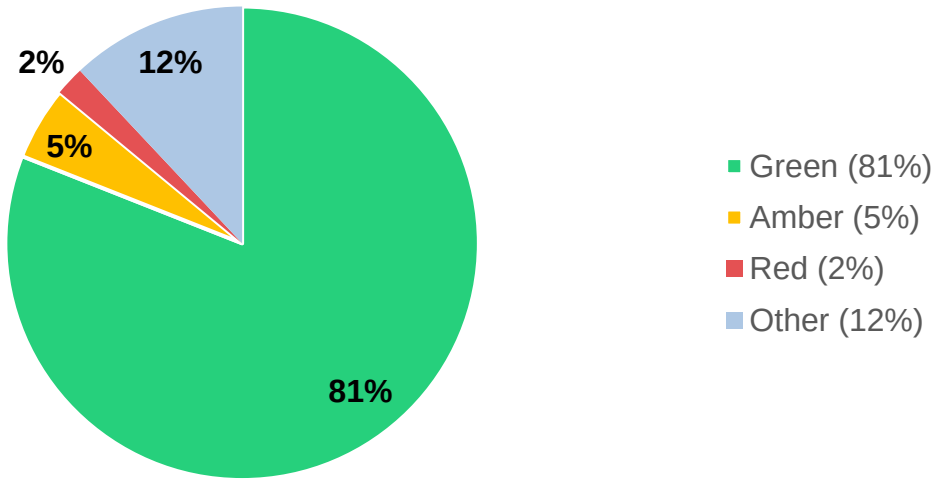
The strategy takes cognisance of SAS's overarching vision, mission values and principles and is structured under six strategic ambitions:

- We will provide the people of Scotland with compassionate, safe and effective care where and when they need it
- We will be a great place to work focusing on staff experience, health and wellbeing
- We will innovate to continually improve our care and enhance the resilience and sustainability of our services
- We will work collaboratively with citizens and our partners to create healthier and safer communities
- We will improve population health and tackle the impact of inequalities
- We will deliver our net zero climate targets

For each strategic ambition, SAS identified a series of specific actions and delivery plans. Five portfolio boards have been established to take forward the delivery plans for each strategic ambition.

Progress in achieving the delivery plans has continued to be presented to each Board meeting during 2024/25. The progress report presented to the March 2025 Board meeting highlighted that good progress is being made across all portfolios and path to green plans have been developed for projects with Amber or Red status. As detailed in exhibit 5, 81% of projects were awarded a green RAG status, 5% amber RAG status, 2% red RAG status and 12% other status. Projects provided with an 'other' status represent projects which are all in planning, scoping stages or that have come to an end.

Exhibit 5: 2030 Strategy Project Status



Source: Delivering our 2030 Strategy Update- March 2025

We are satisfied that appropriate arrangements are in place to oversee the delivery of the 2030 Strategy and that delivery plans are progressing at a good pace.

Risk Management

The Service implemented a new Integrated Incident Risk Management & Patient Safety System, InPhase solutions, as part of the National Framework for Scotland. The system was developed during 2024/25 and went live in March 2025.

The main benefits of the new system to SAS are mobile reporting of risks for staff and the creation of dashboards which allow managers to better visualise the risks within their areas of responsibility. The implementation of the new risk management system does not represent any significant changes to risk management processes and controls to SAS.

SAS's Risk Management policy is currently undergoing a rewrite following the implementation of InPhase solutions and a review of the NHS Scotland Risk Matrix which was launched as part of the review of the National Framework for Adverse Events. The updated policy is expected to be presented through the Governance structures by July 2025.

SAS was featured in Audit Scotland's NHS in Scotland: Spotlight on governance report which was published in May 2025. The report praised SAS's approach to risk management and reporting as part of their wider assurance activity including collaborative working with NHS 24 in relation to SAS's approach to risk management.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Auditor judgement

Risks exist to the achievement of operational objectives

Performance Management Arrangements

Performance management framework

SAS has developed a performance management framework which comprises updates on key performance indicators (KPIs) at each meeting of the Performance and Planning Steering Group in a balanced scorecard format and a more detailed report presented at each Board meeting.

On an annual basis, the Board review the KPIs and targets to ensure they remain appropriate. The latest review was undertaken in April 2025 to inform the 2025/26 performance targets which highlighted the work ongoing with Scottish Government to develop clinical process and outcome measures that meaningfully reflect the role played by SAS in responding to people faced with a range of clinical conditions.

The Board Quality Indicators Performance Report presented to the May 2025 Board meeting highlighted the key areas of future development of performance measures for SAS which includes enhancing performance detail for each group of patients including patients at high risk of acute deterioration patients (red coded conditions) requiring further specialist intervention (amber coded conditions) and non-emergency patients. In addition, indicators in relation to people are currently being reviewed and additional measures added when these are developed.

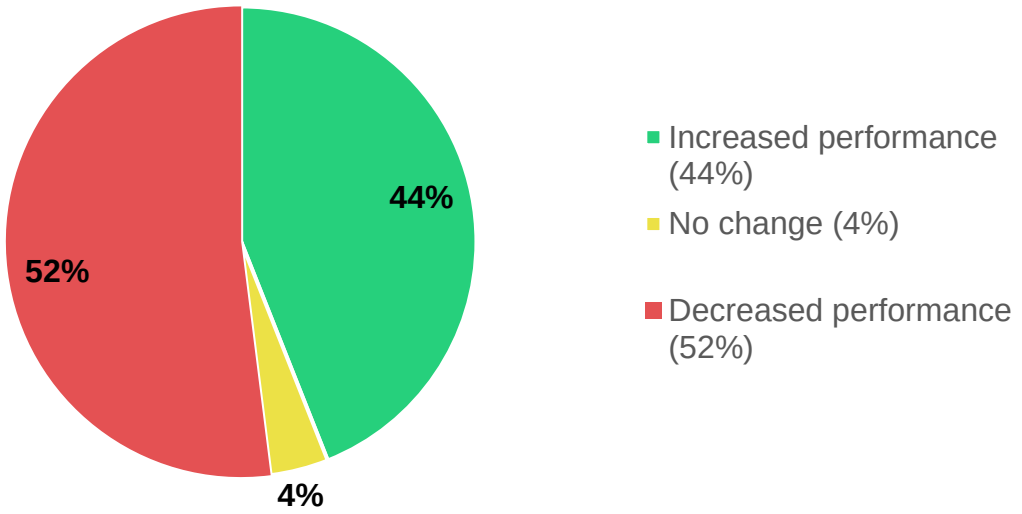
Through review of Board papers, we concluded that performance is given the appropriate level of scrutiny and challenge.

Performance in 2024/25

Our analysis at Exhibit 6 shows a decrease in performance compared to the prior year. Performance for 44% of KPIs has improved, 4% of KPIs were consistent with the prior year and 52% worsened since 2023/24. This position is primarily due to SAS continuing to experience pressures through increases in demand of the most critically unwell patients and

challenges in handing over patients timeously at Emergency Departments because of wider health and care system pressures.

Exhibit 6: March 2025 Balanced Scorecard



Source: Performance Indicators- March 2025

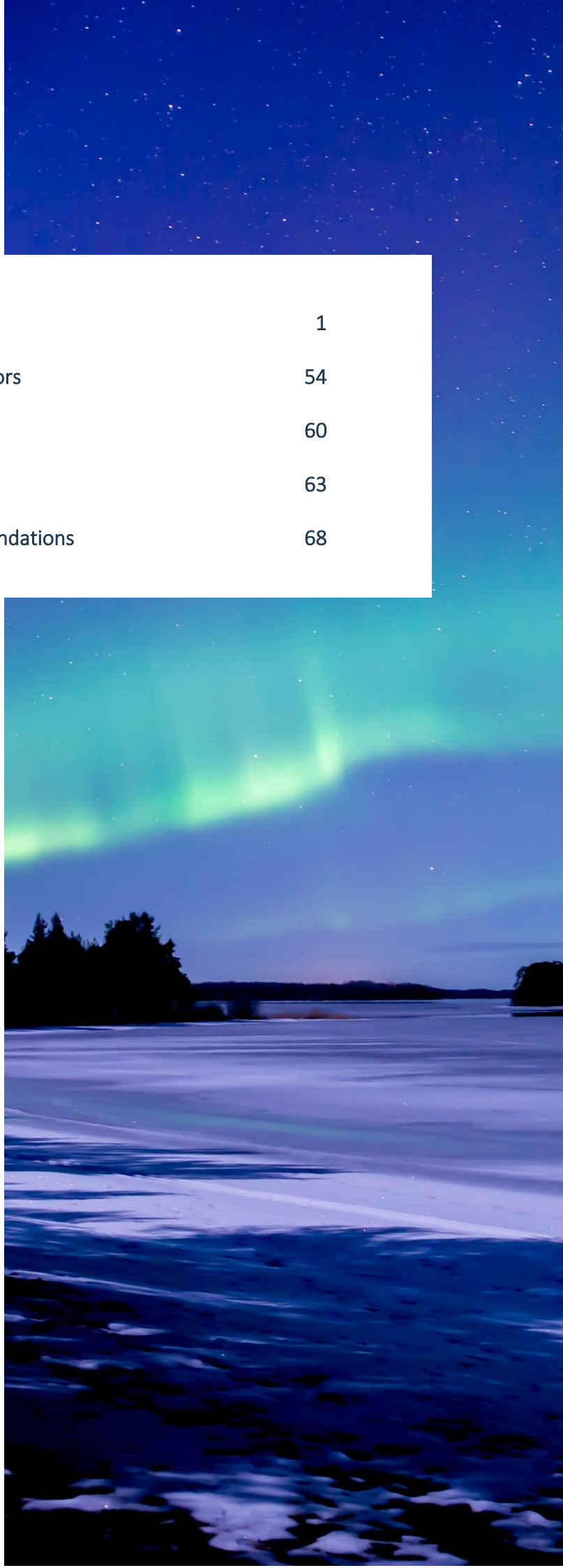
The KPI where performance reported was lower than the 2023/24 and significantly out with SAS's 2024/25 recovery aim is average turnaround time at hospital for emergency patients. SAS continues to recognise Hospital Handover Delays as a very high risk on its Corporate Risk Register.

To mitigate this risk and improve performance in turnaround times, SAS has implemented a detailed plan to improve workforce capacity, create more operational capacity, manage demand and progress joint turnaround improvement plans with hospitals. Hospital Ambulance Liaison Officers (HALOs) are established at the busiest hospital sites to ensure SAS are fully integrated in support of whole system hospital flow. In addition, SAS's three regions continue to undertake improvement work in collaboration with their respective Health Boards which includes:

- Regular executive level meetings at the most challenging sites
- Increased use of Flow Navigation Centres and Call Before You Convey (CBYC) to explore all options for alternatives to ED
- Increased use of 'safe to sit' practice to avoid patients waiting in ambulances where they can safely wait in waiting areas
- Review of joint improvement plans in place with acute sites

Based on our review of SAS' performance monitoring arrangements, we have noted SAS's commitment to working with other health boards to increase collaboration and partnership working in relation to improving hospital turnaround times. We, however, recognise that due to system and demand pressures on the NHS sector as a whole, that this whole system challenge negatively impacts on SAS's performance.

Appendices



Appendix 1: Responsibilities of SAS and Auditors

SAS responsibilities

The Code of Audit Practice (2021) sets out the following responsibilities:

Area	SAS responsibilities
Corporate governance	SAS is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.
Financial statements and related reports	SAS has responsibility for: • preparing financial statements which give a true and fair view of the financial position of SAS and its group and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and • preparing and publishing, along with the financial statements, an annual governance statement, governance compliance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements. Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about SAS and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Area	SAS responsibilities
	SAS is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. SAS is also responsible for establishing effective and appropriate internal audit and risk-management functions.
Standards of conduct for prevention and detection of fraud and error	SAS is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.
Financial position	SAS is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to: • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
Best value	The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Accountable Officers are required to ensure accountability and transparency through effective performance reporting for both internal and external stakeholders.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code outlines the responsibilities of external auditors and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to SAS and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management

Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance

Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. Through our wider scope audit work, we consider the arrangements put in place by the Accountable Officer to meet these Best Value obligations.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an Audit Quality Framework.

The most recent audit quality report can be found at Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to report full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw attention to. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In particular:

Non-audit services: There are no non-audit services provided to SAS.

Contingent fees: No contingent fee arrangements are in place for any services provided.

Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of SAS, senior management or staff.

Relationships: Other than the disclosure noted below, we have no other relationships with SAS, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

Other services

No other services were provided by Azets to SAS or any members of the Group.

Other threats and safeguards

Other potential threats for which we have applied appropriate safeguards include:

Other threats to objectivity and independence	Safeguard implemented
The Director of Finance at Scottish Ambulance Service is the parent of an intern who was employed by Azets from June to July 2024 and is due to be commencing a training contract with Azets from August 2025.	We confirm that we have implemented internal safeguards to ensure this employee has no involvement in our audit work and that no members of staff working on the audit discuss any aspects of the audit with them. The individual concerned has not been in employment with Azets during the delivery of the 2024/25 external audit.

Audit services

The total fees charged to SAS for the provision of audit services in 2024/25 were as follows:

Fee element	2024/25	2023/24
Auditor remuneration	108,230	103,870
Pooled costs	11,220	12,560
Sectoral cap adjustment	(13,770)	(12,770)
Total fee	**105,680**	**103,660**

The audit fees charged reconcile to the fees disclosed in the financial statements.

Appendix 2: Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management

Adjusted misstatements

Details of items corrected following discussions with management are as below.

No	Detail	Statement of Comprehensive Net Expenditure Dr / (Cr) £'000	Statement of Financial Position Dr / (Cr) £'000	Impact on surplus Dr / (Cr) £'000
1.	Reclassification of historic balance for insurance claims from prepayments to other receivables	-	Prepayments (2,560) Other Receivables 2,560	-
	Net impact on (income)/expenditure			**0**
	Net impact on net assets			**0**

Unadjusted misstatements

We identified no unadjusted misstatements during our audit.

Misclassification and disclosure changes

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by SAS.

We identified a number of reclassification adjustments and some minor presentational issues in the accounts, and these have all been amended by management. Details of all disclosure changes amended by management following discussions are as below.

No	Detail
1.	Performance Report- update of Climate Change disclosures to comply with FReM and Task Force on Climate-related Financial Disclosures (TCFD) guidance.
2.	Accounting Policies- update to remove PFI accounting policy.
3.	Leases- update of split between current and non-current lease liabilities.
4.	CNORIS receivable- update of split between current and non-current CNORIS receivable.
5.	Remuneration Report- recalculation of real increase in CETV to exclude employee contributions and update to the bandings of one individual's real increase in lump sum.
6.	Related Parties- update to disclose reference to Scottish Public Bodies
7.	Pension costs- updated to reflect 2024/25 SPPA recommended text for NHS Pension Scheme (Scotland) disclosure.
8.	Audit fee- to reflect the 2024/25 audit fee included with the External Audit Plan.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Prior year unadjusted misstatements

The table below sets out the current year impact of adjustments identified during the prior year audit that were not made within the prior year financial statements

No	Detail	Statement of Comprehensive Net Expenditure Dr / (Cr) £'000	Statement of Financial Position Dr / (Cr) £'000	Impact on surplus Dr / (Cr) £'000	Reason for not adjusting Dr / (Cr) £'000
1.	Reversal of accrual for cylinders loss	(496)	496	(496)	The adjustment is not material.
	Net impact on (income)/expenditure			(496)	
	Net impact on net assets		496		

Appendix 3: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our 2024/25 audit.

The recommendations are categorised into three risk ratings:

Key:

1. Significant deficiency

2. Other deficiency

3. Other observation

1. IT general controls	Other deficiency
Observation	Our specialist Technology Risk team reviewed the design and implementation of IT general controls in the key systems impacting preparation of the financial statements and identified a number of areas for improvement in relation password, active directory and access management covering medium risk matters and opportunities for improvement. (As this is a public report and for reasons of IT/control sensitivity, we have provided specific details to SAS separately).
Implication	There is a risk of system issues adversely impacting the control environment and/or financial statements.
Recommendation	We recommend that the specific IT points identified are addressed.
Management response	A detailed management response has been completed. Key points to note are: • The Service has recently completed a very successful NIS audit with significant assurance on current IT controls. • Some of the areas highlighted by Azets will be considered against a risk/benefit/cost assessment. • Other areas are low impact and will be implemented during 2025/26. **Responsible officer:** Executive lead for ICT **Implementation date:** by March 2026

2. Timeliness of review of suspense accounts	Other observation
Observation	As part of our audit work, we noted that, a payment was received by SAS on in November 2021 for insurance reimbursement of vehicle accident costs. SAS were unable to match the payment against the relevant expenditure. This payment was eventually reallocated in June 2024 after SAS were unsuccessful in following it up with the insurance provider.
Implication	There is a risk that unmatched payments become historic and can no longer be allocated against relevant expenditure.
Recommendation	We recommend that suspense accounts are reviewed on a regular basis to identify any unmatched payments.
Management response	Recommendation accepted and noted that this was a single isolated issue. Additional controls have been put in place with immediate effect. **Responsible officer:** Head of Finance **Implementation date:** May 2025

3. Journal authorisation	Other deficiency
Observation	As part of our audit work, it was identified that one journal was not authorised appropriately due to the user not being a regular poster of journals. This meant that their journal postings list was not downloaded from the system for review in line with SAS's journal authorisation policy. We have reviewed the ledger and confirmed that this is an isolated incident and that the individual has not posted any further journals within the year. We were able to obtain supporting evidence for the journal and did not identify management override of controls from this journal. All other journals tested were subject to review, however, a number were reviewed months after they were posted to the ledger.
Implication	There is a risk that inappropriate or fraudulent journals could be posted which aren't being subject to timely review and journal authorisation.
Recommendation	We recommend that all journals are subject to review in the year in line with SAS's journal authorisation policy and that all journals are reviewed on a more timely basis.
Management response	Recommendation accepted. Authorisation processes have been reviewed and additional controls put in place with immediate effect. **Responsible officer:** Head of Finance **Implementation date:** May 2025

4. Lease agreements	Other deficiency
Observation	SAS continues to use an asset under an expired lease without a formal extension or new agreement.
Implication	This creates legal and accounting uncertainties, including weakened enforceability of lease terms without a formal lease agreement in place.
Recommendation	SAS should look to formalise any expired lease agreements where the asset is still being leased by obtaining a new agreement or a formal extension. This will ensure clear, authorised terms, strengthen legal rights, and support financial reporting and future budgeting.
Management response	The head lease for Cardonald has not expired, it was extended in the name of the Scottish Ministers, with the lease extension and variation confirmed on 02 February 2022, extending the lease to October 2033. The head lease is between NHSGG&C and the landlord. GG&C sublet accommodation space to NHS24 through a MOTO. This MOTO reflects the terms of the head lease. SAS lease accommodation space from NHS24, again through a MOTO and this too reflects the head lease. In the situation where a MOTO has expired and neither party had served notice prior to the lease expiry, the lease extends year to year automatically under tacit relocation with the terms of the existing agreement continuing until one of the parties provides notice of termination. All 3 organisations who are based in Cardonald have agreed to an extension to 2033. Work across all 3 organisations will progress to update the MOTO to reflect this head lease extension. **Responsible officer:** Head of Estates **Implementation date:** March 2026

Appendix 4: Follow up of prior year recommendations

As part of our audit work we have followed up on control weaknesses and recommendations either raised in last year's Annual Audit Report or carried forward from prior years.

1.	National Fraud Initiative (NFI)
Recommendation	We recommend that SAS focuses on improving their data timeliness of investigating and closing down payroll matches.
Implementation date	July 2024
Complete	This action was included in the Audit and Risk Committee agenda and weekly updates were ongoing with payroll department. All payroll matches were reviewed and marked for closure as appropriate by 31 March 2025. In addition, 100% of payroll matches for the 2024/25 exercise have been processed.

2.	Losses and special payments approval
Recommendation	We recommend that SAS focuses request approval from Scottish Government for losses and special payments over £300k as soon as practicable after the loss or special payment is identified.
Implementation date	June 2024
Ongoing	As part of our 2024/25 audit work, we also identified one case where approval for a special payment over £300k was not received in a timely manner.

info@azets.co.uk | azets.co.uk