



National Waiting Times Centre Board (also known as the NHS Golden Jubilee)

**Annual Audit Report to the Board and the Auditor General
for Scotland**

July 2025

Key contacts

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Introduction

To the Audit and Risk Committee of National Waiting Times Centre Board

We are pleased to have the opportunity to meet with you on 17 June 2025 to discuss the results of our audit of the consolidated financial statements of National Waiting Times Centre Board (the 'Board'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 13 March 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

Our audit is complete. Changes from the audit plan are noted on page 9.

We are intending to issue an unmodified Auditor's Report on the financial statements and have not identified any significant weaknesses in relation to our Wider Scope work.

We draw your attention to the important notice on page 4 of this report, which explains:

- The purpose of this report;
- Limitations on work performed; and
- Restrictions on distribution of this report.

Yours sincerely,



Rashpal Khangura

11 July 2025

How we have delivered audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls** and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

Audit Scotland (AS) has issued a document entitled Code of Audit Practice (the Code). This summarises where the responsibilities of auditors begin and end and what is expected from the Board.

External auditors do not act as a substitute for the Board's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Important notice

This report is presented under the terms of our audit engagement contract.

Circulation of this report is restricted.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This report has been prepared in connection with our audit of the consolidated financial statements of National Waiting Times Centre Board (the 'Board'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted by the Annual Accounts Manual, as at and for the year ended 31 March 2025. This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you.

Limitations on work performed

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the auditing Code").

This report is for the benefit of National Waiting Times Centre Board and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy.

(under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Status of our audit

Our audit is now complete.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit and Risk Committee of the Board; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it. We note that a copy of our final report will go to Audit Scotland.

National Waiting Times Centre Board

Materiality Group and Board

Total budgeted gross expenditure
£265.4m
(2023/24: £246m)



Group materiality
£5.3m
2% of gross expenditure
(2023/24: £4.5m, 2% of expenditure)

Board materiality
£5.2m
1.96% of gross expenditure
(2023/24: £4.4m, 2% of expenditure)



Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of gross expenditure which we consider to be appropriate as it reflects the scale of the Board's services and we consider this most clearly reflects the interests of users of the Board's accounts. To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of performance materiality £3.38m. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons.

Group materiality vs other metrics		
	2024/25	2023/24
Total assets	1.76%	1.6%

Outstanding work

There is no outstanding work and our audit is complete.



Our audit findings

Significant audit risks	Risk Change	Findings (Pages 10-16)
Valuation of Land & Buildings	Partially reduced (See page 9)	We have reviewed the data, assumptions and methodology involved in managements' valuation of land and buildings.
Fraud risk from expenditure recognition	No Change	We identified misstatements relating to accruals that are documented in appendix three. We also identified recommendations in the prior year relating to accruals that are still ongoing. We did not identify any other significant issues in relation to fraud risk from expenditure recognition.
Management override of controls	No Change	We have not identified any instances of management override of controls in our work.
Key accounting estimates	Judgement	Findings (Page 17)
Valuation of Land & Buildings	Neutral	We have reviewed the data, assumptions and methodology involved in managements' valuation of land and buildings. Our work in this area is ongoing.

Key audit matters

We set out above those areas which we considered to be key audit matters, in this case, valuation of land & buildings. The reason, response and related disclosures are summarised within the detail of this report.

Wider scope (Pages 20-25)

Under the Code of Audit Practice we are required to consider the areas defined in the Code of Audit Practice (2021) as wider-scope audit. We are required to provide clear judgements and conclusions on the effectiveness and appropriateness of the arrangements in place based on the work that we have done. Where significant risks are identified we will make recommendations for improvement. We have nothing to report in this respect.

Consolidation schedules

We intend to issue an unqualified Group Audit Assurance Certificate to Audit Scotland regarding the Consolidation schedules submission, made through the submission of the summarisation schedules to Scottish Government.

Our audit findings

Uncorrected Audit Misstatements		Page 45
Understatement/ (overstatement)	£m	%
Revenues	-	-
Expenditure	(1.1)	0.5
Total assets	(2.1)	1
Total liabilities	1.1	2.3
Reserves	(1.2)	1.1

Corrected Audit Misstatements		Page 46
Understatement/ (overstatement)	£m	%
Revenues	(0.9)	0.4
Expenditure	(0.9)	0.4
Total assets	0	0
Total liabilities	0	0
Reserves	0	0

Number of Control deficiencies		Pages 28-44
Significant control deficiencies		-
Other control deficiencies (including prior year outstanding)		21
Prior year control deficiencies remediated		3

Significant risks, Higher assessed risks and Other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which the Board operates.

We also use our regular meetings with senior management to update our understanding and take input from internal audit reports.

Significant risks	
1.	Valuation of land and buildings
2	Fraud risk – expenditure recognition
3.	Management override of controls

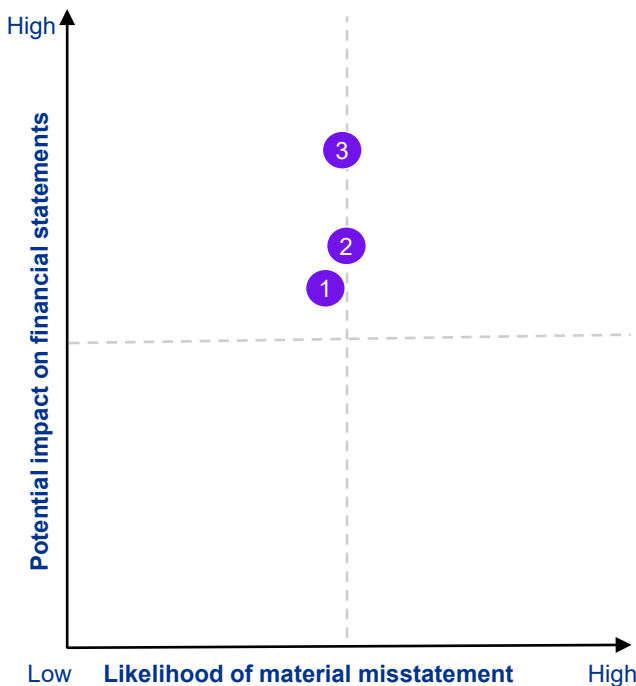
Changes to the Audit Plan

Through our review of the Valuation report and the work on Land and Buildings we have re-assessed our risk regarding the valuation of land and buildings. The scope of the new significant risk is identified on page 10 and as communicated it is only focused on the new surgical centre.

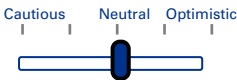
Based on our updated risk assessment procedures the remainder of the Board’s land and building consist of properties are not subject to a significant risk for the following reasons. For other land and buildings held on a depreciated replacement cost:

- There has not been significant capital expenditure on the land and buildings;
- The Board is using other land and buildings in the same operational method and there is no change in floor area or the basis of valuation of these assets.
- BCIs indexes have not increased significantly, which is a key driver for the valuation of assets held at depreciated replacement cost.

For the Hotel, which is held at a market valuation, given the carrying valuation of the hotel in the financial statements we also do not deem a significant risk of material misstatement over the valuation.



Key: # Significant financial statement audit risks



Audit risks and our audit approach

Valuation of land and buildings in relation to the new surgical centre

Significant audit risk

Risk: The carrying amount of revalued Land & Buildings differs materially from the fair value in relation the new surgical centre

Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is no an active market for them, they are usually valued on the basis of the cost to replace them with a ‘modern equivalent asset’.

The value of the Board’s new surgical centre at 31 March 2025 is £39.6m and was valued as specialised assets at depreciated replacement cost.

The Board’s valuation included its first valuation of the new surgical centre.

Our response

We performed the following procedures designed to specifically address the significant risk associated with the valuation of the new surgical centre:

Control design:

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;

Assessing the valuer’s credentials:

- We critically assessed the independence, objectivity and expertise of Avison Young, the valuers used in developing the valuation of the Board’s properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Government Financial Reporting Manual (FReM);

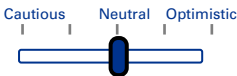
Input assessment:

- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances were identified;

Assessing methodology and benchmarking assumptions:

- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement;
- We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the FReM;

(Continued)



Audit risks and our audit approach

Valuation of land and buildings in relation to the new surgical centre

Significant audit risk

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The value of the Board’s new surgical centre at 31 March 2025 is £39.6m and was valued as specialised assets at depreciated replacement cost.

The Board’s valuation included its first valuation of the new surgical centre.

Our response (continued)

- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the FReM;
- We reviewed the valuation report prepared by the Board’s valuers to confirm the appropriateness of the methodology utilised; and

Assessing transparency:

- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Our findings

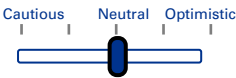
From our assessment of the independence, objectivity and expertise of Avison Young, we found no concerns.

The valuation of land and buildings was produced in line with the requirements of the Government Financial Reporting Manual (FReM);

We have reviewed the data, assumptions and methodology involved in management’s valuation of land and buildings and confirmed these were appropriate for the estate. However we found that the information provided to the valuer was inconsistent with what was provided to KPMG for floor areas. We have raised a recommendation in regards to this on page 31.

We have not identified any issues in relation to adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

(Continued)



Audit risks and our audit approach

Valuation of land and buildings in relation to the new surgical centre

Significant audit risk

Risk: The carrying amount of revalued Land & Buildings differs materially from the fair value in relation the new surgical centre

Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is no an active market for them, they are usually valued on the basis of the cost to replace them with a ‘modern equivalent asset’.

The value of the Board’s new surgical centre at 31 March 2025 is £39.6m and was valued as specialised assets at depreciated replacement cost.

The Board’s valuation included its first valuation of the new surgical centre.

In line with Auditing Standards, we are required to assess the design and implementation of controls with respect to significant risks. In line with prior years, we note the absence of a formal control with respect to reviewing in detail the assumptions adopted by the Valuer. Consequently, this does not meet the requirements of a management review control as defined by Auditing Standards. A formal control recommendation was raised with respect to this in the prior years, but will not be repeated as the Board considers its existing controls to be proportionate to address the associated risk. However, as the valuation is associated with a significant risk, we are required to bring this matter to your attention.

Fraud risk from expenditure recognition - completeness

Significant audit risk

Risk: Liabilities and related expenses for purchases of goods or services are not completely identified and recorded

As achieving a breakeven position against the Board’s Core Revenue Resource Limit (RRL) is a key target, there is a risk that non-pay expenditure, may be manipulated in order to report that the breakeven position has been met.

The setting of a savings target can create an incentive/pressure for management to understate the level of non-pay expenditure compared to that which has been incurred.

We consider this would be most likely to occur through understating accruals at the year end, for example to push back expenditure to 2025-26 to mitigate financial pressures.

Our response

We performed the following procedures designed to specifically address the significant risk:

- We evaluated the design and implementation of the controls in place for manual expenditure accruals;
- We selected a sample of year end accruals and have inspected the evidence of the actual amount paid after year end, in order to assess whether the accrual had been completely recorded;
- We inspected a sample of expenditure payments, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period; this is undergoing final review (*This procedure has been added since we agreed the audit plan*).
- We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assessed whether there was an appropriate basis for posting the journal and the value was agreed to supporting evidence; and
- We performed a retrospective review of prior year accruals in order to assess the completeness with which accruals had been recorded at 31 March 2024 and considered the impact on our assessment of the accruals at 31 March 2025.
- We also compared the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess whether any items of expenditure not accrued for as at 31 March 2025 have been done so appropriately.

Our findings

We identified a number of misstatements relating to accruals that are documented in appendix three.

We carried out a review of accruals recorded in the prior year against those recorded in the current year and did not identify any material issues in relation to the completeness of expenditure or manual accruals.

Fraud risk from expenditure recognition - completeness

Significant audit risk

Risk: Liabilities and related expenses for purchases of goods or services are not completely identified and recorded

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The setting of a savings target can create an incentive/pressure for management to understate the level of non-pay expenditure compared to that which has been incurred.

We consider this would be most likely to occur through understating accruals at the year end, for example to push back expenditure to 2025-26 to mitigate financial pressures.

In line with Auditing Standards, we are required to assess the design and implementation of controls with respect to significant risks. In line with prior years, we note the absence of a formal control with respect to accruals. Consequently, this does not meet the requirements of a management review control as defined by Auditing Standards. A formal control recommendation was raised with respect to this in the prior year, but will not be repeated as the Board considers its existing controls to be proportionate to address the associated risk. However, as accruals are associated with a significant fraud risk, we are required to bring this matter to your attention.

Audit risks and our audit approach

Management override of controls

Significant audit risk

The risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management 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.

We have not identified any specific additional risks of management override relating to this audit.

Our response

- Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we evaluated the design and implementation and, where appropriate, tested the operating effectiveness of the controls in place for the approval of manual journals posted to the general ledger to ensure that they are appropriate;
- We analysed all journals through the year. We are focusing our testing on those with a higher risk;
- We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates;
- We reviewed the appropriateness of the accounting for significant transactions that are outside the Board's normal course of business, or are otherwise unusual; and
- We assessed the controls in place for the identification of related party relationships and tested the completeness of the related parties identified.

Our findings

- We identified 12 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify any inappropriate entries. However we identified a journal was not authorised. We have raised a recommendation in Appendix 3.
- Through our testing on the journals listing received, to confirm it is accurate, we identified instances where the poster in eFinancials did not agree to the poster evidence provided. In one instance the Board were unable to locate evidence for the poster and approver of a journal. We have raised a recommendation which is within the appendix to this report.
- We evaluated accounting estimates and did not identify any indicators of management bias.
- We did not identify any significant unusual transactions.
- We identified an omission in the related parties disclosure. This has been corrected.

(Continued)

Management override of controls

Significant audit risk

The risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

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We have not identified any specific additional risks of management override relating to this audit.

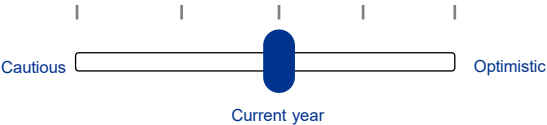
- In line with Auditing Standards, we are required to assess the design and implementation of controls with respect to significant risks. In line with prior years, we note the absence of a formal control with respect to reviewing manual journals. Consequently, this does not meet the requirements of a management review control as defined by Auditing Standards. A formal control recommendation was raised with respect to this in the prior year, but will not be repeated as the Board considers its existing controls to be proportionate to address the associated risk. However, as the management override of controls is associated with a significant fraud risk, we are required to bring this matter to your attention.

National Waiting Times Centre Board

Key accounting estimates – Overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions. Cautious means a smaller asset or bigger liability; optimistic is the reverse.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Assets					
Valuation of land & buildings		184.7	49.5		The large movement in year is due to the completion of the new surgical centre in year moving the cost into Buildings from Assets under Construction. The Board have used the services of a professionally qualified valuation expert to complete its valuation of the assets. The valuation has been carried out in line with the FReM. The valuation is an estimate involving various assumptions. We have reviewed the assumptions used within the valuation and have not found any issues to report from our review of the underlying valuation. We can confirm that the assumptions used by the valuer are reasonable and appropriate.

Other estimates

We have also reviewed the following non-significant estimates as part of our audit work

- Depreciation
- Clinical and Medical provision and Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) provision

Group involvement – significant component audits

Involvement in group components

The Group financial statements are made up of the following components:

- National Waiting Times Centre Board
- National Waiting Times Centre Board Endowment Fund

As communicated in our audit plan we determined that the parent Board was the only significant component. We have performed risk assessment procedures over the remaining components in order to confirm that there were not material balances within the other entity that could cause a material error to the group and did not identify any exceptions.

We did not identify any errors as a result of the procedures set out above.

Other significant matters

Annual report

We have read the contents of the Annual Report (including the Accountability Report, Directors Report, Performance Report and Annual Governance Statement (AGS)).

- The parts of the Remuneration Report that are required to be audited were all found to be materially accurate;
- The AGS is consistent with the financial statements and complies with relevant guidance subject to updates as outlined on page 4; and
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the director's statements. As Directors you confirm that you consider that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Board's performance, business model and strategy;

Consolidation schedules

As required by the Audit Code of Practice we are required to provide a statement on your consolidation schedule. We comply with this by checking that your summarisation schedule is consistent with your annual accounts. We have completed that work and found no matters to report.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Fraud

During the audit we conducted work regarding a suspected fraud to determine whether this represented a risk of material misstatement to the financial statements. We concluded it did not represent a risk of material misstatement. We have also sought a specific representation from management regarding the facts and details known to them concerning the fraud.

Audit Fees

The fee for the audit was £93,900 in 2024/25 and £92,110 in 2023/24 (Source: Audit Scotland). We are in the process of agreeing additional fees with the Board for the additional time taken in the audit this year in relation to both delays, errors and additional considerations regarding a suspected fraud – we expect this to be c£25k. Note the additional fee will also be subject to Audit Scotland review.

We have not completed any non-audit work at the Board during the year.

National Fraud Initiative

We have enquired with management as to the progress made against the NFI matches. The report for May 2025 shows no progress on very high risk matches and limited progress on other matches. Management noted they have a plan to investigate and to respond to the tracker during this Summer. We are satisfied with this given the deadline is not until Summer 2026.

Wider Scope

Appointed auditors are required to consider the areas defined in the Code of Audit Practice (2021) as wider-scope audit.

Auditors should consider these additional requirements when:

- identifying significant audit risks at the planning stage
- reporting the work done to form conclusions on those risks
- making recommendations for improvement and, where appropriate, setting out conclusions on the audited body's performance.

The new Code of Audit Practice brought in from 2022/23 has refreshed the areas used to define the wider audit scope. The previous 2016 edition set out four areas (described as audit dimensions), i.e. financial management, financial sustainability, governance and transparency, and value for money.

The new Code no longer uses the term audit dimensions, but it retains the areas of financial management and financial sustainability (though redefines each area) and replaces the other two as follows:

- governance and transparency dimension has been replaced with vision, leadership and governance area
- value for money dimension has been replaced with use of resources to improve outcomes.

Commentary on arrangements

We have prepared our commentary on the Board's Wider Scope arrangements within this report.

- Financial Management – Page 21;
- Financial Sustainability – Page 22;
- Vision, Leadership and Governance – Page 23; and
- Use of Resources to Improve Outcomes – Page 24

Summary of findings

We have not identified any significant weaknesses in the Board's arrangements in these areas.

Wider Scope arrangements

Financial Management

Scope

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

Areas of Focus

- the arrangements to ensure effective systems of internal control, to ensure public money is applied within the relevant financial rules;
- the effectiveness of the budget control system to communicate accurate and timely financial performance to meet the needs of the user;
- the accuracy and embeddedness of financial forecasting within financial management and financial reporting arrangements, including achievement of financial targets;
- the arrangements taken to link budget setting, savings plans to the priorities and risks of the Board; and
- the capacity and skills of the Board’s finance team.

Findings and Conclusion

There are appropriate arrangements in place to ensure an effective system of internal control as financial rules are set out in the Board’s Standing Orders (we have however raised a recommendation regarding this document being reviewed and updated) and Standing Financial Instructions.

The budget control system is effective, budget holders have access to monthly reports in order to appropriately monitor budget information.

The latest monthly finance report goes to each Board meeting and we note that there is adequate budget monitoring and reporting to monitor against financial targets.

Annually, the Board prepares a financial plan that is reviewed internally before being shared with Scottish Government. This highlights the savings plans for the year.

The Board’s finance team have the appropriate capacity and skills in relation to Financial Management, based on our evidence from the review of arrangements as part of our audit work.

The financial plan developed for 2024/25 included a savings target of £9.9m with savings of £10.5m being achieved. The Board was only able to deliver £1.1m of these recurrently and relied on non-recurrent savings of £9.4m. We note the Board has identified new arrangements for identification and delivering savings in 2025/26.

We have not identified any significant risks or significant weaknesses relating to financial management.

Wider Scope arrangements

Financial sustainability

Scope

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

Areas of Focus

- the arrangements in place to balance any short-term financial challenges and cashflow requirements and longer term financial sustainability
- the arrangements to ensure any recovery plan is fully integrated to deliver the Boards priorities.
- the arrangements put in place to address any identified funding gaps / savings plans and organisational restructures, including clarity of the impact on services to the public
- the degree to which medium to longer term capital financial plans include clear links to how capital investment will be used to deliver organisational priorities, including revenue consequences of the capital expenditure.

Findings and Conclusion

Our audit plan noted that we had identified one risk regarding financial sustainability. The Board have now finalised their 3 year financial plan. We have reviewed the financial plan and arrangements in place to ensure any short term financial challenges and longer term financial sustainability objectives are achieved. We have reviewed the extent to which any savings plans have been developed and the Board arrangements in place to deliver these.

We understand that the Board are in the stages of developing a savings programme, which is a high level plan based on key themes and currently has £6.9m planned savings schemes in the pipeline for 2025/26 out of the total £8.5m savings target. £1.6m of savings schemes are in development.

Financial recovery is monitored as part of the monthly budget holder reports and monthly finance reports that go to the Finance and Performance Committee (FPC) and Board meetings.

Capital plans for 2025/26 are outlined in the 3 year financial plan, and as at the date of this report the value of the capital plan was awaiting confirmation from Scottish Government.

We have not identified any further significant risks however the savings plan represents a significant challenge, and despite there being schemes planned there is a potential risk that the savings will not be achieved due to the current pressures faced by the Board. We also note the Board has previously struggled to deliver recurrent savings. The Board needs to ensure its performance to deliver these recurrent savings are critically appraised as part of delivery of savings this year ensuring any changes and modifications to arrangements are made to ensure non-delivery is addressed.

Wider Scope arrangements

Vision, Leadership and Governance

Scope

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.

Areas of Focus

- the vision and strategy of the Board, to ensure it includes a clear set of priorities which reflects the pace and depth of improvement that is need to realise the Boards priorities and long term sustainability of services to meet the needs of the patients
- the governance arrangements are appropriate and operating.
- assess the level of involvement of the local communities, including seldom heard groups, and health inequalities in identifying and agreeing the Boards priorities.
- assess the evidence that demonstrates leaders are adaptive to the changing environment
- the culture of the Board and how it operates with partners to understand their roles and responsibilities to help deliver the priorities of all partners, including where delivered through ALEO's

Findings and Conclusion

The Board Strategy for 2025-2030 was launched in year. The Strategy has a clear set of priorities which reflect how the Board need to respond to national policies across the NHS. It has been designed with a person-centred approach. The Board have a Delivery Plan in place for 2024/25 that set out the priorities and delivery objectives for the year.

Operational performance of services is reported in the Integrated Performance Reports presented at each Board meeting, under the headings Clinical Governance, Staff Governance and Finance, Performance and Planning. KPI's are monitored and reviewed as a result of this.

The Board have a risk management policy in place, and through our review the strategic risk register is appropriately monitored and reviewed.

We have not identified any significant risks or significant weaknesses relating to vision, leadership and governance.

Wider Scope arrangements

Use of Resources to Improve Outcomes

Scope

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.

Areas of Focus

- the arrangements in place to demonstrate that there is a clear link between money spent and outputs and the outcomes delivered
- the arrangements in place to assess whether outcomes are improving based on the trend and relative to pace of change in comparable organisations, and appropriate to the risk and challenges facing the Board
- the arrangements in place to consider cost of delivery of current services and whether alternative models of service delivery been considered.
- the arrangements to evaluate service delivery and quality and whether the user needs and views are included in any such evaluation.

Findings and Conclusion

We understand that there have been no significant investment decisions or business cases made in the current financial year.

Integrated Performance Reports are produced and reported to Board, which shows that performance is appropriately reported and monitored.

We have seen that activity comparisons take place, to benchmark services against each other and against previous years.

The Board also utilise external data to perform external benchmarking, using data that comes from an NHS Scotland system to allow comparison against other NHS Scotland Boards.

The Board Strategy for 2025-2030 was launched in year. The strategy translates into measurable milestones. We will review in future years how the Board has embedded this.

We have not identified any significant risks or significant weaknesses relating to use of resources to improve outcomes.

Measures taken under this category feed into the statutory duty in relation to maintaining arrangements to secure best value.

Appendices

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Appendix one

Mandatory communications

Type	Statement	
Our draft management representation letter		In addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025, we have sought additional representation regarding the facts and details known to them concerning the fraud mentioned on page 19.
Adjusted audit differences		Appendix 3 identifies 5 adjusted audit differences.
Unadjusted audit differences		The aggregated impact on the reported surplus of unadjusted audit differences would be to increase it by £112k. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See appendix 3.
Related parties		There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit and Risk Committee		There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies		We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts		No actual or suspected fraud involving group management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements was identified during the audit.

Appendix one

Mandatory communications

Type	Statement	
Significant difficulties	OK	No significant difficulties were encountered during the audit, however on page 19 we have noted some delays and errors that resulted in a delay to our audit.
Modifications to auditor's report	OK	None.
Disagreements with management or scope limitations	OK	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	OK	No material inconsistencies were identified relating to other information in the annual report, Strategic and Directors' reports. The Annual report is fair, balanced and comprehensive, and complies with the Annual Reporting Manual.
Breaches of independence	OK	No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	OK	Over the course of our audit, we have evaluated the appropriateness of the Board's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	OK	The significant matters arising from the audit were discussed, or subject to correspondence, with management.
Provide a statement to AS on your consolidation schedule	OK	We will issue our report to Audit Scotland following the signing of the annual report and accounts.

Recommendations raised and followed up

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations					
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	3	Invoice Authorisation Via our walkthrough of Non-Purchase order Transactions, we identified a transaction whereby an invoice was authorised for payment by an individual with insufficient authorisation limits. Risk There is a risk that inappropriate expenditure is being authorised. Recommendation We recommend the Board ensures that authorisation limits are followed.	Management response: Recommendation accepted in full. Improvement plan in place to reduce non PO transactions. Where these remain new controls to be introduced to ensure authorisation limits are followed. Responsible Officer(s): Responsible Officer- Associate Director of Finance (Financial Governance) and Head of Procurement Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
2	③	Tender Wavier Reporting Through attendance at the Audit and Risk Committee and review of tender waivers we note that tender waivers are not reported to the Committee to oversight. Risk Tender waivers are used more frequently than they should be therefore increasing the risk they are not providing value for money. Recommendation We recommend that that all tender waivers should be reported up to an appropriate committee whereby the number and value of tender waivers are stated. Implementing this recommendation would enable better oversight and further scrutiny of the tender waiver process to be exercised in the future.	Management response: Recommendation accepted in full. Process to report Tender Waivers to Audit and Risk Committee already agreed between Chair of ARC and Director of Finance for a six monthly report to be implemented in 2025/26 Responsible Officer(s): Director of Finance and Head of Procurement Completion Date: October 2025
3	③	Policy Review Through our Wider Scope work we reviewed several policy documents and identified that some of these policies (Project Lifecycle Guidance, Commercial Sponsorship Policy and Safety Standard Operation Procedures) had not been reviewed on their planned review date. Risk There is a risk that the Policies are not up to date and relevant. Recommendation We recommend the Board follow the review date on their policies and implement a form of tracker to make sure these dates are not missed.	Management response: Recommendation accepted in full. Tracker to be put in place and presented to the Executive Leadership Team Responsible Officer(s): Head of Governance Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
4	②	Fixed Asset Reconciliation to General Ledger From review of the fixed asset reconciliation to the general ledger we noted there were large unexplained variances, i.e. the fixed asset register and general ledger did not reconcile. We discussed with management and understand there are several issues with the fixed asset register (RAM). Management are aware there are issues and have started to investigate some of the issues with RAM. Risk There's a risk that fixed assets are either under or over stated. Recommendation We recommend the Board reconcile the fixed asset register to the general ledger and if there are any variances, these are explained. We recommend this control is then reviewed at year end.	Management response: Recommendation accepted in full. RAM to be fully reconciled to the General Ledger on a quarterly basis. Responsible Officer(s): Head of Finance Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
5	2	Floor area/Valuation Through our work over the valuation of land and buildings we test that information provided to the valuer is accurate. There were some discrepancies between what was provided to the valuer and the floor area the Board provided to KPMG. We note that the difference did not lead to a material difference in the valuation, however it was only identified as part of the Audit that there was a difference. Risk There is a risk that the information used in the valuation is not a fair reflection of the Boards assets if management do not sufficiently review the information provided to the valuer versus the information within the valuation report. Recommendation We recommend that the data provided to the Valuer is reviewed prior to sending and a thorough review of the valuation is performed to identify and understand inconsistencies with data provided.	Management response: Recommendation accepted in full. Responsible Officer(s): Deputy Director of Finance Completion Date: March 2026

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
6	③	Bank reconciliation Through review of the Bank reconciliation control it was identified that there are a number of uncleared items on the bank statement and on the general ledger report. Several were from previous periods, going back to the first period of the year. The uncleared items had also not appeared to have been investigated. Risk The bank reconciliation control is not operating effectively as items are not been cleared timely or investigated. Recommendation We recommend that uncleared items are investigated and cleared in a timely manner. We recommend that the bank reconciliation documents the investigation.	Management response: Recommendation accepted in full. Uncleared items to be investigated and cleared monthly Responsible Officer(s): Head of Finance Completion Date: June 2025
7	③	Schedule of asset revaluation movements In year it has been noted by KPMG that the Board does not have records that capture previous years movements in assets as a result of the re-valuations. It is important to have a schedule identifying previous years movements for assets, as per accounting policies, if there is an upwards revaluation after a prior year impairment then the previous years impairment is reversed to the extent of the upwards valuation. Risk The risk is that the accounts have an imbalance in the cumulative values of the revaluation reserve and the income and expenditure reserve. Recommendation We recommend that the Board maintain an accurate register of prior period impairments and original costs to allow for the correct accounting treatment of current period revaluations to ensure are able to account for any upwards revaluations when there was a prior year impairment in line with their accounting policies.	Management response: Recommendation accepted in full. Prior period impairments to be recorded and considered in the accounts preparation Responsible Officer(s): Head of Finance Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
8	②	Accounts preparation As per the year end timetable, we were anticipating receiving the financial statements on 6 May 25. We did not receive a version of the financial statements that balanced and were mapped to a trial balance and full transaction list until 19 May 25. We understand that part of this delay was due to issues with the template provided to the Board by Scottish Government and the fixed asset register. Risk There is a risk that the deadline for submitting signed annual report and accounts is not met due to delays in receiving information. Recommendation We recommend that management revisit its accounts preparation plan in advance for 2025/26 to ensure arrangements are updated, including revising timelines (if required) to ensure its accounts preparation plan is appropriate. We recommend this is completed in-conjunction with reviewing external audit working paper requirements therefore enabling the audit to start on time.	Management response: Recommendation accepted in full. Responsible Officer(s): Associate Director of Finance Completion Date: December 2025
9	②	WTE Listing We identified instances whereby individuals in the WTE listing had a nil WTE recorded despite the individual having worked. Once we identified the report was not complete and notified management, management were able to manually review the data and update the report where information was not complete and accurate. Risk There is a risk that the WTE figure and the Fair Pay Disclosure are not correctly stated in the accounts Recommendation We recommend that the Board investigates why this has happened and liaise with Greater Glasgow and Clyde who provide the listing to obtain a complete and accurate listing.	Management response: Recommendation accepted in full. Responsible Officer(s): Assistant Director of Finance (Financial Management) Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
10	③	Investment Monitoring Via review of Board committee papers, we have confirmed at each bi-monthly Board meeting the Strategic portfolio governance committee (SPGC) provide an update to the Board alongside SPGC meeting minutes. However, it is noted, that there is a lack of measurement and reporting of a review of improvements, for example lessons learned. Risk Investments are not reaching full potential and value for money. Recommendation We recommend the Board ensure that investments are measured and reviewed to identify any lessons learned.	Management response: The Board will develop a process through SPGC to measure the benefits of investments including any lessons learned Responsible Officer(s): Director of Transformation, Strategy, Planning and Performance Completion Date: December 2025
11	③	Annual Leave Accrual The annual leave accrual is calculated using the annual leave forms returned. We noted during our testing that not all individuals submitted an annual leave form, and a significantly less proportion than the previous year. Risk There is a risk that the annual leave accrual is not a fair reflection of the amount of annual leave that should be accrued as a high portion of the accrual is estimated. Recommendation We recommend the Board investigate more accurate ways of recording annual leave carried forward into the next year to calculate the annual leave accrual.	Management response: The Board will develop a more accurate calculation of the annual leave accrual (including a Board wide “push” on annual leave forms) Responsible Officer(s): Director of Finance and Director of People and Culture Completion Date: February 2026

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
12	2	Journals Through testing of the accuracy of the journals listing, we identified several errors in the data when checking back the information to the source evidence. This specifically related to the information on the listing for who posted the journal did not agree back to supporting evidence due to incorrectly typing the wrong name of the poster. On one occasion no support for the journal could be provided. In addition, through our screening procedures it was identified there were also multiple journals which were posted and approved by the same person. Risk There is a risk that journals could be inappropriately posted by users and therefore a potential for management override. Recommendation We recommend the Board ensure that there is accurate recording of the poster and approver of journals on eFinancials and evidence support is available for all journals. The Board should continue to strive to tighten controls around segregation of duties.	Management response: Develop and implement a strengthened standard operating procedure on journals Responsible Officer(s): Associate Director of Finance Completion Date: October 2025

Recommendations raised and followed up

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
13	2	Assets Under Construction Through our testing of Assets under construction (AUC) the Board was unable to provide an explanation of what each assets was relating to. KPMG requested the Board investigate the majority of the balance so we are now comfortable the unknown portion is not material and therefore risk of material error is low. Risk There are assets in AUC which are not classified correctly and should be depreciated, therefore understating depreciation and expenditure in the accounts. Recommendation We recommend management investigate the total balance in Assets under construction and ascertain whether it is correct to still be within AUC. Management should also ensure that appropriate documentation is maintained to enable identification and tracking of any assets in AUC to enable appropriate assessment each year of when asset should be moved into completions.	Management response: Recommendation accepted in full. A detailed analysis of Assets under construction to be undertaken. Responsible Officer(s): Associate Director of Finance Completion Date: December 2025
14	2	Journals Authorisation Through our testing of the high risk criteria we identified a journal was posted without authorisation. From further analysis we identified that there are a number of journals that are posted without authorisation. Risk There is a risk of management override of controls as journals are able to be posted without review and segregation of duties. Recommendation We recommend that all journals are authorised prior to being uploaded to the ledger and appropriate documentation is maintained to keep an Audit trail of approvals.	Management response: Fully accepted by management. Work with other Boards to bring in a electronic authorisation process which ensures appropriate authorisation is documented. Responsible officer: Head of Finance Completion Date: 31st October 2025

Recommendations raised and followed up

We have also followed up the recommendations from the previous years audit(s), in summary:

Total number of recommendations	Number of recommendations implemented or concluded	Number partially implemented or outstanding
11	3	7

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
1	③	IT account termination We noted as part of our understanding of the IT environment that leavers access to the ledger system is not consistently removed on a timely basis. Risk There is a risk of inappropriate access if individuals are potentially able to access the Boards financial reporting system once they have ceased employment at the Board. Recommendation The Board should ensure that there are appropriate processes and procedures in place for IT access being removed on a timely basis for leavers.	The current process includes a monthly report of all leavers that is shared with E-Health for processing. This will be reviewed and refreshed for 2024/25 and the relevant information will be shared with finance and IT to ensure all leavers are processed on a regular basis to ensure all access rights are removed within 2 weeks of the receipt of this report. Responsible Officer(s): Laura Smith and Graham Stewart Completion Date: 30th July 2024	Not Implemented From discussions with management, we note that this has not been implemented.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
2	③	Bank reconciliation preparation Through our review of the design and implementation of bank reconciliations, the April 2023 reconciliation was not prepared or reviewed until mid-June 2023. Risk There is a risk that reconciling items are not identified, investigated and resolved in a timely manner. Recommendation We recommend that bank reconciliations are prepared and reviewed within two weeks of the reconciliation date.	Following recruitment to key posts within financial accounting there is now a revised process in place to ensure bank reconciliations are reviewed and completed within 2 weeks of the reconciliation date. This revised process will be reviewed by the Interim Director of Finance as part of the month 3 timetable. Responsible Officer(s): Graham Stewart Completion Date: 31st July 2024	Implemented. KPMG noted the bank reconciliations were prepared and reviewed timely.
3	②	Invoice authorisation As part of our walkthrough over expenditure transactions that do not have a related purchase order raised, we identified that an invoice was authorised for payment that was above that individuals authorisation limits. Risk There is a risk that inappropriate expenditure is being authorised. Recommendation We recommend that appropriate processes and procedures are revisited or enforced to reduce the likelihood of this occurring again in the future.	The implementation of electronic PECOS ordering (from 17th June 2024) will ensure that all authorised approvals will be part of the system's authorisation process where individuals will only be able to approve orders within their delegated limits of authority. This is maintained by finance and PECOS will be reviewed and updated on a regular basis for new authorisers and leavers will be removed from the system as part of the leaver's process. Responsible Officer(s): Graham Stewart Completion Date: 30th June 2024	Superseded. KPMG identified an invoice was authorised for payment that was above the individual's authorisation limit. See recommendation 1.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
4	②	Recurrent savings We identified through our wider scope work that the savings plan represents a significant challenge, and despite there being schemes planned there is a potential risk that the savings will not be achieved due to the current pressures faced by the Board. We also note the Board has previously struggled to deliver recurrent savings. Risk There is a potential risk that the savings will not be achieved due to the current pressures faced by the Board. Recommendation The Board needs to ensure its performance to deliver these recurrent savings are critically appraised as part of delivery of savings this year ensuring any changes and modifications to arrangements are made to ensure non-delivery is addressed.	Implementation of ‘Achieving the Balance’ ensures full review and challenge as part of the project management process built into the review meetings. Each SRO of each workstream is tasked with updating the project management documents as part of the balance programme updates with strategic management team. This process is now in place with progress against targets and trajectories reviewed in each progress meeting. Responsible Officer(s): Graham Stewart and Carolynne O’Connor Completion Date: 30th June 2024	Partially Implemented The Board surpassed their savings target of £9.95m by achieving £10.48m. However, while they had planned for £3.1m to be recurrent savings, only £1.1m was achieved.
5	③	Standing orders We identified through our wider scope work that the Standing Orders have not been updated since February 2020, however the document mentions an annual review. Risk There is a risk that the document is out of date and not fit for purpose. Recommendation The Board should ensure the standing orders are reviewed regularly to ensure these are kept up to date.	The update to the Standing orders is planned for review following the recent update to the Standing Financial Instructions. These will be reviewed and updated where relevant by the Director of Finance. Responsible Officer(s): Graham Stewart Completion Date: 30th September 2024	Partially Implemented We note that the standing orders were reviewed at Audit and Committee on the 19th May 2025 but recommend they have a review timetable in place for regular reviews and follow this.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
6	2	Accruals We have identified through our testing to date that there are a number of errors identified over accruals. Risk There is a risk that inappropriate transactions are accounted for. Recommendation We note that the Board has implemented a new review process for accruals in 2023/24, however given that errors have been identified again this year, the Board should consider whether it has adequate processes in place for ensuring that accruals are posted appropriately and that historic accruals are still required.	A root cause analysis will be undertaken by the finance team as a priority to identify the key issues and risks. From this analysis a new process will be implemented that will ensure that the finance team will undertake a regular review of all accruals undertaken, with the Associate Director of Finance and Governance providing scrutiny of all balances on the balance sheet. Responsible Officer(s): Graham Stewart Completion Date: 30th September 2024	Partially Implemented We identified several errors within our accruals testing. We recommend further work is carried out to ensure thorough review of accruals prior to posting in the ledger. However, we note there has been an improvement from the previous years in regard to the number of errors identified.
7	2	Impairment review - Issue There is no documented impairment review completed by management with estates involvement. Risk There is a risk that property, plant and equipment is overstated if there are impairment indicators that have not been identified and reviewed. Recommendation We recommend that management complete an annual impairment review with estates involvement, that is formally signed off.	Accepted (June 2023) An impairment review will be undertaken for 2023/24 with appropriate input from other service functions within NHS Golden Jubilee. Responsible Officer(s): Assistant Director of Finance-Governance and Financial Accounting Completion Date: by March 2024	Not Implemented Management had not prepared an impairment review for the year ended 31st March 2025. We recommend management revisit this recommendation.

Recommendations raised and followed up (continued)

# Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
8 ③	Identification of related party transactions Auditing standards require us to obtain an understanding of related party processes and controls that: • identify all related parties, relationships and transactions • authorise and approve significant related party transactions and arrangements; and • account for and disclose all related party relationships and transactions in the financial statements. We are satisfied management have a process in place to identify related parties and related party transactions retrospectively through receipt of declarations of interest (DoI) from all members of the Board, and then an exercise is carried out where by finance search all accounts payable and accounts receivable ledgers to identify transactions with said related parties at the period end. The process and control in place to collate and ensure receipt of DoI's from individuals is a proportionate control to have in place. However, management does not carry out a completeness check which verifies all interests have been declared. Recommendation We recommend management should search all Board members (including close family and dependents) on Companies House at the year end to ensure completeness of the declarations made	We will review our processes to ensure completeness of related party disclosures and update as required. Responsible Officer(s): Associate Director of Finance – Governance and Financial Accounting Completion Date: 31st March 2025	Implemented Management had performed a search on Companies House at the year end to aid the completeness of the related parties disclosure.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
9	③	Asset verification - Issue There has not been an asset verification exercise completed by management in 2022/23 Risk There is a risk that property, plant and equipment is overstated if there are assets on the asset register that are no longer in use or no longer exist. Recommendation We recommend that management complete annual asset verification checks and update the fixed asset register accordingly.	Accepted A formal annual asset verification checks and required updates to the fixed asset register will be completed for the preparation of the 2023 Annual Report and Accounts. Responsible Officer(s): Assistant Director of Finance-Governance and Financial Accounting Completion Date: by March 2024	Partially implemented We note that a sample check over asset verification was completed in year, however this highlighted some disposals to be processed for assets with a nil net book value. The Board have noted that a more detailed exercise will take place during 2024/25. Update June 2025: Partially implemented We are still aware there are some disposals to be processed for assets with a nil net book value and other issues with the fixed asset register as note in recommendation raised in current year.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
10	3	Board Strategy - Issue We identified through our Wider Scope work that the Board Strategy expired in 2022. We understand that this is currently under review and was delayed due to the pandemic pressures. Risk There is a risk that the Board Strategy is not up to date and relevant. Recommendation We recommend that the Board Strategy for future years is developed in line with the new timetable in place by the Board.	Accepted A timeline for the development of a new Board Strategy has been agreed. Work is on-going to complete this. Responsible Officer(s): Director of Strategy, Planning and Performance Completion Date: July 2023	Not yet implemented (June 2024) The completion date has been moved by the Board to August 2024 Implemented (June 2025) The Board has an updated strategy for 2025-2030. Therefore this recommendation has now been updated to Implemented.

Recommendations raised and followed up (continued)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current status (June 2025)
11	2	Capital accruals accounting - Issue We identified that the goods received but not yet invoiced accruals contained a number of capital transactions that had been fully accounted for in year, when in fact all of the related work had not yet been completed or assets had not been received by 31 March 23. Risk There is a risk that property, plant and equipment is overstated and not accounted for in the correct year. Recommendation We recommend that management revisit and update their processes and procedures to ensure that capital transactions are accounted for in the year that assets are received or the year that the work takes place.	Accepted While an issue was indeed identified by KPMG through a sample of accruals and upon escalation of an issue to the Depute Director and then to Director of Finance it became evident that the historic approach to year end capital accruals based on ‘commitments’ did not meet the Director of Finance’s view of adherence to relevant accounting standards. As such, a full review of 2022/23 accruals was requested with backup. After completion, a number of items accrued were not supported by the Director of Finance/ Depute Director of Finance and as such were removed by the Financial Accounts Team upon instruction. A documented process will be completed and the current structure of capital monitoring within NHS Golden Jubilee will be reviewed. Responsible Officer(s): Deputy Director of Finance Completion Date: August 2023	June 2024: Partially implemented We have noted some errors in our accruals testing, therefore management should revisit their processes and procedures to ensure capital accruals are correct to be accounted for as such. Current status June 2025: Partially Implemented We have noted a capital accrual error in the current year testing, therefore management should revisit their processes and procedures.

Appendix three

Unadjusted Audit Differences

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Risk Committee with a summary of **unadjusted audit differences** (including disclosure misstatements) identified during the course of our audit, other than those which are ‘clearly trivial’, which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor’s report, individually or in aggregate. As communicated previously with the Audit and Risk Committee, details of all adjustments greater than £220k will be communicated. To date, we have not concluded on any unadjusted audit differences.

Unadjusted audit differences (£'000s)				
No	Detail	SOCNE Dr/(cr)	SOPF Dr/(cr)	Comments
1	PPE- Buildings Revaluation Reserve		(1,223) 1,223	Management identified issues in the prior year relating to PPE asset under construction additions however did not action a journal in the prior year to correct this. As it was not material, KPMG did not test this as part of post close checks. In order to reconcile the general ledger to the accounts a journal was posted by management to ensure the closing Net book value agreed. This was posted into the revaluation line, which has resulted in the total of land and buildings not agreeing to the valuation report by £1,223.
2	Accruals Capital Expenditure Revenue Expenditure		1074 (962) (112)	Through our accruals testing we found errors totalling £1074k for transactions that should not have been accrued for as at 31 March 2025. This includes a CT Scanner of £962k which is part of Assets Under Construction (AUC) as a capital accrual. There are several other smaller errors making up the remaining balance of this overstatement of accruals. We note the total also includes a £181k error which is an understatement.
3	Depreciation Impairment Accumulated Depreciation Impairment	(734) 734	 734 (734)	Through our testing of the large impairment in year due to Phase 2 completing, we identified it was incorrectly calculated as RAM (The fixed asset register) had calculated 2 times the depreciation amount it should have been, therefore understating the impairment value and overstating depreciation by £734k.
Total		(112)	112	

Appendix three

Audit Differences

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Risk Committee with a summary of **adjusted audit differences** (including disclosures) identified during the course of our audit. The adjustments to date below have been included in the financial statements.

Adjusted audit differences (£'000s)				
No	Detail	SOCNE Dr/(cr)	SOFP Dr/(cr)	Comments
1	Cash and cash equivalents Investments		(9,617) 9,617	As part of our cash testing for the Group, we identified that Cash and Cash Equivalents for the Endowment fund contained a 95 days interest account which does not meet the definition of a cash or cash equivalent as the Endowment Fund are unable to access these funds within 90 days.
2	Other operating expenses Other Income	(897) 897		Through our testing of Hotel Income we identified that Income and Expenditure of the Board was overstated by £897k as the Board has not netted off cross charge income and expenditure.
3	PPE Plant and Equipment PPE Assets under construction (AUC)		319 (319)	As part of our testing on Assets under construction (AUC) we identified the LED lighting project had not been moved into completions. This was corrected with a nil impact to depreciation as it was completed end of March.
4	PPE Buildings PPE AUC Expenditure Depreciation		823 (823) (41)	As part of our testing on Assets under construction (AUC) we identified the Eye Centre costs had not been moved into completions when it was complete This was corrected with a £41k impact to depreciation.

(Continued)

Appendix three

Audit Differences (continued)

Adjusted audit differences (£'000s)				
No	Detail	SOCNE Dr/(cr)	SOFP Dr/(cr)	Comments
5	AUC PPE Buildings- Completions		(787) 787	As part of our testing on Assets under construction (AUC) we identified the non phase 2 costs associated with AECOM had been incorrectly calculated to not include VAT on the full value (due to an error in a spreadsheet formula) therefore AUC was overstated by £787k as this portion was not moved into Buildings completions with the rest of the cost. The depreciation impact has not been corrected but is below our reporting threshold.
Total		41	(41)	

We also identified a number of disclosure adjustments that have been corrected, the most significant of which are as follows:

- We received the accounts later than agreed and we identified the balance sheet did not balance. Management investigated that there was a template issue from Scottish Government and corrected this imbalance.
- The audit fee was not correct within the accounts and has been corrected.
- There were a number of prior year balances that did not reconcile to prior year accounts. This was noted in part, as a template issue from Scottish Government but we also noted some within the Annual Report version of the accounts. These have been corrected.
- We identified the Trade and Other Payables excluding Statutory Liabilities balance with Note 22B was not internally consistent with note 12. This has been corrected.
- Within the Draft Accounts template we received to audit, we noted there was a Contingent Liability within the template when management have already provided an accrual for this based upon TAG arrangements. This was correctly removed.
- We have identified ‘Net (gain)/ loss on revaluation of property, plant and equipment’ per SoCNE did not reconcile to Buildings: Revaluation and Buildings: Depn Provided. As such, the ‘Net (gain)/ loss on revaluation of property, plant and equipment’ in the Accounts Template should not be £7.925m. The balance was corrected to be recorded at £8.732m.

(Continued)

Appendix three

Audit Differences (Continued)

- During our testing of related parties, we identified an omission in the disclosure. This has been corrected.
- Losses and special payments disclosure was incorrectly copied from the prior year. This has now been updated.

Remuneration report:

- We identified through our remuneration report testing that there was undisclosed benefit in kind. This has now been corrected.
- We identified an error in the categorisation of the highest earners this was corrected: decreased £140-£150k by 1 and increased £150-£160 by 1.
- In regards to the Real increase in lump sum pension banding we identified one member was incorrectly banded. This has been corrected.
- Remuneration report was updated due to further guidance with Audit Scotland from review of the NHS Resource account calculator 2024/25
- We identified instances whereby individuals in the WTE listing had a nil WTE recorded despite the individual having worked. Once we identified the report was not complete and notified management, management were able to manually review the data and update the report where information was not complete and accurate. Managements work reduced the WTE disclosure error to a maximum of 2 WTE.
- Due to an incomplete WTE listing, the Fair Pay disclosure was not accurate. This has been investigated and corrected.

Intra-group error reporting

Further to the misstatements identified on pages 36-38, we are required to report any identified errors in the reporting of intra-group balances with other NHS entities exceeding £200,000 as part of our reporting on the Consolidation Schedules to Audit Scotland. We have set out below intra-group errors identified as part of our procedures:

We identified an immaterial difference which relates to the prior year comparators within the template and the annual report and accounts. This was reported in the prior year and is due to an error in the template. The prior year comparators for Right of Use Additions figure is £2,891k in the Annual Accounts template however, £1,914k in the Annual report and accounts. The Annual report and accounts reports the correct figure. This difference causes a casting effect so the total of Note 7D is £14,753k compared to the template accounts of £15,731k resulting in a difference of £978k.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of the National Waiting Times Centre Board.

Professional ethical standards require us to provide to you with a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard.

As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

We have not provided any non-audit services in year.

Confirmation of Independence (continued)

We have considered the fees charged to the Board for professional services provided during the reporting period. Total fees charged can be analysed as follows:

Entity	2024/25	2023/24
Auditor Remuneration	£92,080	£88,370
Pooled Costs	£9,540	£10,680
Audit Support Costs	-	-
Sectoral Cap Adjustment	-£7,720	-£6,940
Overruns	**	-
TOTAL AUDIT FEES (Incl VAT)	£93,900	£92,110
Fees for non-audit services	-	-

** Overruns are expected to be between c£25k. As a result of delays in receiving accounts, prepared by management requests and errors, as well as additional scope of work in regard to Fraud.

Source: Audit Scotland

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully
KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

- To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.
- Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



Association with the right entities

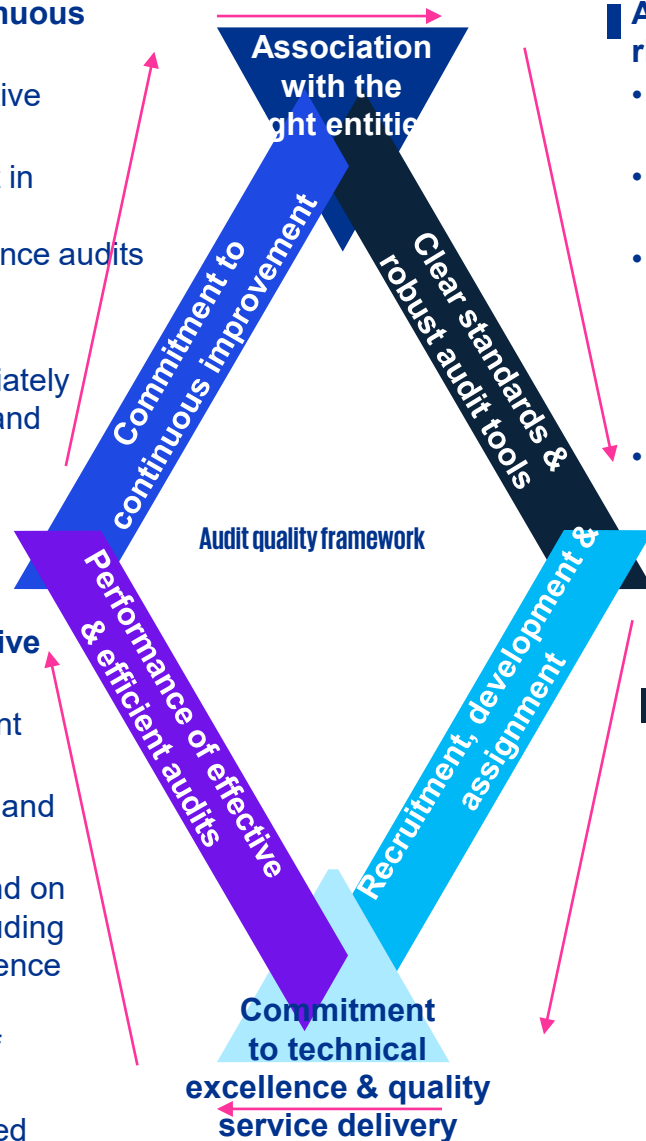
- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



Newly effective accounting standards (and relevant IFRIC items)

Standards	Expected impact				Effective for years beginning on or after			Early adoption permitted
	High	Moderate	Low	None	01 Jan 2025	01 Jan 2026	1 Jan 2027	
Lack of exchangeability (Amendments to IAS 21) <i>The Effects of Changes in Foreign Exchange Rates</i>				○	✓			✓
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> **			●			✓		✓
Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>; • IFRS 7 <i>Financial Instruments: Disclosures</i> and its accompanying <i>Guidance on implementing IFRS 7</i>; • IFRS 9 <i>Financial Instruments</i>; • IFRS 10 <i>Consolidated Financial Statements</i>; and • IAS 7 <i>Statement of Cash flows</i>			●			✓		✓
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> **			●				✓	✓
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> **				○			✓	✓
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>) *			●		TBD*			✓

*The effective date for these amendments was deferred indefinitely.
Early adoption continues to be permitted.

**Not yet endorsed by the UK Endorsement Board

Appendix ten

Audit quality, evidence & the timeline of completion activities

Audit quality is at the core of everything we do – the quality and timeliness of information received from management and those charged with governance also affects audit quality.

The timeline on this page is for illustration only and shows the timing of our completion activities around the signing of the audit opinion. We depend on well planned timing of our audit work to avoid compromising the quality of the audit. We aim to complete all audit work no later than 2 days before audit signing.

Weeks before signing Audit Opinion	-3 weeks			-2 weeks			-1 week			Completion week	Teams involved in the process
Individual day's activities	Day 1	Day 3	Day 5	Day 1	Day 3	Day 5	Day 1	Day 3	Day 5		
Audit report Reviews, Consultation											Audit Team
Final audit fieldwork											Audit Team
Review audit field work & provide points to the audit team											2 nd Line of Defence
Review significant risk audit areas and challenge work performed											RI and EQCR
Review of the Audit Report											DPP Accounting & Reporting
Ensure points raised by Audit Report review are dealt with											RI and EQCR
Review Audit Committee report and draft accounts											RI and EQCR
Completion panel to discuss the draft Audit Committee report and draft accounts											Audit Risk Review Panels
KPMG Audit Committee report issued											Audit Team
Final Audit Committee											Audit Team
Ensure Audit Report review and Consultation points have been satisfactorily dealt with											Audit Team & DPP Accounting & Reporting
Final audit field work completed and signed off											Audit Team
Stand-Back review											Audit Team
Ensure all points raised are cleared											RI / EQCR / 2 nd Line of Defence

Key:

- One day activity
- Activity over a period of time
- Year end
- Signing date of the Audit Report



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