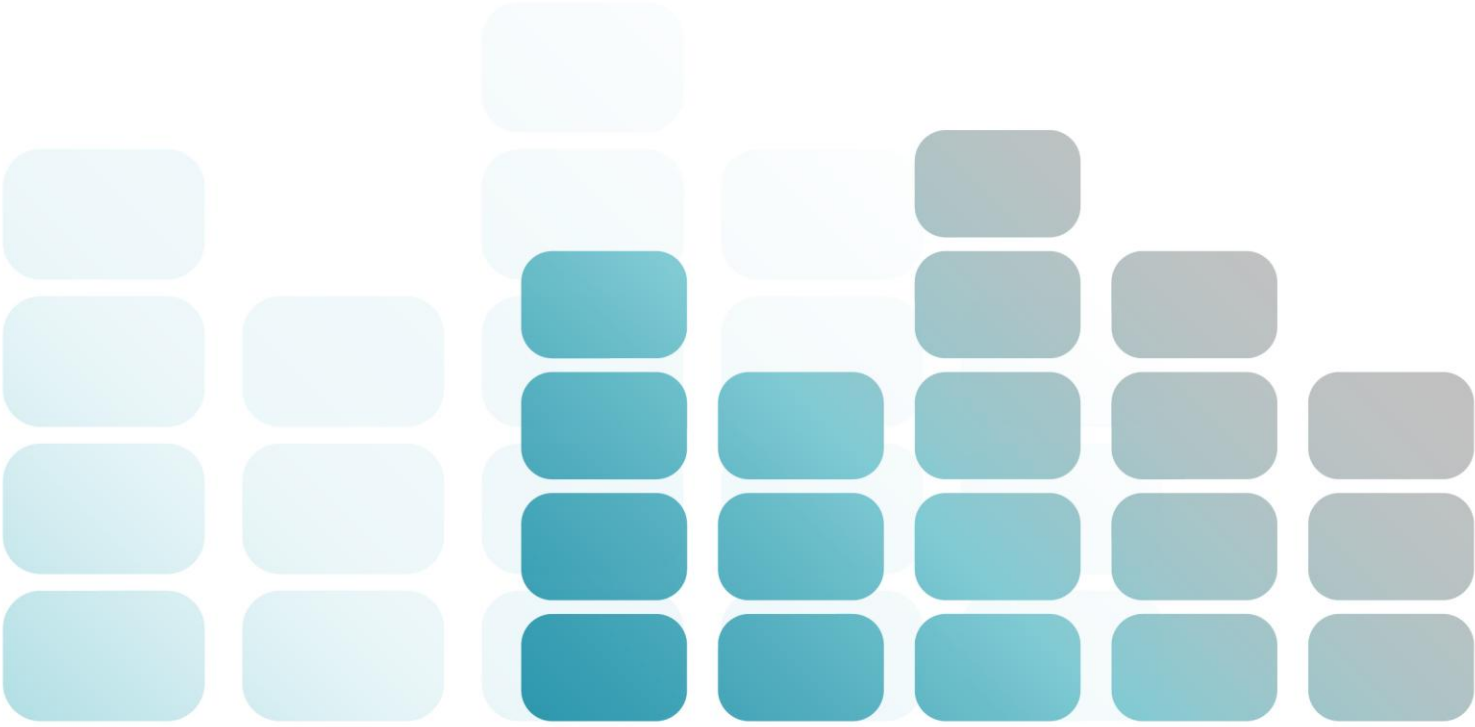


Angus Integration Joint Board

Annual Audit Plan 2025/26



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Accessibility

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Introduction

Purpose of the Annual Audit Plan

1. The purpose of this Annual Audit Plan is to provide an overview of the planned scope and timing of the 2025/26 audit of Angus Integration Joint Board's (the Board's) annual accounts. It outlines the audit work planned to meet the audit requirements set out in [auditing standards](#) and the [Code of Audit Practice](#), including supplementary guidance.

Appointed auditor and independence

2. Pauline Gillen, of Audit Scotland, has been appointed by the Accounts Commission as the external auditor of the Board for the period from 2022/23 until 2026/27. The 2025/26 financial year is therefore the fourth of the five-year audit appointment.

3. Pauline Gillen and the audit team are independent of the Board in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. This standard imposes stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with ethical standards. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

4. The Ethical Standard requires auditors to communicate any relationships that may affect the independence and objectivity of the audit team. There are no such relationships pertaining to the audit of the Board to communicate.

Audit scope and responsibilities

Scope of the audit

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

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, the Management Commentary, the Annual Governance Statement, and an opinion on the audited part of the Remuneration Report.
- Conclusions on the Board's arrangements in relation to the wider scope areas: Financial Management, Financial Sustainability, Vision, Leadership, and Governance, and Use of Resources to Improve Outcomes.
- Reporting on the Board's arrangements for securing Best Value.
- A review of the Board's arrangements for preparing and publishing key performance information.
- Provision of an Annual Audit Report setting out significant matters identified from the audit of the annual accounts and the wider scope areas specified in the Code of Audit Practice.

Responsibilities

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

Auditor's responsibilities

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

The Board's responsibilities

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

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

Audit of the annual accounts

Introduction

9. The audit of the annual accounts is driven by materiality and the risks of material misstatement in the financial statements, with greater attention being given to the significant risks of material misstatement. This chapter outlines materiality, the significant risks of material misstatement that have been identified, and the impact these have on the planned audit procedures.

Materiality

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

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

12. The materiality levels determined for the audit of the Board are outlined in [Exhibit 1](#).

Exhibit 1

2025/26 Materiality levels

Materiality	Amount
Materiality – based on an assessment of the needs of users of the financial statements and the nature of the Board's operations, the benchmark used to determine materiality is gross expenditure based on the audited 2024/25 financial statements. Materiality has been set at 2% of the benchmark.	£4.75 million

Materiality	Amount
<p>Performance materiality – this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate that further audit procedures are required. Using professional judgement, performance materiality has been set at 75% of planning materiality.</p>	£3.5 million
<p>Reporting threshold – all misstatements greater than the reporting threshold will be reported.</p>	£0.2 million

Source: Audit Scotland

Significant risks of material misstatement to the financial statements

13. The risk assessment process draws on the audit team’s cumulative knowledge of the Board, including the nature of its operations and its significant transaction streams, the system of internal control, governance arrangements and processes, and developments that could impact on its financial reporting.

14. Based on the risk assessment process, significant risks of material misstatement to the financial statements have been identified and these are summarised in [Exhibit 2, page 8](#). These are the risks which have the greatest impact on the planned audit approach, and the planned audit procedures in response to the risks are outlined in Exhibit 2.

15. Risk assessment is an iterative and dynamic process. The assessment of risks set out in this Annual Audit Plan may change as more information and evidence is obtained over the course of the audit. Where such changes occur, these will be reported to the Board and those charged with governance, where relevant.

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response
<p>Fraud caused by management override of controls</p> <p>International Standard on Auditing (UK) 240, states that management is in a unique position to perpetrate fraud because of the ability to override controls that otherwise appear to be operating effectively. The risk of fraud caused by management override of controls is therefore a mandatory risk for all audits.</p>	<ul style="list-style-type: none"> • Assurances will be obtained from the auditors of NHS Tayside and Angus Council over the completeness, accuracy and allocation of income and expenditure. • Agreement of balances and transactions to financial reports / ledger NHS Tayside and Angus Council. • Detailed testing of any significant year-end adjustments. • Evaluate any significant unusual transactions outside the normal course of business

Source: Audit Scotland

Key audit matters

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

17. In determining key audit matters, auditors consider:

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

18. These matters will be communicated in the Annual Audit Report. Exhibit 2 outlines the significant risks of material misstatement to the financial statements that have been identified, including those that have greatest impact on the planned audit procedures and require most attention when performing the audit.

Wider scope and Best Value

Introduction

19. Reflecting the fact that public money is involved, the Code of Audit Practice requires that public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit set out by the Code of Audit Practice broadens the audit of the annual accounts to include consideration of additional aspects or risks in four wider scope areas, which are summarised below:

- **Financial Management** – this means having sound budgetary processes. Factors that can impact on the Board being able to secure sound financial management include the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.
- **Financial Sustainability** – as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. The Board and its partners continue to face significant financial pressures from real term funding reductions and increasing demand. There is a risk that the Board, in partnership with NHS Tayside and Angus Council, may not be able to identify sustainable savings measures or meet cost pressures as they arise. We will comment on planning for financial sustainability in the medium and longer term.
- **Vision, Leadership and Governance** – this means having a clear vision and strategy, with agreed strategic priorities. This is assessed by considering the clarity of plans in place to deliver these priorities and the effectiveness of the governance arrangements to support delivery.
- **Use of Resources to Improve Outcomes** – we will consider how the Board demonstrates economy, efficiency, and effectiveness through the use of financial and other resources, including its workforce. There is a risk that the Board may not be able to deliver services due to current workforce capacity issues.

20. A conclusion on the effectiveness and appropriateness of arrangements the Board has in place for each of the wider scope areas will be reported in the Annual Audit Report.

Best Value

21. Auditors have a duty to be satisfied that bodies that fall within section 106 of the 1973 Act have made proper arrangements to secure Best Value. We will consider how the Board demonstrates that it is meeting its Best Value responsibilities, alongside the wider scope audit and we will report our findings as part of our Annual Audit Report.

Reporting arrangements, timetable and audit fee

Audit outputs

22. The outputs from the 2025/26 audit include:

- This Annual Audit Plan.
- An Independent Auditor's Report to the Board and the Accounts Commission setting out opinions on the annual accounts.
- An Annual Audit Report to the Board and the Accounts Commission setting out significant matters identified from the audit of the annual accounts, conclusions from the wider scope and Best Value audit, and recommendations, where required.

23. The matters to be reported in the outputs will be discussed with the Board for factual accuracy before they are issued. All outputs from the audit will be published on Audit Scotland's website, apart from the Independent Auditor's Report, which is included in the audited annual accounts.

24. Target dates for the audit outputs are set by the Accounts Commission. In setting these dates, consideration is given to the statutory date for approving the annual accounts, which is 30 September 2026 for local government bodies.

25. The audit team may not be able to achieve the target date of 30 September 2026 for issuing the Independent Auditor's Report and Annual Audit Report. This reflects the decision of Audit Scotland management that priority should be given to council audits and those audits that require to be completed by 30 September to provide assurance for related audited bodies in 2025/26.

Audit timetable

26. Achieving the timetable for production of the annual accounts, supported by complete and accurate working papers, is critical to delivery of the audit to agreed target dates. [Exhibit 3](#) includes a timetable for the audit, which has been agreed with management. Agreed target dates will be kept under review as the audit progresses, and any changes required, and their potential impact, will be discussed with the Board and reported to those charged with governance, where required.

Exhibit 3

2025/26 audit timetable

Audit activity	Angus IJB target date	Relevant committee date
Issue of Annual Audit Plan	30 March 2026	29 April 2026
Annual accounts:		
• Consideration of unaudited annual accounts by those charged with governance	24 June 2026	24 June 2026
• Submission of unaudited annual accounts and all working papers to audit team	30 June 2026	
• Latest date for audit clearance meeting	TBD	TBD
• Issue of draft Letter of Representation, proposed Independent Auditor's Report, and proposed Annual Audit Report	TBD	TBD
• Agreement of audited and unsigned annual accounts	TBD	
• Approval by those charged with governance and signing of audited annual accounts	TBD	TBD
• Signing of Independent Auditor's Report and issue of Annual Audit Report	TBD	

Source: Audit Scotland

Audit fee

27. The Board's audit fee is determined in line with Audit Scotland's fee setting arrangements. The audit fee for 2025/26 is £35,480 (£34,000 in 2024/25).

28. In setting the audit fee, it is assumed that the Board has effective governance arrangements in place and the complete annual accounts will be provided for audit in line with the agreed timetable. The audit fee assumes there will be no significant changes to the planned scope of the audit. Where the audit cannot proceed as planned, for example, due to

incomplete or inadequate working papers, the audit fee may need to be increased.

Other matters

Internal audit

29. The Board is responsible for establishing an internal audit function as part of an effective system of internal control. As part of the audit, the audit team will obtain an understanding of internal audit, including its nature, responsibilities, and activities.

30. While internal audit and external audit have differing roles and responsibilities, external auditors may seek to rely on the work of internal audit where it is considered appropriate. A review of internal audit's 2025/26 audit plan was carried out to identify if there were any areas where the audit team could rely on its work. The audit team concluded it will not rely on internal audit's work. However, the audit team will review internal audit's reports and assess if there is any impact on the audit.

Audit quality

31. Audit Scotland is committed to the consistent delivery of high-quality audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. Details of the arrangements in place for the delivery of high-quality audits is available from the [Audit Scotland website](#).

32. The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2025/26 audits are:

- ISQM (UK) 1, which deals with an audit organisation's responsibilities to design, implement, and operate a system of quality management (SoQM) for audits. Audit Scotland's SoQM consists of a variety of components, such as: governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring Audit Scotland is dedicated to high-quality audit through engagement performance and resourcing arrangements, and ensuring there are robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of its SoQM and has concluded it complies with this standard.
- ISQM (UK) 2, which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in an audit, to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions on high-risk audits.

33. To monitor quality at an individual audit level, Audit Scotland carries out internal quality reviews on a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews on a sample of audits.

34. Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan, which is used to support continuous improvement. Progress with implementing planned actions is monitored on a regular basis by Audit Scotland's Quality and Ethics Committee.

35. Audit Scotland may periodically seek the views of the Board on the quality of audit services provided. The audit team would also welcome feedback at any time.

Angus Integration Joint Board

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