

Moray Integration Joint Board External Audit Plan

Financial year ending 31 March 2026

Prepared for those Charged with Governance, the
Controller of Audit and the Accounts Commission

24 March 2026



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01 Introduction and Headlines

Introduction and headlines (1)

Purpose

This document provides an overview of the planned scope and timing of the external audit of Moray Integration Joint Board (the IJB) for those charged with governance.

We are appointed by The Accounts Commission as the external auditors of the IJB for the five-year period 2022/23 to 2026/27.

Respective responsibilities

The Code of Audit Practice (the Code) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities, and that of the IJB are summarised in the Appendix of this Audit Plan. We draw your attention to this and the Code.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the IJB's financial statements, which have been prepared by management with the oversight of those charged with governance (the Audit, Performance and Risk Committee).

Our audit of the financial statements does not relieve management, the IJB Audit, Performance and Risk Committee or the Board of your responsibilities.

It is your responsibility to ensure that proper arrangements are in place for the conduct of your business, and that public money is safeguarded and properly accounted for. As part of our wider scope work, we will consider how you are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the IJB and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls (ISA (UK) 240);

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Annual Audit (ISA 260) Report.

Materiality

We have calculated our planning materiality to be £5.258 million (PY: £5.070 million) for the IJB, which equates to 2.5% (PY: 2.5%) of your prior year gross expenditure as per the audited 2024/25 financial statements.

Performance materiality has been determined as £3.943 million (PY: £3.802 million) and is based on 75% (PY: 75%) of planning materiality.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been calculated at 5% of materiality being £0.263 million (PY: £0.254 million).

A lower materiality threshold will of £25,000 will be used on salary and pension (CETV) tables for senior management and board members.

We will revisit our materiality throughout our audit including updating to reflect the draft unaudited financial statements for 2025/26.

Introduction and headlines (2)

Audit Fees

Audit fees were shared by Audit Scotland with the IJB in January 2026. The baseline audit fee set is £35,480.

Audit fees are paid to Audit Scotland who in turn pay Grant Thornton UK LLP. The baseline audit fee has been agreed with the audited body. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Adding Value Through the Audit

Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials. We use our LEAP audit methodology and data analytics to ensure delivery of a quality audit.

We have also invited members of your financial reporting team to our annual Local Government Chief Accountants workshop, which is led by our internal financial reporting technical team.

Other Matters

We summarise other audit matters for the Audit, Performance and Risk Committee's awareness. This includes:

- Consideration of going concern in accordance with Practice Note 10.
- In accordance with the Code and planning guidance we also required to complete and submit a number of information returns and other deliverables to Audit Scotland during the year.

Wider Scope and Best Value Audit

In accordance with the Code, our planning considers the Wider Scope and Best Value areas of audit.

We have identified the following wider scope significant risk and will conclude on this during the audit:

- Financial sustainability – The IJB faces significant financial challenges over the medium and longer-term. The latest revenue monitoring report confirms the IJB are projecting a significant deficit of £8.233 million for 2025/26 which will require the partner authorities to provide additional funding contributions at year end. These additional funding contributions are factored into both partners in-year budgets. The IJB prepare a Medium-Term Financial Strategy which estimates a £38 million funding deficit to 2030/31 and there is a risk that the transformation and savings plans are not sufficient to address the identified funding gap over the medium term.

As part of our integrated wider-scope work, we also use a risk-based approach to assess and report on whether the IJB has made proper arrangements for securing Best Value.

02 Identified risks

Significant risks identified (1)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge management in areas that are complex, significant, or highly judgmental, which may be the case for accounting estimates, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements, management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (4)

Significant risk	Description	Key aspects of our proposed response to the risk
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions. We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.	We will: • Confirm our understanding over the agreement of balances and transactions to the year end submissions from Moray Council and NHS Grampian. • Document our understanding of and evaluate the design effectiveness of management's key controls over journals at the partner authorities; • Gain an understanding of the critical judgements applied by management in the preparation of the financial statements and consider their reasonableness; • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (2)

Significant risk	Description	Key aspects of our proposed response to the risk
Fraud in revenue recognition	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. (rebutted)	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the IJB, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; and • opportunities to manipulate revenue recognition are very limited. Therefore, we do not consider this to be a significant risk for the IJB.
Fraud in expenditure recognition	As set out in practice note 10 (Revised 2020) 'The Audit of Public sector Financial Statements', issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition. The IJB delegates services to Moray Council and NHS Grampian. A budget is agreed by all parties in advance of the financial year. It is up to the Council and the NHS Board to spend the delegated budget, as agreed with the IJB. (rebutted)	Having considered the risk factors set out in PN 10 and the nature of the expenditure streams at the IJB, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • opportunities to manipulate expenditure recognition are very limited. Therefore, we do not consider this to be a significant risk for IJB

03 Other matters

Other matters (1)

Other work

In addition to our expected responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We audit parts of your Remuneration Report, as required under the Code, and check whether these sections have been properly prepared (opinion). These procedures are performed to a lower materiality.
- We read the sections of your Statement of Accounts which are not subject to audit and check that they are consistent with the financial statements on which we give an opinion (opinion).
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set out in Delivering Good Governance in Local Government: Framework (Revised 2025) (opinion).
- We consider our other duties under the Code and planning guidance (2025/26), as and when required, including:
 - Supporting Audit Scotland's reporting to the Accounts Commission.
 - Contributing to Audit Scotland Performance Reports and providing regular updates to Audit Scotland to share awareness of current issues.
 - Contributing to the National Fraud Initiative (NFI) report.
 - Notifying the Controller of the Audit when circumstances indicate a statutory report may be required.
 - Completing mandated information requests and returns and notifying Audit Scotland of any cases of money laundering or fraud.
 - Review of Technical guidance prior to issue by Audit Scotland.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Internal control environment

During our initial audit planning we will develop our understanding of your control environment (design and implementation) as it relates to the preparation of your financial statements. In particular we will:

- Consider key business processes and related controls.
- Assess the design of key controls over all significant risks we have identified. This will include key controls over:
 - Journal entries and other key entity level controls.

Our focus is on design and implementation of controls only. We do not intend to assess or place any reliance on the operating effectiveness of your controls during our audit.

Other matters (2)

Going concern assessment

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 was updated in 2020 to take account of revisions to ISAs (UK), including ISA (UK) 570 (Revised September 2019) on going concern. PN 10 allows auditors to apply a 'continued provision of service approach' when auditing going concern in the public sector, where appropriate. Audit Scotland's also issued further guidance in a Going Concern publication in December 2020).

Within our wider scope work we will conclude on the IJB arrangements to ensure financial sustainability.

Internal Audit

We read and understand the work of Internal Audit during the year, and how this work feeds into management's governance processes and inclusion within the Annual Governance Statement. We do not rely directly upon the work of Internal Audit, and our approach is fully substantive.

Financial reporting developments

During our audit we will actively discuss emerging financial reporting developments with you.

Progress against prior year audit recommendation

As part of our final account's procedures, we will follow up on the implementation of prior year audit recommendations and report on progress against the recommendations in full within our Annual Audit Report.

04 Materiality

Our approach to materiality (1)

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and not only applies to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	Determination We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the IJB, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements. We have determined financial statement materiality based on a proportion of the gross expenditure of the IJB for the financial year.	We determine planning materiality to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes; and – assist in evaluating the effect of known and likely misstatements in the financial statements.
2	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered to be material by nature when it relates to: – instances where greater precision is required (e.g. senior management remuneration, pension CETV tables and audit fees).
3	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality (2)

Materiality area	2025/26 planning materiality	Qualitative factors considered
Headline materiality for the financial statements	£5.258 million	Our materiality has been set at 2.5% of prior year gross expenditure of the IJB as per the 2024/25 financial statements (2024/25: 2.5%). In setting this threshold, the following factors have been considered: • There were no significant findings in the 2024/25 audit report. • No significant deficiencies have been identified with the IJB's control environment. • The level of public interest in the IJB for Scotland by the public and the Scottish Government.
Performance materiality for the financial statements	£3.943 million	Performance materiality has been set at 75% of financial statements materiality (2024/25: 75%). Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Reporting threshold	£0.263 million	This balance is set at 5% of materiality (2024/25: 5%). All misstatements above this threshold will be reported.
Materiality for the senior management remuneration disclosure	£25,000 PM: £18,750	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual. As a lower materiality is determined, we are required to determine a performance materiality (PM) for the Remuneration Report. Lower performance materiality has been set at 75% of Remuneration Report materiality.

05 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle EBS	Financial reporting – Moray Council	ITGC assessment (design and implementation effectiveness only)
eFinancials	Financial Reporting – NHS Grampian	ITGC assessment (design and implementation effectiveness only)

06 Wider Scope and Best Value arrangements

Wider scope and best value arrangements (1)

Our responsibilities under the Code of Audit Practice extend beyond the audit of the financial statements. The Code of Audit Practice sets out four areas that constitute the wider scope of public audit in Scotland. These are summarised below:



Financial management

Has the body got sound budgetary process, financial capacity and the control environment and internal controls are operating effectively.



Financial Sustainability

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



Vision, Leadership and Governance

How effective are the body's scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



Use of Resources to Improve Outcomes

How the body makes best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

We consider each of these areas through our audit planning process and have set out below the identified areas of risk for our wider scope work.

From our initial planning work, we have identified one significant risk in relation to Financial Sustainability. We will continue to review your arrangements before we issue our Annual Audit Report.

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

Wider scope and best value arrangements (2)

Risk assessment of the IJB's wider scope arrangements

The risk assessment process has identified one significant risk. The risk is reflected below, and we have confirmed the planned audit procedures to be carried out in response to the risk.

Area	2025/26 risk assessment	2025/26 risk-based procedures planned
Financial Management Financial Sustainability	Significant Risk – Financial sustainability The IJB faces significant financial challenges over the medium and longer-term due to the uncertainty over future Scottish Government funding allocations, workforce pressures and the rising cost of inflation. The 2025/26 budget was approved by the Board in March 2025 and projected an overall deficit for the financial year of £1.000 million, the deficit funded using earmarked reserves. The latest revenue monitoring report provides an update on the projected outturn at 31 December 2025 and highlights a deteriorating financial position for 2025/26, with the IJB projecting a significant deficit of £8.233 million for the full year. This is a result of increasing costs to the IJB due to rising demand for services, alongside the non-delivery of approximately £3.133 million of identified savings plans. This deficit will require the partner authorities to provide significant additional funding contributions at year end for the IJB to break-even. These additional funding contributions are factored into both partners in-year budgets. The IJB prepare a Medium-Term Financial Strategy (2026/27 – 2030/31) (MTFS) which will be presented to the Board in March 2026. The MTFS shows the IJB is facing significant and increasing overspends against future forecast budgets and the funding deficit over the period is projected to be £38 million. As a result of this significant funding deficit, the IJB will need to identify new approaches to manage the funding gap over the longer term. However, there is a risk that the transformation and savings plans agreed by the Board to address future financial pressures are not sufficient to address the identified funding gap over the medium term.	We will: • Review progress against the 2025/26 savings plans and budget • Review how the IJB identifies significant financial pressures and builds them into its plans. • Review how the IJB plans to bridge its funding gap and identify achievable savings and future transformation. • Follow up the recommendations raised in the 2024/25 Annual Audit Report

Wider scope and best value arrangements (3)

Best Value

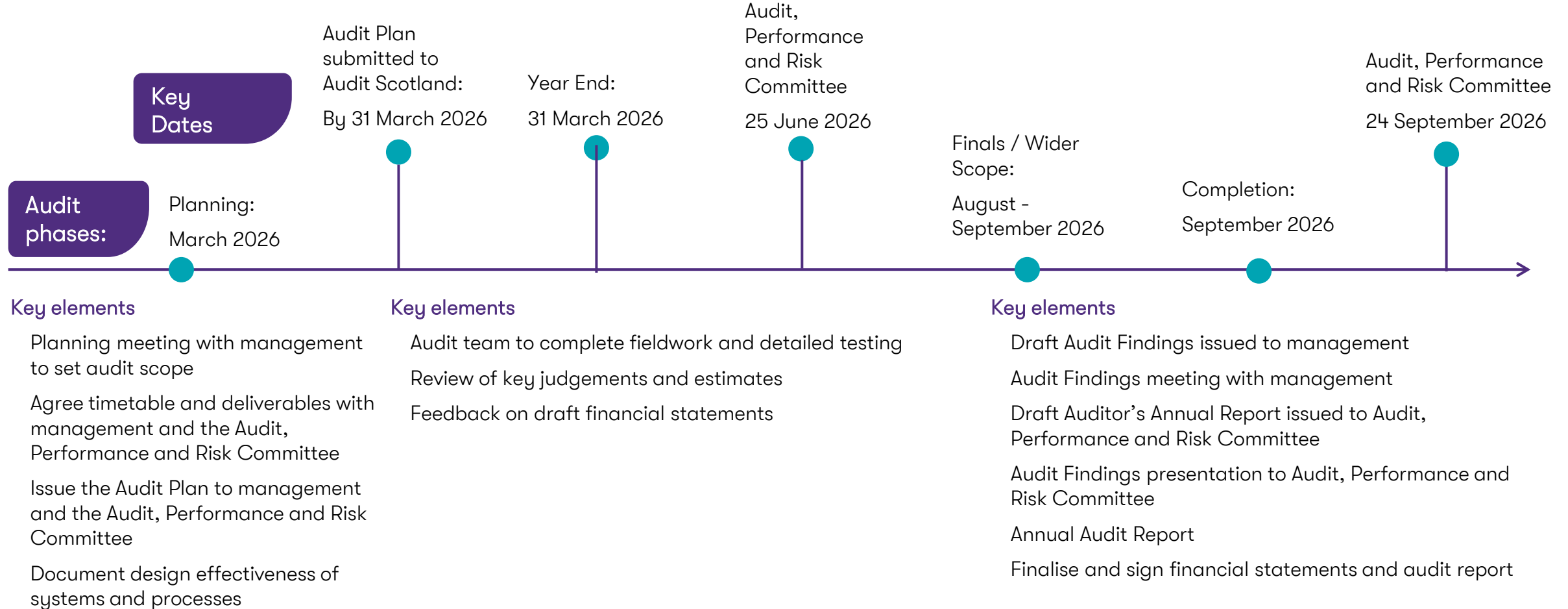
Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973.

Consideration of the arrangements the IJB has in place to secure Best Value will be carried out alongside the wider scope audit, and a conclusion on the arrangements the IJB has in place will be reported in the Annual Audit Report.

07 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Angela Pieri Engagement Leader • Key contact for senior management and the Audit, Performance and Risk Committee • Overall quality assurance		Andrew Wallace Senior Audit Manager • Audit planning • Resource management • Performance management reporting		Christie Hastings (Planning) Alexander Chapman (Fieldwork) Audit Senior • On-site audit team management • Day-to-day point of contact • Audit fieldwork			
Service delivery		Audit reporting		Audit progress		Technical support	
Formal communications	Annual client service review	The Audit Plan The Auditor’s Annual Report		Audit planning meetings Audit clearance meetings Communication of issues log		Technical updates	
Informal communications	Open channel for discussion			Communication of audit issues as they arise		Notification of up-coming issues	

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

08 Audit Fees

Audit Fees (1)

Relevant Professional Standards

Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC on audit quality and public sector financial reporting. This includes, for Audit Scotland contracts, meeting the expectations of the Audit Scotland Quality Team and the Scottish quality framework.

We are required to consider all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees were shared by Audit Scotland with the IJB in January 2026. Audit fees are paid to Audit Scotland who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Audit Scotland set the baseline audit fee. We can increase the fee, from the baseline, for the inclusion of additional risks, new technical matters or where specific client matters are identified, such as prior year misstatements and disclosure amendments re-occurring during the audit.

The baseline fee of £35,480 has been set by Audit Scotland. In accordance with Audit Scotland guidance, we are able to discuss a variation to the audit fee where additional work is required. Further detail on the audit fee is available on the following page.

Audit Fees (2)

Audit fees for 2025/26

Service	Fees (£)
External Auditor Remuneration	£37,830
Pooled Costs	£1,300
Contribution to Performance Audit and Best Value	£7,050
Sectoral cap adjustment	-£10,700
2025/26 Fee	£35,480

Additional Fees (Non-Audit Services)

Service	Fees (£)
At planning stage we confirm there are no planned non-audit services	Nil

Fee Assumption

In setting the fee for 2025/26 we have assumed that you will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence for all critical and significant judgements and estimates made in preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- Provide ongoing access to officers and management experts throughout the audit and timely responses to audit queries.

09 Independence matters

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, there are no matters that we are required to report.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the IJB that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the IJB or investments in the IJB held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the IJB as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the IJB .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the IJB's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

No non-audit services provided by Grant Thornton UK LLP have been identified. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Annual Audit Report at the conclusion of the audit.

10 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the IJB's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Annual Audit Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Annual Audit Report
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

12 Appendices

New or revised IFRS

New or revised accounting standards that are in effect for reporting periods beginning on or after 1 January 2026.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help investors understand their impact on a company's financial performance and cash flows. The amendments are effective from 1 January 2026.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments (e.g. instruments with features linked to environmental social and governance (ESG) targets). The amendments are effective from 1 January 2026.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is effective in the UK from 1 January 2027.

Responsibilities

The Code sets out auditor responsibilities and responsibilities of the audited body. Key responsibilities are summarised below. Please refer to the Code for further detail.

Moray Integration Joint Board

Your responsibilities include:

- Maintaining adequate accounting records and working papers
 - Preparing accounts for audit, comprising financial statements, which give a true and fair view, and related reports
 - Establishing and maintaining a sound system of internal control
 - Establishing sound arrangements for proper conduct of affairs, including the regularity of transactions
 - Maintaining standards of conduct for the prevention and detection of fraud and other irregularities
 - Maintaining strong corporate governance arrangements and a financial position that is soundly based
 - Establishing and maintaining an effective internal audit function.
-

External Audit

Our responsibilities include:

- Compliance with the FRC Ethical Standard
 - Compliance with the Code and UK Auditing Standards (ISA's UK) in the conduct and reporting of our financial statements audit
 - Compliance with the Code and guidance issued by Audit Scotland in the conduct and reporting of our wider scope work
 - Providing assurance on specified returns and other outputs (where required), as specified in guidance issued by Audit Scotland
 - Liaison with and notifying Audit Scotland when circumstances indicate a statutory report may be required.
 - Contributing to relevant performance studies (as set out in Audit Scotland's Planning Guidance for 2025/26).
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