



Scott-Moncrieff
business advisers and accountants

Golden Jubilee National Hospital

Interim audit report
2016/17

April 2017

Introduction

1. Our 2016/17 external audit plan was approved by the Audit & Risk Committee in February 2017.
2. Our Plan summarised the work we will carry out as part of our 2016/17 external audit of the Golden Jubilee National Hospital (“the Board”). The core elements of our work include:
 - an audit of the Board’s 2016/17 financial statements, including a review of the governance statement;
 - an interim audit, taking into consideration the work of internal audit, of accounting systems and corporate governance;
 - a review of arrangements as they relate to the four dimensions of wider-scope public audit: governance and transparency, financial management, financial sustainability and value for money; and
 - any other work requested by Audit Scotland, for example, providing feedback on the local impact of national performance audits.
3. This report concludes on the work carried out during our 2016/17 interim audit in February 2017. We performed our work in accordance with International Standards on Auditing (UK and Ireland) (ISAs).
6. A material weakness in internal control is a deficiency in design or operation which could adversely affect the entity's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
7. Any weaknesses or risks identified are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve the Board of its responsibility to address the issues raised and to maintain an adequate system of control.
8. This report has been discussed and agreed with the Director of Finance. We would like to thank all members of the Board’s management and staff who have been involved in our work for their co-operation and assistance during our audit visits.
9. As required under the Code of Audit Practice, this report will be published on Audit Scotland’s website: www.audit-scotland.gov.uk.

Reporting to those charged with governance

4. This report has been prepared to communicate the finding of our interim audit to those charged with governance. We have agreed with the Board that these communications will be through the Audit and Risk Committee.
5. ISA 260 (Communication of audit matters with those charged with governance) requires the auditor to make those charged with governance or management aware, as soon as practicable, and at an appropriate level of responsibility, of any material weaknesses in the design or implementation of internal financial controls which have come to the auditor's attention.
10. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Board through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the Board promote improved standards of governance, better management and decision making and more effective use of resources.
11. We welcome any comments you may have on the quality of our audit work and this report via: www.surveymonkey.co.uk/r/S2SPZBX

Summary of findings

Conclusion

12. We found the Board's key financial systems to be well designed and operating effectively.

Review of the Board's key financial systems

13. To comply with the requirements of the ISAs we considered whether the Board's key accounting and internal financial controls are adequate to prevent material misstatements in the financial statements. During the interim audit we considered the systems and controls over:

- nominal ledger;
- income and receivables;
- payroll;
- expenditure and payables;
- cash and bank;
- inventories; and
- related party transactions.

Wider-scope public audit

14. We have applied our cumulative audit experience, having audited the Board since 2011/12, along with discussions at the planning and interim stages of this year's audit to inform our understanding of the Board's arrangements as they relate to the four dimensions of wider-scope public audit: governance and transparency, financial management, financial sustainability and value for money.
15. Further work on the four dimensions of wider-scope public audit will be carried out during our final audit. We will conclude on the Board's arrangements within our annual report on the 2016/17 audit to the Board and the Auditor General for Scotland.

Internal audit

16. We are committed to avoiding duplication of audit effort and ensuring an efficient use of the Board's total audit resource. During our interim audit we considered the findings to date from the work of internal audit to ensure there was no duplication of audit effort.

Financial statements and the 2016/17 audit process

17. Audited NHS board financial statements must be submitted to the Scottish Government by 30 June 2017. We will continue to liaise with management to agree respective expectations and timetables for our year-end audit. Our final audit visit is planned to start in May 2017.



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