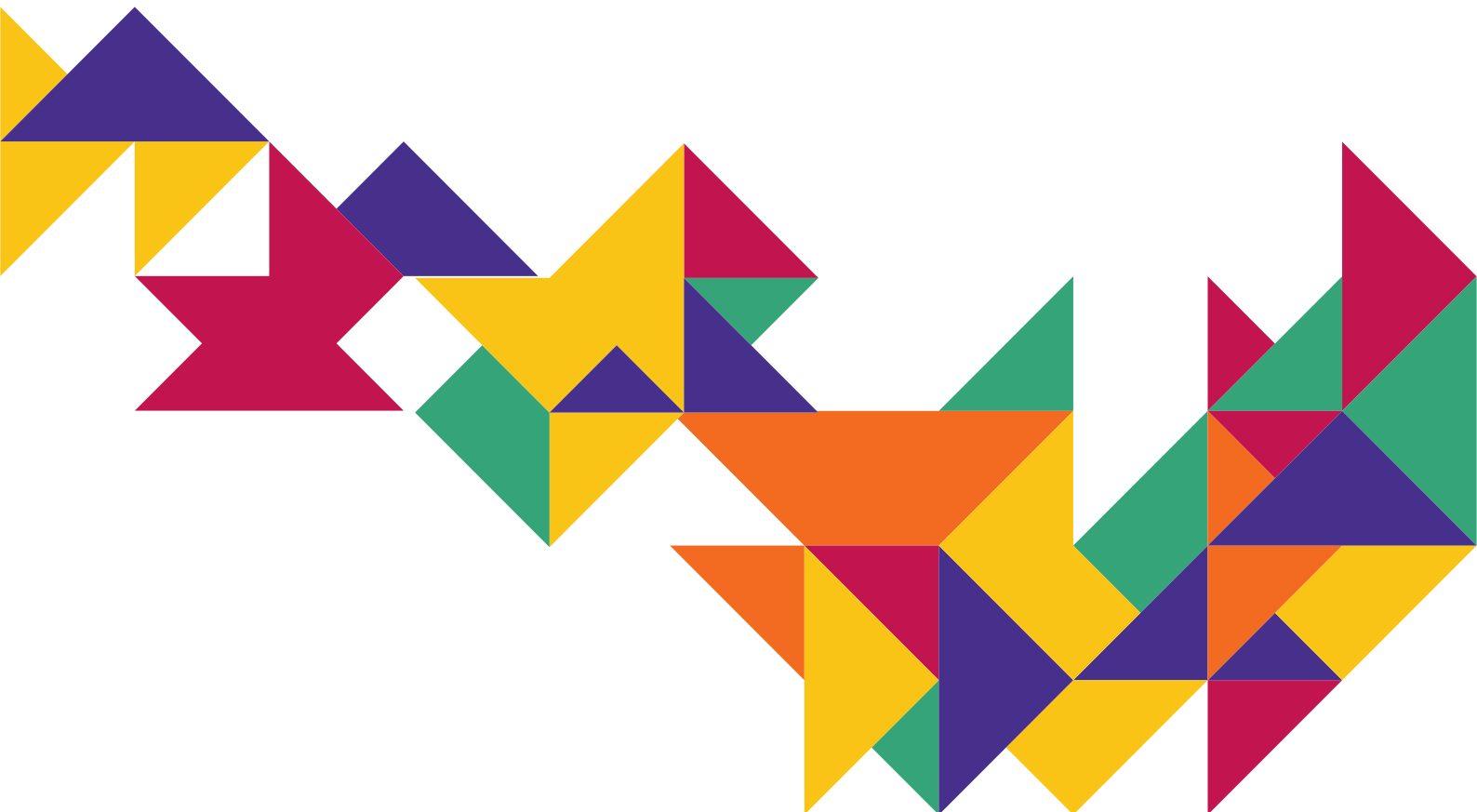


Dumfries and Galloway Integration Joint Board

External audit plan for the financial year
ending 31 March 2017

Audit and Risk Committee* 20 March 2017



* In the Committee's role as "those charged with governance"



Grant Thornton

An instinct for growth™

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20 March 2017

Dear Members of the Audit and Risk Committee

Initial external audit plan for the financial year ending 31 March 2017

Please find enclosed our annual external audit plan addressed to those charged with governance for the financial year ending 31 March 2017. We are delighted to have been appointed as your external auditors and look forward to working with you to ensure you get maximum value from our audit work. We will be pragmatic and actively engage with you throughout the year in an open and transparent manner, ensuring you benefit from our wider insights and observations. As the external auditors for Dumfries and Galloway Council and NHS Dumfries and Galloway we will be able to avoid duplication in substantive audit testing and will look to leverage our work across both bodies for the Integration Joint Board where relevant.

Our plan sets out how as your auditors we will fully discharge our responsibilities as set out in the Audit Scotland Code of Audit Practice 2016 as well as requirements under International Standards of Auditing (ISA's) (UK and Ireland).

Our approach delivers:

- A robust challenge of your judgements and key aspects of your financial statements, in particular in relation to the significant and other audit risks outlined in this plan
- A focus on wider scope arrangements across the four audit dimensions aligned to your key areas of risk: financial management; financial sustainability; governance and transparency and value for money.
- An understanding of Dumfries and Galloway Integration Joint Board (IJB) and your strategic challenges, pro-actively engaging throughout the year with you.
- A clear and concise annual report addressed to those charged with governance and the Controller of Audit, reporting the outcome of our work during the year. Our report will reflect our key judgements and conclusions over your arrangements as relevant to our audit role.

I look forward to discussing our audit plan for 2016/17 and working with you over the course of our appointment.

Joanne Brown Engagement Leader

Director

For Grant Thornton UK LLP

Chartered Accountants

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Our approach at a glance

A smooth transition

- We have extensive experience of transitioning into new clients and will do this at minimum disruption to you
- We will quickly look to build up good working relationships with your team
- We will produce a high level communication plan with you upfront and agree key dates for our work, and deliverables

Regular meetings throughout the process

- Joanne Brown / Lindsay Robertson will meet with you on a regular basis, discuss your emerging issues, act as a sounding board
- Senior member of team will attend all Audit and Risk Committee meetings
- We will hold regular private meetings with the Audit and Risk Committee

Feedback from you

- Debrief meeting with senior finance staff
- Client service review undertaken and feedback and shared with all of our team
- Action plan to address findings

Completion

- Finalise all statutory accounts by Local Government deadline; submitting to Audit Scotland by 30 September 2017 (including summarisation schedules)
- Sign accounts and audit opinion

18th of September Audit and Risk Committee meeting

- Present Annual Report to those Charged with Governance
- Discuss key audit issues; associated risks identified and action plan
- Hold pre-meeting with Audit and Risk Committee Chair if required

Annual Report to those charged with Governance

- Sets out key audit and accounting issues and how these have been resolved
- Provides comments on systems and controls, and review of accounting policies; conclusions and judgements in respect of your arrangements across the wider scope remit
- Key judgements and conclusions from our wider scope work, including improvement opportunities

Audit clearance meeting – July/August (date TBC)

- Discuss audit issues with management
- Agree treatment of any unadjusted differences
- Practical recommendations on systems and controls

Audit planning meeting

- Meeting with key management to identify audit risks/judgements in particular the Chief Finance Officer and key members of the respective finance teams
- Consider key aspects of the IJB including your directions; scheme of delegation and accounting arrangements.
- Agree client prepared schedules and account and audit timetables (anticipated April 2017)

Audit Plan

- Confirm audit risk areas and agreed audit approach
- Set out audit scope and agreed timetable, including how we discharge our responsibilities under the Audit Scotland code of practice
- Formal communication with the Audit and Risk Committee (20th March)

Interim work (to be considered)

- Review of core systems and controls and where we can gain assurance via either the Health Board or the Council audit
- Understanding of the IJB control environment and the linkage between the Health Board, Council and IJB
- Early work on key areas of audit risk including wider scope understanding
- Liaise with Internal Audit, review outputs and assess impact on our work

Final accounts audit

- Focused on risk areas, with on-site Engagement Lead review
- IDEA interrogation software utilised to provide efficiency and insight (data analytics)
- Audit issues and potential adjustments, discussed and cleared with you as they arise
- Work carried out by a team with relevant experience and knowledge of the Scottish NHS and Local Government sectors and wider UK NHS and local government sector experience.

Annual report including performance report and accountability report

- Check the annual report is consistent with the financial statements and meets the requirements set out in the CIPFA guidance
- Check the annual governance statement are consistent with our knowledge of the IJB

Wider Scope Audit

- Conclude and discuss key findings with management across the four impact areas. Reflecting on work undertaken during the year including interviews and documentation review

Our approach at a glance (continued)

Our audit is risk based and undertaken in accordance with International Standards of Auditing ("ISA (UK&I)") and the Audit Scotland Code of Practice 2016.

We continue to understand Dumfries and Galloway's Integrated Joint Board strategy in the context of the directions and IJB strategy established and the wider Health and Social Care landscape, including the developing organisational arrangements in 2016/17 and beyond.

Our audit will be largely substantive in nature although under our ISA requirements we will seek to understand your internal control environment, including policies and procedures, segregation of duties and budgeting and financial reporting arrangements.

Internal Audit

As set out in ISA (UK&I) 610 'using the work of internal auditors' we are prohibited from using internal audit to provide direct assistance' to the audit, therefore we design our approach to internal audit to ensure compliance with these requirements.

We have reviewed the internal audit plan for 2016/17 and have met with Internal Audit. Recognising your internal audit service is currently led by the Chief Internal Auditor of NHS Dumfries and Galloway we will build the IJB into our NHS Dumfries and Galloway discussions and review arrangements. Should internal audit identify specific material deficiencies in the control environment during the year relevant to the IJB we will consider the impact of this on our planned audit approach and substantive testing.

We will work with internal audit in respect of our risk assessment, minimising any risk of duplication or potential inefficiency. However we do not intend to take specific reliance on the work performed in the period.

Professional standards

Our objective is robust, quality driven external audit which adds value to you. Our team works to the highest level of professional standards in delivering their work. Specifically we would highlight:

- professional scepticism will be applied throughout the audit, in particular in respect of significant or key judgements.
- we will provide challenge, insights and share practices with management using our significant Public Sector experience, including wider NHS and Local Government experience (Scotland and UK)
- we will seek to understand how NHS Dumfries and Galloway and Dumfries and Galloway Council work together, the governance arrangements for the IJB and the decision making arrangements related to financial management. This will mean our approach is suitably tailored to you.
- we will involve necessary specialists to support us in our audit work for example our national audit technical team where applicable.
- we will use IDEA, our data analytical software to effectively and efficiently test your balances and transactions during the year including for example journals.



Materiality

We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of the IJB as at 31 March 2017 and its expenditure and income for the year then ended;
- whether they have been prepared properly in accordance with the Local Government (Scotland) Act 1973 and the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom.
- We also review and report on the consistency of the other information prepared and published by the IJB along with its financial statements. The IJB is required to prepare and publish along with the financial statements an annual governance statement; management commentary and a remuneration report that are consistent with the disclosures in the financial statements

Management, with the oversight of the Audit and Risk Committee, should ensure communication of relevant information to users about the IJB and its financial performance. Guidance on IJB performance reporting was provided by the Scottish Government.

Determining materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit.

The standard states that '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'.

Overall materiality

As is usual in public sector entities, we plan to calculate materiality for the IJB as a percentage of gross expenditure. Recognising this is year one of our audit appointment and the first year the IJB accounts will be prepared for a full year we plan to calculate materiality as 1% of gross expenditure. We will calculate the exact value on receipt of the unaudited financial statements and provide an update in our Annual Report to those charged with Governance.

Performance materiality

We intend to set performance materiality at 65% of overall materiality, again reflecting a full year of transactions for the IJB and year one of our audit appointment. Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality.

Trivial

Under ISA 540, auditors set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. We intend to define the amount below which misstatements would be clearly trivial to be based on 1% of materiality. We will report to you any adjustments identified through our audit work if below these thresholds and where we consider them to be material by nature.

The Local Authority Accounts (Scotland) Regulations 2014 (the regulations)

In accordance with the regulations 2014 the signed unaudited financial statements should be submitted to the external auditor no later than 30th June 2017. In addition, the IJB unaudited annual financial statements should be considered by an appropriate committee of the IJB by 31 August 2017.

The regulations also set out the requirements for the approval of the audited financial statements. The IJB or relevant committee is required to approve the audited financial statements for signature no later than 30 September 2017. In making their consideration, the regulations require elected members to have regard to any report made, or advice provided by the proper office of the IJB and the auditor.



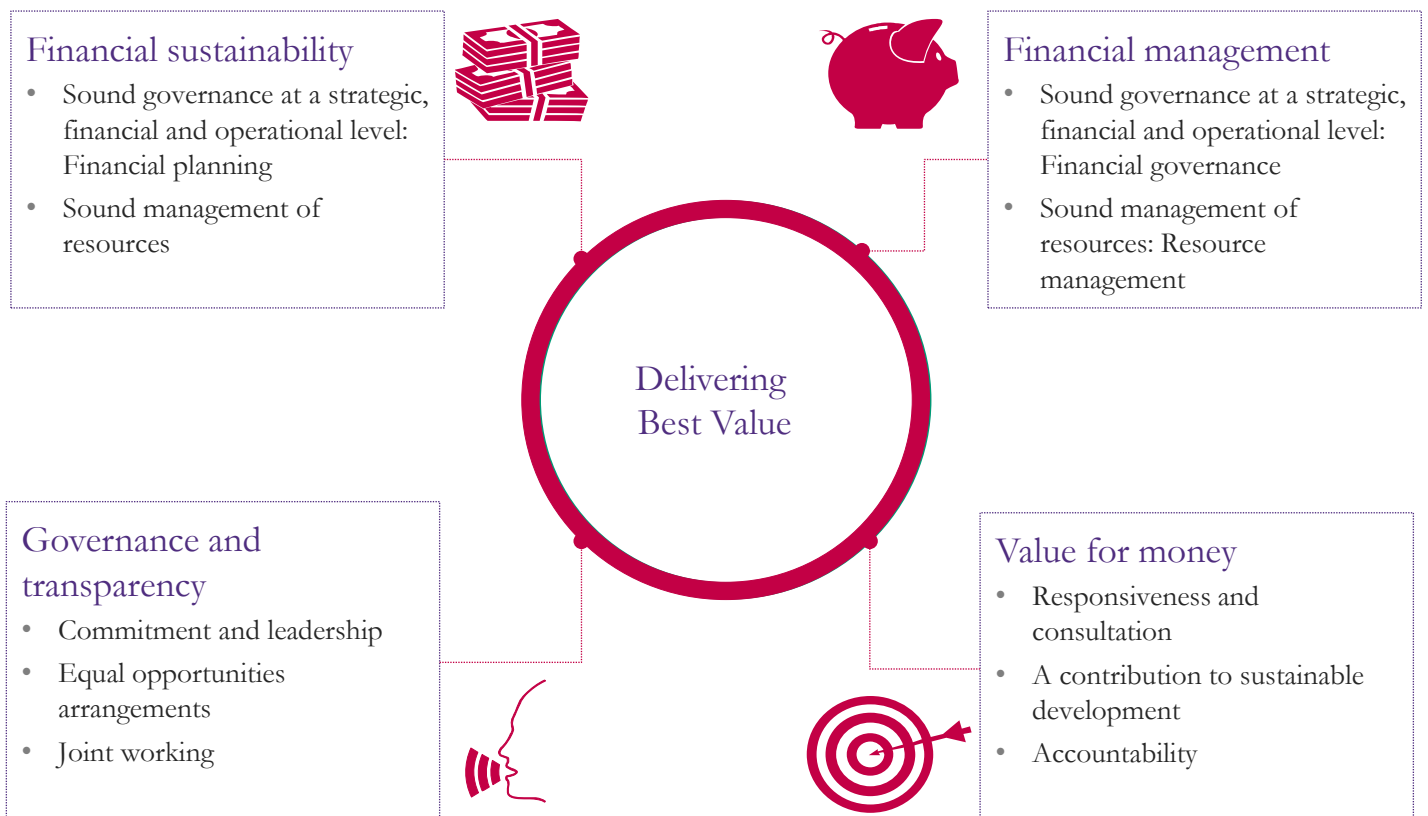
Wider scope and the delivery of best value

The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed over the five year audit appointment, both through the on-going annual audit work, and also through discrete packages of work to look at specific areas. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report
- an Annual Assurance and Risks report that the Controller of Audit will provide to the Commission that will highlight findings from across all 32 councils Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five year period. The exact arrangements for IJB and Best Value are being considered by Audit Scotland and the Accounts Commission, including what this means for the IJBs.

The Code aims to assist improvement by IJBs in the delivery of services by requiring auditors to use their work to provide clear conclusions across the four audit dimensions, as related to identified areas of risk. The four dimensions are: financial sustainability; financial management; governance and transparency; and value for money.

Collectively, these dimensions provide an understanding of how effectively the IJB is responding to the statutory duty of Best Value. The figure below maps each audit dimension against the relevant Best Value characteristic. Over the five years of our appointment we will carry out targeted work, determined by risk assessments, against each Best Value characteristic. On the following pages we describe our planned work for 2016-17.



Code of Practice – wider scope audit

The Code of Audit Practice recognises the increasingly high expectations the public has about the role of audit in the stewardship of public funds.

Wider scope audit is defined as going beyond the financial statements to include work that contributes to audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management and arrangements and financial sustainability (Audit Scotland Code of Practice, page 20).

Our planned work in this area, like our financial statement audit work, is risk based and proportionate to the nature and size of Dumfries and Galloway Integrated Joint Board. We have identified certain areas of particular risk as related to the wider scope considerations and these are set out within our audit risk section of the plan. We will also consider the IJB's own self evaluation of arrangements as they relate to the four dimensions.

Wider scope dimension	Key areas we will consider during the year
Financial sustainability	<ul style="list-style-type: none"> Review of short and medium term financial plans, identifying key risk areas, cost pressures and uncertainties, including scenario planning arrangements. Consider engagement of officers, elected members and non-executive directors in the budget process.
Financial management	<ul style="list-style-type: none"> Evaluation of financial performance against budget, linking in to our financial statement audit work. Review of performance against budget, accuracy of the budget process and assessment of key variances.
Governance and transparency	<ul style="list-style-type: none"> Understand and assess the governance arrangements in place around the IJB in the first full operational year. Consider arrangements in place around fraud and regularity.
Value for money	<ul style="list-style-type: none"> Understand the arrangements in place within the IJB to determine if they are providing value for money including the IJB performance management framework and the plans in place to evaluate outcomes for stakeholders.

Risks identified as part of our planning work

Risk identified	Description of risk	Work planned
<p>1 Significant audit risk: Management override of controls <i>Mandated risk under auditing standards</i></p>	<p>Under ISA (UK&I) 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities (fraud risk).</p>	<p>We will:</p> <ul style="list-style-type: none"> Complete walkthroughs of the controls and procedures in place around journal entries Review the key accounting estimates, judgements and decisions made by management Test journal entries with a focus on unusual posting sources, times or amounts identified using our IDEA data analysis software Review unusual and/or significant transactions.
<p>2 Significant audit risk: The revenue cycle includes fraudulent transactions <i>Presumed risk under auditing standards</i></p>	<p>Under ISA 240 (UK&I) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. The IJB's income comes from funding from NHS Dumfries and Galloway and Dumfries and Galloway Council and this is agreed at the start of the Financial year. Therefore we believe we can rebut the risk of fraud in revenue recognition.</p> <p>However, as set out in Practice Note 10 (revised) as relevant to the public sector it states that auditors should also consider the risk that material misstatement may occur by the manipulation of expenditure recognition. Therefore given the nature of IJB funding we apply practice note 10 and will consider the risk of fraud in expenditure.</p>	<p>We will:</p> <ul style="list-style-type: none"> Complete walkthrough of the controls and procedures in place around expenditure Review and test expenditure recognition policies Consider (and test) any accounting estimates on expenditure for consideration/ evidence of bias Test material expenditure streams Review and test expenditure cut off round the year end.
<p>3 Wider Scope Risk <i>Financial Sustainability in 2017/18 and longer-term</i></p>	<p>Achieving a balanced budget for the IJB in 2016/17 has been challenging.</p> <p>The 2017/18 budget is yet to be approved as this is dependent on budget allocations being agreed between NHS Dumfries and Galloway and Dumfries and Galloway Council.</p> <p>Regardless of the final budgets agreed the IJB will need to continue to focus on improved outcomes within the available financial resources and this will involve taking strategic financial decisions and identifying financial savings, recurring and non-recurring.</p>	<p>We will:</p> <ul style="list-style-type: none"> Draw upon relevant Audit Scotland's guidance and national performance reports in respect of the Health and Social Care Agenda as well as longer term financial planning arrangements. Review how well engaged management/Non-Executives /Elected Members and other stakeholders are in budget planning and management. Consider arrangements around the monitoring and reporting of financial spends to outcomes. Review financial monitoring reports and the financial position and how efficiency savings are owned and identified. Review of the IJB's assurances to support a going concern assumption for the preparation of the financial statements. Whether the IJB can demonstrate affordability of decision making and future investment decisions
<p>4 Wider Scope Risk <i>Governance and transparency</i></p>	<p>The Board and Officers of the IJB are responsible for establishing robust governance arrangements. This includes ensuring effective systems of internal control, including arrangements to safeguard public funds and compliance with applicable laws and regulations. With this being the first full year of the IJB it is essential that the governance arrangements established are bedded in and sufficient and appropriate to support decision making and the delivery of the strategic aims of the IJB.</p>	<p>We will:</p> <ul style="list-style-type: none"> Consider the IJB's governance structures and whether they are operating as intended and are effective. There is effective scrutiny, challenge and transparency on decision making and financial performance reports Finance and performance reports are suitably detailed and provide clarity to support effective decision making.

A quality audit

Ensuring we deliver on our commitments to you is important to us.

Our regular liaison meetings are an opportunity to discuss our performance and confirm your expectations about audit outputs and audit approach including our team interactions with you for example, are being met.

We will look to use the performance metrics set out below so you can assess our performance; and we will report our progress back to you.

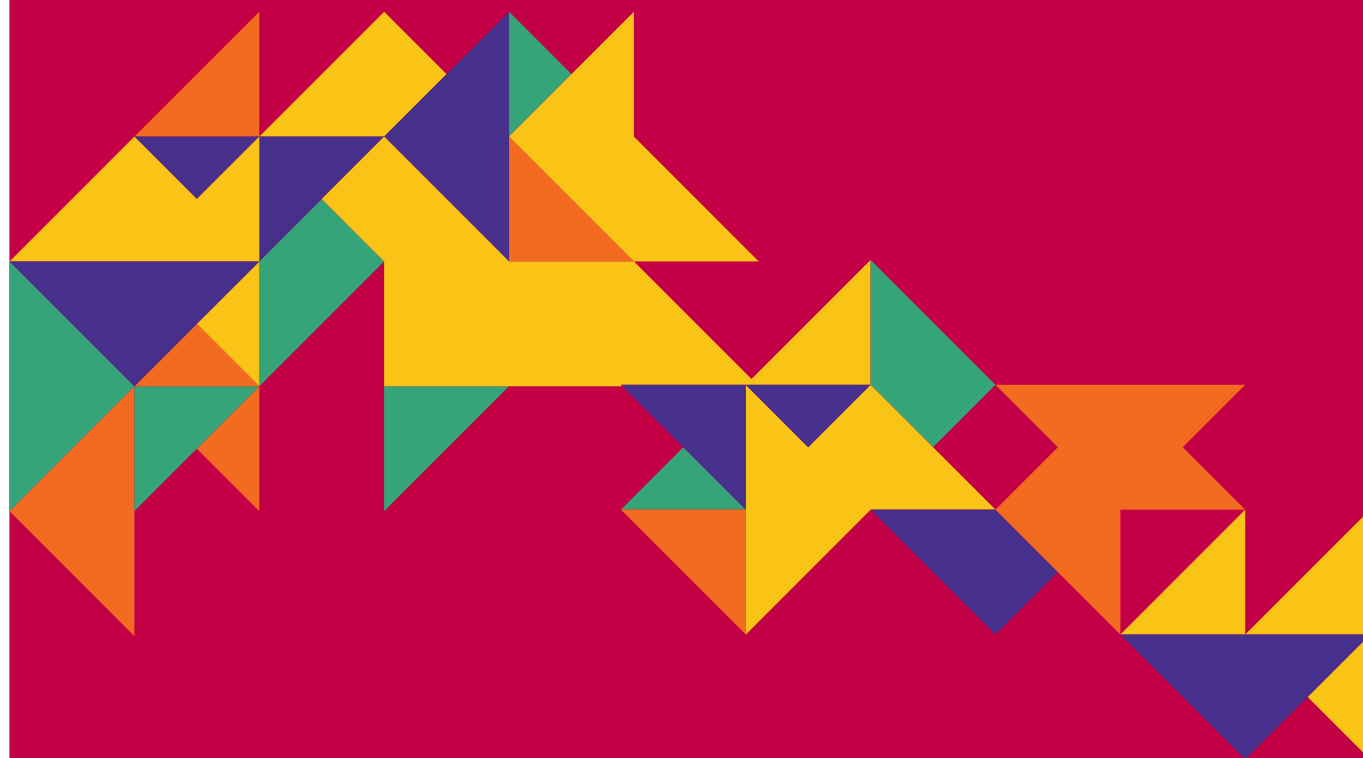
We will also undertake regular client service reviews so that you can tell us how we are performing, as well as recognising that Audit Scotland will also ask you for feedback on us. We take your feedback seriously and will seek to continually improve our service, reflecting on your ongoing feedback.

The table outlines the service levels that you can expect as a minimum. We will always strive to do more, and deliver above and beyond these.

Area	Proposed service level and indicator
Response time	<ul style="list-style-type: none"> We will respond to all minor queries or requests for assistance within two working days We will provide an initial response to all major queries or requests for assistance within two working days, with full responses within five working days We will acknowledge any complaint by return and will resolve it in discussion with you within two working days. We will escalate any complaint at your request
Achievement of planned inputs and milestone	<ul style="list-style-type: none"> We will not vary the audit fee, except by prior approval by the Chief Finance Officer for the IJB and the Audit and Risk Committee We will achieve all key milestone dates and audit inputs, as agreed with you. All papers for the Audit and Risk Committee will have been reviewed by management and submitted in advance of the paper deadlines (100% target)
Liaison	<ul style="list-style-type: none"> We will agree a schedule of liaison meetings with you at the start of each year, along with the proposed dates for our on-site work Joanne Brown and/or Lindsay Robertson will attend all liaison meetings with other core and support team members as required We will confirm agendas for every liaison meeting a week in advance to allow the most appropriate colleagues participate We will attend the Audit Committee meetings with the engagement lead attending as a minimum two per annum
Reporting	<ul style="list-style-type: none"> Our reports will be clear and concise and include sufficient, appropriate based on evidence/our work, conclusions and judgements in respect of our wider scope responsibilities
Audit protocol	<ul style="list-style-type: none"> We will comply with all auditing and ethical standards and will maintain the integrity, objectivity and independence of the team at all times (100%)
Client feedback	<ul style="list-style-type: none"> We will informally seek your feedback throughout the year. On an annual basis we will undertake a client satisfaction survey with an aim of a score of 8 or above (out of 10)

Appendices

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Our commitments to you aligned to the principles set out in the Code of Audit Practice

Independent

- full compliance with independence and ethical standards

Co-ordinated & integrated

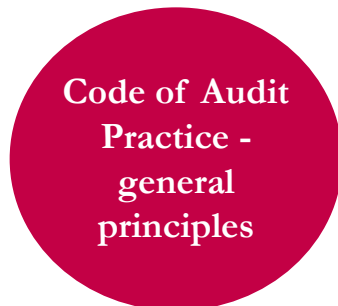
- co-ordination with Auditor General and Audit Scotland
- seeking to minimise duplication/inefficiency with Assurance Providers for example internal audit and Service Auditors
- sharing of Audit Scotland National Reports including action plans

Adds value

- clear and concise Annual Report to those charged with Governance
- recommended actions which make a difference to you and are aligned to your risk framework
- judgements and conclusions-supported by evidence

Proportionate & risk based

- focus on significant audit risks
- risks across 4 dimensions
- tailored to you and your strategic risks and opportunities



Transparent

- clear plan linked to final reporting
- upfront, open engagement
- responsive to your queries
- consideration of potential contentious audit areas upfront to agree early resolution

Quality focused

- fully ISA (UK & Ireland) compliant audit
- full compliance with Audit Scotland Code of Audit practice
- Rigorous quality checks built into our audit approach
- an internal audit quality compliance programme

Public focused

- focus on user of the accounts and what matters to them
- commentary supported by evidence
- risk based and relevant to you
- jargon free, easy to understand reports



Team and key audit deliverables

The audit cycle



Our team

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Date	Activity	Deliverables
October/November 2016	Audit Planning & Meetings with Management Handover meeting with predecessor auditor Review of predecessor audit file to gain comfort over opening balances	
20 March 2017	Audit Plan presented to Audit and Risk Committee	Submit Audit Plan to Audit Scotland for inclusion on website - deadline end March 2017
March and April 2017	Pre-Final planning including understanding: - Budget setting and monitoring arrangements - Journal processes - For the financial statement balances what assurance (if any) we can take from our audit work on the respective NHS and Council body	Current issues return 1 (deadline 3 rd February 2017) – covering matters of ministerial or Auditor General interest and best value elements Contribute to report on Health & Social care integration part 2 where relevant (deadline Spring 2017)
June/July 2017	Year end fieldwork commences	Contribution to follow up of Role of Boards (deadline 30 June 2017)
July	Audit findings meeting with the Chief Finance Officer for the IJB	
September 2017	Report audit findings to those charged with governance (Audit and Risk Committee)	Current issues return 2 (deadline 4 th August 2017)
September 2017	Sign financial statements opinion	Certify annual accounts, sign annual accounts, submit annual report (deadline 30 th September 2017)
October 2017	Debrief and learning meeting	

Independence and fees

External Audit Fee

The audit fee is typically calculated in accordance with guidance issued by Audit Scotland.

However, due to the nature of the IJB and this being the first full year of operation no expected fee has been set centrally by Audit Scotland and the fee therefore can be set by Local Auditors.

Following discussion with the Chief Finance Officer we anticipated the IJB external audit fee to be £12,000. We have agreed that given this is year one and we have made a number of assumptions when setting this fee that if necessary we can look to revise the fee once we receive the unaudited accounts.

In particular, when setting the fee we have assumed that a number of the balances disclosed in the IJB financial statements will have been substantive tested as part of either the NHS Dumfries and Galloway or the Dumfries and Galloway Council audit.

Typically our fee assumptions include:

- supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- the scope of the audit, and IJB activities will not change significantly from planned
- The IJB will make available officers and accounting staff to help us locate information and to provide explanations. We reserve the right to charge an additional fee for any additional work.
- We will only receive (and audit) 3 sets of accounts (1st draft; amended draft and final)

Fees for other services

Service	Fees £
At planning stage we confirm there are no non-audit fees	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team. We can confirm no independence concerns have been identified.



Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at the IJB.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error. We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. In addition, we will ask the question of the Audit and Risk Committee at the planning stage and routinely during the audit.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is the IJB's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with the IJB to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.



Respective responsibilities

As set out in the Code of Audit Practice (pages 10 to 16) there are a number of key responsibilities you as an organisation are responsible for, and others, as appointed auditors we are responsible for. These are summarised below:

Area	IJB Responsibilities
Corporate governance	<ul style="list-style-type: none"> • Establishing arrangements for proper conduct of its affairs • Legality of activities and transactions • Monitoring adequacy and effectiveness of arrangements (inc role of those charged with governance)
Financial statements	<ul style="list-style-type: none"> • Preparing financial statements which give a true and fair view of their financial position • Maintaining accounting records and working papers • Putting in place systems of Internal Control • Maintaining proper accounting records • Preparing and publishing an annual governance statement, management commentary and remuneration report • Effective systems of internal control as well as financial, operational and compliance controls – supporting achievement of objectives and secure value for money
Financial position	<ul style="list-style-type: none"> • Proper arrangements to ensure financial position is soundly based and responsibility to ensure arrangements secure best value
Fraud and error	<ul style="list-style-type: none"> • Establishing appropriate arrangements for prevention and detection of fraud, error, irregularities, bribery and corruption and affairs are properly managed

Our responsibilities

- Undertake statutory duties and comply with professional engagement and ethical standards
- Provide an opinion on financial statements and where appropriate regularity of transactions
- Review and report on, as appropriate, other information eg annual governance statements, management commentary, remuneration reports
- Notify the Controller of Audit when circumstances indicate a statutory report may be required
- Demonstrate compliance with wider public audit scope

How do we do this in practice

- By reviewing and providing judgements and conclusions on the IJB's arrangements including those across the wider scope of audit dimensions
- Consideration of the effectiveness of performance management arrangements
- Suitability and effectiveness of corporate governance arrangements in year
- Financial position and arrangements for ensuring financial sustainability in the medium to longer term
- Review of other information in line with our knowledge and understanding of the IJB
- Ongoing dialogue and engagement with Audit Scotland during the year

Weaknesses and risks identified by us as your auditors are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by us of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Communication of audit matters with those charged with governance (summary of ISA requirements)

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	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
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	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

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

This document 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 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 a report to the IJB



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