

East Ayrshire Health and Social Care Partnership

Planning report to the Integration Joint Board on the 2016/17 audit

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Director introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our planning report to the Integration Joint Board for the 2016/17 audit. I would like to draw your attention to the key messages of this paper:

Financial Challenges	As with other public sector bodies, East Ayrshire 'Integrated Joint Board' (IJB) continues to face financial challenges, due to uncertainty around future funding and increase in demand for services. As at 30 November 2016 the consolidated projected outturn is an overspend of £563k which takes account of mitigating actions agreed as part of the Financial Recovery Plan for the current financial year. The overspend relates wholly to services managed within East Ayrshire Council. The achievement of in-year balance and future financial sustainability will be a key focus of our audit.
Significant Risks	We have identified the following financial statement significant risks: <ul style="list-style-type: none">• management override of controls; and• revenue recognition.
Audit Dimensions	The 2016 Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland. Our audit work will consider how the IJB is addressing these and report our conclusions in our annual report to the Audit and Performance Committee in September 2017. In particular, our work will focus on: <ul style="list-style-type: none">• Financial sustainability - we will monitor the IJB's actions in respect of its short, medium and longer term financial plan to assess whether short term financial balance can be achieved, whether there is a long-term financial strategy, and if investment is effective.• Financial management - we will review the budget and monitoring reports to the IJB during the year and liaise with internal audit in relation to their work on the key financial controls to assess whether financial management and budget setting is effective.• Governance and transparency - from our review of Board papers and attendance at Audit and Performance Committees we will assess the effectiveness of governance arrangements. We will also share best practice from elsewhere from our dedicated governance team, particularly on integration as the Board's relationship with the NHS and Council develops.• Value for money - we will gain an understanding of the IJB's self-evaluation arrangements to assess how it demonstrated value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.

Director introduction (continued)

The key messages in this report (continued)

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

A well planned and delivered audit that raises findings early with those charged with governance.

Other wider scope work

In accordance with Audit Scotland guidance, we will be requested to provide information to support national performance audits and to inform wider analysis on the following subjects:

- Health and Social Care Integration
- Follow-up of Role of Boards report

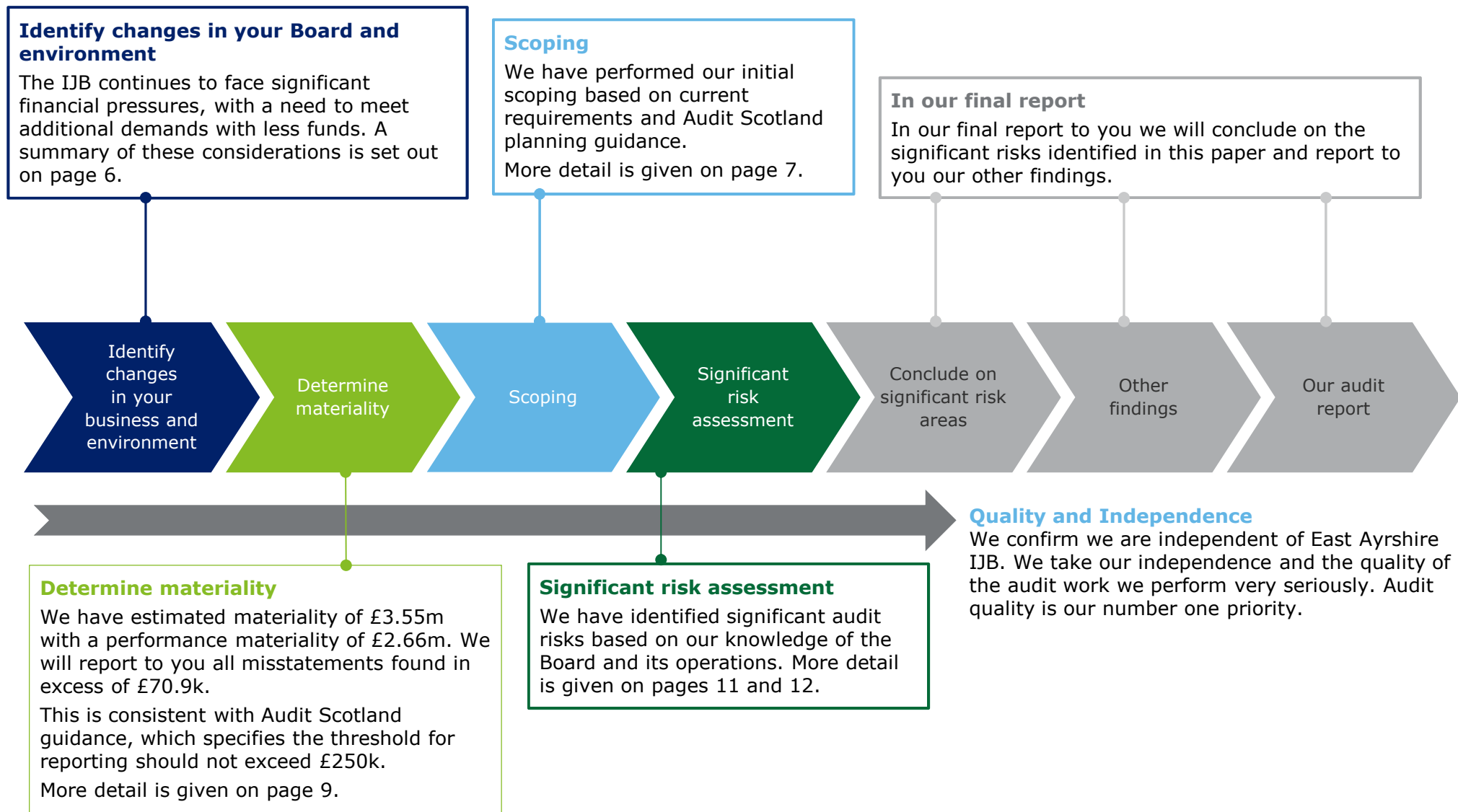
Our commitment to quality

We are committed to providing the highest quality audit, with input from our market leading specialists, sophisticated data analytics and our wealth of experience. Further information is presented on page 24.

Pat Kenny
Audit Director

Our audit explained

We tailor our audit to your business and your strategy



An audit tailored to you

Focusing on your business and strategy

Impact on our audit

Future Financial Sustainability



The IJB continues to face significant financial challenges. Based on the costs incurred as at November 2016/17, the IJB's projections shows a forecast overspend of £563k, following the mitigating actions agreed by the Board in its November meeting.

The IJB must continue to look at how it can reduce costs to meet the challenge of making savings per year or secure additional longer term funding. We will consider the IJB's financial sustainability in the medium to longer term and consider whether it is planning effectively to continue to deliver services on a sustainable basis.

Health and Social Care Integration



2015/16 saw the first year of Health and Social Care Integration between East Ayrshire Council and NHS Ayrshire and Arran. The IJB is now responsible for the distribution of resources to partner bodies to achieve what it set out in its strategic plan. The risk remains, however that the Board and its partners encounter problems in working together in these new arrangements. The results from 2016/17 will be consolidated into the Council's accounts for the second year.

We will review the current arrangements and plan in place to develop the Health and Social Care Partnership within East Ayrshire. As part of our year-end procedures we will test the consolidation process and have regular communication with the IJB to ensure timescales are met. We will share examples of best practice and lessons learned from other IJBs and work completed in England around cost reduction and demand management



New significant risk



Continuing significant risk



Normal risk

Scoping

Our key areas of responsibility under the Code of Audit Practice



Core audit

Our core audit work as defined by Audit Scotland comprises:

- providing the **Independent Auditor's Report** on the annual accounts (and any assurance statement on consolidation packs);
- providing the **annual report** on the audit addressed to the Board and the Auditor General for Scotland;
- communicating **audit plans** to those charged with governance;
- providing **reports to management**, as appropriate, in respect of the auditor's corporate governance responsibilities in the Code;
- preparing and submitting **fraud returns**, including nil returns, to Audit Scotland where appropriate;
- identifying significant matters arising from the audit, alert the Auditor General for Scotland and support Audit Scotland in producing statutory reports as required; and
- undertaking work requested by Audit Scotland or local performance audit work.

Wider scope requirements

The Code of Audit Practice sets out four audit dimensions which set a common framework for all public sector audits in Scotland:

- **Financial sustainability** – looking forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.
- **Financial management** – financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.
- **Governance and transparency** – the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.
- **Value for money** - using resources effectively and continually improving services.

Scoping (continued)

Our approach



Liaison with internal audit

The Auditing Standards Board's version of ISA (UK and Ireland) 610 "Using the work of internal auditors" prohibits use of internal audit to provide "direct assistance" to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

The IJB uses the corporate financial systems of East Ayrshire Council and the IJB Chief Internal Auditor, drawn from the Council, relies on work carried out by the internal audit functions of the Council and the NHS. We will review reports prepared by Internal Audit and meet with them to discuss their work. We will also discuss the work where they have identified specific material deficiencies in the control environment and we will consider adjusting our testing so that the audit risk is covered by our work.

Using these discussions to inform our risk assessment, we will work together with Internal Audit to develop an approach that avoids inefficiencies and overlaps, therefore avoiding any unnecessary duplication of audit requirements on the IJB and Council staff.

Obtain an understanding of the Board and its environment including the identification of relevant controls.	Identify risks and controls that address those risks.	Carry out "design and implementation" work on relevant controls.	If considered necessary, test the operating effectiveness of selected controls	Design and perform a combination of substantive analytical procedures and tests of details that are most responsive to the assessed risks.
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Approach to controls testing

Our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D & I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

Promoting high quality reporting to stakeholders

We view the audit role as going beyond reactively checking compliance with requirements: we seek to provide advice on evolving good practice to promote high quality reporting.

We will utilise the Code of Practice on Local Authority Accounting in the UK Disclosure Checklist to support the Board in preparing high quality drafts of the Annual Report and financial statements, which we would recommend the Partnership complete during drafting.

The Disclosure Checklist reflects the cutting clutter agenda and includes a "not material" column. We would encourage the Board to exclude disclosure if the information is not material.

Materiality

Approach to materiality



Basis of materiality – benchmark



- The audit director has determined materiality as £3.55m and a performance materiality of £2.66m, based on professional judgement, the requirements of auditing standards and the financial measures most relevant to users of the financial statements.
- We have used 1.6% of forecast gross expenditure as the benchmark for determining materiality.
- Our approach to determining the materiality benchmark is consistent with Audit Scotland guidance which states that the threshold for clearly trivial above which we should accumulate misstatements for reporting and correction to audit committees must not exceed £250,000.

Reporting to those charged with governance

Under the current materiality level based on gross expenditure, we will report to you all misstatements found in excess of £70,960.

We will report to you misstatements below this threshold if we consider them to be material by nature.

Although materiality is the judgement of the audit director, the Integration Joint Board must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

Significant risks

Income recognition

Completeness and accuracy of income

Nature of risk

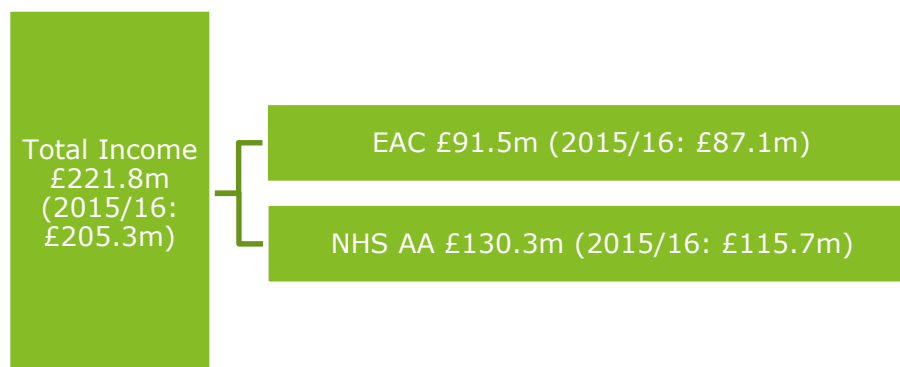
ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

The main components of income for the IJB are contributions from its funding partners, namely East Ayrshire Council and NHS Ayrshire and Arran. The significant risk is pinpointed to the recognition of this income, being completeness and accuracy of contributions received from the NHS and the Council.

The key judgement areas, its potential impact on the financial statements and our planned audit challenge

We will perform the following:

- test a sample of income to ensure that the correct contributions have been input and received in accordance with that agreed as part of budget process and that any discounts or reductions have been appropriately applied;
- test the reconciliations performed by the IJB at 31 March 2017 to confirm all income is correctly recorded in the ledger;
- compare income recorded with expectations, based on amounts agreed as part of budget process;
- confirm that the reconciliations performed during 2016/17 have been reviewed on a regular basis; and
- assess management's controls around recognition of income.



Deloitte comment

No testing has been performed to date as we will complete the above as part of our year-end visit.

Management override of controls

We will use computer assisted audit techniques, including Spotlight, to support our work on the risk of management override

Nature of risk

International Standards on Auditing requires auditors to identify a presumed risk of management override of control. This presumed risk cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to present inaccurate or even fraudulent financial reports.

The key judgement areas, its potential impact on the financial statements and our planned audit challenge

Our work will focus on:

- the testing of journals, using data analytics to focus our testing on higher risk journals;
- significant accounting estimates, including any material provisions or accruals;
- any unusual transactions or one-off transactions, including those with related parties.

Our wider response to the risk of fraud is set out in the Appendix of this report.

In considering the risk of management override, we will:

- assess the overall position taken in respect of key judgements and estimates;
- consider the sensitivity of the financial statements with respect to achieving financial objectives; and
- consider our view on the overall control environment and 'tone at the top'.

Deloitte comment

No testing has been performed to date as we will complete the above as part of our year-end visit.

Wider scope requirements

Audit dimensions

The Code of Audit Practice sets our four audit dimensions which set a common framework for all public sector audits in Scotland. We will consider how the IJB is addressing these areas, including any risks to their achievement, as part of our audit work as follows:

Audit dimension	Areas to be considered	Impact on the 2017 Audit
<p>Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.</p>	<ul style="list-style-type: none"> • The financial planning systems in place across the shorter and longer terms • The arrangements to address any identified funding gaps • The affordability and effectiveness of funding and investment decisions made 	<p>We will monitor the IJB's actions in respect of its short, medium and longer term financial plans to assess whether short term financial balance can be achieved, whether there is a long-term (5-10 years) financial strategy and if budgeting is effective.</p> <p>We will also monitor the work done in relation to the development of a sustainability plan, focusing on how this relates to the longer term financial planning. Finally, we will consider the lessons learned from our wider health transformation work in the sector including our work on increasing productivity, demand management and financial turnaround.</p>
<p>Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively</p>	<ul style="list-style-type: none"> • Systems of internal control • Budgetary control system • Financial capacity and skills • Arrangements for the prevention and detection of fraud 	<p>We will review the budget and monitoring reporting to the IJB during the year to assess whether financial management and budget setting is effective.</p> <p>Our fraud responsibilities and representations are detailed on pages 18 and 19.</p>
<p>Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<ul style="list-style-type: none"> • Governance arrangements • Scrutiny, challenge and transparency on decision making and financial and performance reports • Quality and timeliness of financial and performance reporting 	<p>We will review the financial and performance reporting to the IJB during the year as well as minutes of all IJB meetings to assess the effectiveness of the governance arrangements. Our attending at Audit and Performance Committees will also inform our work in this area.</p>
<p>Value for money is concerned with using resources effectively and continually improving services.</p>	<ul style="list-style-type: none"> • Value for money in the use of resources • Link between money spent and outputs and the outcomes delivered • Improvement of outcomes • Focus on and pace of improvement. 	<p>We will gain an understanding of the IJB's self-evaluation arrangements to assess how it demonstrates value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered.</p>

Wider scope requirements (continued)

Performance audits



Performance audits

In accordance with Audit Scotland planning guidance, we will be requested to provide information to support performance audits and to inform wider analysis on the following subjects during the year:

Purpose

Contribute to report on Health and Social care integration: part 2
Contribute to follow up Role of Boards

Date

Spring 2017
30 June 2017

Audit quality

Our commitment to audit quality

Our objective is to deliver a distinctive, quality audit to you. Every member of the engagement team will contribute, to achieve the highest standard of professional excellence.

In particular, for your audit, we consider that the following steps will contribute to the overall quality:

- We will apply professional scepticism on the material issues and significant judgements identified, by using our expertise in the public sector and elsewhere to provide robust challenge to management;
- We will obtain a deep understanding of the IJB, its environment and of your processes in key areas – such as income recognition and expenditure - enabling us to develop a risk-focused approach tailored to the IJB;
- Our engagement team is selected to ensure that we have the right subject matter expertise and industry knowledge.
- In order to deliver a quality audit to you, each member of the core audit team has received tailored training to develop their expertise in audit skills which includes local Engagement Team Based Learning. This is a partner led programme encouraging teams from across our practice to engage and discuss current sector and audit issues, sharing best practice and expertise. This is in addition to a practice wide training day held prior to the end of the financial year to share key issues from across the country, to update on regulatory changes and provide early warning of issues other teams may have faced at the interim testing phase.

Engagement Quality Control Review

We have developed a tailored Engagement Quality Control approach. Our dedicated Professional Standards Review (PSR) function will provide a 'hot' review before any audit or other opinion is signed. PSR is operationally independent of the audit team, and supports our high standards of professional scepticism and audit quality by providing a rigorous independent challenge.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to establish our respective responsibilities in relation to the financial statements audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. Our report includes:

- our audit plan, including key audit judgements and the planned scope; and
- key regulatory and sector updates, relevant to you.

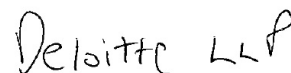
What we don't report

- As you will be aware, our audit is not designed to identify all matters that may be relevant to those charged with governance.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.
- Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

- This report should be read alongside the supplementary "Briefing on audit matters" which will be circulated separately.
- We will update you if there are any significant changes to the audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Deloitte LLP

Chartered Accountants

Glasgow

31 March 2017

This report has been prepared for the Integrated Joint Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Appendices

Fraud responsibilities and representations

Responsibilities explained



Your responsibilities

- 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.

Our responsibilities

- We are required to obtain representations from your management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in the significant risks section of this document, we have identified the risk of fraud in income recognition and management override of controls as a key audit risk for your organisation.

Fraud characteristics

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

We will request the following to be stated in the representation letter signed on behalf of the Board:

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We are not aware of any fraud or suspected fraud / We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
(i) management; (ii) employees who have significant roles in internal control; or (iii) others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Fraud responsibilities and representations (continued)



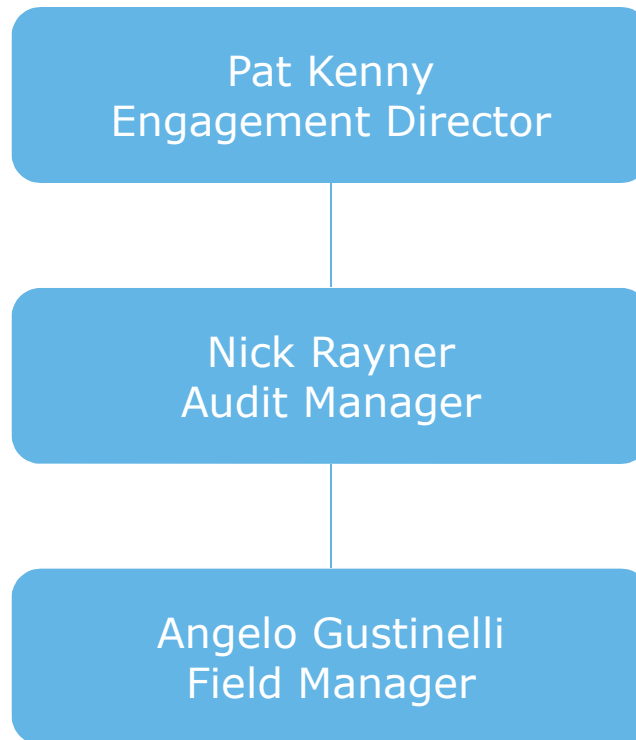
We will make the following inquiries regarding fraud:

Management	Internal Audit & Local Counter Fraud Specialist	Those charged with governance
<p>Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.</p> <p>Management's process for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.</p> <p>Whether management has knowledge of any actual, suspected or alleged fraud affecting the entity.</p> <p>We plan to involve management from outside the finance function in our inquiries.</p>	<p>Whether internal audit and the Local Counter Fraud Specialist has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.</p>	<p>How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.</p> <p>Whether those charged with governance have knowledge of any actual, suspected or alleged fraud affecting the entity.</p> <p>The views of those charged with governance on the most significant fraud risk factors affecting the entity.</p>

Your audit team and timetable

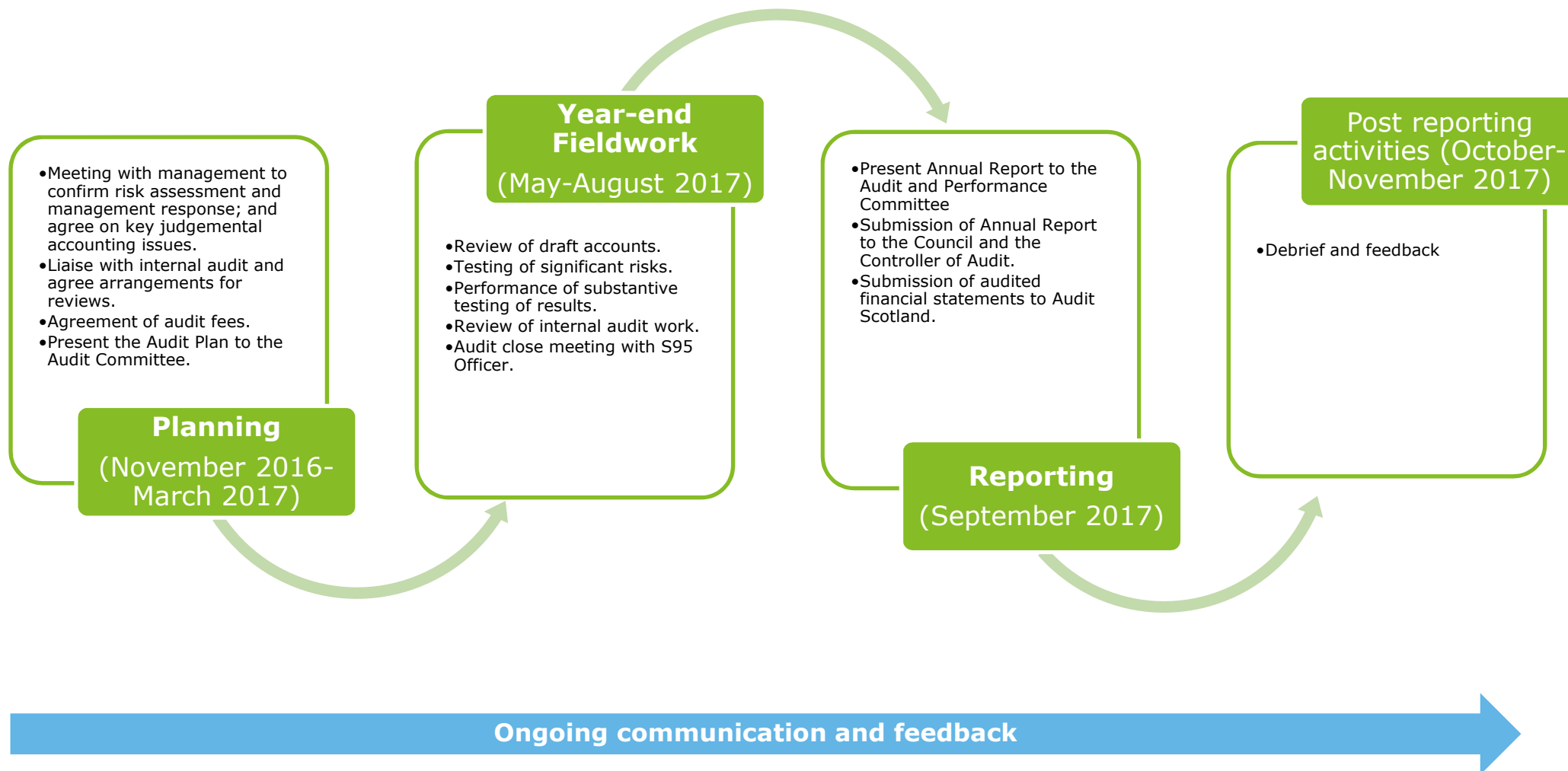
We have a highly experienced audit team

We set out below our audit engagement team. We manage our audit on a basis that draws on the expertise of our public sector group.



Your audit team and timetable (continued)

Set out below is the approximate expected timing of our reporting and communication with East Ayrshire Integration Joint Board and Audit Scotland.



Independence and fees



As part of our obligations under International Standards on Auditing (UK and Ireland), we are required to report to you on the matters listed below:

Independence confirmation

We confirm we are independent of the IJB and will reconfirm our independence and objectivity to the Audit and Performance Committee for the year ending 31 March 2017 in our final report to the Audit and Performance Committee.

Fees

Fee range for the 2016/17, in line with the fee letter from Audit Scotland dated 12 December 2016 is £22,434 as analysed below:

	£
Auditor Remuneration	16,894
Audit Scotland Fixed Charges:	
Pooled Costs	1,040
Performance audit and best value	3,790
Audit support costs	710
Total proposed fee	22,434

Details of all non-audit services fees for the period will be presented in our final report.

Non-audit services

In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Board's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Technical developments

Sector developments



Code of practice on local authority accounting in the UK 2016/17

The main changes in this edition of the Code are as follows:

- The new requirement for an expenditure and funding analysis.
- Revised formats and reporting requirements for the comprehensive income and expenditure statement and movement in reserves statement. Authorities are now required to present service analysis based on the organisation structure under which they operate.
- Amendments in respect of accounting and reporting by pension funds.
- Other changes relate to amendments to IFRS, the annual governance statement, and the new conceptual framework for public bodies.

2016/17 SeRCOP

Changes have been made to the social work Service Expenditure Analysis (SEA) in respect of the integration of health and social care. There is a new division of service for the contribution to integration joint boards that should be separately presented on the face of the comprehensive income and expenditure statement. As noted above, the accounting code has been amended to instead require the income and expenditure analysis to be based on the authority's organisation structure

Revised good governance framework

CIPFA and Solace have issued a revised framework for good governance in local government from 2016/17. *Delivering good governance in local government framework 2016* defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in the framework.

Revised statement on CFO role in local government

CIPFA has issued a revised statement on The role of the chief financial officer in local government which aims to give detailed advice on how to apply within local government the overarching statement on the role of the public service chief finance officer (CFO). The *Delivering good governance in local government framework* requires authorities to ensure that their financial management arrangements conform with this statement, or explain why they do not and how they deliver the same impact.

Our approach to quality

AQR team report and findings

Audit quality and regulation

We pride ourselves on our commitment to quality and our quality control procedures. We have an unyielding pursuit of quality in order to deliver consistent, objective and insightful assurance.

In May 2016 the Financial Reporting Council ("FRC") issued individual reports on each of the six largest firms, including Deloitte, on Audit Quality Inspections which provides a summary of the findings of its Audit Quality Review ("AQR") team for the year ended 31 March 2016. We adopt an open and communicative approach with the regulator and their report is an accurate reflection of our efforts to improve audit quality across our practice over a number of years.

The review performed by the AQR forms an important part of our overall inspection process. We perform causal factor analysis on each significant finding arising from both our own internal quality review and those of our regulators to identify the underlying cause. This then drives our careful consideration of each of the FRC's comments and recommendations, as well as findings arising from our own reviews to provide further impetus to our quality agenda.

18 of the audits reviewed by the AQR were performed to a good standard with limited improvements required and four audits required improvements. No audits were assessed as requiring significant improvements. We have already taken action to respond to the key themes of the report and will continue to undertake further inputs to our audit quality improvement programmes to embed the changes into our practice.

The AQR's conclusion on Deloitte

"We reviewed selected aspects of 22 individual audits in 2015/16. In selecting which aspects of an audit to inspect, we take account of those areas identified to be of higher risk by the auditors and Audit Committees, our knowledge and experience of audits of similar entities and the significance of an area in the context of the audited financial statements.

In response to our last inspection report, the firm has made a number of improvements to its policies and procedures:

- The firm's guidance regarding the testing of journals has been enhanced.
- Additional sector-specific training was provided for individuals involved in financial services audits, together with additional training on internal controls for all audit staff.
- The firm has made a number of improvements to its internal monitoring process, including the development of a moderation process in order to increase consistency.

Our key findings in the current year requiring action by the firm are that the firm should:

- Improve the extent of challenge of management in relation to areas of judgment, in particular for impairment reviews and judgmental valuations.
- Improve aspects of its audit approach in the areas of revenue and inventory.
- Ensure high quality reporting to Audit Committees is achieved on a consistent basis.
- Strengthen its audit approach in relation to defined benefit pension scheme balances and disclosures.
- Strengthen its policies and procedures regarding the engagement quality control review process."

2015/16 Audit Quality Inspection Report on Deloitte LLP

Our approach to quality

AQR team report and findings

Review of individual audits

The following chart provides a summary of the AQR's assessment of the quality of our individual audits inspected in 2015/16, with comparatives for the previous 4 years. The chart also shows the 5 year average of Deloitte and the 5 year average of the 6 largest firms inspected by the AQR (which comprises Deloitte LLP, Ernst & Young LLP, KPMG LLP, PricewaterhouseCoopers LLP, BDO LLP and Grant Thornton UK LLP).

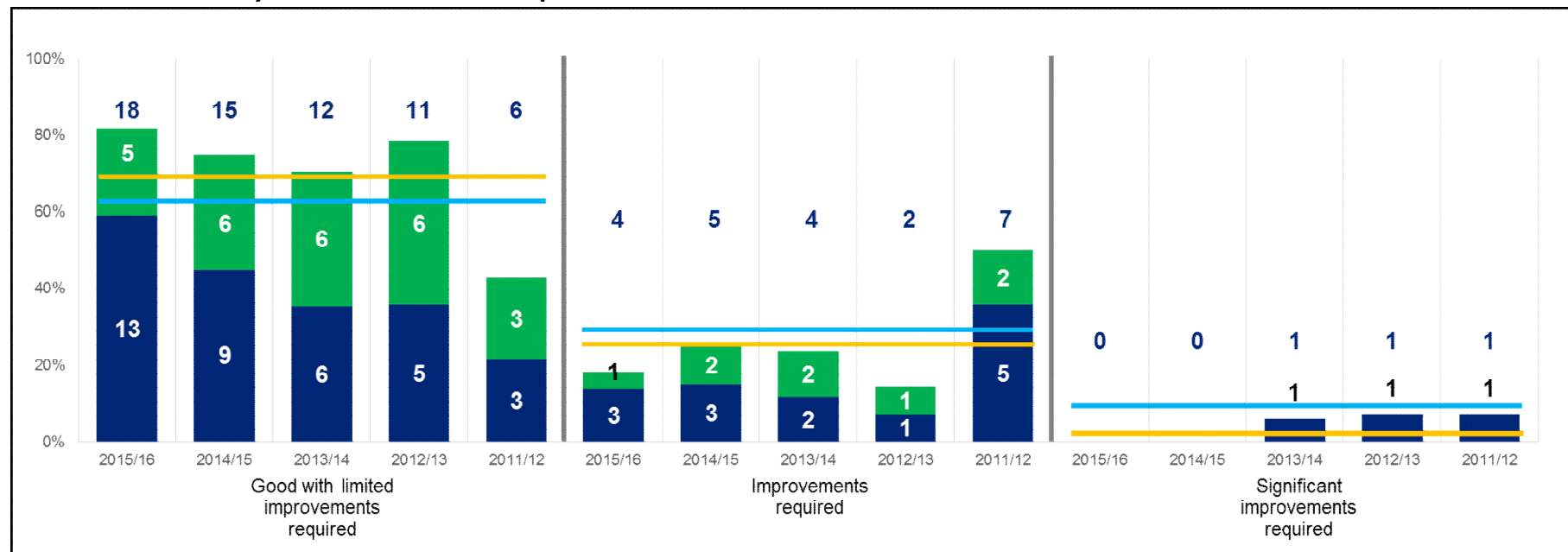
The AQR categorises audits as either:

- Good with limited improvements required
- Improvements required
- Significant improvements required

Changes to the proportion of audits reviewed falling within each grade from year to year reflect a wide range of factors, which may include the size, complexity and risk of the individual audits selected for review and the scope of the individual reviews. For this reason, and given the sample sizes involved, changes in gradings from one year to the next are not necessarily indicative of any overall change in audit quality at the firm.

All the AQR public reports on individual firms are available on its website <https://www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review/Audit-firm-specific-reports.aspx>

Deloitte LLP summary of individual audits inspected results



■ FTSE 350 ■ Other — Five year average - all firms — Five year average - individual firm



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