



Grant Thornton

# Dumfries and Galloway Integration Joint Board

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**External Audit Plan for the financial year ending 31 March 2019**

Audit and Risk Committee 17 December 2018

Final Audit Plan

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Engagement Leader

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# Our audit at a glance



Performance materiality is set at 75% and trivial is 5% of materiality. This reflects no audit adjustments in prior year and our understanding of the Dumfries and Galloway Integration Joint Board (IJB) in year three of the audit cycle.



Planning materiality is set at 2% of 2018/19 budget (£369 million). This is based on our assessment of what misstatement either individually or in aggregate could be significant as to be misleading to the users of financial statements.



Significant audit risks are: management override of controls. We have rebutted the presumed risk of fraud arising from revenue recognition.

## An audit underpinned by quality and adding value to you



During 2018/19 we will consider wider factors that may potentially impact on IJB including: EU Withdrawal, changing landscape for public financial management, and openness and transparency.



In November 2018, Audit Scotland released the report on Health and social care integration: Update on progress, highlighting that although improvements have been made to the delivery of health and social care services, IJBs, councils and NHS boards need to show a stronger commitment to collaborative working to achieve the real long term benefits. We will consider this report during our audit of wider scope areas.



Our audit is undertaken in accordance with the Audit Scotland Code of Audit Practice and reflects the wider scope nature of public audit. Our wider scope risks identified are: Financial sustainability due to the £5.3 million funding gap in 2018/19.

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# Overarching principles of our audit

Our audit is risk based and undertaken in accordance with the International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016 ('the Code').

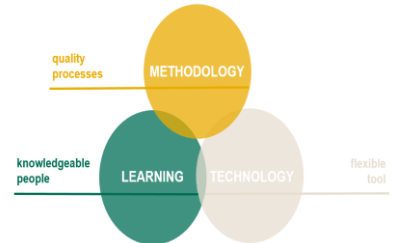
Our overall objective is an effective, quality-focused external audit which adds value through wider insights and challenge. Our audit foundations are:

- ✓ professional scepticism
- ✓ a focus on audit risks and key areas of management judgement
- ✓ Delivering a quality audit through our experienced public sector audit team, use of data analytics to focus our audit and understanding of the organisation
- ✓ clear and upfront communications, with regular communication during the year
- ✓ reporting with focused actions which will support you in improving your controls/operations

## Adding value

Our aim is to add value to the IJB through our external audit work. This will be delivered through delivering a high quality audit. Specifically for the IJB we will also undertake the following arrangements:

- **Robust and effective audit methodology:** Our ISA compliant audit methodology is tailored to **focus audit resource on significant risk areas** and key estimates and judgements.
- **Investing in our people:** Our resourcing model is designed to ensure you have a **skilled, experienced and knowledgeable audit team**.
- **Investing in technology:** We continue to invest in data analysis and audit software to deliver more **efficient ISA compliant audit processes**.



We will share relevant Audit Scotland and Grant Thornton publications with Senior Management and the Audit and Risk Committee, identifying particular areas for consideration. We will pro-actively work with management during the year to discuss any new or emerging matters.

## Audit timeline



## Key audit deliverables



### 2018/19 Deliverables as set out in the Audit Scotland planning guidance (October 2018)

- Confirmation of agreed fee by end of February 2019
- Annual transparency report (January 2019)
- Current issues return to Audit Scotland
- Submission of fraud cases to Audit Scotland
- Submission of annual audit report and audited accounts (deadline 30 September 2019)



### Planned Audit Scotland publications which may be relevant to the IJB

- Local government in Scotland: Challenges and performance 2019 (To be published spring 2019).
- Equal pay in Scottish Councils (Spring 2019)



### External Audit deliverables for 2018/19 – Audit and Risk Committee

- External Audit Plan (this document)
- Annual Report to those Charged with Governance (September 2019)
- Audit opinion (September 2019)
- Management letter of representation (September 2019)

# Audit approach and materiality



We undertake your audit in accordance with International Standards on Auditing (UK) (ISAs) and the Audit Scotland Code of Audit Practice (May 2016). On an annual basis we are required to give an opinion as to whether the Financial Statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code
- have been properly prepared in accordance with International Financial Reporting standards as adopted by the European Union, as interpreted and adapted by the 2018/19 Code
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003
- The information contained within Management Commentary and Annual Governance Statement is consistent with the financial statements and prepared in accordance with applicable guidance.
- The audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) regulations 2014.

## Basis for materiality

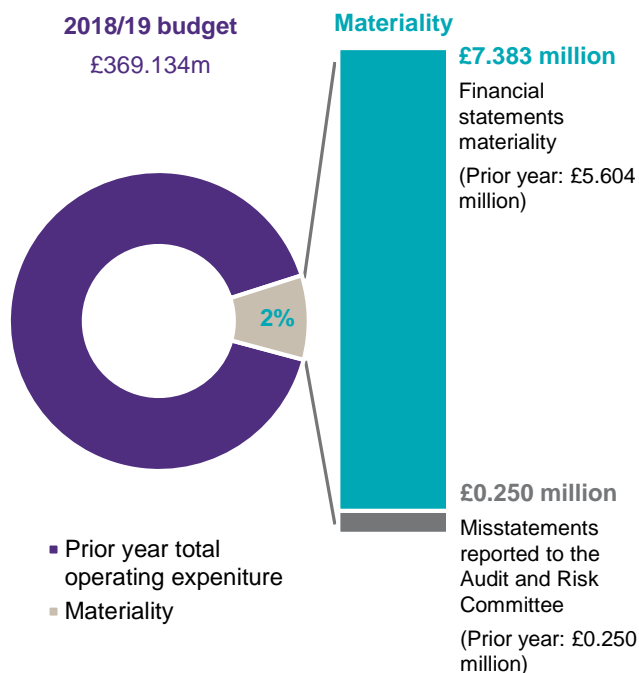
We determine financial statement planning materiality based on a proportion of the 2018/19 budget (£369 million). We have determined materiality to be **£7.383 million** (Prior year: £5.604 million), which equates to approximately **2%** of your prior year total operating expenditure for the year. This is based on our judgement of our consideration of material to the user of the accounts based on understanding of IJB. We reconsider planning materiality 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.

## Performance materiality

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. Based on our audit experience in 2017/18 we have retained this for 2018/19 at **75%**. Performance materiality determines those accounts which testing will be undertaken on and the level of sample testing performed where applicable.

## Reporting to those charged with governance

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. We have determined this threshold to be **£0.250 million**. (Prior year: £0.250 million).



# A risk based audit methodology

This is our third year as the external auditors of the IJB appointed under the Audit Scotland framework. In 2017/18 the IJB received funding of £352.746 million consisting of £60.077 million from the Dumfries and Galloway Council and £292.669 million from NHS Dumfries and Galloway. The IJB approved the IJB Financial Plan for 2018/19 which is presented as a balanced position with an in year gap of £5.3 million for which savings are still to be identified.

The baseline budget for 2018/19 was £342.231 million. While an additional £26.903 million (of which £19.063 million is recurrent and £7.840 million non-recurrent) of funding has been provided in 2018/19 to meet funding pressures, the delivery of a balanced budget will be a challenging. The IJB continues to look to deliver recurring savings while facing increasing demand and cost pressures on services.

For 2018/19, it was agreed by both Dumfries and Galloway Council and NHS Dumfries and Galloway that the arrangements in year one and two will continue for a further year whereby each of the parties would be responsible for the overspend position on their delegated budgets should the IJB be unable to deliver a balanced position.

In order to meet performance objectives within financial constraints, the IJB has a Business Transformation Programme to deliver recurring savings. These are monitored through the Performance and Finance Committee during 2018/19, and are supported by detailed templates to ensure consistency in thinking and approach.

## Significant risks

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.

### Overview of our significant audit risks identified at planning and our proposed approach

Risk area	Description of risk	Planned response
Risk of fraud in revenue recognition	<p>As set out in ISA 240 there is a presumed risk of fraud arising from revenue recognition.</p> <p>Given the IJB's income comes from agreed levels of funding from NHS Dumfries and Galloway and Dumfries and Galloway Council, as discussed in the Understanding IJB and its environment section above, we have rebutted the presumed risk of improper recognition of revenue.</p>	<p><b>Risk Rebutted;</b></p> <ul style="list-style-type: none"> <li>We have rebutted the presumed risk of fraud arising from revenue recognition due to the nature of the income received by the IJB.</li> <li>We will therefore consider the revenue balance as part of our year end audit but not at a significant risk level.</li> </ul>
Management override of controls	<p>As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>A focus on understanding how/where management override of controls may occur.</li> <li>Review of the controls over journal entries using our data analyser tool to focus on higher risk journals.</li> <li>Understanding key areas of judgement and accounting estimates within the financial statements and the basis for these judgements and the application of accounting policies.</li> <li>Reviewing unusual and/or significant transactions that are out with the normal course of business for the entity to understand the rationale for these transactions.</li> </ul>

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## Going concern considerations

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

We will review officer's assessment of the going concern assumption and evaluate the disclosures in the financial statements, alongside our assessment based on substantive testing and audit procedures.

## Working with Internal Audit

The IJB share the internal audit functions of Dumfries and Galloway Council and NHS Dumfries and Galloway. We will aim to not duplicate the work of your internal auditors. We will consider the internal audit plan for 2018/19 and identify any particular areas of risks that we either need to reflect in our approach or are relevant to our wider scope audit work. We will continue to review internal audit work throughout the year and maintain an ongoing, open, dialogue with internal audit.

## Internal control environment

Throughout our audit planning and fieldwork we will continue to develop our understanding of the overall control environment (design) as related to the financial statements. In particular we will:

- Consider procedures and controls around related parties, journal entries and other key entity level controls.
- Perform walkthrough procedures on key controls around identified risk areas.
- As the external auditor of both NHS Dumfries and Galloway and Dumfries and Galloway Council we understand both parties arrangements in respect of the IJB and will validate aspects of the control environment, including IT general controls, relevant to the IJB when undertaking these external audits.

# Wider scope audit

## – Audit dimensions and Best Value

Our responsibilities under Audit Scotland’s Code of Audit Practice extend beyond the audit of the financial statements.

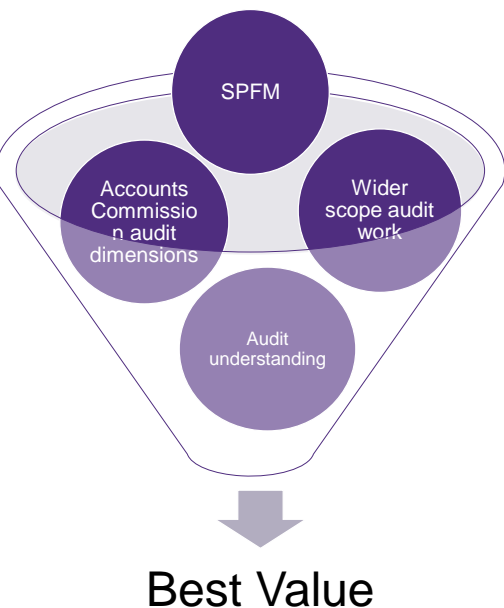
The Code sets out four dimensions that frame wider scope audit work into identifiable areas. Alongside Best Value, the audit dimensions set a common framework for our audit work and we review and conclude on the four dimensions and that there are organisational arrangements in place to secure Best Value. Audit Scotland Audit Planning guidance outlines key areas for consideration. Relevant to the organisation we will consider the following:

- EU Withdrawal,
- Changing landscape for public financial management,
- Care income, financial assessments and financial guardianship
- Dependency on key suppliers (considered less applicable to the IJB); and
- Openness and transparency.



See appendix: [Additional planning considerations of wider scope for 2018/19](#) for further details.

### Wider scope approach



Our wider scope audit work is a **risk based** approach. It is built upon our understanding of the organisation and consideration of:

- Four audit dimensions defined within the Audit Scotland Code of Audit Practice
- Scottish Public finance Manual (SPFM) nine characteristics of BV
- The Accounts Commission’s Strategic priorities:
- Having clear priorities with a focus on outcomes, supported by effective long term planning.
- Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities.
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
- Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
- Reporting the council’s performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

We consider each of these areas through our audit planning process.

We will comment in our annual audit reports on how the IJB demonstrates that it is meeting its BV duties, with a focus on the IJBs’ own arrangements for doing this.



## Financial sustainability

### ***Our understanding***

Across the public sector, financial pressures are increasing due to reductions in Scottish Government Funding. According to Audit Scotland's Health and social care integration - Update on progress report, Integration Authorities needed to achieve savings of £222.5 million in 2017/18, with further savings forecasted for future years.

The IJB face a number of challenges including an ageing population; reducing acute admissions and shifting the balance of care.

While the IJB anticipate meeting financial targets in 2018/19, there is a significant savings gap of £5.3 million and a number of known financial pressures for this year and future years. Management recognise the need for sustainable transformational savings.

### ***Significant risk considerations***

Wider scope significant risk pinpointed to the IJB financial sustainability due to the level of savings not yet identified (£5.3 million) for 2018/19. This extends to the achievability of the savings already identified and the related assumptions.

### ***Our response***

In response to the identified wider scope significant risk;

- We will continue to discuss financial sustainability with the IJB Management.
- We will review the financial plans in place, including the scenarios set out and the assumptions made.
- We will review the governance of the plans and regular reporting on future financial scenarios.

## Financial management

### ***Our understanding***

The Integration scheme and funding agreements continue between the IJB, Dumfries and Galloway Council and NHS Dumfries and Galloway confirming that any overspends in 2018/19 would be supported by the party who originally delegated the budget if financial balance could not be achieved.

However, we will continue to consider the IJB's financial management arrangements informed through the work of internal audit and the high level financial framework of policies and procedures. This will include the level of oversight and scrutiny of expenditure incurred by NHS Dumfries and Galloway and Dumfries and Galloway Council on behalf of the IJB.

Audit Scotland's Health and social care integration - Update on progress report highlighted that;

*'Financial planning is not integrated, long term or focused on providing the best outcomes for people who need support. This is a fundamental issue which will limit the ability of IAs to improve the health and social care system. Financial pressures across health and care services make it difficult for IAs to achieve meaningful change.'*

It is therefore crucial that the IJB continue to focus on financial planning not only on the short term (3 years) but the mid to long term (5 to 10 years), in order to ensure that the outcomes of the IJB aims and objectives are realised.

### ***Significant risk considerations***

No specific financial management risks have been identified for 2018/19.

### ***Our response***

Despite having not identified any wider scope significant risks at the planning stage, we will continue to consider the IJB's financial management arrangements, informed through the work of internal audit and the high level financial framework of policies and procedures in place. This will include: Financial Standing Instructions, Scheme of Delegation; and Fraud policies and training.

## Governance and transparency

### *Our understanding*

The IJB Board and officers are responsible for establishing robust governance arrangements. During 2018/19 these arrangements will continue to be developed. This includes ensuring effective systems of internal control, including arrangements to safeguard public funds and compliance with applicable laws and regulations. It is important that these arrangements are sufficient and appropriate and embedded within the organisation to support decision making and the delivery of the strategic aims of the IJB.

In 2017/18, progress was made over the wider IJB governance arrangements in respect of the assurance framework to support the Governance statement and the work ongoing in respect of risk management is evidence of this continued governance journey.

### *Significant risk considerations*

No specific financial management risks have been identified for 2018/19.

### *Our response*

We will continue to consider through discussions with management and review of minutes IJB's overarching governance arrangements and how IJB ensure that they are transparent and open to IJB's stakeholders including members of the public.

This includes effective scrutiny, challenge and transparency on decision making and financial and non financial performance.

## Value for money

### *Our understanding*

The IJB Good Practice Note produced by Audit Scotland was discussed at the September 2018 Audit and Risk Committee and agreed there will be a seminar for the IJB Board members on evaluating how the IJB demonstrates value for money/best value and this will take place in 2018/19 resulted in a completed checklist and where relevant an action plan.

Audit Scotland's Health and social care integration - Update on progress report recommended that IJB's and there associated local authorities and NHS Boards should work together to ensure operational plans, including workforce, IT and organisational change plans across the system, are clearly aligned to the strategic priorities of the IJB. Additionally the IJB should monitor and report on Best Value in line with the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.

### *Significant risk considerations*

No specific financial management risks have been identified for 2018/19.

### *Our response*

Despite having not identified any wider scope significant risks at the planning stage in relation to the IJBs arrangements for effectively utilising its resources and arrangements in place to continually improve services.

However we will consider the IJB's performance management framework and how they capture and measure performance and outcomes. We will look ensure that the IJB are reviewing their evaluation of performance and how they seek assurance that they are achieving Best Value.

We will also consider progress against the key strategic corporate plans and how this is being reported and monitored, including how the organisation engages and works with key partners.

**Our planned work, like our financial statements work, is risk based and proportionate. We will continue to develop our understanding over the four dimensions and conclude on these in our final report, based on the work we have undertaken during the year.**

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# Appendices

**Key audit deliverables and our team**

**Fees and independence**

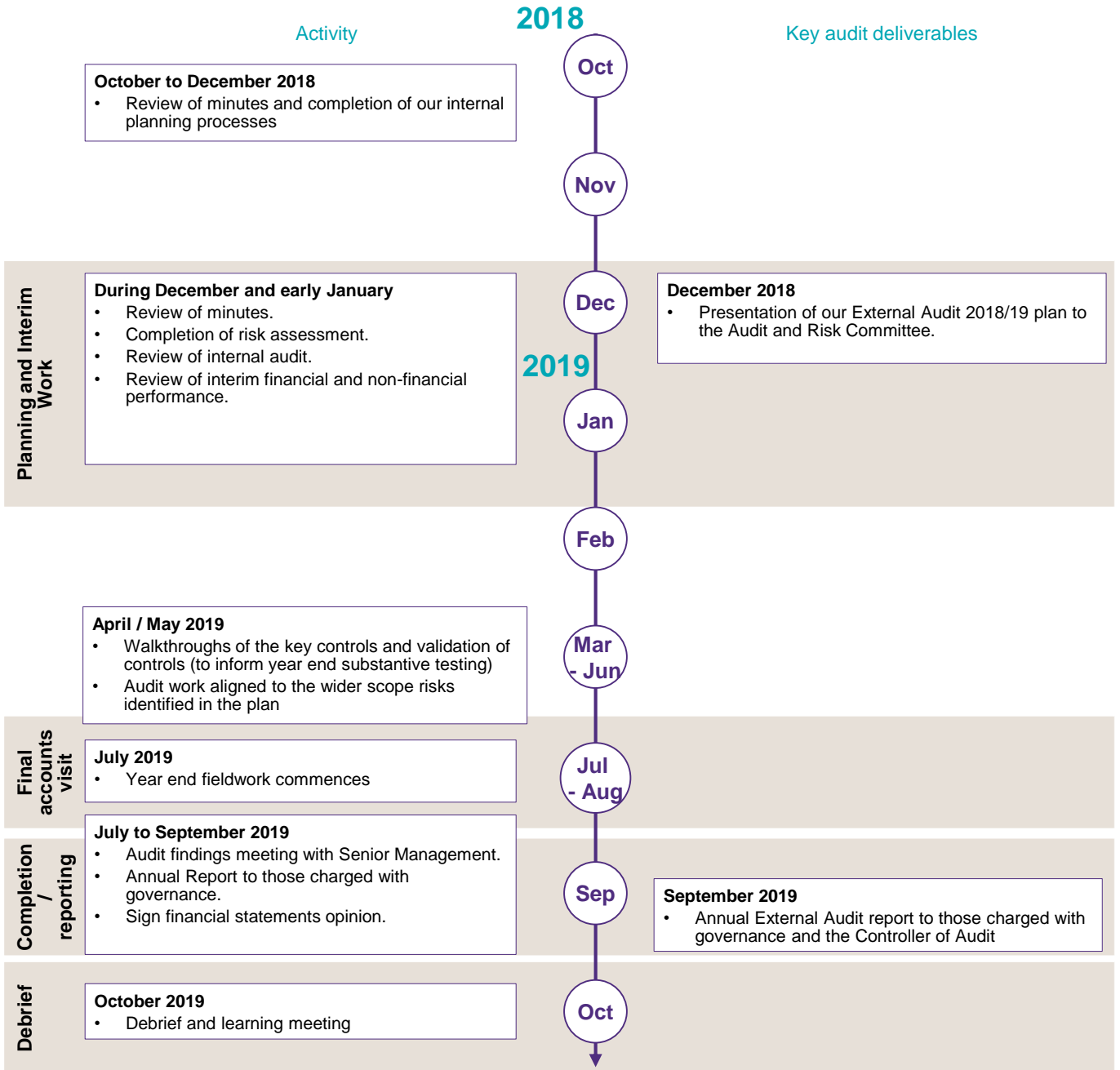
**Fraud arrangements**

**Respective responsibilities**

**Additional planning considerations of wider scope for 2018/19**

**Communication of audit matters with those charged with governance**

# Key audit deliverables and our team



## Our team

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 Audit Manager  
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# Fees and independence

## External Audit Fee

Service	Fees £
External Auditor Remuneration	17,200
Pooled Costs	1,670
Contribution to Audit Scotland costs	1,080
Contribution to Performance Audit and Best Value	5,050
<b>2018-19 Fee</b>	<b>25,000</b>

## Fees for other services

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

The audit fee is calculated in accordance with guidance issued by Audit Scotland. In accordance with the Audit Scotland guidance we can increase the fee by up to 10% from the base fee set by Audit Scotland, depending on risk factors identified by us as your external auditors. We cannot reduce the fee from the baseline set out by Audit Scotland. The above proposed fee, set at the base fee, has been agreed with management. The fee is based on the following assumptions:

- 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
- IJB will make available management 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)

## 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.

## Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to Elaine Boyd, Assistant Director, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

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# 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 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.
- Leading a discussion with those charged of governance (for the IJB this is assumed to be the Audit and Risk Committee) on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- 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.

## Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the planning guidance) to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing.

Should we be informed of any instances of money laundering at the IJB we will report these to the Auditor General for Scotland.

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 IJB 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 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.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on a quarterly basis.

# Respective responsibilities

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

## 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 Auditor General 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 IJB 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 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.

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# Additional planning considerations of wider scope for 2018/19

In accordance with the Audit Scotland Planning Guidance, we consider the following areas of focus as part of our audit work:

## EU Withdrawal

There are uncertainties surrounding the terms of the UK's withdrawal from the European Union in March 2019 and these are subject to ongoing negotiation between the UK government and EU. Whatever the outcome of these negotiations there is inevitably implications for devolved government in Scotland and for the IJB.

## Planning consideration

There is considerable uncertainty around the potential impact of Brexit. Likely areas to impact the IJB are: workforce implications; funding; and regulation. We will consider the work done by the IJB with regards assessing the potential risks faced and readiness for EU withdrawal.

## Changing Landscape for public financial management

Recognising the changing landscape of Scottish public finances, including significant tax raising powers as well responsibility for 11 social security benefits provides the Scottish Parliament with more policy choices. Subsequently, there is potentially greater volatility and complexity around Scottish budget and greater focus on the use of Scottish funds. This is likely to increase the scrutiny of public sector annual accounts and audit reports.

## Planning consideration

The focus on public entities performance reporting will be under increasing security, including that of the IJB and how public funds are used. As part of our audit we will consider the extent to which the performance report provides an accessible account of the IJB's overall performance and impact of its public spending and transparency of reporting.

## Openness and transparency

There is an increased focus on how public money is used and what is achieved. This includes the extent to which the IJB keeps pace with public expectations and good practices in this area. Including: increased public availability of papers, insight into why any business is conducted in private and development of the form and content of annual reporting.

## Planning consideration

We will consider Audit Scotland's guidance around openness and transparency as we consider the IJB's governance arrangements during 2018/19.

## Care income, financial assessments and financial guardianship

Audit Scotland have identified issues across a few local government audits which may indicate potential wider issues with the systems or processes for collecting care income, undertaking financial assessments on individuals receiving care and financial guardianship.

## Planning consideration

We will consider the arrangements for financial assessment of those requiring care and whether there is potential backlogs in the reporting of these. We will complete an Audit Scotland questionnaire to provide intelligence on the extent to which officers undertake financial guardianship roles.



# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
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 IJB accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues 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		•
Expected modifications to the auditor's report, or emphasis of matter		•

International Standards on Auditing (UK) (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, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while our Annual Report to those Charged with Governance 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 Management and the Audit and Risk Committee.

