

NHS Grampian

Annual Audit Plan 2020/21



 AUDIT SCOTLAND

Prepared for by NHS Grampian
February 2021



Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish Ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit.
2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.
3. The public health crisis caused by the coronavirus (Covid-19) pandemic has had a significant and profound effect on every aspect of Scottish society. Public services have been drastically affected, requiring immediate changes to the way they are provided. The impact on public finances has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.
4. Public audit has an important contribution to the recovery and renewal of public services. The Auditor General, the Accounts Commission and Audit Scotland are responding to the risks to public services and finances from Covid-19 across the full range of audit work including annual audits and the programme of performance audits. Audit Scotland will, if possible, regard 2020/21 as a transitional year in working towards a return to audit timetables which were possible before Covid-19. The well-being of audit teams and the delivery of high-quality audits remain paramount. In view of the ongoing lockdown restrictions, we will maintain a pragmatic and flexible approach which may result in changes to plans at short notice as we respond to emerging issues and ongoing risks.
5. Where this impacts on annual audits, an addendum to this annual audit plan may be necessary.

Adding value


6. We aim to add value to NHS Grampian through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help NHS Grampian promote improved standards of governance, better management and decision making, and more effective use of resources.

Audit risks

7. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following significant risks for NHS Grampian. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2020/21 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p> <p>This risk includes the potential for management to influence the results in the financial statements through estimates and judgements. In response to Covid-19, some internal controls were amended to maintain processing levels and, in some instances, this may have increased the opportunity for management override.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries</p> <p>Review of accounting estimates e.g. asset values, provisions</p> <p>Focused testing of accruals and prepayments</p> <p>Cut off testing procedures on income and expenditure transactions at year-end</p> <p>Review of assumptions supporting Covid-19 funding claims and evidence that associated grant conditions have been met</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>
<p>2 Risk of fraud over income and expenditure</p> <p>As set out in ISA (UK) 240, there is a presumed risk of fraud in the recognition of income. In addition, as most public-sector bodies are net expenditure bodies, there is also a risk of fraud in expenditure.</p> <p>The extent and complexity of income and expenditure mean that there is an inherent risk of material misstatement due to fraud.</p>	<p>Governance arrangements are in place to assist prevent and detect fraud and these have been subject to recent review i.e. Board assurance framework, performance management framework, Standing Financial Instructions, Standing Orders, Schedule of Reserved Decisions, Code of Conduct, whistle blowing and anti-fraud policies</p> <p>Regular review of financial systems and internal controls by internal audit</p> <p>Regular reporting to the Audit Committee</p> <p>Budgetary control arrangements</p> <p>Discussions with NHS National Services Scotland (NSS) re primary care verification checks.</p>	<p>Analytical procedures on income streams and expenditure transactions</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk</p> <p>Reliance on Internal Audit's review of key financial controls under ISA 610</p> <p>Cut off testing procedures on income and expenditure transactions at year-end</p> <p>Review of the board's National Fraud Initiative (NFI) matches investigation</p> <p>Monitoring of frauds and false exemptions reported.</p>



Audit Risk

Source of assurance

Planned audit work

3 Estimation and judgements

There is a significant degree of subjectivity in the measurement and valuation of the material account areas such as revaluation of land and buildings and clinical negligence provisions.

This subjectivity represents an increased risk of misstatement in the financial statements.

An appropriate programme of valuations is carried out each year

Rationale and supporting evidence include expert views where appropriate for provisions held.

Reliance on 'the work of an expert' under ISA 500 in respect of the professional valuer

Review accounting treatment of property revaluation and ensure it accords with the requirements of FReM

Review reasonableness of total increase or decrease in revalued amounts against valuation report

Review the basis and calculation of accruals and provisions for bias and subjectivity including reasonableness of methodology and consistency with prior years and guidance

Review Central Legal Office (CLO) reports covering clinical negligence claims

Review of the CLO as a management expert (reliance on central review anticipated).

4 Potential misstatement of payments to primary care contractors

Payments to primary care contractors are a material and complex account area with payments totalling around £250m each year. Some payment verification activities were suspended as a result of Covid-19 and interim arrangements were put in place, based on past averages, to ensure payments continued to be made to contractors.

NHS National Services Scotland (NSS) provide payment services on behalf of NHS Grampian in relation to independent primary care contractors. The service auditor issued qualified audit opinions in 2019/20 across the four primary care payment streams which reflected an absence of evidence to confirm the operation of a range of expected controls. Similar qualifications were provided in respect of the national IT contract, also managed on behalf of NHS Boards by NHS NSS. While recommendations were agreed, it is uncertain to what extent they

Regular reports to the Audit Committee to monitor the action plan agreed by NHS NSS to address the qualifications on the 2019/20 service audit reports

Joint review of arrangements for the monitoring of financial performance of family health services contractors between NHS Grampian and IJBs and development of an improvement plan to enhance existing arrangements

As primary care services remobilise following lockdown and revert to item of service delivery, payment verification processes will gradually be re-introduced in partnership with NHS NSS.

Review progress reports to the Audit Committee on primary care action plans

Consideration of 2020/21 service auditor's report covering the financial ledger, IT contracts and Practitioners Services Division under ISA 402

Review the reasonableness of the assumptions on which primary care payments have been made during the pandemic (in line with national and local agreements and based on previous averages) and monitor progress with the resumption of payment verification checks

Review local primary care monitoring arrangements in place during 2020/21.

	Audit Risk	Source of assurance	Planned audit work
	<p>have been implemented and improvements made.</p> <p>There is a risk of misstatement in the annual accounts due to the use of some estimates, reduced verification checks and uncertainty about the extent of improvement made by NHS NSS in responding to the weaknesses reported by the service auditor in June 2020.</p>		
5	<p>Increased procurement demands</p> <p>There was a significant increase in the number of additions to the board's authorised supplier list as steps were taken to meet increased procurement demands owing to the pandemic.</p> <p>With changes in internal control and staff working remotely, there is a risk that the appropriate due diligence checks were not properly completed leading to potential irregular payments.</p>	<p>Revised arrangements were implemented recognising the emergency powers under which the NHS has been required to operate</p> <p>These arrangements were agreed and approved through consultation and to enable timely decision making and procurement of essential supplies, whilst retaining a consistent governance framework.</p>	<p>Review the processes in place for adding new suppliers</p> <p>Assurances from internal audit's review of key financial controls.</p>
6	<p>Disclosures in the annual report and accounts</p> <p>Additional disclosures and commentary in the annual report and accounts may need to be considered to reflect the impact of Covid-19.</p> <p>This is to ensure that the impact of the pandemic on the board's financial position and performance is reported in a transparent manner.</p> <p>There is a risk that the required Covid-19 information is not properly disclosed and accounted for in the appropriate section of the annual report and accounts.</p>	<p>Assistant Director of Finance is a member of the Scottish Government Technical Accounting Group</p> <p>Compliance with NHS Accounting Manual and other Scottish Government guidance.</p>	<p>Ensure format and content of Performance Report and Governance Statement comply with the NHS Accounting Manual and other relevant guidance and is consistent with supporting evidence/auditor's cumulative audit knowledge.</p>
7	<p>Completeness of the Remuneration Report</p> <p>The changes to senior leadership this year present a risk that relevant persons are not included in the Remuneration Report in line with FReM.</p>	<p>Assistant Director is a member of the Scottish Government Technical Accounting Group</p> <p>Compliance with NHS Accounting Manual and other Scottish Government guidance.</p>	<p>Assess completeness of relevant persons included in the Remuneration Report against guidance</p> <p>Agree remuneration and pension amounts and other relevant disclosures to supporting evidence.</p>



Audit Risk

Source of assurance

Planned audit work

Wider dimension risks

8 Financial sustainability

The financial impact of the pandemic has resulted in reduced income and increased costs such as higher staff costs to cover the delivery of services.

Financial performance for the first nine months of 2020/21 shows an overspend of £0.7m (2019/20 £3.1m). The improvement on last year is mainly due to lower medical locum and agency staffing costs.

While the board is forecasting financial balance by the year end, this is based on the following assumptions:

- all Covid related costs including unmet savings targets and lost income will be fully funded by the Scottish Government. At December 2020, only £4.6m of the £13.1m savings target had been achieved
- all three integration authorities will break even. In the past, two out of the three have usually required additional contributions.

There is a risk that financial balance will not be achieved.

Budgetary control arrangements

Budget Steering Group

Regular reporting to committee/board

Regular monitoring and challenge by the management team.

Review finance reports going up to the Leadership Team, Committee and Board

Review minutes of meetings where Finance position has been discussed

Monitor progress with delivery of efficiency savings and financial targets

Hold regular discussions with senior officers to understand how the board is managing cost pressures

Review financial plan for 2021/22 and assess board's progress in developing long-term financial plans.

9 Finance capacity

Senior Finance officers have recently retired or are close to retirement. While informal succession planning is on-going, we recommend a more formal succession plan is developed, monitored and reported on a regular basis.


There is a risk that the Finance Department will not have sufficient capacity and the necessary experience, knowledge and skills to perform its functions. This may lead to weakening of key financial controls and failure to provide its services in a timely, effective and efficient manner.

Arrangements are in place to deliver the 2020/21 annual accounts

There have been recent appointments in the team and interim arrangements are in place to cover a recent vacancy until a recruitment exercise can be carried out.

Hold regular discussions with senior Finance officers to assess progress with the Finance Department's succession planning processes

Test key controls and report any weaknesses found.

 Audit Risk	Source of assurance	Planned audit work
<p>10 Revised governance arrangements</p> <p>In common with other public bodies, NHS Grampian made significant changes to its governance arrangements in response to the pandemic.</p> <p>There is a risk that the level of scrutiny and challenge is not effective and that decision making is not sufficiently transparent.</p>	<p>Standing Orders and Schedule of Reserved Decisions in place</p> <p>Committees and the board transitioned to virtual meetings with more regular meetings to assist decision making and ensure there are regular updates</p> <p>The changes to the governance arrangements were approved by the Board and were in line with national direction.</p>	<p>Use Internal Audit's report on the revised governance arrangements to inform our assessment</p> <p>Review progress reports to the board to assess the board's effectiveness in implementing and achieving its Remobilisation Plans objectives and key milestones including the robustness and transparency of reporting of progress to members, staff and the wider public</p> <p>We will assess how effective the board is in responding to and managing emerging risks and opportunities.</p>
<p>11 Performance against targets</p> <p>The pandemic has had a substantial impact on performance measures, particularly for services which have been suspended, are operating at a reduced level or have had to adapt to new ways of working. For example:</p> <ul style="list-style-type: none"> • outpatient performance is 71% of the trajectories set by the board ie 12,555 fewer outpatient appointments than planned • based on quarter one data, 27% (30% in Scotland) fewer cancers have been diagnosed due to the reduction in referrals. <p>The board's Remobilisation Plan 2022-22 sets out nine objectives with key milestones at October 2020, March 2021 and March 2022.</p> <p>There is a risk that the board will not have appropriate capacity to remobilise services and will fail to meet its desired outcomes for the people of Grampian. This may result in significant exposure to both clinical and reputational risks.</p>	<p>Regular performance reporting to senior leadership team, the board and committees</p> <p>Reporting has evolved and developed to focus on the essential elements of each stage of the pandemic response during 'Operation Snowdrop' and 'Operation Rainbow'</p> <p>Regular reporting required to the Scottish Government during the pandemic.</p>	<p>Review performance reporting to the Board and Performance Governance Committee to assess the response by management and the impact of the board's improvement plans</p> <p>Compare NHS Grampian's performance against other boards and average for NHS Scotland and provide commentaries in our Annual Audit Report.</p>

Reporting arrangements

8. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.
9. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.
10. We will provide an independent auditor's report to NHS Grampian, Scottish Parliament and the Auditor General for Scotland setting out our opinions on the annual report and accounts. We will provide the Accountable Officer and Auditor General for Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.
11. Under the Public Finance and Accountability (Scotland) Act 2000 there is a requirement for the resource account of the Scottish Government to be presented to Parliament within nine months of the financial year-end, i.e. 31 December. Discussions are ongoing with the Scottish Government Health Department about 2020/21 deadlines. In the interim, management are planning towards a submission date of 31 August for their audited financial statements which should still enable the consolidation timetable to be met.

Exhibit 2 2020/21 Audit outputs

Audit Output	Target date for formal submission*	Audit Committee (or equivalent) Date
Annual Audit Plan	28 February 2021	16 February 2021
Management Report	30 June 2021	15 June 2021
Independent Auditor's Report	31 August 2021	24 August 2021
Annual Audit Report	31 August 2021	24 August 2021
Signed Assurance Statement on the Scottish Government consolidation template	31 August 2021	Not applicable

*The impact of lockdown restrictions on the capacity of the audit team and NHS Grampian's finance team will be kept under review. As a result, target dates may be subject to change and if so, the audit committee will be kept informed.

Source: Audit Scotland

Audit fee

12. The proposed audit fee for the 2020/21 audit of NHS Grampian is £197,430 (2019/20 £192,630). In determining the audit fee we have taken account of the risk exposure of NHS Grampian, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. We have provisionally agreed receipt of the first batch of working papers at the beginning of May 2021 with the remainder, including a full set of the draft annual report and accounts, to follow by 31 May 2021.

13. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Accountable Officer

14. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.
15. The audit of the annual report and accounts does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

16. Our responsibilities as independent auditors are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.
17. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual report and accounts. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.
18. There has been continuity in the membership of our audit since the date of our initial appointment and a reminder of the details of the current team is included in [Appendix 1](#).

Audit scope and timing

Annual report and accounts

19. The annual report and accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of NHS Grampian and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how NHS Grampian will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

20. We will give an opinion on whether the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board and its group as at 31 March 2021 and of the net expenditure for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as interpreted and adapted by the 2020/21 FReM
- were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Statutory other information in the annual report and accounts

21. We review and report on statutory other information published within the annual report and accounts, including the performance report, governance statement and the audited part of the remuneration and staff report, and carry out the following work:

- we give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report
- the content of the annual report is reviewed for consistency with the financial statements and with our knowledge
- we report any uncorrected material misstatements in statutory other information.



characteristics



responsibilities



principal activities



risks



governance arrangements

Materiality

22. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit approach, and in considering the level of uncorrected error which might be permitted in the financial statements without an adverse impact on our opinions in the independent auditor's report.
23. We calculate materiality at different levels as described below. The calculated materiality values for NHS Grampian are set out in [Exhibit 3](#).

Exhibit 3 Materiality values



Materiality level	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1.5% of gross expenditure for the year ended 31 March 2021 based on the latest forecast outturn for 2021.	£22.0m
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 40% of planning materiality.	£8.8m
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 2% of planning materiality subject to a maximum limit of £250,000.	£250,000

Source: Audit Scotland

Timetable

24. To support the efficient use of resources and in line with our flexible and pragmatic approach, we are closely liaising with NHS Grampian's finance team regarding the annual accounts timetable. Based on current discussions, [Exhibit 4](#) sets out the proposed timetable agreed with the Assistant Director of Finance.

Exhibit 4 Annual report and accounts timetable

 Key stage	 Date
Latest submission date of unaudited annual report and accounts with complete working papers package	31 May 2021
Latest date for final clearance meeting with the Director of Finance	11 August 2021
Agreement of audited unsigned annual report and accounts	17 August 2021
Issue of Annual Audit Report to those charged with governance	17 August 2021
Independent auditor's report signed	24 August 2021
Latest date for certifying the Scottish Government consolidation template	31 August 2021

Internal audit

25. Internal audit is provided by PricewaterhouseCoopers (PwC). As part of our planning process, we carry out an annual assessment of the internal audit function and have confirmed that it continues to operate in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS). In addition, ISA (UK) 610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. Our assessment included consideration of the following matters:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

Using the work of internal audit

26. International Auditing Standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and to avoid duplication.

27. Having confirmed that we can continue to take assurance from internal audit, we plan to place formal reliance on internal audit's review of key financial controls. This work is expected to be completed by March 2021 and this will provide sufficient time for us to assess the results and determine whether any further work is required in advance of our audit of the financial statements.

28. We will draw more widely on the work of internal audit to support our wider dimension audit responsibilities and in considering the board's annual governance statement.

Service auditor assurances for shared systems and functions

29. In order to provide efficiencies and avoid duplication of effort, we will draw assurances from service auditor reports for the following national shared systems and functions:

- Practitioner Services Division (host NHS National Services Scotland and service auditor currently KPMG)
- National IT Services Contract (host NHS National Services Scotland and service auditor currently KPMG)
- National Single Instance (NSI) financial ledger (host NHS Ayrshire and Arran and service auditor currently BDO UK LLP)
- NHS payroll system (NHS Tayside host. While there is no formal service auditor arrangement for payroll, assurances on the system are provided by NHS Tayside's internal auditor.)

Audit dimensions

30. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Financial sustainability

31. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether there are arrangements in place to demonstrate the affordability and effectiveness of funding and investment decisions.

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

Financial management

- 32.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on whether the board:
- has arrangements in place to ensure systems of internal control are operating effectively
 - can demonstrate the effectiveness of budgetary control systems in communicating accurate and timely financial performance
 - has assured itself that its financial capacity and skills are appropriate
 - has effective arrangements in place for the prevention and detection of fraud and corruption including the board's approach to managing the risk of procurement fraud e.g. effective declaration of gifts and hospitality, appropriate training and awareness, and protection for whistle blowers.

Governance and transparency

- 33.** 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. We will review, conclude and report on whether:
- NHS Grampian can demonstrate that the governance arrangements are appropriate and making an impact
 - there is effective scrutiny, challenge and transparency on decision-making and on finance and performance reports
 - there is quality and timely financial and performance reporting

- there are robust arrangements in place to support the annual governance statement.

Value for money

- 34.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether NHS Grampian can demonstrate that:
- arrangements are in place to secure best value in public services and value for money in the use of its resources
 - there is a clear link between money spent, output and outcomes delivered
 - effective action has been taken to improve outcome
 - there is sufficient focus on improvement and the pace of change.

Best Value

- 35.** The Chief Executive, as Accountable Officer, has a duty to ensure arrangements are in place to secure best value. As part of our audit work, we will assess how NHS Grampian assures its stakeholders that Best Value principles are being achieved.

Independence and objectivity

- 36.** Auditors appointed by the Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.
- 37.** The engagement lead for NHS Grampian is Gillian Woolman, Audit Director. Auditing and ethical standards require us to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of NHS Grampian.

Quality control

- 38.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with, and that the independent auditor’s report or opinion is appropriate in the circumstances.
- 39.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland have been commissioned to carry out external quality reviews on an annual basis.
- 40.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Appendix 1: The audit team

The core audit team consists of the following staff and will be supported at peak times with additional resources to ensure key reporting deadlines are met:

Gillian Woolman FCA CPFA
Audit Director

✉ gwoolman@audit-scotland.gov.uk ☎ 0131 625 1981

Under the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, Gillian is the appointed independent auditor for a mixed portfolio of audits including NHS Grampian.

She has worked in the public and private sector, internal and external audit, in the UK and overseas. She is currently chair of the regional strategic board for the Institute of Chartered Accountants in England and Wales and Vice Chair of the CIPFA/LASAAC Local Authority Code Board.

Anne MacDonald CA
Senior Audit Manager

✉ amacdonald@audit-scotland.gov.uk ☎ 0131 625 1903

Anne has overall control of the delivery and quality of the audit including audit engagement and ensuring the audit is properly planned, resourced and concluded within time. She has extensive public sector experience covering both financial audit and best value audit.

Arlene Deeming CPA
Senior Auditor

✉ adeeming@audit-scotland.gov.uk ☎ 0131 625 1902

Arlene leads the audit team and will be the main contact in respect of audit fieldwork.

Arlene has been involved in both health and local government audit over a number of years. In recent years, she was also part of the Audit Scotland team which delivers the NHS Overview Report. Prior to joining Audit Scotland, she occupied senior finance posts in private companies and she also has experience as an auditor in a firm carrying out audits of the private sector.

Helen Fowler
Professional Trainee

✉ hfowler@audit-scotland.gov.uk ☎ 0131 625 1736

Helen is part of Audit Scotland's graduate training programme and is currently working towards her qualification with the Institute of Chartered Accountants of Scotland.

NHS Grampian

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