

# Guidance on planning the audit

## 2019/20 audits – addendum



Prepared by Professional Support for auditors in all sectors

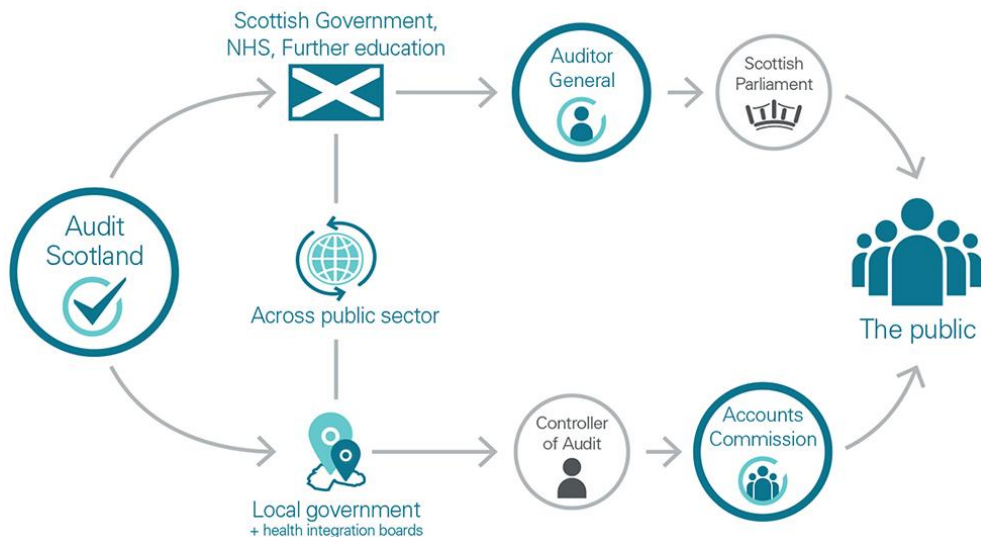
26 May 2020



## 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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# Introduction

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## Purpose of addendum

1. Audit Scotland's Professional Support published guidance on 1 October 2019 to assist auditors appointed by the Auditor General for Scotland and the Accounts Commission to plan their 2019/20 audits of public bodies.
2. A number of the requirements set out in the [Guidance on planning 2019/20 audits](#) (APG) have been revised as a result of the impact of the COVID 19 crisis on the delivery of audits. Professional Support has therefore prepared this addendum which varies specified elements of the APG.
3. In summary, this addendum:
  - provides guidance on identifying further significant risks as a result of COVID 19
  - explains the impact on the timetable for producing the annual accounts and consequently amends the submission deadlines
  - confirms the acceptability of electronic signatures
  - clarifies expectations in respect of the wider audit scope dimensions
  - sets out the impact on planned audits of Best Value
  - provides an update on the current position regarding local auditor input to the sector overview/annual performance reports
  - advises there will be no local auditor involvement in performance audits, including impact reports, during the 2019/20 audit year
  - amends deadlines for the submission of Annual Audit Reports.
4. For the avoidance of doubt, the remainder of the 2019/20 APG continues to apply.

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This addendum varies specified elements of the 2019/20 APG

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# Variations to 2019/20 audit planning guidance

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## 2019/20 Annual audit plan

5. Paragraphs 7 to 11 of APG covers the preparation and submission of an Annual Audit Plan for 2019/20 audits. The plan should set out significant risks of misstatement in the annual accounts and those in respect of the wider audit scope dimensions.
6. Subsequent to the submission of the plans, it is likely that further significant risks may have been identified by auditors as a result of the impact of COVID 19 on the body's operations or annual accounts. Where that is the case, auditors should communicate the additional risks to those charged with governance as soon as reasonably practicable.
7. Auditors are not required to revise their Annual Audit Plan or prepare a formal amendment, but where they do so they should treat it as an output and submit it to the Audit Quality and Appointments (AQA) team in Audit Scotland as set out at paragraph 12 of the APG.
8. In other cases, it is not necessary to advise AQA unless there are additional audit outputs planned as a result of the risks (e.g. a report to management) or there is an impact on the agreed fee as set out in [AQA guidance](#).

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Additional significant risks should be communicated to those charged with governance

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## Annual accounts timescales

9. Paragraphs 26 and 39 to 47 of the APG set out the timescales in respect of annual accounts.
10. For local government, [Schedule 6](#) of the Coronavirus (Scotland) Act 2020 allows a body to postpone submitting the unaudited accounts to auditors and publishing the audited accounts until it is reasonably practicable. The Scottish Government has provided guidance on this in [Finance Circular 10/2020](#). The guidance advises that 30 November should be considered a reasonably practicable date for publishing the audited accounts.
11. Audit Scotland has revised the deadline for auditors to submit the audited annual accounts from 30 September to 30 November 2020. However, auditors should agree a timetable with each local government body with a view to completing the process as early possible while still delivering a high quality audit.
12. The Scottish Government has delayed the administrative deadline for the audited annual report and accounts of health boards from 30 June to 30 September. There has been no change to the statutory deadline of 31 December for laying the accounts before Parliament. As a result, the deadline for auditors to submit audited annual report and accounts for health boards has therefore also been delayed to 30 September.
13. The deadline for auditors to submit audited accounts for central government remains at 30 October.
14. If there is a need to complete the audit in a shorter timescale (e.g. due to a sponsor department requirement, to support the group audit opinion, or because a body wishes to follow its normal timetable), auditors should aim to meet such requirements, where possible.

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Timescales for producing the accounts have changed

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Audit deadlines have changed

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15. The deadlines for 2019/20 are therefore summarised in the following table:

Sector	Receipt of unaudited accounts	Submission of audited accounts
Local government	To be agreed locally	30 November
Health		30 September
Central government		30 October
Colleges		31 December

16. While meeting the above deadlines is important, the production of annual accounts that are free from material misstatement and the delivery of high quality audits are paramount. Where an auditor considers that a high quality audit cannot be delivered for a particular body by the above date for any reason, they should advise AQA so a later deadline can be agreed.

Delivery of high quality audits is paramount

### Use of electronic signatures

17. Paragraph 41 of the APG sets out the requirements for the submission of 'wet' signed copies of the annual accounts. Where a 'wet' signature is not practicable, auditors may instead use an electronic signature.

Electronic signatures are acceptable

### Audit dimensions

18. For the avoidance of doubt, Audit Scotland considers that the importance of wider audit scope work on the dimensions of financial management, financial sustainability and governance has never been greater than during the current crisis. Auditors are expected to report conclusions based on the work they have been able to carry out. The extent of reporting may be reduced however where it has not been possible to carry out planned work or it may be changed where the relative significance of a finding has shifted under the current circumstances.

Audit dimensions remain important

19. It is recognised that what constitutes value for money may be different compared with a normal year. Auditors should bear this in mind when forming a conclusion on this dimension while also considering the work they have been able to carry out.

### Auditing Best Value

20. Paragraph 64 of the APG lists the councils for which a Best Value Assurance Report (BVAR) was planned for 2019/20. As a result of delays caused by the COVID 19 crisis, the reporting of some of these BVARs may be carried forward into the 2020/21 audit year. Auditors should continue to liaise with the Controller of Audit on revised reporting timescales.

21. Where the annual audit work on BV themes, or the follow up of recommendations in a BVAR issued in a previous year has been impacted by COVID 19, auditors should explain this in the Annual Audit Report and explain that this will take place in the future.

### Sector overview/annual performance reports

22. Paragraphs 95 to 97 of the APG refers to the Commission's financial overview report for local government and the Auditor General's annual performance reports covering the health and college sectors.

23. The impact of COVID 19 on these reports is still being considered. However, known or expected changes to the submission deadlines for datasets are as follows:

- For the NHS in Scotland 2020 dataset, the deadline has been moved back to 1 October.

Revised deadlines for datasets

- For the local government overview dataset, the deadline for part 1 has been moved back to 29 May. The deadline for part 2 is expected to be moved back from 14 August, and auditors will be notified of the revised deadline in due course.

## Performance audit reports

24. There will no longer be any local auditor input into the performance audit reports listed at paragraph 99 of the APG or the impact reports listed at paragraph 101.

## Submission deadlines for Annual Audit Report

25. The submission deadlines for the Annual Audit Report for each sector are set out in the following table. If auditors consider that the deadline cannot be met, they should contact AQA to discuss the matter:

Sector	Submission deadlines
Local government	30 November 2020
Central government	30 October 2020
Health	30 September 2020
College	31 December 2020

Auditors should contact AQA if deadlines cannot be met

## Other variations

### Whole of Government Accounts

26. The submission deadlines for Whole of Government Accounts (WGA) returns have been moved back in line with dates for producing the annual accounts. Auditors will be advised of relevant dates in a Technical Guidance Note in due course once they have been agreed with the NAO but should plan on the assumption that the submission deadline for the certified return will not be before 30 November.

### Sector contacts

27. The sector contact for colleges is now Rebecca Seidel: [Rseidel@audit-scotland.gov.uk](mailto:Rseidel@audit-scotland.gov.uk) or 0131 625 1873.

### Sharing intelligence for health and social care

28. Arrangements for attending the Sharing Intelligence for Health and Care Group have been temporarily revised. The scheduled bi-monthly meetings referred to at paragraph 110 of the APG have been replaced with fortnightly teleconferences.
29. Auditors should respond to emailed requests from Audit Scotland if there are any issues they would like to be raised.

### Assurance protocol for integration joint boards

30. Due to the need to re-prioritise resources, Professional Support has had to defer the development of the protocol referred at paragraph 167 of the APG on requesting auditor assurances in respect of the annual accounts of integration joint boards.
31. The intention is to develop a protocol for 2020/21.



# Appendix

## Summary of outputs and deadlines

### Key outputs and dates

The following tables summarise the audit outputs which auditors are required by this guidance or [AQA guidance](#) to submit to Audit Scotland in respect of 2019/20 audits. In this context, the meaning of 'submit' is set out in the following table:

Auditor	Submission
ASG	Save in the appropriate audited body's <b>Financial Audit - Outputs</b> library (or <b>Key Client Documents</b> for the audited accounts) on SharePoint and email a hyperlink to <a href="mailto:outputs@audit-scotland.gov.uk">outputs@audit-scotland.gov.uk</a>
Firms	Email to <a href="mailto:outputs@audit-scotland.gov.uk">outputs@audit-scotland.gov.uk</a>

### Local government sector

Date	Activity	Contact	Section
08/11/19	Submit appointment lead and manager contact details, and audited body billing details	Owen Smith	1
30/11/19	Submit Fraud Return 1	Anne Cairns	5I
06/12/19	Submit initial fee claim (firms)	Owen Smith	AQA guidance
06/01/20	Submit December progress report (firms)	Owen Smith	AQA guidance
17/01/20	Submit Current Issues Return 1	Anne MacDonald	5D
28/02/20	Submit Fraud Returns 2	Anne Cairns	5I
28/02/20	Submit NFI questionnaire	Anne Cairns	5K
20/03/20	Submit Current Issues Return 2	Anne MacDonald	5D
31/03/20	Submit Annual Audit Plan	Owen Smith	1
31/03/20	Submit BVAP	Fiona Mitchell-Knight	3
03/04/20	Submit March progress report (firms)	Owen Smith	AQA guidance
29/05/20	Submit dataset part 1 for financial overview	Brian Howarth	4 and Addendum
31/05/20	Submit Fraud Returns 3	Anne Cairns	5I
03/07/20	Submit June progress report (firms)	Owen Smith	AQA guidance
31/07/20	Submit report on EMA claim to SG	Anne Cairns	5E
07/08/20	Submit Current Issues Return 3	Anne MacDonald	5D

Date	Activity	Contact	Section
TBA	Submit dataset part 2 for financial overview	Brian Howarth	4 and Addendum
30/08/20	Submit Fraud Returns 4	Anne Cairns	5I
03/10/20	Submit September progress report (firms)	Owen Smith	AQA guidance
06/10/20	Submit report on NDR return to SG	Anne Cairns	5F
23/10/20	Submit Current Issues Return 4	Anne MacDonald	5D
30/11/20	Express opinions on annual accounts	Paul O'Brien	2 and Addendum
30/11/20	Submit Annual Audit Report and one set of audited accounts	Owen Smith	2&6
30/11/20	Submit all remaining outputs of the audit	Owen Smith	6
30/11/20	Submit final fee claim and final progress report (firms)	Owen Smith	AQA guidance
TBA	Submit WGA assurance statement and return to NAO	Neil Cameron	5G
31/01/21	Submit report on housing benefit subsidy claim to DWP	Anne Cairns	5F

#### Notes

1 TBA -Dates are to be advised.

2 In addition, auditors are required to communicate emerging sectoral and technical risks and issues; potential statutory report subjects; information on money laundering; information on performance audits and impact reports; and consultation comments on TGNs.

## Central government sector

Date	Activity	Contact	Section
08/11/19	Submit appointment lead and manager contact details, and audited body billing details	Owen Smith	1
30/11/19	Submit Fraud Returns 1	Anne Cairns	5I
06/12/19	Submit initial fee claim (firms)	Owen Smith	AQA guidance
06/01/20	Submit December progress report (firms)	Owen Smith	AQA guidance
28/02/20	Submit Annual Audit Plan	Owen Smith	1
28/02/20	Submit Fraud Returns 2	Anne Cairns	5I
28/02/20	Submit NFI questionnaire	Anne Cairns	5K
03/04/20	Submit March progress report (firms)	Owen Smith	AQA guidance
31/05/20	Submit Fraud Returns 3	Anne Cairns	5I
03/07/20	Submit June progress report (firms)	Owen Smith	AQA guidance
30/08/20	Submit Fraud Returns 4	Anne Cairns	5I
03/10/20	Submit September progress report (firms)	Owen Smith	AQA guidance
30/10/20 <sup>2</sup>	Express opinions on annual accounts	Paul O'Brien	2
30/10/20 <sup>2</sup> & <sup>3</sup>	Submit Annual Audit Report and two sets of audited accounts	Owen Smith	2&6
30/10/20 <sup>2</sup>	Submit all remaining outputs of the audit	Owen Smith	6
30/10/20 <sup>2</sup>	Submit final fee claim & final progress report (firms)	Owen Smith	AQA guidance
TBA	Submit WGA assurance statement and return to NAO, where required	Neil Cameron	5F

### Notes

1 TBA -Date is to be advised..

2 The deadline for Scottish Water is 12/06/20.

3 Three sets of audited accounts for Scottish Police Authority.

4 In addition, auditors are required to communicate emerging sectoral and technical risks and issues; potential statutory report subjects; information on money laundering; information on performance audits and impact reports; and consultation comments on TGNs.

**Health sector**

<b>Date</b>	<b>Activity</b>	<b>Contact</b>	<b>Section</b>
08/11/19	Submit appointment lead and manager contact details, and audited body billing details	Owen Smith	AQA guidance
30/11/19	Submit Fraud Returns 1	Anne Cairns	5I
06/12/19	Submit initial fee claim (firms)	Owen Smith	AQA guidance
06/01/20	Submit December progress report (firms)	Owen Smith	AQA guidance
28/02/20	Submit Annual Audit Plan	Owen Smith	1
28/02/20	Submit Fraud Returns 2	Anne Cairns	5I
28/02/20	Submit NFI questionnaire	Anne Cairns	5K
03/04/20	Submit March progress report (firms)	Owen Smith	AQA guidance
31/05/20	Submit Fraud Returns 3	Anne Cairns	5I
31/08/20	Submit Fraud Returns 4	Anne Cairns	5I
30/09/20	Express opinions on annual report and accounts	Paul O'Brien	2 and Addendum
30/09/20	Submit excel version of audited accounts and consistency certificate	Owen Smith	2
30/09/20	Submit Annual Audit Report and two sets of audited accounts	Owen Smith	2&6 and Addendum
01/10/20	Submit dataset for annual performance report	Leigh Johnston	4 and Addendum
01/10/20	Submit all remaining outputs of the audit	Owen Smith	6
03/10/20	Submit final fee claim and June progress report (firms)	Owen Smith	AQA guidance

**Note**

<sup>1</sup> In addition, auditors are required to communicate emerging sectoral and technical risks and issues; potential statutory report subjects; information on money laundering; information on performance audits and impact reports; and consultation comments on TGNs.

## College sector

Date	Activity	Contact	Section
06/01/20	Submit appointment lead and manager contact details, and audited body billing details	Owen Smith	1
07/02/20	Submit initial fee claim (firms)	Owen Smith	AQA guidance
28/02/20	Submit Fraud Returns 1	Anne Cairns	5I
28/02/20	Submit NFI questionnaire	Anne Cairns	5K
03/04/20	Submit March progress report (firms)	Owen Smith	AQA guidance
31/05/20	Submit Fraud Returns 2	Anne Cairns	5I
30/06/20	Submit Annual Audit Plan	Owen Smith	1
03/07/20	Submit June progress report (firms)	Owen Smith	AQA guidance
31/08/20	Submit Fraud Returns 3	Anne Cairns	5I
03/10/20	Submit September progress report (firms)	Owen Smith	AQA guidance
31/11/20	Submit Fraud Returns 4	Anne Cairns	5I
31/12/20	Express opinions on annual accounts	Paul O'Brien	2
31/12/20	Submit Annual Audit Report and two sets of audited annual accounts	Owen Smith	2&6
31/12/20	Submit dataset for annual performance report	Mark MacPherson	4
31/12/20	Submit all remaining outputs of the audit	Owen Smith	6
07/01/21	Submit final fee claim and final progress report (firms)	Owen Smith	AQA guidance

## Note

1 In addition, auditors are required to communicate emerging risks and issues; potential statutory report subjects; information on money laundering; information on performance audits and impact reports; and consultation comments on TGNs.

# Guidance on planning 2019/20 audits - Addendum

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