

# Guidance on planning the annual audit

2022/23 annual audits of public bodies



 AUDIT SCOTLAND

Prepared by Professional Support for auditors in all sectors

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# Contents

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Introduction	3
1: Annual Audit Plans for 2022/23	9
2: Auditing the annual accounts	11
3: Areas of wider audit scope	23
4: Considering Best Value arrangements	28
5: Other audit outputs	33
6: Information returns required by Audit Scotland	36
7: Other core responsibilities or activities	42
8: Additional audit activity	48
9: Audit completion	49

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# Introduction

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## Purpose of guidance

1. The purpose of this guidance from Audit Scotland's Professional Support is to assist auditors appointed by the [Auditor General for Scotland](#) and the [Accounts Commission](#) to plan their 2022/23 annual audits of public bodies.
2. This guidance supplements the [Code of Audit Practice \(2021\)](#) and sets out the range of core annual audit activity and related outputs required for 2022/23, and the timescales for completing the audit in each sector.

## Context for 2022/23 audits

3. Scotland's public services are facing unprecedented challenges. Recovery and renewal of public services present opportunities and risks, against a backdrop of tight budgets, pay and inflationary pressures, and increasing demand for services. Complex, long-term issues such as improving economic performance and addressing inequality, climate change and cyber threats require concerted action and innovative solutions.
4. In such a complex environment, exacerbated by the pandemic, the Auditor General and the Accounts Commission underline their ambition that independent, objective and high-quality public audit continues to support a strong and effective system of accountability and transparency. The Auditor General and the Commission oversee a joint programme of work which reports on their respective priorities and joint commitments. The work programme brings together the annual audit with national reporting on performance audits. In the case of local government, this includes an integrated annual audit which reports on the statutory and strategic commitment related to Best Value. This guidance helps to deliver the work programme.
5. The 2022/23 audit year is the first of the new five-year audit appointments, and hence the first year of the new Code of Audit Practice. The first year of audit appointments are generally challenging as auditors become familiar with new audited bodies, and Audit Scotland has issued [guidance](#) to auditors on managing the handover to 2022/23 audits. However, a change in appointments is also an opportunity to build new relationships, bring fresh perspectives, and create new avenues for public audit to have an impact in important areas.
6. The policy of the Auditor General and the Accounts Commission is not to compromise on audit quality or the wellbeing of audit teams, but that timescales are negotiable. This guidance is intended to strike the right balance in 2022/23 between ambitions for public audit and the capacity for auditors to carry out the work to the appropriate high quality. Target audit completion dates are considered to be stretching but achievable for the majority of audits.

## Status of guidance

7. In accordance with Appendix 6 of the Code of Audit Practice (2021), appointed auditors and their audit teams are required to comply with this guidance when planning, performing and reporting their 2022/23 audits.

## Summary of audit activities

8. The largest component of core annual audit activity is the audit of a public body's annual accounts. However, the audit of the annual accounts has a wider scope than the private sector, and requires conclusions on aspects of public bodies' arrangements and performance. In local government, public audit includes considering arrangements to secure Best Value and community planning and publishing performance information. Auditors also provide important intelligence to the Auditor General, Accounts Commission and Audit Scotland in areas where they are best placed to do so.

9. The following table summarises:

- the activities comprising the core annual audit that are reflected in the expected fee set by Audit Scotland
- the outputs associated with each audit activity (with those produced by auditors distinct from those for which their work contributes)
- the chapter in this guidance which covers each activity.

Auditor activity	Output (auditor-produced)	Output (auditor contributes)	Chapter
Perform an audit of the annual accounts and express specified audit opinions	Annual Audit Plan Any Management/Interim report(s) Independent Auditor's Report Annual Audit Report		2
Consider and report on wider-scope areas	Annual Audit Plan Annual Audit Report		3
Consider and report on Best Value arrangements	Annual Audit Plan Management report Annual Audit Report	Controller of Audit report (not required in 2022/23)	4
Perform an audit of approved claims and returns and report on them	Annual Audit Plan Auditor certificate on housing benefit subsidy claim Auditor certificate on non-domestic rate return	Non-Domestic Rates Account	5A

Auditor activity	Output (auditor-produced)	Output (auditor contributes)	Chapter
Provide assurance on specified returns	Annual Audit Plan		5B
	Assurance Statement on Whole of Government Accounts (WGA) return	Treasury WGA	
	Assurance Statement on consolidation schedules of health boards	Scottish Government Consolidated Accounts	
	Assurance Statement on summary financial statements	A public body's separate Annual Report	
Contribute information to sector annual reports	Information returns	Sector annual reports	6A
Prepare and submit Current Issues Returns for local government	Four Current Issues Returns	Current issues report	6B
Provide information on cases of fraud	Fraud Return on each case	Technical Bulletins Annual Fraud Report	6C
Contribute to Technical Guidance Notes	Consultation response sheet on draft Technical Guidance Notes	Technical Guidance Notes	6D
Share intelligence on health and social care	Information return		6E
Consider and report on Statutory Performance Information arrangements	Annual Audit Plan		7A
	Annual Audit Report		
Highlight issues for potential statutory reports		Statutory reports	7B
Communicate emerging issues to Audit Scotland			7C
Contribute to sector meetings			7D

Auditor activity	Output (auditor-produced)	Output (auditor contributes)	Chapter
Carry out preliminary enquiries into referred correspondence		Response to correspondents	7E
Consider statutory objections to the annual accounts	Response to objection		7F
Contribute to National Fraud Initiative (NFI) report	Annual Audit Report (where necessary)		7G
Provide information on cases of money laundering		Report to National Crime Agency	7H
Contribute to housing benefit performance audits		Housing Benefit Audit Report	7I
Contribute to the Shared Risk Assessment			7J

**10.** The Annual Audit Report is a key output. The Code of Audit Practice requires auditors to produce an Annual Audit Report for each audit appointment. The report should be addressed to the audited body and (depending on the sector) to either the Auditor General or Controller of Audit.

**11.** The content of Annual Audit Reports is discussed throughout this guidance and submission dates are set out at chapter 9.

## Submission of outputs

**12.** Auditors should submit to Audit Scotland all outputs that they are required to produce as follows:

Auditor	Submission
ASG	Save in the appropriate audited body's Financial Audit - Outputs library 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>

## Fee for the Audit

13. Auditors should use the flexibility within the Fee for the Audit arrangements to resource the core annual audit activities set out in the table at paragraph 9. Guidance on determining agreed audit fees in conjunction with audited bodies, as well as the construction of expected fee ranges is included in [guidance](#) provided by Audit Scotland's Audit Quality and Appointments (AQA) team. The AQA guidance states that the planning guidance will advise of the level of expected fees below which auditors may negotiate an increase to auditor remuneration by up to 20% (rather than the standard 10%). The level for 2022/23 is £35,000 (up from £27,000 in 2021/22).

14. Although they are within core annual audit activity, the construction of expected fees by AQA does not provide for the following:

- The consideration of objections in local government (see section 7F). An additional fee may be required.
- The cost of auditing section 106 charities (explained in section 7K). Auditors should agree the fees for such audits at the same time as agreeing the fee for the council, and report them separately in the Annual Audit Plan.

## Key changes for 2022/23

15. The following table provides a summary of the key changes in this guidance compared with the 2021/22 guidance, and the relevant chapter that explains it:

Nature of change	Chapter
The level of expected fees below which auditors may negotiate an increase to auditor remuneration by up to 20% has increased to £35,000.	Introduction
The target date for submitting Annual Audit Plans to Audit Scotland for central government and health has moved back one month to 31 March.	1
Guidance has been provided on the new requirement of the Code of Audit Practice (2021) to report key audit matters in the Annual Audit Report.	2
The target submission dates for the audited annual accounts have been brought forward for local government (30 September) and health (30 June).	2
Guidance has been added on specific wider-scope audit work required on climate change.	3
Guidance has been added on considering risks related to cyber security.	3
Guidance has been updated to reflect the new approach to auditing Best Value.	4
Guidance on grant claims and returns has been updated to reflect that any returns not on the approved list should be treated as non-audit services.	5A
The target submission dates for the Annual Audit Reports have been brought forward for local government (30 September) and health (30 June).	9

## Contact points

16. The main contact points for this chapter are set out in the following table:

Area	Contact	Contact details
Fee for the audit	Owen Smith in AQA	<a href="mailto:osmith@audit-scotland.gov.uk">osmith@audit-scotland.gov.uk</a>
Remainder of the chapter	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>



# 1: Annual Audit Plans for 2022/23

## Introduction

**17.** As part of the audit planning process, appointed auditors should prepare an Annual Audit Plan that documents how they intend to meet their responsibilities for the delivery of high-quality audits in 2022/23 in accordance with this guidance.

**18.** The Annual Audit Plan should contain an overview of the planned scope and timing of the core annual audit activity to be carried out and be presented to those charged with governance at each body.

## Components of plans

**19.** Annual Audit Plans should include the following components:

Required component	Explanation
Name of appointment lead	The appointment lead is the public sector equivalent of engagement partner and is: <ul style="list-style-type: none"> <li>the individual in Audit Scotland appointed as auditor</li> <li>the partner or other individual in the firm who is responsible for delivery of the audit on behalf of the firm.</li> </ul>
Planned work	Work planned to meet the auditor's responsibilities for core annual audit activity.
Work to address risks	Where significant risks to the annual accounts and wider-scope areas are identified at the planning stage, auditors should indicate the audit work planned in the year to address them.
Best Value	Guidance is provided at chapter 4.
Outputs	A complete list of outputs for 2022/23 planned to be produced by auditors that will be submitted to the audited body (i.e. information returns submitted to Audit Scotland only do not require to be included) and target submission dates. The target dates for submitting audit outputs should be when auditors expect to submit the final version, including an agreed action plan where applicable.
Responsibilities	The respective responsibilities of the audited body and auditor.
Independence	Confirmation of the independence of the appointed auditor.
Materiality	Information on materiality. Guidance is provided at chapter 2.

Required component	Explanation
Less Complex Bodies	An explanation of the judgement that the audited body is considered to meet the criteria to be treated as less complex for wider scope areas. Guidance is provided at chapter 3.
Agreed fee for the audit	Auditors should refer to the Introduction chapter for information on the construction of fees.

## Submission of plans

**20.** Auditors should submit Annual Audit Plans to Audit Scotland in accordance with paragraph 12 as soon as they have been presented to those charged with governance, and no later than **31 March 2023 (30 June 2023** for colleges). This date is one month later for central government and health than applied for 2021/22.

**21.** If it is not possible to present the plans to those charged with governance before 31 March (30 June for colleges), e.g. due to the scheduling of meetings, auditors should submit draft plans to Audit Scotland by the target date, indicating when the final version will be available, and submit those final plans as soon as possible.

**22.** AQA does not approve Annual Audit Plans but will contact auditors if more information is needed. For example, this may be the case if auditors do not provide explanations for any fees above the expected fee, or fail to clearly identify whether the fee has been agreed with the audited body.

## Contact point

**23.** The main contact point for Annual Audit Plans is Owen Smith in AQA - [osmith@audit-scotland.gov.uk](mailto:osmith@audit-scotland.gov.uk).

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## 2: Auditing the annual accounts

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### Introduction

24. Appointed auditors are required to perform an audit of the financial statements of public bodies, consider other information within their annual accounts, and express a number of audit opinions in an Independent Auditor's Report in accordance with [ISAs \(UK\)](#), Practice Note 10 and [guidance](#) from Professional Support.

### Risks of material misstatement in financial statements

25. As part of auditing the financial statements (and Remuneration Report), auditors are required by ISA (UK) 315 to identify and assess risks of material misstatement.

26. Professional Support will provide auditors with Technical Guidance Notes (TGNs) to assist in the consistent identification of risks of material misstatements. The TGNs are scheduled to be published in:

- November 2022 ([local government](#))
- January 2023 ([central government](#)), with a module for health boards in February 2023 and colleges in August 2023.

27. The TGNs will also assist auditors in performing a high-quality audit by explaining Professional Support's view on the appropriate accounting treatment related to each risk and setting out the action auditors should undertake. This is intended to inform auditor's professional judgement and promote the exercise of professional scepticism. Auditors should pay due regard to the TGNs and should advise Professional Support of any intended departure from the guidance.

### Statutory Other Information

28. In addition to the financial statements and Remuneration Report, the annual accounts include Statutory Other Information, e.g. a Management Commentary/Performance Report and Governance Statement. Auditors are required to consider whether the Statutory Other Information is consistent with the financial statements and has been prepared in accordance with applicable requirements.

29. The TGNs will set out the procedures that auditors should carry out.

## Materiality

30. The concept of materiality is applied by auditors both in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. Auditors should:

- explain the concept of materiality and the materiality figures used (as a whole and performance materiality) in the Annual Audit Plan. If there is a lower materiality for particular transactions or balances, this should also be explained
- consider the public interest factor inherent to their work and apply judgement when determining the above amounts, in compliance with [ISA \(UK\) 320](#) and Practice Note 10
- include in their Annual Audit Plans the 'clearly trivial' thresholds for accumulating and reporting misstatements under [ISA \(UK\) 450](#). This threshold should also reflect the public interest factor and must not exceed £250,000.

## Receipt of unaudited annual accounts

31. The timescales for receiving the unaudited annual accounts are summarised in the following table:

Sector	Legislation	Timescales
Local government	The Local Authority Accounts (Scotland) Regulations 2014 (accounts regulations)	Requirement to submit unaudited annual accounts to auditors by 30 June 2023.
Other sectors	Public Finance and Accountability (Scotland) Act 2000 (PFA Act)	Six month statutory deadline for submitting accounts for audit. However, auditors should agree with the body when the accounts will be received bearing in mind the target dates for submitting the audited annual accounts to Audit Scotland (set out later in this chapter).

## Consultation with Professional Support

32. Appointment leads and audit teams are encouraged to [consult with Professional Support](#) on complex technical matters. This may include obtaining a second opinion on the applicable accounting treatment for an unusual transaction, an interpretation of a public sector financial reporting requirement, or a view on the appropriate accounting policy for a complex matter.

33. When consulting with Professional Support, auditors are asked to:

- use the [TechnicalQueries@audit-scotland.gov.uk](mailto:TechnicalQueries@audit-scotland.gov.uk) email address (using another address may result in delays in responding)
- provide Professional Support with sufficient information and time to properly consider the matter
- form their own preliminary judgement on the matter; Professional Support can then provide advice to inform auditor's final judgement.

34. Where any emerging technical risks may have wider application to other bodies Professional Support will then disseminate information to other auditors (e.g. a Frequently Asked Questions note) to promote a consistent approach.

## Technical developments

35. In order to deliver a high-quality audit, auditors are expected to keep their knowledge up-to-date on the main public sector technical developments that are relevant to their audit appointments. Professional Support provides information on [latest technical news](#) on an ongoing basis and will provide quarterly [Technical Bulletins](#) to assist in this regard, and to provide guidance on any emerging risks.

36. Some of the key developments for 2022/23 audits are briefly summarised in the following table:

Development	Summary of impact
Implementation in most sectors of IFRS 16 Leases to replace IAS 17	<p>IFRS 16 will significantly change the way in which lessees account for operating leases. Key points include:</p> <ul style="list-style-type: none"> <li>• The previous accounting model under IAS 17 required lessees and lessors to classify their leases as either finance leases or operating leases and account for those two types of leases differently.</li> <li>• IFRS 16, in contrast with IAS 17, requires lessees to recognise assets and liabilities for the rights and obligations arising from leases previously classified as operating leases.</li> <li>• IFRS 16 is mandatory for central government bodies and health boards and may be voluntarily adopted by local government bodies in 2022/23 (becoming mandatory in 2024/25).</li> </ul>
Revisions to <a href="#">ISA (UK) 315</a> on auditors' responsibility to identify and assess the risks of material misstatement in the financial statements	<p>Revised requirements in ISA (UK) 315 include the following:</p> <ul style="list-style-type: none"> <li>• An emphasis has been added on the need for auditors to not bias their work toward obtaining corroborative evidence or excluding evidence that is contradictory.</li> <li>• The concept of 'inherent risk factors' has been introduced to assist the auditor in identifying events or conditions that may affect the susceptibility of assertions about classes of transactions, account balances or disclosures to misstatement.</li> </ul>

Development	Summary of impact
	<ul style="list-style-type: none"> <li>• A new concept of significant classes of transactions, account balances or disclosures refers to those classes for which there are assertions with an identified risk of material misstatement (referred to as relevant assertions).</li> <li>• A new concept of spectrum of inherent risk applies to the extent to which inherent risk varies.</li> <li>• Significant risk relates to an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the affect of inherent risk factors on the combination of the likelihood of a misstatement and the magnitude.</li> <li>• A requirement for auditors to understand the body's use of IT in its business, the related risks and the system of internal control addressing such risks. Guidance from Audit Scotland's Digital Auditing team will be provided to assist auditors in this regard.</li> </ul>
Revisions to <a href="#">ISA (UK) 240</a> on material misstatements caused by fraud	Requirements in ISA (UK) 240 have been enhanced for the identification and assessment of risks of material misstatement due to fraud and the procedures to respond to those risks.
Revisions to Practice Note 10 which applies ISAs (UK) to the public sector	Revisions in Practice Note 10 are expected to reflect the revised ISA (UK) 315, including examples of inherent risk factors that may be particularly relevant to public bodies, and ISA (UK) 240.

## Group audits

**37.** Most councils and many other audited bodies prepare group financial statements which therefore require a group audit. [ISA \(UK\) 600](#) requires the group auditor to assess the component auditor's independence, competence and the regulatory environment in which they work. As part of documenting their assessment, group auditors should consider using the [Quality of Public Audit in Scotland Report](#) which is issued in June each year by AQA where the component auditor is appointed by the Auditor General and Accounts Commission.

**38.** The expectations of group and component auditors are summarised in the following table:

Group auditor	Component auditor
Ensure the parent body provides appropriate direction to its components on the timely completion of their audits	Cooperate with group auditors in providing appropriate assurances
Correspond with component auditors in sufficient time	Complete relevant questionnaires from the group auditor and submit on time

## Shared systems and functions

39. The Auditor General and Accounts Commission strongly encourage auditors to seek efficiencies and avoid duplication of effort by liaising closely with other auditors, agreeing an appropriate division of work and sharing audit findings. The arrangements referred to below merit special mention.

### Assurance protocols

40. Professional Support produces protocols to provide an agreed framework for auditors to seek and provide assurances in specific areas. The [assurance protocols](#) that will be produced for 2022/23 audits are set out in the following table:

Protocol	Subject	Scheduled publication
Local Government Pension Scheme	Assurances sought between auditors of pension funds and auditors of employing bodies in respect of the calculation of pension contributions and reliability of source data passed to actuaries.	January 2023
Integration Joint Boards (IJB)	Assurances sought from IJB auditors from the auditor of the constituent councils and health board in respect of the controls in place at those bodies and the amounts included in the IJB accounts.	February 2023
Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	Assurances provided by Professional Support to auditors of health boards on the Central Legal Office's (CLO) work intended to: <ul style="list-style-type: none"> <li>• provide assurance on the methodology used in the calculation of the CNORIS national obligation at 31 March 2023</li> <li>• inform auditors' evaluation of the role of the CLO as a management expert.</li> </ul>	May 2023

### Service auditor and similar assurance reports on health boards

41. Assurance reports are prepared by service auditors in the health sector under [ISA \(UK\) 402](#) covering the national systems/arrangements. There are also similar reports providing assurance in specific areas. These reports are summarised in the following table:

Shared service	Service auditor and similar reports
<p><b>Primary care payments</b></p> <p>This arrangement covers payments made by NHS National Services Scotland (NSS) to primary care practitioners on behalf of health boards for general medical services, general dental services, general ophthalmic services and general pharmaceutical services.</p>	<p>NSS produces an assurance report and procures a service auditor report from KPMG which it provides to the health boards concerned (expected in May 2023). The external auditor of the NSS will:</p> <ul style="list-style-type: none"> <li>• review the work of the service auditor and report the results of the review to the auditors of health boards</li> <li>• as a new source of assurance for 2022/23, perform substantive testing of practitioner service payments and provide assurance to the auditors of health boards.</li> </ul>
<p><b>National IT contract</b></p> <p>This contract covers the services provided by ATOS Origin Alliance e.g. controls over the server supporting eFinancials.</p>	<p>NSS procures a service auditor report from KPMG which will be issued in May 2023 to the health boards concerned.</p>
<p><b>National Single Instance (NSI) eFinancials</b></p> <p>NHS Ayrshire &amp; Arran host this service including the Real Asset Management system on behalf of all Scottish health boards.</p>	<p>The service audit provider BDO LLP are expected to issue their report in May 2023.</p>

**42.** Other service auditor reports may be provided by boards to cover arrangements they have in place with other individual boards. For example, NSS issues a service report to NHS Healthcare Improvement Scotland, NHS 24 and other bodies for the payroll services that they provide.

**43.** Auditors of user bodies should consider the auditor assurance reports when evaluating health board systems.

### Scottish Government shared systems

**44.** The Scottish Government is responsible for the financial systems which provide income and expenditure information for inclusion within the financial statements of a range of public bodies. The auditor of the Scottish Government will provide details of external audit work carried out on the Scottish Government's main financial systems. This is provided to support auditors' understanding of the nature and significance of the services provided by the Scottish Government and their effect on relevant internal controls, as part of the overall identification and assessment of risks of material misstatement.

**45.** These main systems include Cash and bank; Accounts payable; Accounts receivable; Payroll; and General ledger (Scottish Executive Accounting System). The controls testing undertaken reflects the auditor's understanding of the key controls and the controls apply equally across all entities who utilise Scottish Government systems.



46. It is expected that information will be provided by the Scottish Government auditor in June 2023.

## Independent auditor's report

47. The Code of Audit Practice requires auditors to report on their audit and consideration of the annual accounts in an [Independent Auditor's Report](#) prepared as specified in guidance provided by Professional Support. Auditors are required to express separate opinions in the Independent Auditor's Report on:

- the financial statements
- the regularity of income and expenditure (other than local government)
- the audited part of the Remuneration Report
- whether the Management Commentary/Performance Report and Governance Statement are consistent with the financial statements and have been prepared in accordance with requirements.

48. Conclusions are also required on specified matters on which auditors are required to report by exception, e.g. whether adequate accounting records have been kept.

49. The TGNs containing guidance on the above for 2022/23, including model forms of Independent Auditor's Reports, will be available to audit providers from the [Independent Auditor's Report](#) site in Audit Scotland's SharePoint. The scheduled months for publishing the TGNs are set out in the following table:

Sector	Scheduled month
Central government	February 2023
Health	March 2023
Local government	April 2023
Colleges	August 2023

50. Independent Auditor's Reports are an integral part of the audited annual accounts which are submitted to Audit Scotland (covered later in this chapter). There is no requirement for the Independent Auditor's Reports to be submitted separately.

## Going concern

51. The concept of going concern applies in the public sector but in a different way to the private sector. The guidance in Practice Note 10 on applying ISA (UK) 570 Going Concern advises that in most public bodies, the use of the going concern basis of accounting is straight-forward because the applicable financial reporting frameworks envisage that it will apply where the body's services will continue to be delivered by the public sector. Auditors may therefore be able to conclude that a going concern basis of accounting is appropriate without significant work such as detailed cashflow projections.

**52.** Professional Support does not expect that auditors will generally have to report any matter in the Independent Auditor's Report in respect of going concern, and can simply use the standard wording in the model forms of Independent Auditor's Report.

**53.** More audit work is appropriate where there is an intention by the government to discontinue a body's operations or transfer their functions outwith with the public sector (privatised). If the body's functions are to be discontinued or privatised, auditors may wish to seek confirmation from the sponsor department that the body continues to have financial backing to utilise its assets and meet liabilities as they fall due. If adequate confirmations are received, it is reasonable to conclude that the going concern basis is appropriate. If no such confirmation is provided, auditors may decide there is a material uncertainty to be disclosed.

**54.** Auditors should refer to the fuller guidance provided by Professional Support in [Going concern in the public sector - Guide for auditors](#).

## Key audit matters

**55.** [ISA \(UK\) 701](#) defines key audit matters as those selected from matters communicated to those charged with governance that were of most significance in the audit of the financial statements. It requires key audit matters to be reported in the Independent Auditor's Report. This requirement applies directly to the small number of public bodies that are public interest entities or which report on how they have applied the UK Corporate Governance Code.

**56.** Paragraph 80 of the Code of Audit Practice (2021) applies the requirement to communicate key audit matters to all bodies but requires them to be reported in the Annual Audit Report. This includes those bodies that also report them in the Independent Auditor's Report. This is a wider requirement than in the 2016 edition of the Code which applied only paragraphs 11(a) and 16-1 of ISA (UK) 701. In summary, auditors should:

- determine the matters communicated to those charged with governance that required the most significant auditor attention in the audit
- describe each key audit matter in the Annual Audit Report including a reference to the related disclosures, if any, in the financial statements
- explain why the matter was considered to be of most significance in the audit and how it was addressed in the audit, including significant judgments made by the audit team with respect to the matter.

**57.** Paragraphs 11(a) and 16-1 of ISA (UK) 701 continue to apply and therefore Annual Audit Reports are required to include:

- a description of the most significant assessed risks of material misstatement that were identified by the auditor which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the audit team

- how each of the above significant risks of material misstatement was addressed, including significant judgements made with respect to each one
- the materiality threshold for the financial statements as a whole and performance materiality, and an explanation of the significant judgments in determining these amounts
- an overview of the scope of the audit, including an explanation of how it addressed each of the significant assessed risks of material misstatement and how it was influenced by the auditor's application of materiality.

## Less Complex Bodies

58.Paragraph 84 of the Code of Audit Practice (2021) states that a full ISA-compliant audit of the annual accounts is required for bodies that are determined to be less complex (Less Complex Bodies) unless an alternative approach is specified. An alternative approach has not been specified for 2022/23, and therefore auditors should perform their audit of the accounts of Less Complex Bodies in accordance with ISAs (UK).

59.Guidance on wider-scope work for Less Complex Bodies is provided in chapter 3.

## Submission of audited annual accounts

### Target submission dates

60.Auditors should submit the audited annual accounts of each audited body, incorporating the signed Independent Auditor's Report, to Audit Scotland in accordance with paragraph 12. Auditors should aim to submit the audited annual accounts by the target date set for the relevant sector.

61.Submission dates for the last three years were deferred as a result of the impact of the pandemic. The target submission dates set by the Auditor General and Accounts Commission for 2022/23 are explained in the following table:

Sector	Target dates	Comments
Health	<b>30 June 2023</b>	This date is normally set to be consistent with the administrative date set by the Scottish Government for health boards to submit their audited accounts.  It was moved to 30 September for 2019/20 and 2020/21, and 31 August for 2021/22, but is returning to the pre-pandemic 30 June for 2022/23.
Central government - agencies and non-ministerial departments (NMDs)	<b>31 August 2023</b>	The date for agencies and NMDs is, like health, set to be consistent with the administrative dates set by the Scottish Government.  It was moved to 30 September for 2019/20 and 2020/21, and 31 August for 2021/22. The submission date remains at 31 August for 2022/23.

Sector	Target dates	Comments
Local government	<b>30 September 2023</b>	<p>The submission date for local government is generally set to be consistent with the date specified in accounts regulations by which a body is required to approve its audited annual accounts.</p> <p>The Coronavirus (Scotland) Act 2000 permitted a deferral in 2019/20 and 2020/21 to 30 November, and a temporary amendment to the accounts regulations allowed a submission date of 31 October for 2021/22. However, the submission date is returning to the pre-pandemic 30 September for 2022/23.</p>
Central government – NDPBs and similar bodies	<b>31 October 2023</b>	<p>There is currently no administrative date set by the Scottish Government for NDPBs and similar bodies outside the consolidation boundary to submit their audited accounts. The Auditor General has set a date of 31 October to allow sufficient time to arrange for the accounts to be laid before Parliament (explained later in this chapter) and for the preparation of any statutory reports (explained at section 7B).</p>
College	<b>31 December 2023</b>	<p>This is set to be consistent with the submission date set by the Scottish Funding Council.</p>

**62.** The Auditor General and Accounts Commission require audit providers to prioritise the delivery of high-quality audits and the wellbeing of audit staff over meeting the above dates. For the avoidance of doubt, the Auditor General and Commission expect a target submission date to be missed for a particular audit if it cannot be achieved without compromising audit quality or wellbeing.

## Signatures

**63.** Auditors are encouraged to use qualified electronic signatures for signing the audited accounts (appointment lead and audited body signatures). [Guidance](#) has been provided by Audit Scotland. The options for signing the accounts, and related submission requirements, are set out in the following table:

Type of signature	Submission requirements
DocuSign	<p>Audit Scotland offers the option to use DocuSign. Where appointment leads use DocuSign, there is no need to separately submit the signed accounts in either a pdf or paper format as that is done automatically as part of the process.</p>
Alternative qualified electronic signatures system	<p>Where auditors use an alternative qualified electronic signatures system, they should submit the signed audited annual accounts to Audit Scotland in accordance with paragraph 12. The accounts must be in an electronically searchable pdf format. A paper copy of the accounts is not required.</p>

Type of signature	Submission requirements
Qualified electronic signature not used, i.e. signatories use own actual signature	<p>Where a qualified electronic signature system is not used, in addition to submission in an electronically searchable pdf format, auditors should also submit signed paper copies of the annual accounts (one set for local government and two sets for other sectors) to: Owen Smith, Audit Scotland, 102 West Port, Edinburgh, EH3 9DN.</p> <p>Auditors should agree locally the number of paper copy signed sets of audited annual accounts required by the audited body.</p>

## Laying accounts

64. The Auditor General is required to send to the Scottish Ministers the audited annual accounts (other than for local government) who are then required to lay the accounts in the Scottish Parliament by 31 December 2023. AQA arrange on behalf of the Auditor General for the accounts to be sent to the minister of the appropriate department. The options are set out in the following table:

Options	Action
AQA send the accounts and covering letter to the relevant department directly	<p>The recommended option is for AQA to send the audited accounts with a covering letter to the relevant department directly.</p> <p>Auditors should contact AQA if bodies wish to have their accounts laid by a particular date.</p> <p>AQA will send auditors a copy of the covering letter.</p>
AQA send the accounts and covering letter to the body	<p>Some bodies prefer to submit their audited accounts to the department themselves. Where that is the case, AQA send the accounts and covering letter to the body so it can do so.</p>

## Publication of accounts

65. Local government bodies are required to publish their 2022/23 audited annual accounts on their website no later than 31 October 2023.

66. Bodies in other sectors must wait until their audited annual accounts have been laid in Parliament before publishing them on their websites.

67. Appointment leads may simply use their typed name in place of actual signatures for the set of accounts that are published on websites.

## Contact points

68. The main contact points for auditing the annual accounts are set out in the following table:

Area	Contact	Contact details
Assurance protocols and assurance reports for health boards	Neil Cameron in Professional Support	<a href="mailto:ncameron@audit-scotland.gov.uk">ncameron@audit-scotland.gov.uk</a>
Scottish Government shared service	Helen Russell in the Scottish Government audit team	<a href="mailto:hrussell@audit-scotland.gov.uk">hrussell@audit-scotland.gov.uk</a>
Submission and laying of audited annual accounts	Owen Smith in AQA	<a href="mailto:osmith@audit-scotland.gov.uk">osmith@audit-scotland.gov.uk</a>
DocuSign	John Gilchrist in AQA	<a href="mailto:jgilchrist@audit-scotland.gov.uk">jgilchrist@audit-scotland.gov.uk</a>
Remainder of chapter	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>

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# 3: Areas of wider audit scope

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## Introduction

69. Appointed auditors are required to consider the areas defined in the Code of Audit Practice (2021) as wider-scope audit. Auditors should consider these additional requirements when:

- identifying significant audit risks at the planning stage
- reporting the work done to form conclusions on those risks
- making recommendations for improvement and, where appropriate, setting out conclusions on the audited body's performance.

## Wider-scope areas in 2022/23

70. The new Code of Audit Practice has refreshed the areas used to define the wider audit scope. The previous 2016 edition set out four areas (described as audit dimensions), i.e. financial management, financial sustainability, governance and transparency, and value for money.

71. The new Code no longer uses the term audit dimensions, but it retains the areas of financial management and financial sustainability (though redefines each area) and replaces the other two as follows:

- governance and transparency dimension has been replaced with vision, leadership and governance area
- value for money dimension has been replaced with use of resources to improve outcomes.

72. The four wider-scope areas are briefly defined at paragraphs 62 to 70 of the new Code with fuller explanations in supplementary guidance provided by AQA.

## Local risk assessments

73. Auditors should consider the arrangements in place for the wider-scope areas when undertaking their annual risk assessment of the audited body and preparing their 2022/23 Annual Audit Plans:

- If auditors identify significant risks related to a wider-scope area, they should explain the work that they plan to do during the year.
- If no significant risks are identified in respect of any wider-scope area, auditors should state that in their Annual Audit Plans.

**74.** AQA's supplementary guidance provides a series of key questions as examples of the matters auditors should consider when planning their audit work.

## National risk assessment

**75.** Guidance may supplement auditors' own local risk assessments where there are particular areas of national or sectoral risk that the Auditor General and Accounts Commission wish auditors to consider at all bodies (other than Less Complex Bodies).

## Climate change

**76.** Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045, and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

**77.** There are specific legal responsibilities placed on public bodies to contribute to reducing greenhouse gas emissions, to adapt to climate change, to act sustainably and to report on progress. A number of public bodies have declared a climate emergency and set their own net zero targets, some of which are earlier than Scotland's national targets. All public bodies will need to reduce their direct and indirect emissions, and should have plans to do so. Many bodies will also have a role in reducing emissions in wider society, and in supporting activity to adapt to the current and potential future impact of climate change. For example, working with the private sector and communities to help drive forward the required changes in almost all aspects of public and private life, from transport and housing to business support.

**78.** Public audit has an important and clear role to play in:

- helping drive change and improvement in this uncertain and evolving area of work
- supporting public accountability and scrutinising performance
- helping identify and share good practice.

**79.** The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

**80.** For 2022/23 audits, auditors are required to provide answers to the questions set out in the following table which are intended to gather basic information on the arrangements for responding to climate change in each body:



Number	Question
1	<b>What targets has the body set for reducing emissions in its own organisation or in its local area?</b>
2	<b>Does the body have a climate change strategy or action plan which sets out how the body intends to achieve its targets?</b>
3	<b>How does the body monitor and report progress towards meeting its emission targets internally and publicly?</b>
4	<b>Has the body considered the impact of climate change on its financial statements?</b>
5	<b>What are the areas of the financial statements where climate change has, or is expected to have, a material impact?</b>
6	<b>Does the body include climate change in its narrative reporting which accompanies the financial statements and is it consistent with those financial statements?</b>

**81.** Auditors should obtain the necessary information and answer the above questions by completing a return that will be provided by Audit Scotland's Climate Change team. The team will also provide further guidance. The completed return should be submitted to Audit Scotland in accordance with paragraph 12 by the target audit completion date for the sector set out at chapter 9. Auditors should also make an appropriate reference in their Annual Audit Reports.

### Cyber security

**82.** There continues to be a significant risk of cyber-attacks to public bodies, and it is important that they have appropriate cyber security arrangements in place. A number of recent incidents have demonstrated the significant impact that a cyber-attack can have on both the finances and operation of an organisation.

**83.** For 2022/23 audits, auditors are advised to consider risks related to cyber security at audited bodies. However, as explained in chapter 2, the revised ISA (UK) 315 includes enhanced requirements for auditors to understand a body's use of IT in its business, the related risks and the system of internal control addressing such risks. The Auditor General and Accounts Commission consider that meeting these additional requirements is likely to be sufficient consideration of cyber security in 2022/23. Guidance to assist auditors in that regard will be provided by Audit Scotland's Digital Audit team.

**84.** There is no additional work specified by Audit Scotland to be carried out beyond those procedures necessary to comply with the revised ISA, and there are no additional outputs required.

**85.** However, Audit Scotland continues to monitor cyber security arrangements at a national and local level on behalf of the Auditor General and Accounts Commission. Auditors are requested to report any significant incidents, issues or areas of good practice that they become aware of to Audit Scotland's Digital Audit team.

## Less Complex Bodies

**86.** Paragraphs 83 and 85 to 86 of the Code of Audit Practice (2021) address a more limited audit of wider-scope areas for any public bodies that are less complex owing to their size and limited financial activity (referred to as Less Complex Bodies). This is broadly the equivalent of the 'small bodies exemption' permitted by the previous 2016 Code.

**87.** AQA specifies in supplementary guidance the criteria used to determine a Less Complex Body. The guidance also lists bodies that are not to be considered a Less Complex Body.

**88.** Where auditors judge that a public body meets the criteria to be classified as a Less Complex Body, auditors should explain in the 2022/23 Annual Audit Plan:

- the reasons for the classification
- how their judgement aligns with the supplementary guidance.

## Reporting in the Annual Audit Report

**89.** Auditors should report conclusions on the wider-scope areas in the Annual Audit Report. Conclusions reported should be:

- in respect of the effectiveness and appropriateness of the arrangements in place for each wider-scope area
- based on the work carried out
- clear, unambiguous and explicit.

**90.** If significant risks remain, auditors should make recommendations for improvement to mitigate them.

**91.** Auditors should provide a clear narrative that explains the audit findings and the judgements that underpin the conclusions on the wider scope areas reported in the Annual Audit Report. Simply describing the arrangements in place at an audited body would not be sufficient.

**92.** Auditors should also report any good practice identified.

## Contact points

93. The main contacts for wider-scope areas in 2022/23 are set out in the following table:

Area	Contact	Contact details
Climate change	Rebecca Seidel in Climate Change team	<a href="mailto:rseidel@audit-scotland.gov.uk">rseidel@audit-scotland.gov.uk</a>
Cyber security	Neil Reid in Digital Audit team	<a href="mailto:nreid@audit-scotland.gov.uk">nreid@audit-scotland.gov.uk</a>
Less Complex Bodies	John Gilchrist in AQA	<a href="mailto:jgilchrist@audit-scotland.gov.uk">jgilchrist@audit-scotland.gov.uk</a>
Remainder of chapter	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>

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# 4: Considering Best Value arrangements

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## Introduction

94. Local government bodies have a duty under the [Local Government in Scotland Act 2003](#) to make arrangements which secure Best Value. Best Value is continuous improvement in the performance of the body's functions, having regard to:

- efficiency
- effectiveness
- economy
- the need to meet equal opportunity requirements.

95. Local government bodies are required to follow [statutory guidance](#) in respect of their Best Value duties.

96. The wider scope of core annual audit activity in local government includes the statutory duty of auditors under section 99(1)(c) of the Local Government (Scotland) Act 1973 (the 1973 Act) to be satisfied that bodies have made proper arrangements to secure Best Value.

97. Paragraph 60 of the Code of Audit Practice (2021) extends this responsibility to other sectors and requires auditors to consider the arrangements put in place by Accountable Officers to meet their Best Value obligations.

## Best Value audit in councils

98. Under the new Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit work performed by appointed auditors and their teams. Auditors are required to evaluate and report on the performance of councils in meeting their Best Value duties.

99. Support for Best Value audit will be provided by a new central support team embedded within Audit Scotland's Performance Audit and Best Value (PABV) business group. There are the following four aspects to auditors' work:

- Follow-up and risk-based work.
- Service improvement and reporting.
- Thematic reviews.
- Contributing to Controller of Audit reports.

## Follow-up and risk-based work

### Follow-up

**100.** Auditors should follow up Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports and Annual Audit Reports. Auditors should include in their Annual Audit Reports judgements on the pace and depth of improvement.

### Risk-based

**101.** Auditors should:

- pay due regard to the seven Best Value themes in the [statutory guidance](#) which local government bodies are required to follow when evaluating the wider-scope areas explained at Chapter 3 of this guidance
- include significant risks identified in the Annual Audit Plan
- report their conclusions in the Annual Audit Report.

## Service improvement and reporting

### Service improvement

**102.** There is no expectation that auditors should necessarily cover all seven themes in the statutory guidance over the audit appointment. However, theme 3 (effective use of resources) includes an expectation that each council reports effectively on its performance. The guidance advises that councils should be able to demonstrate a trend of improvement over time in delivering their strategic priorities. Auditors should assess annually how effectively each council demonstrates this improvement, and report in the Annual Audit Report for 2022/23 (and for each subsequent year).

### Service reporting

**103.** Auditors should also report in the Annual Audit Report a summary of the information each council reports publicly on its service performance. This should draw upon the information that the council is required to report on by the Accounts Commission's Statutory Performance Information Direction (see section 7A). This takes forward the service assessments previously reported in the Best Value Assurance Reports on each council.

**104.** The information reported by auditors will be a core element of the Controller of Audit reports described later in this chapter.

### Thematic reviews

**105.** Auditors are required to report on Best Value or related themes prescribed by the Accounts Commission. The audit input on this work is not expected to exceed 40 days each year. As thematic review work is integrated with the annual audit, it should be documented in the working papers for each audit.

**106.** The thematic work for 2022/23 requires auditors to carry out an overview of the effectiveness of council leadership (officers and elected members) in

developing new local strategic priorities following the elections in May 2022. In carrying out the overview, auditors should answer the questions set out in the following table:

Number	Questions
1	<b>How clear is the new council vision and its priorities?</b>
2	<b>How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?</b>
3	<b>How effectively do the council priorities reflect the need to reduce inequalities and climate change?</b>
4	<b>How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?</b>
5	<b>Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?</b>

### Judgements

**107.** An audit programme and supporting materials are provided to auditors on the [Best Value Support](#) site. Based on the evidence obtained for the work performed, and the results of work by predecessor auditors, auditors should make a judgement on each of the questions detailed above.

### Management report

**108.** Auditors are required to report their conclusions in a separate management report on this work using a template provided on the [Best Value Support](#) site. The report is a formal output of each audit and should be reported in public to those charged with governance in the council prior to conclusion of the 2022/23 audit. All such reports will also be published on the Audit Scotland website as explained in Chapter 9.

### Annual Audit Report

**109.** Auditors should report a summary of the findings and conclusions from this work in each council's 2022/23 Annual Audit Report. Any areas for improvement identified should be included in the audit recommendations/ action plan points in the Annual Audit Report. Follow up of progress in implementing the improvements should be reported in future years reports.

### National reporting

**110.** The Commission will decide how best to report on the national messages from this work across Scotland. Consultation with auditors may be necessary as part of this process. Auditors may be asked to provide further detail on the audit findings where it is needed to support national reporting.

## Controller of Audit reports

**111.** The Controller of Audit also reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five-year audit appointment.

**112.** The reports will be prepared for the Controller by PABV staff and will be a summary of information and judgements reported by each auditor. Auditors are therefore required to include current judgments on the pace and depth of continuous improvement in the council in their Annual Audit Report. The latest Annual Audit Report will be presented to the Commission with the Controller's reports.

**113.** The programme of Controller reports will commence in October 2023. There are therefore no such reports required for 2022/23 audits. However, in order to provide auditors with advance notice, the following councils are scheduled to be included in the first year of the programme from October 2023 to August 2024:

### Councils scheduled in programme October 2023 to August 2024

Falkirk	Moray	Clackmannanshire	Orkney Islands
South Ayrshire	Dumfries and Galloway	West Dunbartonshire	City of Dundee

## Best Value in other local government bodies

**114.** Auditors' duty to consider the arrangements to secure Best Value also applies to other bodies that fall within [section 106](#) of the 1973 Act. This includes IJBs, valuation joint boards, joint committees, and transport partnerships.

**115.** Auditors should undertake this duty in a way that is proportionate to the size and type of body. Auditors should consider how the body demonstrates that it is meeting its Best Value responsibilities, and should report on the body's own arrangements for doing this in the Annual Audit Report. Work undertaken on the wider-scope areas will contribute to this consideration. It does not require detailed audit work against the Best Value themes and there are no Controller reports. Although the new Code suggests that Controller reports would be required for IJBs, this no longer applies in light of the anticipated plans for the National Care Service.

**116.** In the case of Less Complex Bodies, auditors should consider how the work carried out on areas such as financial sustainability will also meet the Best Value responsibilities.

## Best Value in sectors other than local government

**117.** For sectors other than local government, the Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Ministerial guidance to Accountable Officers](#) for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. Auditors should confirm that there are organisational arrangements in place in this regard when planning and reporting on the wider-scope areas.

**118.** Auditors may also carry out specific audit work covering the seven Best Value characteristics set out in the SPFM. The nature and extent of this work will be generally determined by auditors' annual risk assessment. However, there is an expectation that equalities will be advanced through the audit process, and auditors are advised to carry out work on the Fairness and Equality characteristic at least once during the audit appointment.

### **Contact point**

**119.** The main contact for Best Value audit activity is Fiona Mitchell-Knight in the Best Value Development Team - [fmitchell-knight@audit-scotland.gov.uk](mailto:fmitchell-knight@audit-scotland.gov.uk).



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# 5: Other audit outputs

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## Introduction

**120.** Paragraph 81 of the Code of Audit Practice (2021) advises that the following other outputs may be required from appointed auditors as core annual audit activity in accordance with [guidance](#) from Professional Support:

- Certificates on grant claims and similar returns prepared by audited bodies.
- Assurance statements for Whole of Government Accounts returns or other consolidation schedules.
- Reports on summary financial information.

## 5A Certificates on grant claims and returns

### Approved claims and returns

**121.** Auditors are required to provide certificates on specified grant claims and similar returns prepared by audited bodies as part of the audit appointment where they have been approved by Audit Scotland. The two approved claims/returns for 2022/23 relate to housing benefit (HB) subsidy and non-domestic rates (NDR).

**122.** TGNs providing guidance from Professional Support on their certification are scheduled for publication in April (HB) and May (NDR). These TGNs will advise of the dates for submission of the certificates.

### Other returns

**123.** As a change in principle from previous years, no other grant claim or similar return may be certified in 2022/23 under the audit appointment. However, audit providers may be permitted to undertake this work as a non-audit service rather than as core annual audit activity. If an auditor is approached by a body with a request for such work, the auditor should have regard to the following:

- Certification by internal audit should be encouraged where the paying agency finds this acceptable.
- Where certification by an independent accountant is required, but not specifically the external auditor, bodies may prefer to arrange to have the work carried out by a local firm of accountants.
- Where certification by the external auditor is required or auditors otherwise wish to undertake the work, they are required to seek approval from AQA before accepting it.

**124.** The fee arrangements for non-audit services (as explained in the AQA guidance) are a matter for the body and the auditor. The work should not be included in Annual Audit Plans, and auditors should bill fees directly to the body. However, in order for AQA to monitor the total fee value of non-audit services, the fee income earned should be reported in the final fee claim progress report.

## **5B Assurance statements**

### **Whole of Government Accounts**

**125.** Auditors are required to provide assurance on Whole of Government Accounts (WGA) returns prepared by local government bodies, non-departmental public bodies (NDPBs) and the Scottish Government by:

- examining returns over a prescribed threshold
- completing (partially in the case of bodies below the threshold) and submitting an Assurance Statement to the National Audit Office (NAO)
- submitting the WGA return to HM Treasury and the NAO.

**126.** Professional Support will publish a TGN which will set out the prescribed assurance threshold, the specified testing procedures which auditors are required to follow, and target submission dates. The assurance statement will accompany the TGN. The timescale for publishing the TGN is dependent on the timely receipt of Group Audit Instructions from the NAO. However, the WGA process has been running progressively later over the last few years to such an extent that the 2021/22 process has not yet commenced. It is possible that both the 2021/22 and 2022/23 returns will require to be certified during the 2022/23 audit year and auditors should be prepared for that possibility. The TGN, after due consultation with audit providers, will provide further guidance on how this should be managed.

### **Consolidation schedules**

**127.** The only consolidation schedules that auditors are required to provide assurance on under the audit appointment in 2022/23 relate to templates completed by health boards to facilitate the preparation of the health information included in the Scottish Government Consolidated Accounts.

**128.** Auditors are required to complete an assurance statement for each board stating whether the completed templates are consistent with the audited annual report and accounts. Guidance, including model wording for the assurance statement, will be provided in a TGN from Professional Support planned for March 2023.

## **5C Report on summary financial information**

**129.** In some cases, an audited body may be required by its sponsoring body to produce a separate annual report that includes summary financial statements. In other cases, a body may choose to do so. In either event, auditors are required to express an opinion on the consistency with the audited financial statements.

**130.** Guidance on the testing and reporting procedures to be carried out, including a model report, will be provided in a TGN from Professional Support planned for March 2023.

## Contact points

**131.** The main contacts for other audit outputs are set out in the following table:

Area	Contact	Contact details
Certificates on approved claims and similar returns	Anne Cairns in Professional Support	<a href="mailto:acairns@audit-scotland.gov.uk">acairns@audit-scotland.gov.uk</a>
Other returns	John Gilchrist in AQA	<a href="mailto:jgilchrist@audit-scotland.gov.uk">jgilchrist@audit-scotland.gov.uk</a>
Assurance statements on WGA returns and health board consolidation schedules	Neil Cameron in Professional Support	<a href="mailto:ncameron@audit-scotland.gov.uk">ncameron@audit-scotland.gov.uk</a>
Reports on summary financial information	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>

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## 6: Information returns required by Audit Scotland

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### Introduction

**133.** Paragraph 104 of the Code of Audit Practice (2021) requires appointed auditors to complete information returns as a core annual audit activity. The information returns required for 2022/23 are summarised in the following paragraphs.

### 6A Contributions to performance audit work

**134.** Paragraphs 88 to 92 of the new Code of Audit Practice set out the performance audit work carried out by PABV.

**135.** Paragraph 89 of the Code requires auditors to contribute to performance audit work by providing information on risks and other data from their audits. This involves auditors contributing information on:

- Sectoral annual reports
- Performance audit reports
- Impact reports.

### Sectoral annual reports

**136.** The Accounts Commission has in previous years published two reports covering the local government sector; a financial overview and wider overview:

- Auditors have provided datasets for the financial overview but for 2022/23, this is being replaced with a financial bulletin of key facts from the annual accounts; a dataset will not be required for this bulletin.
- The wider overview report (Local Government Overview 2024) will continue to be prepared. Auditors will be requested to complete a brief dataset containing some important information.

**137.** The Auditor General will publish an annual performance report covering the health sector (NHS in Scotland 2023). The report will use information from the audited accounts and Annual Audit Reports and therefore much of the required information is generally already available from core annual audit activity. However, auditors will be requested to provide supplementary information in a dataset.

**138.** The specification of the dataset will be developed by PABV in consultation with auditors and is expected to be available by June 2023. Auditors should complete the dataset taking due care and attention, and agree factual information with the audited body before submitting them to Audit Scotland in accordance with paragraph 12.

## Performance audit reports and impact reports

**139.** Auditors have a key role to play in helping to deliver the [work programme](#) for performance audits carried out by PABV. Auditors may be asked to contribute information to particular performance audits during 2022/23 audits where they are considered best placed to do so.

**140.** The programme adapts as new issues emerge or risks change and therefore it is not practicable to set out at this stage the specific work, if any, that auditors may be requested to carry out.

## 6B Current Issues Returns (local government)

### Introduction

**141.** Timely communication by auditors of intelligence is important in helping Audit Scotland to maintain a good level of awareness across the local government sector and to keep the Controller of Audit and Accounts Commission informed.

**142.** Auditors of local government bodies are required to submit quarterly Current Issues Returns to Audit Scotland.

**143.** Auditors in other sectors are also required to keep Audit Scotland apprised of noteworthy issues but a formal return is not required. Arrangements for these other sectors are covered at section 7C.

### Scope and use of returns

**144.** Current Issues Returns should:

- focus on the more significant emerging audit issues but should also include key developments for information (e.g. changes in leadership, media headlines)
- cover wider-scope public audit responsibilities, including the arrangements for Best Value, and should not be limited to matters associated with the annual accounts.

**145.** Current Issues Returns are used to prepare reports for the Accounts Commission's Financial Audit and Assurance Committee (FAAC) in its role in considering strategic risks arising from the annual audit. The Commission also uses the current issues process to inform its forward work programme.

**146.** Auditors are encouraged to use the reports considered by the FAAC in building a perspective of the prevalence of risks across the local government sector.

### Completion of returns

**147.** Auditors will be provided with a template Current Issues Return for completion. The template will include any additional guidance (if appropriate) for that quarter's return:

- ASG auditors will be notified by email that a template is available on SharePoint for completion
- firms will receive a template by email for completion.

**148.** It is anticipated that the returns will be completed based on auditors' knowledge obtained from the audit. On occasion, auditors may be requested to provide specific information on an issue so that the FAAC can be provided with the emerging picture across local government.

**149.** Early reporting is recommended even if auditors have not undertaken any work at the point of highlighting a particular issue. Auditors should give an indication of the potential scale of the matter and the likely audit work to be undertaken in reaching a conclusion.

### **Auditor response**

**150.** Auditors should set out their intended audit responses in the Current Issues Return. This demonstrates that planned work is scheduled in response to the potential risk identified and provides assurance to the FAAC that the matter is being appropriately addressed as part of the annual audit.

### **Categorisation of issues**

**151.** In order to demonstrate a connection between an emerging audit issue and risk, the template return categorises issues in line with assessment by the Auditor General and Accounts Commission of the strategic risks affecting the public sector. They are:

- ineffective leadership and governance including a shortfall in skills and capacity
- failures in economic recovery and growth including the effect of withdrawal from the European Union and rising inflation costs
- challenging financial position and growing concern about financial sustainability
- rising inequalities and weakened human rights
- failure to deliver innovation and performance including reduced digital governance and cyber resilience
- impact of constitutional and legislative change.

### **Illustrative examples**

**152.** The following table provides some illustrative examples of reportable issues:

Category	Illustrative reportable issue	Auditor response
Failure to deliver innovation and performance	The council's change programme resulted in an increased number of staff taking exit packages. Exit costs amounted to £3.5m in respect of 136 staff. The council's voluntary severance scheme has a payback period which is longer than most other councils and therefore potential savings will not be immediately apparent.	A detailed review of severance arrangements including the impact on service delivery will be undertaken as part of the audit and reported through the Annual Audit Report.
Challenging financial position	Progress with service redesign savings has been mixed, with only £0.8m achieved against a target of £2m. The auditor had previously reported that savings targets were optimistic. The council is undertaking a review to determine more achievable targets and any likely impact on reserves.	Wider-scope review of the financial position including consideration of budget monitoring reports, financial assumptions used and regular engagement with the Head of Finance.
Ineffective leadership and governance	Following the appointment of a new Chief Executive in 2019, the council restructured its leadership team to include seven executive directors. Since then, posts have either been held on an interim basis or those recruited have subsequently left. Recruitment is currently ongoing for a deputy chief executive and a director for community.	Wider-scope consideration of the impact of such unsettled leadership on the council's improvement plans.  Regular engagement with the Chief Executive and Leader of the council.  Potential coverage in the Annual Audit Report.

## Submission dates

**153.** Auditors must submit completed Current Issues Returns in accordance with paragraph 12 (or confirm a nil return if there is nothing new to report) for each body by the dates set out in the following table:

Return 1	Return 2	Return 3	Return 4
20 January 2023	24 March 2023	21 July 2023	21 October 2023

**154.** Any issues included in the Annual Audit Report do not have to be repeated in Return 4, though any updates on those issues should be provided.

**155.** The above dates align with the dates of FAAC meetings and therefore it is important that they are met so that the information can be provided to the FAAC in a timely fashion. Auditors are therefore encouraged to ensure that the timing of engagement meetings with audited bodies pay due regard to the specified submission dates.

## Updates

**156.** Following FAAC meetings, relevant auditors will be advised of issues on which the committee expressed a wish to be updated. Relevant auditors should ensure that updates are provided in subsequent submissions until matters have been appropriately concluded by bodies.

## 6C Fraud Returns

**157.** Fraud Returns should be prepared and submitted by auditors in all sectors in accordance with [guidelines](#) provided by Professional Support and on the [returns](#) themselves. Auditors should ensure arrangements are in place to be notified of all frauds at audited bodies:

- involving the misappropriation or theft of assets or cash which are facilitated by weaknesses in internal control
- over £5,000.

**158.** Professional Support will then disseminate the information on cases to other auditors and audited bodies by including them in the quarterly Technical Bulletins. In order to allow inclusion in the earliest possible Technical Bulletin, auditors should submit completed Fraud Returns to Audit Scotland in accordance with paragraph 12 by the following dates:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
30 November 2022	28 February 2023	31 May 2023	31 August 2023

**159.** Outgoing and incoming auditors should agree locally who will be responsible for completing and submitting the quarter 1 return.

**160.** In addition to inclusion in the Technical Bulletin, the fraud cases reported during 2022/23 will also be published in Audit Scotland's annual report on fraud and irregularity. This report will be published on the [counter-fraud hub](#) of Audit Scotland's website.

## 6D Contributing to TGNs

**161.** Professional Support will consult auditors to obtain their views on TGNs before they are published. It is important that auditors take this opportunity to offer their views on the guidance so that it represents an agreed position.

**162.** Auditors are expected to contribute effectively to the consultation process based on their practical experience of delivering audits of public bodies. Consultation Response Sheets should be completed by the date specified for each consultation.



## 6E Sharing intelligence for health and social care

**163.** Auditors play an important role in the Sharing Intelligence for Health and Social Care Group which is a mechanism that enables seven national agencies to share and consider intelligence about the quality of health and social care systems across Scotland. More information is available from the [Scrutiny improvement](#) page on the Audit Scotland website. The aim of the group is to support improvement in the quality of health and social care. When any of the agencies has a potentially serious concern about a health and social care system, the group ensures this is shared and acted upon appropriately.

**164.** Auditors are:

- required to complete an intelligence return, which is shared with the relevant board
- recommended to attend the group meeting when the board is considered. This is a change for 2022/23 as attendance was required in previous years, but it is encouraged as it provides the opportunity to hear intelligence from the other agencies.

**165.** The meetings are [scheduled](#) to take place every two months. Audit Scotland will contact the relevant auditor about three weeks before the group meeting to ask for completion of the intelligence return and confirmation of whether a member of the audit team will attend the meeting. There is generally two weeks to complete and submit the return. It should be submitted to Audit Scotland in accordance with paragraph 12.

### Contact points

**166.** The main contacts for information returns are set out in the following table:

Area	Contact	Contact details
NHS in Scotland 2023	Leigh Johnston in PABV	<a href="mailto:ljohnston@audit-scotland.gov.uk">ljohnston@audit-scotland.gov.uk</a>
Local Government Overview 2024	Blyth Deans in PABV	<a href="mailto:bdeans@audit-scotland.gov.uk">bdeans@audit-scotland.gov.uk</a>
Current Issues Returns (local government)	Anne MacDonald in ASG	<a href="mailto:amacdonald@audit-scotland.gov.uk">amacdonald@audit-scotland.gov.uk</a>
Fraud returns	Anne Cairns in Professional Support	<a href="mailto:acairns@audit-scotland.gov.uk">acairns@audit-scotland.gov.uk</a>
Contribution to TGNs	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>
Intelligence in health and social care	Leigh Johnston	<a href="mailto:ljohnston@audit-scotland.gov.uk">ljohnston@audit-scotland.gov.uk</a>

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# 7: Other core responsibilities or activities

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## Introduction

**167.** Core annual audit activity undertaken by appointed auditors and their teams also includes the responsibilities and activities set out in this chapter.

## 7A Councils' Statutory Performance Information

**168.** The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. This responsibility links with the Commission's Best Value audit responsibilities explained in chapter 4. In turn, councils have their own responsibilities, under their Best Value duty, to report performance to the public. The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)
- own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

**169.** Appointed auditors have a statutory responsibility to satisfy themselves that councils have made proper arrangements for preparing and publishing the statutory performance information in accordance with the Direction. As 2022/23 is the first year of the new Direction, auditors should evaluate the effectiveness and appropriateness of the arrangements at each council, including assessing the appropriateness of the information provided to members in responding to the Direction. Auditors should also follow up recommendations made by predecessor auditors and consider whether they have been actioned.

**170.** Auditors should report in their 2022/23 Annual Audit Reports:

- a conclusion on the effectiveness and appropriateness of the arrangements in place for complying with the new Direction including the balance and timeliness of reporting to members along with its accessibility for citizens and communities
- progress on implementing previous recommendations and any recommendations for further improvement in the arrangements.

## 7B Statutory reports

**171.** Appointed auditors are responsible for identifying and highlighting any significant issues arising which might prompt the Auditor General or Controller of Audit to consider preparing a statutory report under [section 22](#) of the PFA Act for the Scottish Parliament's Public Audit Committee or [section 102](#) of the 1973 Act for the Accounts Commission.

**172.** The issues that auditors are expected to highlight include those related to public interest or concern around governance, financial management or sustainability, the management of major projects or programmes, or service performance. Reports of this type can also be used to provide an update on previously reported matters. They may arise directly from the annual audit process or may be identified during ongoing engagement with the audited body.

**173.** Auditors should communicate to Audit Scotland's sector contacts throughout the year all issues with the reasonable potential to result in a statutory report so that the Auditor General or Controller of Audit has early notice of the issues and is in a position to make a decision in good time. The contacts for each sector are listed at the end of this chapter.

**174.** For the avoidance of doubt, the final decision on whether a report is required rests solely with the Auditor General or Controller. Where the Auditor General or Controller decides that a statutory report is appropriate, the sector contact will agree the extent of the auditor's contribution. Core annual audit activity will generally include contributing to drafting the report and providing briefings at meetings of the Public Audit Committee or the Accounts Commission.

**175.** Auditors should refer to chapter 8 for fee arrangements where work related to statutory reports goes beyond the scope of the core annual audit activity.

## 7C Communicating current issues (other than local government)

**176.** Timely communication by auditors of intelligence is important in helping Audit Scotland to maintain a good level of awareness across the public sector and to keep the Auditor General informed. Auditors are therefore required to advise Audit Scotland of any emerging issues and risks in audited bodies on an ongoing basis.

**177.** Auditors are required to keep sector contacts (listed at the end of this chapter) up to date

**178.** with noteworthy issues. In sectors other than local government, there is no requirement for formal returns to Audit Scotland or any set timetable.

**179.** While judgement should be exercised when selecting which issues to highlight, auditors are encouraged to liaise directly with the relevant sector contact to discuss whether a potential issue is of sufficient strategic interest to be reported.

## 7D Contribution to sector meeting discussions

**180.** Appointed auditors are expected to attend and contribute to meetings hosted by Audit Scotland during the year. These take the form of one all-sector Annual Audit Planning Conference, several sector-specific meetings for all auditors with audit appointments in a sector, and partnership meetings with firms.

**181.** Attendance at these meetings is important as they provide an opportunity for auditors to discuss emerging issues and agree a consistent response.

## 7E Correspondence and issues of concern

**182.** Audit Scotland shares all correspondence it receives from the public on an audited body with the relevant appointed auditor to ensure they are aware of the issues of concern that have been raised. The Correspondence Team, in conjunction with the relevant auditors, decides what action to take and aims to provide a response within 30 days.

**183.** Auditors may be required to carry out preliminary enquiries as part of core annual audit activity so that the Correspondence Team can provide an appropriate response.

**184.** Where a case requires involvement additional to that which is expected within core annual audit activity, the Correspondence Team will agree with the relevant auditor the work required. The scope, number of days, and resources required for the involvement must be agreed with the Correspondence Team in advance of work commencing.

**185.** Any fee agreed for work in addition to core annual audit activity should be in accordance with chapter 8.

**186.** More information about how Audit Scotland handles correspondence can be found on the [Issues of concern](#) page on the Audit Scotland website.

## 7F Statutory objections

**187.** [Statutory objections](#) refer to the right of an interested person under section 101 of the 1973 Act to object to the unaudited annual accounts of a local government body.

**188.** Auditors should consider and report on any objections received in accordance with a TGN from Professional Support that is scheduled to be published in April 2023.

**189.** The consideration of objections is part of core annual audit activity. However, as it is not possible to anticipate how many (if any) are likely to be received in any year, there is no allowance for this work included in the construction of expected fees. Auditors should refer to AQA guidance on additional audit work for information in this regard.

## 7G National Fraud Initiative

**190.** The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. Auditors have an important role to play in the success of the 2022/23 NFI exercise.

**191.** The following bodies are participating in the 2022/23 NFI exercise:

- all councils, Strathclyde Partnership for Transport, and Tayside Contracts
- central government bodies specified in this [list](#)
- all health boards
- all colleges.

**192.** Participating bodies will receive matches for investigation from January 2023. Matches require to be investigated by 30 September 2023 and the results recorded on the NFI system. Auditors should monitor their audited bodies' participation and progress during 2022/23 and, where appropriate, include references to NFI in their Annual Audit Reports.

## 7H Anti-money laundering

**193.** Appointed auditors should ensure arrangements are in place to be informed of any suspected instances of money laundering at audited bodies. [Guidelines](#) have been provided by Professional Support. Any such instances should be advised to Audit Scotland immediately. Professional Support will then discuss the matter with the relevant auditor, establish whether it is reportable, obtain sufficient details, and report to the National Crime Agency on behalf of the Auditor General or Accounts Commission.

## 7I Housing benefit performance audits

**194.** Audit Scotland carries out a programme of housing benefit performance audit work on behalf of the Accounts Commission. The Housing Benefit team conducts a quarterly risk assessment of council's performance and carries out performance audit activity, where appropriate. Relevant auditors will be advised in due course.

**195.** Housing benefit thematic studies may also be planned. However, it is not expected that auditors will be involved in this work.

## 7J Shared Risk Assessment and Joint Scrutiny Planning

**196.** The Shared Risk Assessment (SRA) process is the vehicle for scrutiny bodies to share intelligence and agree scrutiny risks at councils. [Guidance](#) on the SRA has been provided by Audit Scotland but in summary each council area has a Local Area Network (LAN) which comprises representatives from the main local government scrutiny bodies.

**197.** LANs are led by the appointed auditor of the relevant council. Auditors are required to:

- engage with LAN members in other agencies to collect information on performance and scrutiny risks to inform risks assessment discussions
- work with other scrutiny bodies to facilitate engagement with the council and between each member
- discuss planned scrutiny with the council
- advise the Operational Scrutiny Group of any planned scrutiny activity.

**198.** More information is available from the [Scrutiny improvement](#) page on the Audit Scotland website.

## 7K Section 106 charities

**199.** The audit appointment of council auditors includes the audit of any trust funds falling within [section 106](#) of the 1973 Act that are registered as charities with the Office of the Scottish Charity Regulator (section 106 charities).

**200.** The audit of section 106 charities is part of core annual audit activity. However, as it is difficult to anticipate how many are to be audited in any year, there is no allowance for this work included in the construction of expected fees. Auditors should refer to AQA guidance on additional audit work for information in this regard.

**201.** Some councils continue to administer a significant number of section 106 charities. Professional Support will provide information on numbers in December 2022. In order to reduce the number of statements of account that require to be audited, auditors should strongly encourage those councils to:

- reorganise their charities through merging or winding them up, particularly when they appear to be failing to meet their charitable aims (e.g. by not disbursing funds)
- make full use of the connected charities provisions under Regulation 7 of Charities Regulations.

**202.** Councils may request that auditors carry out audits for charities where section 106 does not apply. Where an audit provider accepts such a request, they should treat this as non-audit services (explained in the AQA guidance).

## Contact points

203. The main contacts for other core responsibilities discussed in this chapter are set out in the following table:

Area	Contact	Contact details
Council's Statutory Performance Information	Paul Reilly, Secretary to Accounts Commission	<a href="mailto:preilly@audit-scotland.gov.uk">preilly@audit-scotland.gov.uk</a>
Statutory reports – local government	Anne MacDonald in ASG	<a href="mailto:amacdonald@audit-scotland.gov.uk">amacdonald@audit-scotland.gov.uk</a>
Statutory reports and communicating current issues – central government	Gemma Diamond in PABV	<a href="mailto:gdiamond@audit-scotland.gov.uk">gdiamond@audit-scotland.gov.uk</a>
Statutory reports and communicating current issues – health	Leigh Johnston in PABV	<a href="mailto:ljohnston@audit-scotland.gov.uk">ljohnston@audit-scotland.gov.uk</a>
Statutory reports and communicating current issues – colleges	Rebecca Seidel in PABV	<a href="mailto:rseidel@audit-scotland.gov.uk">rseidel@audit-scotland.gov.uk</a>
Correspondence and issues of concern	Carol Calder in the Communications team	<a href="mailto:ccalder@audit-scotland.gov.uk">ccalder@audit-scotland.gov.uk</a>
Statutory objections and section 106 charities	Paul O'Brien in Professional Support	<a href="mailto:pobrien@audit-scotland.gov.uk">pobrien@audit-scotland.gov.uk</a>
National Fraud Initiative and anti-money laundering	Anne Cairns in Professional Support	<a href="mailto:acainrs@audit-scotland.gov.uk">acainrs@audit-scotland.gov.uk</a>
Housing benefit performance audits	Carole Grant in ASG	<a href="mailto:cgrant@audit-scotland.gov.uk">cgrant@audit-scotland.gov.uk</a>
Shared Risk Assessment and Joint Scrutiny Planning	Mark McCabe in PABV	<a href="mailto:mmccabke@audit-scotland.gov.uk">mmccabke@audit-scotland.gov.uk</a>

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# 8: Additional audit activity

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## Introduction

**204.** Additional audit activity refers to any specific work commissioned from auditors by the Auditor General or Accounts Commission outwith core annual audit activity. This is most likely to relate to elements of:

- the production of statutory reports (section 7B)
- following up an issue of concern raised with the Communications team (Section 7E).

## Audit fees

**205.** Additional audit activity should be funded by increasing the agreed fee where possible. If the work cannot be accommodated within the agreed fee, it will involve additional audit fees.

**206.** When commissioning additional audit activity, Audit Scotland will indicate whether the additional fee is to be separately agreed with the audited body or to be invoiced to PABV.

## Grade-related rates

**207.** Additional audit activity should be charged at the rates in Schedule 2 of the Framework Agreement. These rates are inclusive of VAT.

## Contact point

**208.** The main contact point for additional audit activity is Owen Smith in AQA – [osmith@audit-scotland.gov.uk](mailto:osmith@audit-scotland.gov.uk).



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# 9: Audit completion

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## Introduction

**209.** Appointed auditors must submit to Audit Scotland the Annual Audit Report (on behalf of the Auditor General and Controller of Audit) and all other outputs from the audit.

## Annual Audit Report

**210.** The content of the Annual Audit Report has been discussed throughout this guidance. In summary, each Annual Audit Report for 2022/23 should reflect:

- key audit matters as defined in ISA (UK) 701
- clear conclusions based on the work carried out on the effectiveness and appropriateness of the arrangements in place for each wider-scope area
- appropriate references to climate change arrangements
- any appropriate reference to NFI
- for councils only:
  - an assessment of how effectively each council demonstrates improvement in delivering its strategic priorities
  - a summary of the information each council reports publicly on its service performance
  - conclusions on the effectiveness of council leadership in developing new local strategic priorities
  - a conclusion on the effectiveness and appropriateness of the arrangements a council has in place for complying with the Commission's direction
- recommendations for areas of improvement to address any significant risks.

**211.** A separate Annual Audit Report is not required for section 106 charities.

## Target submission dates

**212.** The Annual Audit Report should be submitted to Audit Scotland (on behalf of the Auditor General and Controller of Audit) in accordance with paragraph 12. The target submission dates (which are the same as for the audited annual accounts) are set out in the following table:

Sector	Submission dates
Health	<b>30 June 2023</b>
Central government - agencies and NDPBs	<b>31 August 2023</b>
Local government	<b>30 September 2023</b>
Central government - NDPBs and similar bodies	<b>31 October 2023</b>
College	<b>31 December 2023</b>

## Submission of management/interim reports

**213.** Auditors should submit any management/interim reports to AQA as soon as the final version has been considered by relevant committees in audited bodies.

## Completion of audit

**214.** Auditors must submit the Annual Audit Report to Audit Scotland (on behalf of the Auditor General and Controller of Audit), as well as audited annual accounts and any management/interim reports, before AQA will deem that the 2022/23 audit is complete.

**215.** Auditors should contact AQA if they are unable to meet the target submission dates, explain the reason for the delay and provide the expected date by which the report will be submitted.

**216.** Auditors will not be held responsible for late submission if they can demonstrate that the delay was caused by audited bodies, and auditors have taken all practicable steps to encourage bodies to respond to draft reports and provide comments for action plans. Auditors should include a reference in their Annual Audit Reports if bodies are consistently late in responding to draft reports.

## Publication of audit outputs

**217.** The following audit outputs will be published on Audit Scotland's [website](#) for each audited body:

- Annual Audit Plan
- management/interim reports
- Annual Audit Report

- Any other reports that are specified in the Annual Audit Plan (or have been completed as a result of an issue or risk identified after the plan has been agreed), except the Independent Auditor's Report, certificates on claims and returns or any assurance statements.

**218.** All outputs published on the Audit Scotland website should comply with [The Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#). These regulations require public sector bodies to ensure their websites and mobile applications meet accessibility requirements. Auditors should refer to guidance on accessibility provided by Audit Scotland's Communications Team.

## Sensitive or contentious reports

**219.** It is important that AQA and the Communications Team are made aware of any reports of a sensitive nature or that are expected to be contentious so that they can prepare for any potential media interest. Auditors should contact [media@audit-scotland.gov.uk](mailto:media@audit-scotland.gov.uk) to promptly advise of any such reports. For example, this could include:

- reports on bodies that are, or have been, the subject of significant political or media (local or national) attention
- reports on subjects such as weak governance, poor financial management, financial difficulties, or major projects and contracts (including ICT)
- modified opinions on the annual accounts.

## Annual Quality Report

**220.** Each appointed auditor is required to prepare an Annual Quality Report on the work they have done under their audit appointments (Audit Scotland should prepare a single report). These will be used to inform the audit quality reporting to the Auditor General and the Accounts Commission.

**221.** Auditors should send the Annual Quality Reports relating to 2021/22 audits to AQA in accordance with paragraph 12 by **31 January 2023**. If 'cold' quality reviews are not completed by then, the report should still be submitted by 31 January, and the completed 'cold' reviews by 28 February.

**222.** AQA is revising the Audit Quality Framework for the 2022/23 audits onwards. The revised framework will explain the requirements for the auditor's Annual Quality Report for 2022/23 audits onwards.

## Contact point

**223.** The main contact for audit completion is Owen Smith in AQA - [osmith@audit-scotland.gov.uk](mailto:osmith@audit-scotland.gov.uk).

# Guidance on Planning the Annual Audit

## 2022/23 annual audits of public bodies

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

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