

West Lothian Integration Joint Board Audit, Risk and Governance Committee

Date: 4 March 2020

Agenda Item: 6

EXTERNAL AUDIT PLAN 2019/20

REPORT BY CHIEF FINANCE OFFICER

A PURPOSE OF REPORT

The purpose of this report is to inform the IJB of the external auditor's 2019/20 annual audit plan.

B RECOMMENDATION

It is recommended the Committee notes the external auditor's 2019/20 annual audit plan.

C SUMMARY OF IMPLICATIONS

C1 Directions to NHS Lothian and/or West Lothian Council A direction is not required.

C2 Resource/ Finance None.

C3 Policy/Legal Under the Local Government (Scotland) Act 1973, the Account Commission is responsible for appointing the external auditors of local government bodies including councils, joint boards and bodies falling within section 106 of the Act. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards should be treated as if they were bodies falling within section 106 of the 1973 Act.

C4 Risk None

C5 Equality/Health The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.

C6 Environment and Sustainability None

C7 National Health and Wellbeing Outcomes None.

C8 Strategic Plan Outcomes None.

C9 Single Outcome Agreement None.

C10 Impact on other Lothian IJBs None.

D TERMS OF REPORT

D.1 Background

In May 2016, the Accounts Commission appointed Ernst and Young (EY) LLP as the IJB's external auditor for the five year period to 2020/21. EY's annual plan, which is appended, sets out the work they propose to undertake in relation to the 2019/20 audit.

D.2 Annual Audit Plan

As set out in the EY audit plan, auditors in the public sector give an independent opinion on the 'truth and fairness' of the financial statements. The Annual Audit Plan sets out the proposed approach for the audit of the financial year ending 31 March 2020.

Section 1 sets out the Executive Summary summarising the purpose and key information for the 2019/20 audit. Section 2 notes that in accordance with the principles of the Code of Audit practice, EY's audit work will consider key developments in the sector including wider political factors and recent Accounts Commission / Auditor General reports. Section 3 covers Financial Statements Risk and sets out the basis upon which the audit of the financial statements will be conducted and the audit opinion. The approach to the audit and key audit materiality levels are also set out. One significant risk associated with the financial statements in relation to expenditure recognition is set out as required under ISA 240.

Section 4 of the plan sets out the wider scope audit areas of financial sustainability, financial management, governance and transparency and value for money. Against each of these wider scope issues, a number of key areas of audit focus are included. The Accounts Commission has also set out five strategic Audit Priorities that will be integrated into EY's 2019/20 audit work. These are noted below.

- Clear priorities with a focus on outcomes, supported by effective long term planning
- Effective appraisal of options for changing how services are delivered in line with their priorities
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future
- Empowering local communities and involving them in the design and delivery of local services and planning for their local area

- Reporting on performance in a way that enhances accountability to citizens and communities, helping them contribute better to delivery of improved outcomes

The wider scope audit work that will be undertaken, and the judgements and conclusions reached in these areas, will contribute to the overall assessment and assurance of the achievement of best Value by the IJB.

The auditors will aim to certify the annual accounts by the 30 September 2020. Appendices to the plan set out audit responsibilities, independence and objectivity requirements, audit fees and communications that will be provided to the IJB.

E CONSULTATION

Relevant officers in NHS Lothian and West Lothian Council

F REFERENCES/BACKGROUND

Local Government (Scotland) Act 1973

Public Bodies (Joint Working) (Scotland) Act 2014

G APPENDICES

Ernst and Young Annual Audit Plan 2019/20

H CONTACT

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4 March 2020