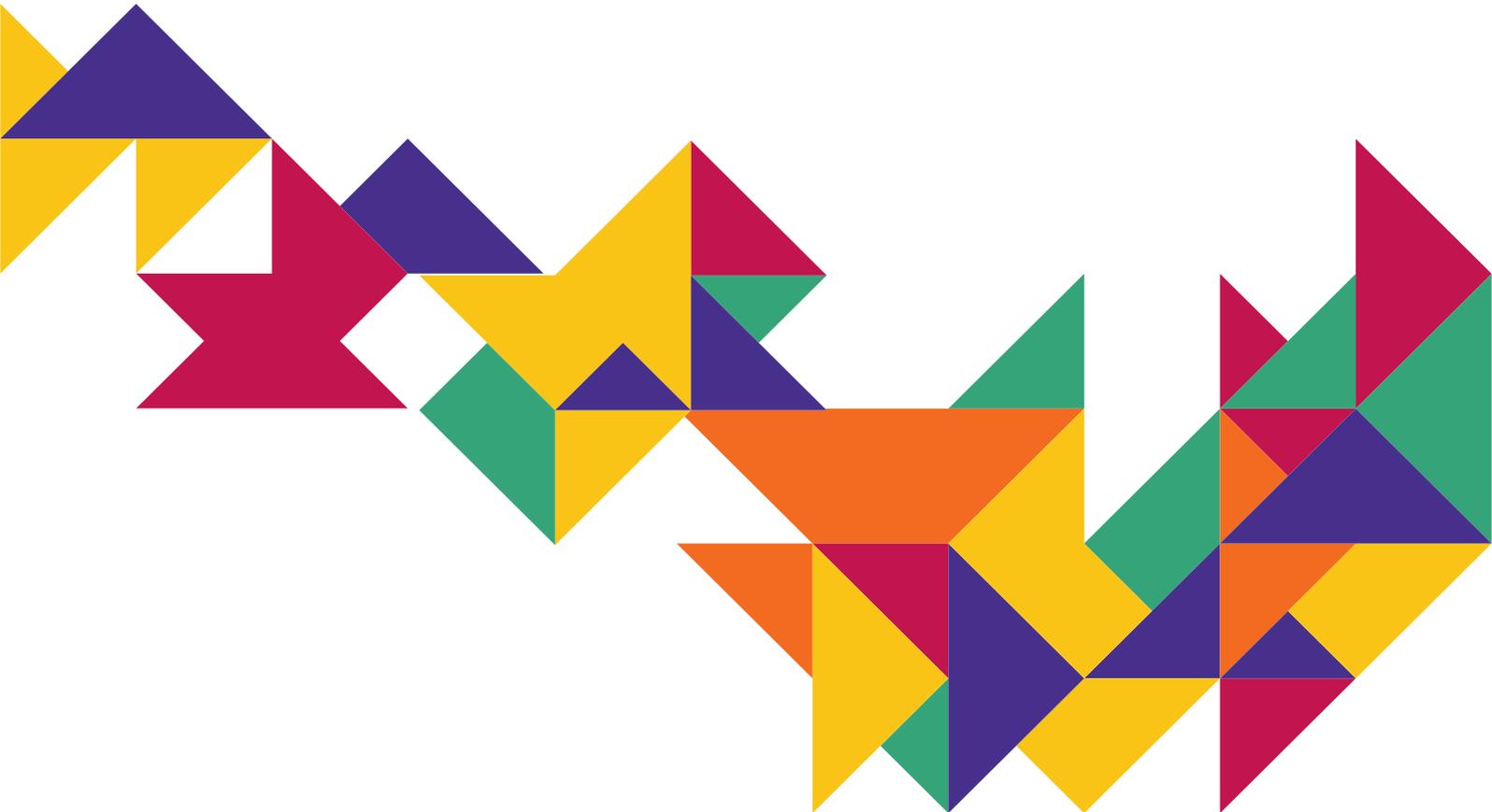


NHS Education for Scotland

External audit plan for the financial year ended 31 March 2017: Presented to those charged with governance

Final 21 February 2017





Grant Thornton

An instinct for growth™

NHS Education for Scotland
Members of the Audit Committee
Westport 102
West Port
Edinburgh
EH3 9DN

Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

T +44 (0)141 223 0000
F +44 (0)141 223 0001
DX GW232 Glasgow
grantthornton.co.uk

21 February 2017

Dear Members of the Audit Committee

External audit plan for the financial year ended 31 March 2017

Please find enclosed our annual external audit plan addressed to those charged with governance for the financial year ended 31 March 2017. We are delighted to have been appointed as your external auditors and look forward to working with you to ensure you get maximum value from our audit work. We will be pragmatic and actively engage with you throughout the year in an open and transparent manner, ensuring you benefit from our wider insights and observations at all times.

Our plan sets out how as your auditors we will fully discharge our responsibilities as set out in the Audit Scotland Code of Audit Practice 2016, as well as the requirements set out in International Standards of Auditing (ISA's) (UK and Ireland).

In particular: our approach delivers:

- A robust challenge of your judgements and key aspects of your financial statements, in particular in respect of the significant and other audit risks highlighted in this plan.
- A focus on wider scope arrangements across the four audit dimensions: financial management; financial sustainability; governance and transparency and value for money. We will seek to understand your business and strategic challenges, pro-actively engaging throughout the year with you and your team.
- A clear and concise annual report addressed to those charged with governance and the Auditor General for Scotland, reporting the outcome of our work during the year and reflecting our key judgements and conclusions over your arrangements as relevant to our audit role.

I look forward to working with you over the course of our appointment.

Robin Baker, Engagement Leader

Director, Public Sector Assurance

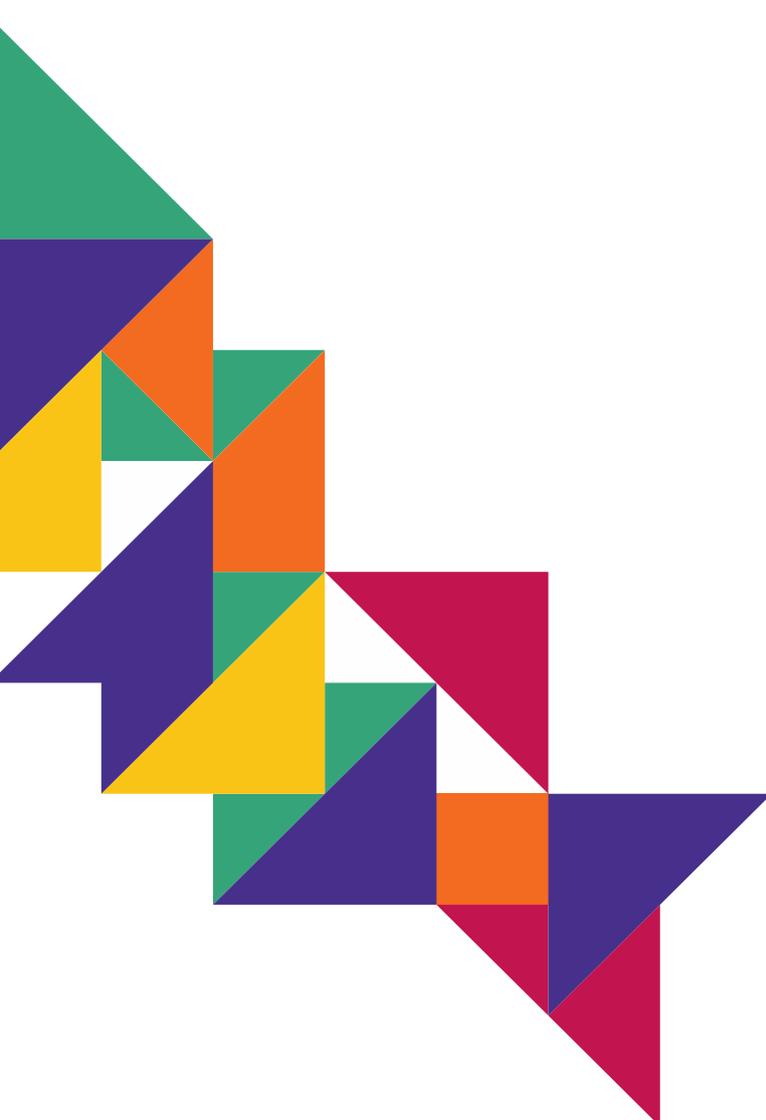
For Grant Thornton UK LLP

Chartered Accountants

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Our approach at a glance

A smooth transition

- We have extensive experience of transitioning into new clients and will do this at minimum disruption to you
- We will quickly look to build up good working relationships with your team
- We will produce a high level communication plan with you upfront and agree key dates for our work, and deliverables

Regular meetings throughout the process

- Robin Baker and David Bray will meet with you on a regular basis, discuss your emerging issues, act as a sounding board
- Senior member of the team will attend all Audit Committee meetings
- We will hold regular private meetings with the audit committee

Feedback from you

- Debrief meeting with senior finance staff
- Client service review undertaken and feedback and shared with all of our team
- Action plan to address findings

Completion

- Finalise all statutory accounts by NHS deadline; submitting to Audit Scotland by 30 June 2017 (including summarisation schedules)
- Sign audit opinion

16 June Audit Committee meeting

- Present Annual Report to those Charged with Governance
- Discuss key audit issues; associated risks identified and action plan
- Hold pre-meeting with Audit Committee Chair if required

Annual Report to those charged with Governance

- Sets out key audit and accounting issues and how these have been resolved
- Provides comments on systems and controls, and review of accounting policies; conclusions and judgements in respect of NES arrangements across the wider scope remit
- Key judgements and conclusions from our wider scope work, including improvement opportunities

Audit clearance meeting – May 2017

- Discuss audit issues with management
- Agree treatment of any unadjusted differences
- Practical recommendations on systems and controls

Audit planning meeting

- Meeting with key management to identify audit risks/judgements in particular the Director of Finance, Acting Head of Finance and Governance and Operational Manager
- Consider key aspects of your organisation, strategic goals and business issues
- Agree client prepared schedules and account and audit timetables
- Agree significant risk areas for wider scope responsibilities

Audit Plan

- Confirm audit risk areas and agreed audit approach
- Set out audit scope and agreed timetable, including how we discharge our responsibilities under the Audit Scotland code of practice
- Formal communication with the Audit Committee (12th Jan)

Interim audit – progress report

- Review of systems and controls
- Assess control environment
- Early work on key areas of audit risk
- Liaise with Internal Audit, review outputs and assess impact on our work

13 April Audit Committee

- Present Progress update
- Confirm audit risks and approach for financial statements, and wider scope audit and reporting

Final accounts audit

- Focused on risk areas, with on-site Engagement Lead review
- IDEA interrogation software utilised to provide efficiency and insight (data analytics)
- Audit issues and potential adjustments, discussed and cleared with you as they arise
- Work carried out by a team with relevant experience and knowledge of the Scottish NHS and wider public sector

Annual report including annual governance statement

- Check the annual report is consistent with the accounts and meets the requirements set out in the NHS Manual for Accounts
- Check the annual governance statement is consistent with our knowledge of NES

Wider Scope Audit

- Conclude and discuss key findings with management across the 4 impact areas (Financial Management/Financial Sustainability/Governance and Transparency and Value for Money)
- Reflect on work undertaken during the year including interviews and relevant documentation review

Our approach at a glance (continued)

In summary our audit is risk based and undertaken in accordance with International Standards of Auditing ("ISA (UK&I)") and Audit Scotland Code of Practice 2016.

We will seek to develop a strong understanding of your business strategy, key organisational arrangements and changes, within the context of the wider NHS in Scotland.

Our audit will be largely substantive in nature although under our ISA requirements we will seek to understand your internal control environment, including policies and procedures, segregation of duties and budgeting and financial reporting arrangements.

Internal Audit

As set out in ISA (UK&I) 610 'using the work of internal auditors' we are prohibited from using internal audit to provide direct assistance to the audit, therefore we design our approach to internal audit to ensure compliance with these requirements.

We have reviewed the internal audit plan for 2016/17 and will review reports finalised during the year and meet with them to discuss their work including their understanding of the control environment and potential fraud risks. Should internal audit identify specific material deficiencies in the control environment during the year we will consider the impact of this on our planned audit approach and substantive testing, adjusting our work where appropriate.

We will work together with internal audit in respect of our risk assessment, minimising any risk of duplication or inefficiency. However, we do not intend to take specific reliance on the work performed in the period.

Professional standards

Our objective is to deliver a robust, quality driven external audit which adds value to you. Our team works to the highest level of professional standards in delivering their work. Specifically we would highlight:

- Professional scepticism will be applied throughout the audit, in particular in respect of significant or key judgements.
- We will provide robust challenge to management based on our significant Public Sector experience, including wider NHS experience (Scotland and UK).
- We will seek to understand your culture as well as your Strategic priorities, risks and challenges and how you operate on a day-to-day basis. This will mean our approach is suitably tailored to you and risk based.
- We will involve necessary specialist to support us in our audit work for example valuation experts (auditor experts).
- We will use IDEA, our data analytical software to effectively and efficiently test your balances and transactions during the year including for example journals.



Materiality

We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of NES and its expenditure and income for the period 1 April 2016 to 31 March 2017
- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements including our regularity opinion, and
- the part of the remuneration report which is subject to audit is free from misstatement.

Determining materiality

In performing our audit we apply the concept of materiality following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

Overall materiality

As is usual in public sector entities, we have determined materiality for the financial statements as a proportion of gross revenue expenditure. Using audited 2015-16 figures we have calculated our planning materiality as £4.364 million (1% of gross expenditure). It is normal practice for us to reconsider our materiality levels when final accounts are available for audit. We will report any changes in our materiality threshold to you within our Annual Report to those charged with Governance.

Performance materiality

Performance materiality is set at £2.836 million and is calculated based on 65% of materiality, and represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality.

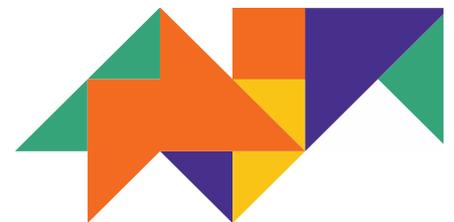
Trivial

Under ISA 540 auditors set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £0.043 million based on 1% of materiality. We will report to you any adjustments identified through our audit work if below these thresholds and where we consider them to be material by nature.

Regularity Opinion

NES is responsible for ensuring that public money is used only for its approved purpose.

As required we will provide an opinion on the regularity of the income and expenditure of NES. We will therefore consider whether there are adequate controls in place over expenditure and substantively test transactions to ensure they are in line with the approved purpose of NES.



Significant audit risks

There are two presumed significant risks which are applicable to all audits under ISA (UK&I) 315 and these are outlined below, together with the significant risk we have identified from our initial planning work.

Significant Risk	Description of risk	Work planned
1 Management override of controls	Under ISA (UK&I) 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities (fraud risk)	<p>We will:</p> <ul style="list-style-type: none"> • Complete walkthroughs of the controls and procedures in place around journal entries • Review the key accounting estimates, judgements and decisions made by management • Test journal entries with a focus on unusual posting sources, times or amounts identified using our IDEA data analysis software • Review unusual and/or significant transactions.
2 The revenue cycle includes fraudulent transactions	<p>Under ISA 240 (UK&I) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. NES other income is £4 million. We do not believe it is appropriate to rebut the revenue recognition risk at this stage.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Complete walkthrough of the controls and procedures in place around sales invoicing and sales ledger • Agree recognised revenue to underlying confirmations and investigate any material differences • Agree other revenue to cash receipts in the year / post period end to gain comfort over validity of these transactions • Perform cut off testing to gain comfort around the completeness and accuracy of recognised income • Consider the recoverability of any outstanding balances at year end.
3 Accounting for Operating Leases	NES holds four significant operating leases. NES use expert conditions surveys and best management estimates to aid value dilapidation provisions for costs related to the expiry of the leases up to and including 2023.	<p>We will:</p> <ul style="list-style-type: none"> • Establish and document management controls • Complete an assessment of the credentials and independence of the management expert used for conditions surveys • Conduct a review of expert conditions surveys • Conduct a review of operating leases to ensure appropriate classification • Evaluate the reasonableness of provision estimations and judgements.



Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty

(ISA (UK&I) 315).

Other relevant audit risks identified as part of our planning work

As part of our planning work we identify other potential risks of material misstatement where the likelihood of material misstatement can not be reduced to remote without gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement is lower than that for a significant risk as these are not considered to be areas that are highly judgemental, or unusual in relation to the day to day activities of NES.

Area	Description of risk	Work planned
Completeness of operating expenditure	Operating expenses/Creditors are understated or not recorded in the correct period.	<p>We will</p> <ul style="list-style-type: none"> • Complete walkthrough of the controls and procedures around purchase ordering, procurement and general payment and recording of expenditure • Reconcile creditors ledger to the general ledger and financial statements • Perform cut-off testing on pre-year end and post year end transactions to gain comfort around the completeness and accuracy of recognised expenditure • Gain comfort around the regularity of expenditure and the application of public funds in accordance with Scottish Government guidelines.
Completeness of employee remuneration expenditure	Completeness of employee remuneration accruals. Staff costs account for a significant proportion of NES. The nature of employee remuneration includes a large number of transactions and numerous control activities to ensure accuracy.	<p>We will</p> <ul style="list-style-type: none"> • Review the control environment through internal controls walkthrough testing • Perform an analytical review against expectations and investigate significant movements in employee remuneration expenditure • Perform substantive testing of employee remuneration accruals at the year end • Perform substantive testing to agree staff members to the e-payroll system and re-calculate employer costs.
Existence of Intangible Assets	Intangible asset activity not valid.	<p>We will</p> <ul style="list-style-type: none"> • Document our understanding of the controls and procedures around recording and capitalisation of intangible assets • Conduct existence and ownership testing of current intangible assets • Perform testing on in-year capitalised expenditure to ensure appropriateness and accuracy of intangible asset additions • Recalculate and agree valuation movements for a sample of assets.
Financial Sustainability – Wider Scope risk	Audit Scotland’s NHS Overview Report highlights increasing financial pressure and long term financial sustainability challenges across the NHS in Scotland. NES expects to deliver a small surplus in 2016/17 however the position for 2017/18 is more challenging.	<p>We will:</p> <ul style="list-style-type: none"> • Consider the adequacy of the disclosures around the going concern assumption • Review and report on progress with efficiency improvements, including shared services, and transformational programmes.

We note that there are a number of statutory targets NES are required to meet, including breakeven financial position in year, and spending within the Revenue Resource Limit. We will remain apply an appropriate degree of professional scepticism in undertaking our audit work.



The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures

(ISA (UK&I) 315).

Wider scope audit

The Code of Audit Practice recognises the increasingly high expectations the public has about the role of audit in the stewardship of public funds. Wider scope audit is defined as going beyond the financial statements to include work that contributes to audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability (Audit Scotland Code of Practice, page 20).

Our planned work in this area is risk based and proportionate to the nature and size of NES. As a result of our initial planning we have identified one risk area where we need to undertake further work in relation to financial sustainability. As with other parts of the NHS, NES is facing increasing financial pressures although plans are being developed to address the situation.



Area	Proposed areas of work
Financial sustainability – wider scope risk area	<ul style="list-style-type: none"> We will review your short and medium term financial plans, including the delivery against financial targets We will review and report on progress with efficiency improvements, including shared services, and transformational programmes We will review and consider progress in terms delivering NES's share of the likely savings that will need to be delivered by the Special Boards in 2016/17 Our findings will be included in our Annual Report
Financial management	<ul style="list-style-type: none"> We will update our understanding of arrangements to inform the commentary in our Annual Report
Governance and transparency	<ul style="list-style-type: none"> We will update our understanding of arrangements to inform the commentary in our Annual Report
Value for money	<ul style="list-style-type: none"> We will update our understanding of arrangements to inform the commentary in our Annual Report

A quality audit

Ensuring we deliver on our commitments to you is important to us. Our regular liaison meetings are an opportunity to discuss our performance and confirm your expectations about audit outputs and audit approach including our team interactions with you for example, are being met.

We will use the performance metrics set out below so you can assess our performance; and we will report our progress back to you.

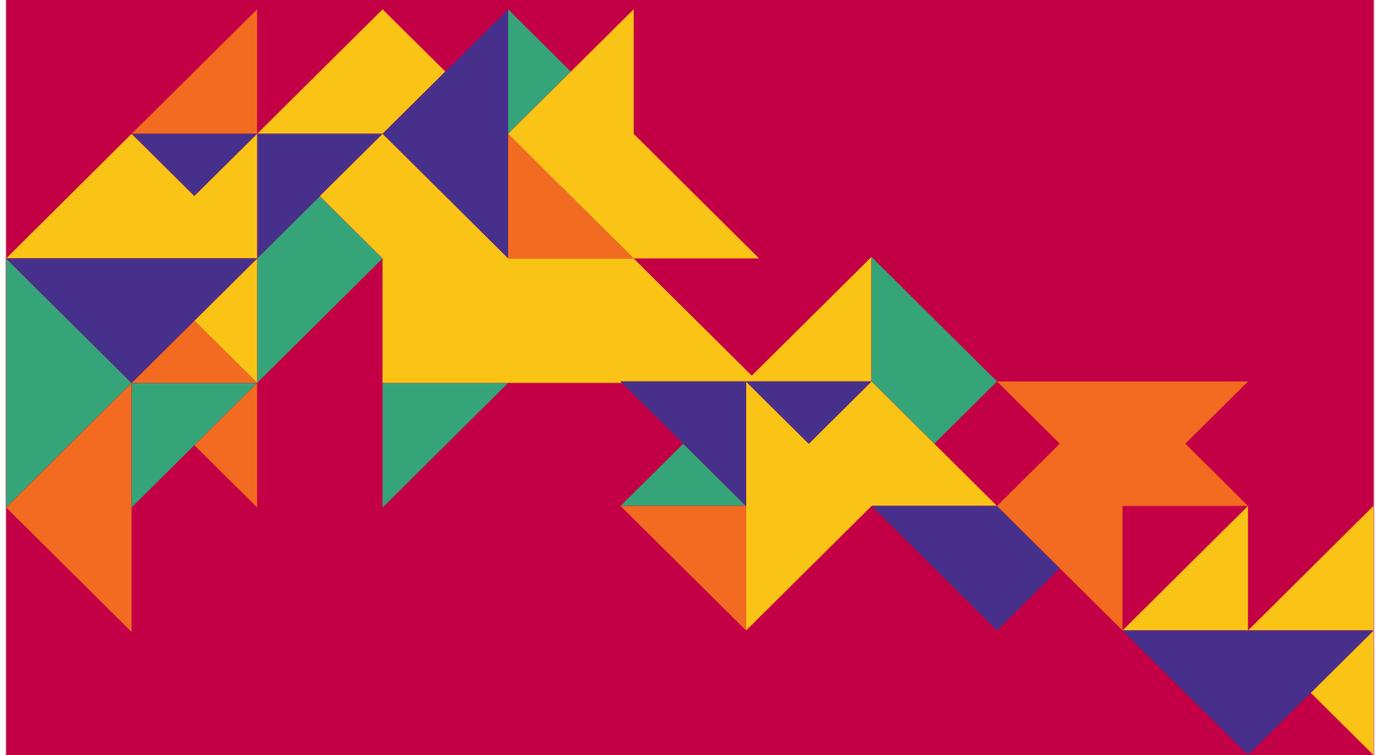
We will also undertake regular client service reviews so that you can tell us how we are performing, as well as recognising that Audit Scotland will also ask you for feedback on us. We take your feedback seriously and will seek to continually improve our service, reflecting on your ongoing feedback.

The table outlines the service levels that you can expect as a minimum. We will always strive to do more, and deliver above and beyond these.

Area	Proposed service level and indicator
Response time	<ul style="list-style-type: none"> We will respond to all minor queries or requests for assistance within two working days We will provide an initial response to all major queries or requests for assistance within two working days, with full responses within five working days We will acknowledge any complaint by return and will resolve it in discussion with you within two working days. We will escalate any complaint at your request
Achievement of planned inputs and milestone	<ul style="list-style-type: none"> We will not vary the total approved audit fee, except by prior approval by the Director of Finance and the Audit Committee We will achieve all key milestone dates and audit inputs, as agreed with you at the start of the year. All papers for audit committee will have been reviewed by management and submitted in advance of the paper deadlines (100% target)
Liaison	<ul style="list-style-type: none"> We will agree a schedule of liaison meetings with you at the start of each year, along with the proposed dates for our on-site work Robin Baker and/or David Bray will attend all liaison meetings with other core and support team members as required We will confirm agendas for every liaison meeting a week in advance to allow the most appropriate colleagues participate We will attend all Audit Committee meetings with the engagement lead attending as a minimum two per annum
Reporting	<ul style="list-style-type: none"> Our reports will be clear and concise and include sufficient, appropriate based on evidence/our work, conclusions and judgements in respect of our wider scope responsibilities
Audit protocol	<ul style="list-style-type: none"> We will comply with all auditing and ethical standards and will maintain the integrity, objectivity and independence of the team at all times (100%)
Client feedback	<ul style="list-style-type: none"> We will informally seek your feedback throughout the year. On an annual basis we will undertake a client satisfaction survey with an aim of a score of 8 or above (out of 10)

Appendices

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Appendix A: Audit Scotland general principles of working and our commitments to you

Independent

- full compliance with independence and ethical standards

Co-ordinated & integrated

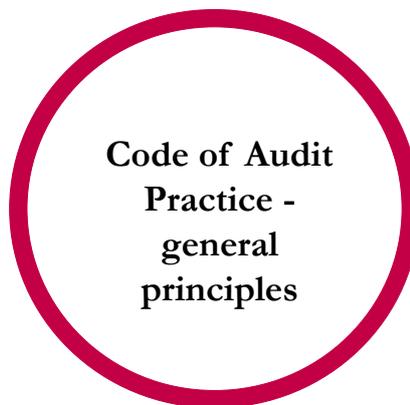
- co-ordination with Auditor General and Audit Scotland
- seeking to minimise duplication/inefficiency with Assurance Providers for example internal audit
- sharing of Audit Scotland National Reports including action plans

Adds value

- clear and concise Annual Report to those charged with Governance
- recommended actions which make a difference to you and are aligned to your risk framework
- judgements and conclusions-supported by evidence

Proportionate & risk based

- focus on significant audit risks
- risks across 4 dimensions
- tailored to you and your strategic goals



Transparent

- clear plan linked to final reporting
- upfront, open engagement
- responsive to your queries
- consideration of potential contentious audit areas upfront to agree early resolution

Quality focused

- fully ISA (UK & Ireland) compliant audit
- full compliance with Audit Scotland Code of Audit practice
- Rigorous quality checks built into our audit approach
- an internal audit quality compliance programme

Public focused

- focus on user of the accounts and what matters to them
- jargon free – easy to understand
- commentary supported by evidence
- risk based and relevant to you
- jargon free, easy to understand reports

Appendix B: Our team and deliverables

The audit cycle



Our team

Robin Baker
 Director
 T 0161 214 6399
 E robin.j.baker@uk.gt.com

David Bray
 Audit Senior Manager
 T 0117 305 7889
 E david.bray@uk.gt.com

Jess Hambley
 In-charge Auditor
 T +44 (0)151 224 7200
 E jess.hambley@uk.gt.com

Raul Rodriguez
 IT Audit Specialist
 T 0131 659 8534
 E raul.rodriguez@uk.gt.com

Date	Activity	Audit Scotland Deliverables
November/December 2016	Audit Planning & Meetings with Management Handover meeting with predecessor auditor Review of predecessor audit file to gain comfort over opening balances	
12 January 2017	Audit Plan presented to Audit Committee	Submit Audit Plan (deadline 28 February 2017)
February / March 2017	Interim site visit commences (timing to be finalised)	Current issues return 1 (deadline 3 rd February 2017) – covering matters of ministerial or Auditor General interest and best value elements Contribute to report on Health & Social care integration part 2 (deadline Spring 2017)
May 2017	Year end fieldwork commences	
May 2017	Audit findings meeting with Director of Finance, Acting Head of Finance and the Governance and Operations Manager	
June 2017	Report audit findings to those charged with governance (Audit Committee)	Certify annual accounts, submit annual accounts and annual audit report
June 2017	Sign financial statements opinion	Submit minimum data set. Submit NFI questionnaire. Contribution to follow up of Role of Boards (deadline 30 June 2017 for all)
July 2017	Debrief and learning meeting	Current issues return 2 (deadline 4 th August 2017)

Appendix C: Independence and fees

External Audit Fee

The audit fee has been agreed as £50,670. The fee is calculated in accordance with guidance issued by Audit Scotland for determining the fee level for NHS organisations. Audit Scotland requires that the agreed fee is within the limits of the indicative fee range.

Typically our fee assumptions include:

- supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- the scope of the audit, and NES activities will not change significantly from planned
- NES will make available management and accounting staff to help us locate information and to provide explanations.
- We will only receive (and audit) 3 sets of accounts (1st draft; amended draft and final).

Fees for other services

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

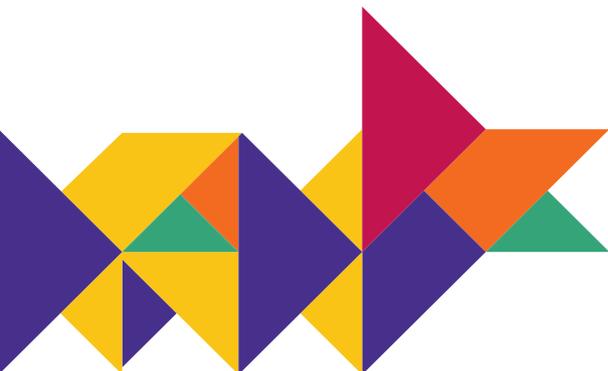
Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team. We can confirm no independence concerns have been identified.



Appendix D: Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at NES.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error. We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. In addition, we will ask the question of the audit committee at the planning stage and routinely during the audit.

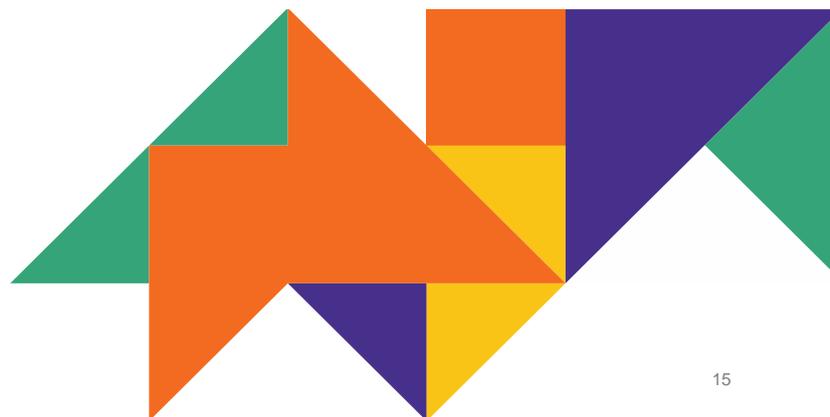
The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is NES's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with NES to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

In addition, as set out in the Audit Scotland Code of Audit Practice we have a role in reviewing NES's NFI arrangements, in response to the national fraud initiative exercise.



Appendix E: Respective responsibilities

As set out in the Code of Audit Practice (pages 10 to 16) there are a number of key responsibilities you as an organisation are responsible for, and others, as appointed auditors we are responsible for. These are summarised below:

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

Our responsibilities

- Undertake statutory duties and comply with professional engagement and ethical standards
- Provide an opinion on financial statements and where appropriate regularity of transactions
- Review and report on, as appropriate, other information eg annual governance statements, management commentary, remuneration reports
- Notify the Auditor General when circumstances indicate a statutory report may be required
- Demonstrate compliance with wider public audit scope

How do we do this in practice

- By reviewing and providing judgements and conclusions on NES arrangements including those across the wider scope of audit dimensions.
- Consideration of the effectiveness of performance management arrangements
- Suitability and effectiveness of corporate governance arrangements in year
- Financial position and arrangements for ensuring financial sustainability in the medium to longer term
- Review of other information in line with our knowledge and understanding of NES
- Ongoing dialogue and engagement with Audit Scotland during the year

Weaknesses and risks identified by us as your auditors are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by us of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Appendix F: Communication of audit matters with those charged with governance (summary of ISA requirements)

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document outlines our audit strategy and plan to deliver the audit, while the Annual Audit Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to NES.



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