

NHS GRAMPIAN

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

Prepared for NHS GRAMPIAN

December 2017

Who we are

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

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



About us

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

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

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

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

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

Exhibit 1

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statement issues and risks		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries</p> <p>Review of accounting estimates</p> <p>Focused testing of accruals and prepayments</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>
<p>2 Risk of fraud over income and expenditure</p> <p>NHS Grampian receives a significant amount of income in addition to Scottish Government funding. This includes Family Health Services (FHS) income, cash receipts and non-mainstream income generating activities. The extent and complexity of income means</p>	<p>Governance arrangements are in place to assist prevent and detect fraud i.e. Board assurance framework, performance management framework, Standing Financial Instructions, Standing Orders, Schedule of Reserved Decisions, Code of Conduct, whistle blowing and anti-fraud policies</p>	<p>Analytical procedures on income streams/ expenditure transactions</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk</p> <p>Reliance on prior year judgements of key financial controls. Where systems have not changed from the previous year, ISAs permit us to take</p>

Audit Risk	Source of assurance	Planned audit work
<p>that, in accordance with ISA240, there is an inherent risk of fraud.</p> <p>The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure.</p>	<p>Regular review of financial systems and internal controls by internal audit</p> <p>Budgetary control arrangements</p> <p>Debt recovery and bad debt arrangements</p> <p>Primary care income verification checks.</p>	<p>assurance from our previous year conclusions.</p> <p>Review HCL (locum) and NDC (stock) system</p> <p>Reliance on service auditors' review of the National Single Instance financial ledger, Practitioners Services Division and National IT services contracts</p> <p>Detailed testing of a sample of pay and non pay expenditure transactions</p> <p>Review of the board's National Fraud Initiative matches investigation.</p>
<p>3 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non current assets and provisions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>An appropriate programme of valuations is carried out each year</p> <p>Rationale and supporting evidence includes expert views where appropriate for provisions held.</p>	<p>Review of property valuer's report covering land and buildings</p> <p>Reliance on "the work of management expert" in respect of the property valuer</p> <p>Review accounting treatment of property revaluation and backlog maintenance if it accords with FReM</p> <p>Review the basis and calculation of provisions for bias and subjectivity e.g. the reasonableness of backdated holiday pay calculations to meet 'paid as if at work' regulations.</p> <p>Reliance on "the work of the Central Legal Office (CLO) as management expert" in respect of provisions of clinical negligence and other claims.</p>
<p>4 Changes to the format of the financial statements</p> <p>In 2017/18, there are changes to some of the notes supporting the board's income and expenditure. There is a risk that the financial ledger is not capable of producing the financial information in line with the new format as required by the NHS board manual for annual report and accounts.</p>	<p>The NHS Annual Accounts Sub Group is responsible for updating the NHS accounts manual for changes agreed by the sub group. This year the sub group is also looking at populating accounts directly from the ledger using business objects reports. NHS Grampian's Assistant Director of Finance is a member of this sub group so audit is kept informed of developments. The revised manual for 2017/18 accounts is expected by 31 December 2017.</p>	<p>Hold regular discussions with Finance officers on progress with assurance provided</p> <p>Review mapping of the ledger to the financial statements to ensure it is in line with the 2017/18 NHS board manual for annual report and accounts</p> <p>Ensure that prior year figures have been restated as appropriate</p> <p>Perform analytical review procedures.</p>

Audit Risk	Source of assurance	Planned audit work
<p>5 Group accounts and IJB balances</p> <p>NHS Grampian's group accounts need to be signed off by 30 June while the deadline for IJB accounts is 30 September. Despite the early discussions between the board and the IJBs on agreement of 2016/17 balances, it was late in the audit process before the board could confirm balances with all three IJBs.</p> <p>NHS Grampian has a shared risk for any deficit incurred by the IJBs in 2017/18 regardless of whether the deficit relates to health or social care services. One IJB is indicating it may not achieve financial balance in 2017/18.</p> <p>For these reasons, there is a risk that the board will not meet its statutory reporting deadline and/or financial targets.</p>	<p>NHS Grampian's senior finance officers will hold early discussions with IJB officers to reflect on lessons learned from last year and agree a better approach for this year.</p>	<p>Hold early discussions with Finance officers on the planned timetable for group accounts and expectations of its group accountants</p> <p>Discuss progress during the year as appropriate</p> <p>Obtain component auditor's assurance in respect of the Endowment Funds accounts.</p>
<p>6 Accounting for major capital investments</p> <p>The board's capital plan includes a number of complex major projects. There is a risk that the accounting treatment does not accord with FReM leading to material misstatements in the financial statements.</p>	<p>An appropriate programme of valuations is carried out each year</p> <p>Rationale and supporting evidence include expert views where appropriate for provisions held.</p>	<p>Focused substantive testing on major capital transactions. For example: carbon energy lease, Inverurie and Foresterhill health centres financed using Design, Build, Finance and Maintain projects, Baird and Anchor projects and major backlog maintenance</p> <p>Review accounting treatment of impairment and capitalisation against guidance</p> <p>Review accounting for disposal of major assets to ensure the amounts, classification and periods are correct.</p>
<p>Wider dimension risks</p>		
<p>7 Financial position</p> <p>In order to meet financial balance in 2017/18, the board identified a savings target of £27.7m, £21.7m recurring and £6.0m non- recurring. Of the total savings, £9.7m (35%) has been categorised as high risk and £6.0m (21.7%) medium risk. The board aims to reduce spending by reducing the use of locums and agency staff and</p>	<p>Budgetary control arrangements</p> <p>Budget Steering Group</p> <p>Achievement of savings is monitored and there is regular reporting to committee/board</p> <p>Regular monitoring and challenge by the management team</p> <p>Monthly single electronic</p>	<p>Review finance reports and monitor progress</p> <p>Review finance reports to committee/board and assess if form and content allow for effective scrutiny by members and timely corrective actions to be taken</p> <p>Hold regular discussions with senior officers to understand how the board is managing cost</p>

Audit Risk	Source of assurance	Planned audit work
<p>reviewing non compliant junior doctor rotas and bank nursing. These areas of continuing pressure were flagged in the 2016/17 NHS overview report. .</p> <p>While the financial position at the mid year point is better than the previous year and a break-even position is projected for the year end, the improvement is largely due to financial flexibility provided by monies received which cannot be used as intended in the current year.</p> <p>The board has recognised that the scale of the funding gap beyond the current year will require significant transformation in service delivery.</p> <p>The board faces significant financial challenge in delivering financial sustainability beyond the current financial year. There are risks that the scale of change required cannot be delivered in the necessary timeframe. Also, there are additional risks associated with the UK's departure from the EU, the lifting of the 1% pay cap and the impact of 'paid as if at work' regulations which are not yet quantified.</p>	<p>invoice for medical agency staff processed through the HDL system.</p> <p>Local Delivery Plan action groups tasked with reviewing identified staffing issues e.g. locum medical group, bank nursing group</p> <p>Review undertaken to identify the implications for NHS Grampian of implementing 'paid as if at work' regulations.</p>	<p>pressures and monitoring efficiency savings targets</p> <p>Review how the board is responding to Audit Scotland's recommendations on Workforce in the NHS and comment in our Annual Audit Report as appropriate</p> <p>Review workforce updates to committee/board and the work of the Local Medical Group and Bank Nursing Group to assess progress in reducing the use and costs of such staff.</p>
<p>8 Health and social care</p> <p>The implementation of IJBs requires partnership working from service planning to delivery and in financial and performance planning and monitoring.</p> <p>The board has devolved nearly half of its existing annual budget to the three IJBs in Grampian. In addition, more than half of new monies to be received for 2017/18 (£10m out of £16m) is earmarked for IJBs.</p> <p>There is general consensus about the benefits of more community based care. As services continue to be provided in new ways, comprehensive workforce planning across services is essential.</p> <p>The asset management plan has significant investment (including backlog maintenance) in hospital</p>	<p>Oversight by North East Scotland Partnership Steering Group (NESP) - NHS Grampian board members meet with the chairs and chief officers of the 3 IJBs</p> <p>NHS Grampian chief executive and the council chief executive for IJB area meet with relevant IJB chief officer and s95 officer</p> <p>The board works with IJBs in the delivery of their Strategic Plans and uses the regular joint performance review meetings to support them to deliver agreed local objectives</p> <p>The board has a strategic capital investment process which requires any business case to set out how the proposed project will meet the board's strategic objectives e.g. new build health centres</p>	<p>Review internal audit report on IJBs – performance reporting and KPIs</p> <p>Review output from the joint performance review</p> <p>Review evidence of how the board assures itself that IJBs are making an impact on the quality of healthcare of the people in Grampian</p> <p>Review the development and implementation of locality and workforce planning</p> <p>Review evidence of the board's consideration of IJB objectives in developing its long-term capital investment strategy/asset management plan</p> <p>Assess how the board is working with and supporting the SG to develop a national capital</p>

Audit Risk	Source of assurance	Planned audit work
<p>services as well as community facilities such as health centres. At this stage however, there is no national capital investment strategy that sets out how capital investment by the Scottish Government and NHS boards supports the aim of moving more care into the community.</p> <p>There is a risk that governance arrangements are not operating effectively to enable the board and IJBs in partnership to demonstrate how a shift in the balance of care from hospital to community settings is being planned and progressed.</p>	<p>and the diagnostic and treatment centre have provided opportunities to reshape services.</p>	<p>investment strategy that supports moving care into the community.</p>
<p>9 Finance department succession planning</p> <p>The finance department has a mature workforce. There is a risk that succession planning is not done effectively resulting in loss of knowledge and expertise within the department.</p>	<p>Initial work has been undertaken to share skills and knowledge and there have been some recent acting up opportunities.</p>	<p>We will review the actions being taken by the department to ensure transfer of knowledge, skills and experience within the team.</p>
<p>10 Performance against Local Delivery Plan (LDP) standards</p> <p>The board continues to struggle to meet LDP standards such as waiting times, Child and Adolescent Mental Health Services (CAMHS) and cancer access. The board has taken the approach to deliver the best services within available resources. The board has considerable exposure to reputation and clinical risks which may also lead to financial risks as a result of more clinical negligence claims.</p>	<p>Ongoing review of the content of performance reports in line with national and local priorities</p> <p>Review of revised Scottish Government guidance 'on board' and completion of a good governance checklist.</p>	<p>Review performance reports to committee/board and assess if form and content allow for effective scrutiny by members and timely corrective action to be taken</p> <p>Attend board meetings to assess the level of scrutiny and challenge by members</p> <p>Follow up action agreed by the board in response to our 2016/17 Annual Audit Report recommendations for improved transparency of performance reporting.</p>

Reporting arrangements

4. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

5. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

6. We will provide an independent auditor's report to NHS Grampian, Scottish Parliament and the Auditor General for Scotland setting out our opinions on the annual accounts. We will provide the Accountable Officer and Auditor General for

Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

7. Under the Public Finance and Accountability (Scotland) Act 2000 there is a requirement for the resource account of the Scottish Government to be presented to Parliament within nine months of the financial year-end i.e. 31 December. NHS Grampian is required to submit its audited financial statements by 30 June to meet the consolidation timetable.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit Committee (or equivalent) Date
Annual Audit Plan	05 December 2017	12 December 2017
National Fraud Initiative completed questionnaire – part 2	28 February 2018	Management report reference
Interim Report	13 March 2018	20 March 2018
Annual Audit Report	19 June 2018	26 June 2018
Independent Auditor's Report	26 June 2018	26 June 2018
Signed Assurance Statement on the SG consolidation template	29 June 2018	N/A

Audit fee

8. The proposed audit fee for the 2017/18 audit of NHS Grampian has yet to be confirmed. Details of our fee will be shared with NHS Grampian's Director of Finance as soon as possible. In determining the audit fee we have taken account of the risk exposure of NHS Grampian, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. We have agreed a programme of financial statements work commencing on 24 April 2018 with the remainder of the working papers package to be received by 9 May 2018 and the complete unaudited financial statements document by 14 May 2018.

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

Responsibilities

Audit Committee and Accountable Officer

10. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

11. The audit of the financial statements does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

12. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

13. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

14. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

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

15. We will give an opinion on the financial statements as to:

- whether they give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of affairs of NHS Grampian and its group as at 31 March 2018 and of the net expenditure for the year then ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM, and
- the regularity of the expenditure and income.



characteristics



responsibilities



principal activities



risks



governance arrangements

Group arrangements

16. Our responsibilities and approach cover both our audit of the board and its group. In order to give an opinion on the group accounts, we need an understanding of the nature of the group entities, their financial statements and relationships including assurances on group wide controls and the work of internal audit. In respect of 2017/18, the board's group includes the three north east integration joint boards - Aberdeenshire, Aberdeen City and Moray; and NHS Grampian's endowment funds.

Materiality

17. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinion in the auditor's report.

18. We calculate materiality at different levels for NHS Grampian as set out in [Exhibit 3](#).

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2018 based on the latest forecast outturn for 2017/18.	£11.9m
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 50% of planning materiality.	£6.0m
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality or £100k, whichever is the lowest.	£100k

Source: Audit Scotland



19. We review and report on other information published with the financial statements including the performance report, governance statement and the remuneration and staff report. Any issue identified will be reported to the Audit Committee or equivalent.

Timetable

20. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit Committee dates.

Exhibit 4

Financial statements timetable

 Key stage	 Date
Latest submission date of unaudited annual accounts with complete working papers package (working papers largely complete by 09 May 2018)	14 May 2018
Latest date for final clearance meeting with the Director of Finance	11 June 2018
Issue of letter of representation and proposed independent auditor's report	19 June 2018
Issue of Annual Audit Report including ISA 260 report to those charged with governance	19 June 2018
Agreement of audited unsigned annual accounts	26 June 2018
Independent auditor's report signed	26 June 2018
Latest date for signing of SG consolidation pack	29 June 2018

Internal audit

21. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function.

Adequacy of Internal Audit

22. Internal audit is provided by PricewaterhouseCoopers, LLP (PwC). PwC provides internal audit services to a number of public sector bodies and consequently, a central review is being undertaken by Audit Scotland staff to provide evidence which will assist us in concluding the extent of formal reliance we will take from the work of internal audit. This exercise is expected to be completed by 31 December 2017. In the meantime, we have assumed (as set out below) that we will take similar assurances in 2017/18 as we did in the previous year.

23. In accordance with Public Sector Internal Audit Standards (PSIAS), NHS Grampian is required to undertake an independent effectiveness review of its internal audit function every five years. In order to meet this requirement the board will commission a review to be undertaken in the next few months and the findings will provide the Audit Committee and external audit with additional assurances on the effectiveness of the service.

Areas of reliance

24. To support our audit opinion on the financial statements we plan to place formal reliance on internal audit's review of Key Financial Controls. This work is expected to be completed by 28 February 2018 to provide sufficient time for us to assess the results and determine whether any further work is required in advance of our audit of the financial statements.

25. In respect of our wider dimension audit responsibilities and assurances to support the board's annual governance statement, we also plan to consider findings from the following internal audit reports:

- Property transaction monitoring
- Digital & IT Risk Diagnostics
- Use of Agency and Locum Staff
- General Data Protection Regulation
- Disaster Recovery – Critical Systems
- IJBs – Performance Reporting and KPIs
- Governance Statement
- Expenditure within Estates
- Project Assurance – Risk Management Framework
- Emergency Patient Flow Management

Service auditor assurances for shared systems and functions

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

- Practitioner Services Division (NHS National Services Scotland host, service auditor currently Scott-Moncrieff)
- National IT Services Contract (NHS National Services Scotland host, service auditor currently Scott-Moncrieff)
- National Single Instance (NHS Ayrshire and Arran host, service auditor currently BDO UK LLP)

Audit dimensions

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

Financial sustainability

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

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term

- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether NHS Grampian can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

Financial management

29. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether NHS Grampian has arrangements in place to ensure systems of internal control are operating effectively
- whether NHS Grampian can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how NHS Grampian has assured itself that its financial capacity and skills are appropriate
- whether NHS Grampian has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

30. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether NHS Grampian can demonstrate that the governance arrangements in place are appropriate and operating effectively including services delivered by, or in partnership with, others such as Integrated Joint Boards

- whether there is effective scrutiny, challenge and transparency around decision making and finance and performance reports
- the quality and timeliness of financial and performance reporting
- the adequacy of arrangements the board has put in place to review the National Fraud Initiative exercise.

Value for money

31. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- NHS Grampian can provide evidence that it is demonstrating value for money in the use of its resources
- NHS Grampian can demonstrate that there is a clear link between money spent, output and outcomes delivered
- NHS Grampian can demonstrate that outcomes are improving
- There is sufficient focus on improvement and the pace of it.

32. Audit Scotland's planning guidance for 2017/18 identified the undernoted areas as risks being faced by public sector bodies. As part of our coverage of the wider audit dimensions, we also consider how the board is responding to and addressing these matters.

- EU withdrawal
- New financial powers
- Ending of public sector pay cap
- Cyber-security risks
- Openness and transparency

Independence and objectivity

33. Auditors appointed by the Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

34. The engagement lead for NHS Grampian is Gillian Woolman, Assistant Director. Auditing and ethical standards require Gillian to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of NHS Grampian.

Quality control

35. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

36. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and relevant supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

37. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Adding Value

38. Through our audit work we aim to add value to the NHS Grampian by ensuring our Annual Audit Report provides a summary of the audit work concluded in the year together with clear judgements on how well the board has discharged its responsibilities and demonstrated the effectiveness of its arrangements. Where appropriate, we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

Audit team

39. The local audit team will be led by Anne MacDonald, Senior Audit Manager, who will be responsible for day to day management of the audit and will be your primary contact. Details of the team's experience and skills are provided in [Exhibit 6](#). The audit team will be supplemented by additional staff during peak times.

Exhibit 6

Core Audit team

Name

Experience

Gillian Woolman FCA CPFA
Assistant Director (and
certifying auditor)

Gillian has worked in the public and private sector, internal and external audit, in the UK and overseas. She is the lead Assistant Director for equality and diversity matters at Audit Scotland and holds a mixed portfolio of audits. She is currently chair of the regional strategic board for the Institute of Chartered Accountants in England and Wales and Vice Chair of the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

Anne MacDonald CA
Senior Audit Manager

Anne has many years of public sector experience covering both financial audit and best value audit.

Arlene Deeming CPA
Senior Auditor

Arlene joined Audit Scotland in 2003 and has been involved with both health and local government audit. Previous to this, she had occupied senior finance posts in private companies for more than 10 years. She also has 5 years' experience as an auditor in a firm carrying out audits of the private sector.

Helen Fowler
Professional Trainee

Helen joined Audit Scotland's graduate training programme in October 2017 and will shortly commence study towards achieving her ICAS qualification.

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