

Technical Guidance Note 2021/2(H)

2020/21 Independent Auditor's Report for
Health Boards



 AUDIT SCOTLAND

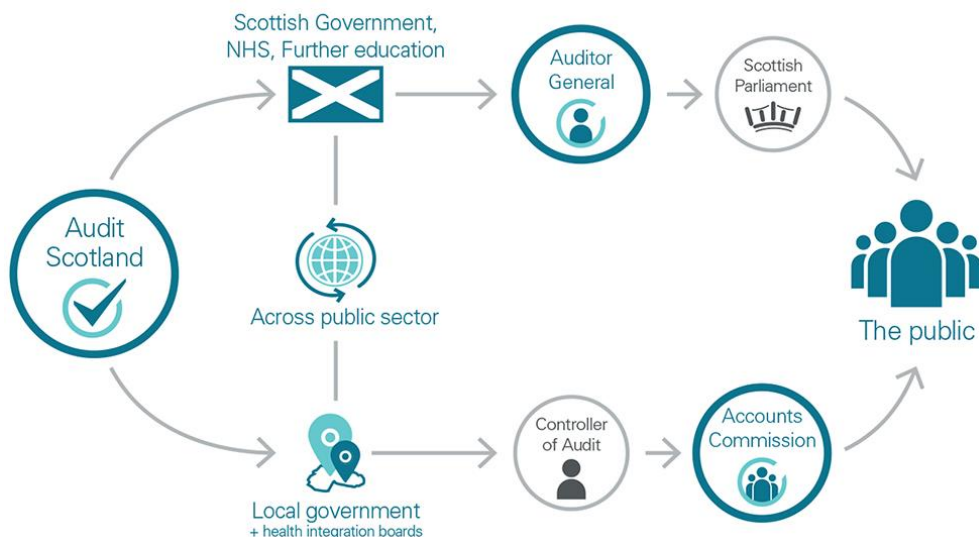
Prepared for appointed auditors in the health sector

26 February 2021

Who we are

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

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



About us

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

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

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

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Introduction

Purpose and use of Technical Guidance Note

1. The purpose of this Technical Guidance Note (TGN) from Audit Scotland's Professional Support is to provide external auditors appointed by the Auditor General for Scotland with model Independent Auditor's Reports (IAR) for the 2020/21 annual report and accounts of health boards.
2. Appointed auditors are required by the Code of Audit Practice to prepare their IARs in accordance with this TGN.
3. The model IARs set out at Appendices 1 and 2 of this TGN comply with [ISA \(UK\) 700 Forming an Opinion and Reporting on Financial Statements](#). The models are consistent with illustrative examples issued by the Financial Reporting Council but tailored to reflect health sector legislation and augmented by the reporting requirements of the Auditor General.
4. This TGN also provides guidance on the amendments that require to, or may, be made to the wording in the model IARs in the form of auditor actions. Auditors should complete for each IAR the checklist at Appendix 3 which provides a list of those auditor actions. It is important that auditors discuss any modifications or additions to the model IAR with Professional Support.
5. In addition, the TGN also provides an assurance statement for the consolidation schedules at Appendix 4.

This TGN provides model IARs for health boards

Changes in 2020/21

6. A revised version of ISA (UK) 700, as well as [570](#) and [720](#), apply in 2020/21. There are the following consequent changes in the model IARs:
 - The assurance on the going concern basis of accounting is now in the form of a positive statement (rather than a matter reported by exception).
 - The explanation of the extent to which the audit is considered capable of detecting irregularities has been revised to focus on non-compliance with laws and regulations.
 - The opinions on the Remuneration and Staff Report and Statutory Other Information are now in separate parts of the model IARs, with the description of the auditor's responsibilities for Statutory Other information clarified and moved to the latter part.
7. There are also changes in the guidance to:
 - highlight the requirement to discuss any modifications or additions to the model IAR with Professional Support, including any Emphasis of Matter paragraph
 - specify the wording to be used where auditors judge an Emphasis of Matter paragraph is appropriate where the declaration of a 'material valuation uncertainty' has been disclosed'.

Enquiries

8. Auditors should contact Professional Support with any enquiries or requests for advice by sending an email to TechnicalQueries@audit-scotland.gov.uk.

Section 1

Overview

Parts of model IARs

9. The parts that comprise the model IARs, and where guidance is provided on each part, are summarised in the following table:

Part of model IAR	Guidance
Title	ISA (UK) 700 requires the auditor's report to have a title that clearly indicates that it is the report of an independent auditor. The title 'Independent Auditor's Report' is used as this complies with that requirement and also clearly distinguishes it from other required reports, such as the Annual Audit Report.
Addressees	ISA (UK) 700 also requires the IAR to be addressed based on the circumstances of the audit appointment. The model IARs are therefore addressed to the members of the health board, the Auditor General for Scotland and the Scottish Parliament.
Reporting on the audit of the financial statements	<p>This part of the model IARs sets out the financial statements that have been audited and the opinion on them. It also sets out the financial reporting framework which for the avoidance of doubt continues to be in 2020/21 International Financial Reporting Standards adopted by the EU. This part also has paragraphs on:</p> <ul style="list-style-type: none"> • the basis for that opinion, including information on the audit appointment and any non-audit work • conclusions relating to the going concern basis of accounting • risks of material misstatement • responsibilities of the Accountable Officer and auditors for the financial statements, including an explanation of the extent to which the audit is considered capable of detecting irregularities including fraud. <p>Guidance is provided in section 2 of this Technical Guidance Note.</p>
Reporting on regularity of expenditure and income	<p>This part sets out the opinion on the regularity of expenditure and income.</p> <p>Guidance is provided in section 3 of this Technical Guidance Note.</p>
Reporting on other requirements - Remuneration and Staff Report	<p>This part sets out the opinion on the audited part of the Remuneration and Staff Report.</p> <p>Guidance is provided in section 4 of this Technical Guidance Note.</p>
Reporting on other requirements – Statutory Other Information	<p>This part sets out reporting on Statutory Other Information including the opinions on the Performance Report and Governance Statement.</p> <p>Guidance is provided in section 5 of this Technical Guidance Note.</p>
Reporting on other requirements - matters reported by exception	<p>This part sets out the conclusions on matters reported by exception, such as the adequacy of accounting records.</p> <p>Guidance is provided in section 6 of this Technical Guidance Note.</p>

Part of model IAR	Guidance
Reporting on other requirements - wider scope responsibilities	This part highlights that auditors report conclusions on their wider scope responsibilities in the Annual Audit Report.
Use of report	The model reports contain a paragraph to recognise the case of Royal Bank of Scotland v Bannerman Johnstone Maclay, which highlighted potential exposure where auditors have not expressly disclaimed responsibility to third parties.

Model IAR options

Auditor action 1

Auditors should use the correct model IAR that applies to the board's circumstances.

10. Separate model IARs have been provided to be used depending on whether a health board has prepared group accounts:

Appendix	Use for
1	Group accounts
2	Health board-only accounts

Separate model if the board has a group

Tailoring to local circumstances

Auditor action 2

Auditors should follow the wording in the relevant model IAR other than where changes are required to reflect local circumstances (e.g. adding the name of the health board, reflecting whether the auditor is a firm or an individual).

11. Auditors should tailor the model wording (as indicated by the square brackets) as summarised in the following table:

Reason for change	Change to model IAR wording
Name of health board	Auditors should insert the name of the health board. This should be consistent with what it calls itself in the annual report and accounts.
To reflect whether appointed auditor is an individual or firm	Where the appointed auditor is a member of Audit Scotland staff, the reports should be presented in the first person singular (e.g. 'I am'). Firms should present the report in the first person plural (e.g. 'We are').
Other amendments	If auditors consider that any other amendments are required to reflect local circumstances, they should contact Professional Support.

Signature and date

12. ISA (UK) 700 requires IARs to be signed and dated, and name the location of where the auditor practices:

Auditor action 3

Auditors should:

- sign and date the IARs on or after the authorised for issue date
- sign the IAR for and on behalf of the firm (firms only)
- give the full date and postal address.

Signing

- 13.** The IAR is required to include the signature of the appointment lead. Auditors are encouraged to use a qualified electronic signature as explained in the [guidance on planning 2020/21 audits](#). Appointment leads should sign the IAR as set out in the following table:

Appointed auditor	Guidance on signing
Audit Scotland staff	The appointment lead (i.e. individual appointed as auditor) should sign the IAR in their own personal name.
Firm	<p>The appointment lead (i.e. the partner or other individual who is responsible for issuing the report) should sign the IAR 'for and on behalf of the firm' in their own personal name.</p> <p>The individual should not sign themselves as 'senior statutory auditor' as that is a Companies Act requirement that has not been applied to health board audits.</p>

Dating

- 14.** The date given in the IAR should be the date on which the appointment lead actually signs the report. The appointment lead should aim to sign the report on the date the annual report and accounts are signed by the Accountable Officer (i.e. the authorised for issue date). Auditors should ensure they give the correct day, month and year of their signature, e.g. 30 June 2021.
- 15.** There may be circumstances where the appointment lead cannot sign the IAR on the authorised for issue date. Where that is the case, auditors should note the following:
- The appointment lead should not sign the IAR earlier than the authorised for issue date.
 - Where the appointment lead signs the IAR on a date later than the authorised for issue date, auditors should:
 - obtain assurance that those charged with governance would have approved the financial statements on that later date (e.g. by obtaining confirmation from the Accountable Officer)
 - ensure that audit procedures for reviewing subsequent events cover the period up to that date.

Address

- 16.** Auditors should state in the IAR the full postal address of their office.

Positioning of the IAR

Auditor action 4

Auditors should satisfy themselves that the IAR is appropriately positioned in the annual accounts.

- 17.** Paragraph 6.5.25 of the FReM states that the Accountability Report should include the certificate and report of the Comptroller and Auditor General. This is the equivalent of the IAR used in Scotland, and therefore the requirement applies in principle.
- 18.** However, auditors should encourage boards to locate the IAR in such a way that it is clear to users of the accounts that it is not covered by the Accountable Officer's signature on the Accountability Report.

Section 2

Reporting on the audit of the financial statements

Opinion on financial statements

Auditors' responsibilities

19. The 'Reporting on the audit of the financial statements' part of the model IAR is where auditors list the names of financial statements they have audited and express an opinion on whether those financial statements:
- give a true and fair view of the state of the affairs of the board (and its group) as at 31 March 2021 and of the net expenditure for the year then ended;
 - have been properly prepared in accordance with the financial reporting framework.

Titles of financial statements

Auditor action 5

Auditors should list the financial statements they have audited, using the precise titles used by the health board.

20. Auditors are required by ISA (UK) 700 to identify the title of each statement that comprises the financial statements. The financial statements listed in the models are based on the requirements of, and titles used by, the [NHS Boards Accounts Manual for the Annual Report and Accounts](#) (the accounts manual).
21. In the event that a board uses different titles or includes other statements, auditors should amend the titles of the statements so they precisely match the statements and titles actually used by the board. In previous years, there were a number of instances where the titles used by auditors did not precisely match those used by the body, which makes it difficult for a user of the accounts to clearly understand the statements that have been audited.

Titles should be consistent with those used by the board

Modified opinion on financial statements

Auditor action 6

When auditors are considering modifying their opinion on the financial statements, they should discuss the proposed modified opinion with Professional Support.

If auditors conclude that a modified opinion is appropriate, they should:

- amend the headings and wording in the opinion and basis of opinion paragraphs
- include a description of the matter giving rise to the modification.

22. Auditors should evaluate whether there are any material misstatements in the financial statements in accordance with the guidance provided in [Technical Guidance Note 2021/1](#).
23. If auditors conclude that there is (or could be) an uncorrected material misstatement in the financial statements, they should express a modified opinion in accordance with [ISA \(UK\) 705 Modifications to the Opinion in the Independent Auditor's Report](#). ISA (UK) 705 establishes three types of modified opinions, i.e. a qualified opinion, an adverse opinion, and a disclaimer of opinion.
24. There are two forms of qualified opinion. The following table summarises the circumstances in which each form would be appropriate, and the amendments which auditors should make to the model report in each case:

Form of qualified opinion	Appropriate when	Nature of amendments to model IARs	
		Unqualified	Qualified
Material misstatement	Auditors conclude that misstatements are material (but not pervasive) to the financial statements	Heading 'Opinion on financial statements'	Amend to 'Qualified opinion on financial statements'
		Phrase in second paragraph under above heading 'In [my/our] opinion the accompanying financial statements'	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements'
		Heading 'Basis for opinion'	Amend to 'Basis for qualified opinion'
		Last sentence in the paragraph under the 'Basis for (qualified) opinion' heading	Add 'qualified' before 'opinion'
		Basis for (qualified) opinion	Add a new paragraph under the heading giving a description of the matter giving rise to the qualified opinion (see below)
Inability to obtain evidence	Auditors are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but conclude that the possible effects on the financial statements of undetected misstatements could be material but not pervasive	The changes are the same as for a 'material misstatement' qualified opinion, with the following additions: <ul style="list-style-type: none"> • Add 'possible' before 'effects' in the statement added to the 'Qualified opinion on financial statements' paragraph • Include in the 'Basis for qualified opinion' paragraph the reasons for the inability to obtain sufficient appropriate audit evidence 	

- 25.** Where there is a material misstatement, the description of the matter in the added 'Basis for qualified opinion' paragraph should include the information set out in the following table depending on whether it relates to amounts, narrative or non-disclosure:

Qualified opinion relates to	Required information
Specific amounts in the financial statements	Quantification of the financial effects of the misstatement (or a statement that quantification is impracticable)
Narrative disclosures in the notes	Explanation of how the notes are misstated
Non-disclosure of required information,	Nature of the omitted information and (unless impracticable) the omitted disclosures

- 26.** The other types of modified opinion are not expected in practice but are briefly summarised in the following table for completeness:

Type	Appropriate when
Adverse opinion	Auditors conclude that material misstatements have a pervasive effect on the financial statements
Disclaimer of opinion	Auditors are unable to obtain sufficient appropriate audit evidence on which to base the opinion, and they conclude that the possible effects on the financial statements of undetected misstatements could be both material and pervasive

27. Pervasive effects are those that:

- are not confined to specific items
- represent a substantial proportion of the financial statements; or
- are fundamental to users' understanding.

28. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model report, with Professional Support.

Information on appointments and non-audit services

Auditor action 7

Auditors should in the basis of opinion paragraph:

- add the date of their appointment letter and the total period of appointment
- report any non-audit services not disclosed elsewhere

29. Where indicated in the basis of opinion paragraph, auditors should:

- add the date of their appointment letter and the total period of appointment to date
- report any non-audit services which were provided to the board that have not been disclosed elsewhere in the annual report and accounts.

30. The above is based on the requirements in ISA (UK) 700 for public interest entities (PIE). For the avoidance of doubt, although they do not meet the legislative definition for a PIE, the Auditor General has applied these requirements to the audit of all health boards.

Conclusions relating to going concern basis of accounting

Auditors' responsibilities

31. ISA (UK) 700 requires auditors to report in accordance with ISA (UK) 570 in respect of going concern. A revised ISA (UK) 570 applies in 2020/21 and requires auditors to conclude:

- on the appropriateness of the board's use of the going concern basis of accounting
- whether a material uncertainty exists about the board's ability to continue to adopt the going concern basis of accounting.

Matter to be reported

Auditor action 8

When auditors are considering whether there may be a matter to report in respect of the use of the going concern basis of accounting, auditors should discuss the matter with Professional Support.

32. Guidance on using the going concern basis of accounting is provided at section 2 of the Overview Module of [Technical Guidance Note 2021/1](#). While a health board may face financial sustainability issues, it is highly unlikely that there will be a material uncertainty regarding the use of the going concern basis of accounting or that it would not be considered appropriate.

33. In the rare event of a going concern matter requiring to be reported, after discussion with Professional Support instead of the model wording the auditor's reporting options are summarised in the following table:

Matter to be reported	Reporting
Going concern basis of accounting inappropriate	Adverse opinion on financial statements
Material uncertainty exists and adequately disclosed	No modification to opinion Change the heading to 'Material uncertainty related to going concern' and draw attention to the disclosure
Material uncertainty exists but not adequately disclosed	Qualified or possibly adverse opinion on financial statements

Responsibilities of auditors

Explaining capability of detecting irregularities

34. The model IARs contain a paragraph that explains the extent to which the audit is considered capable of detecting irregularities, including fraud. Although the guidance in ISA (UK) 700 advises against the wording for this explanation being standardised, this is in a private sector context. Professional Support's view is that the standardised wording in the models is appropriate for health boards due to their generic nature.
35. The model wording in the paragraph has been revised in 2020/21 in light of new application guidance in ISA (UK) 700. It has been amended to give greater focus to non-compliance with laws and regulations.

**Standardised
wording should
be used
unchanged**

Section 3

Reporting on regularity of expenditure and income

Auditors' responsibilities

36. The 'Reporting on regularity of expenditure and income' part of the IAR is where auditors express an opinion on whether in all material respects, expenditure was incurred and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Qualified opinion on regularity

Auditor action 9

When auditors are considering qualifying their opinion on regularity, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

37. Auditors should evaluate whether there are any material irregularities in the financial statements in accordance with the guidance provided in Module 9 of [Technical Guidance Note 2021/1](#).
38. If auditors conclude that there is an uncorrected material irregularity in the financial statements, they should express a qualified opinion. Auditors should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend 'Opinion on regularity' heading	Amend to 'Qualified opinion on regularity'
Amend 'In [my/our] opinion in all material respects' in the 'Opinion on regularity' paragraph	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion on regularity paragraph, in all material respects'
Add new heading	Add a 'Basis for qualified opinion on regularity' heading under 'Opinion on regularity' paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

39. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.

Section 4

Opinion on Remuneration and Staff Report

Auditors' responsibilities

40. Auditors are required by the Auditor General to express an opinion on whether the audited part of Remuneration and Staff Report has been properly prepared. The model IAR has been revised in 2020/21 so that auditors express this opinion separate from Statutory Other Information (see section 5).

Titles of report

Auditor action 10

Auditors should use the precise title of the report used by the health board.

41. The title of the report (i.e. Remuneration and Staff Report) used in the model IARs reflect the titles used by the accounts manual. In the event that a board uses a different title, auditors should amend the references in the IAR to be consistent.

Qualified opinion on Remuneration and Staff Report

Auditor action 11

When auditors are considering qualifying their opinion on the Remuneration and Staff Report, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

42. Auditors should evaluate whether there are any material misstatements in the Remuneration and Staff Report in accordance with the guidance provided in Module 10 of [Technical Guidance Note 2021/1](#). If auditors conclude that there is an uncorrected material misstatement, they should express a qualified opinion. Auditors should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend heading 'Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report' heading	Amend to 'Qualified opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report'
Amend 'In [my/our] opinion, the audited part of the Remuneration and Staff Report'	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the Remuneration and Staff Report'
Add new heading	Add a 'Basis for qualified opinion on the Remuneration and Staff Report' heading under the opinion paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

43. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.

Section 5

Reporting on Statutory Other Information

Auditors' responsibilities

44. ISA (UK) 700 requires auditors to report in accordance with ISA (UK) 720 in respect of Statutory Other Information in the annual report and accounts. In a health board, Statutory Other Information comprises the Performance Report and the Accountability Report (excluding the audited part of the Remuneration and Staff Report).
45. ISA (UK) 720 requires auditors to report:
 - either a description of any material misstatements in the Statutory Other Information or a statement that there is nothing to report
 - a conclusion where there is a specific requirement to report on any Statutory Other Information. In a health board, this applies to the opinions prescribed by the Auditor General as to whether the Performance Report and Governance Statement are consistent with the financial statements and have been properly prepared

Titles of reports

Auditor action 12

Auditors should use the precise titles of the reports used by the health board.

46. The titles of the reports (i.e. Performance Report, Accountability Report and Governance Statement) used in the model IARs reflect the titles used by the accounts manual. In the event that a board uses different titles, auditors should amend the references in the IAR to be consistent.

Material misstatement to report

Auditor action 13

When auditors are considering whether there is a material misstatement in the Statutory Other Information, they should discuss the matter with Professional Support.

If auditors conclude that there is an uncorrected material misstatement in the Statutory Other Information, they should describe the misstatement in the Independent Auditor's Report.

47. Auditors should evaluate whether there are any material misstatements in the Statutory Other Information in accordance with the guidance provided in modules 11 and 13 of [Technical Guidance Note 2021/1](#).
48. Where auditors conclude that there is an uncorrected material misstatement in the Statutory Other Information, they should replace the phrase '[I/We] have nothing to report in this regard' with a description of the material misstatement.
49. Auditors should discuss the subject matter of the misstatement, and share the proposed amendments to the model IAR, with Professional Support.

Qualified opinion on Performance Report or Governance Statement

Auditor action 14

When auditors are considering qualifying their opinion on the Performance Report or Governance Statement, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

50. Auditors should evaluate whether a qualified opinion in respect of the Performance Report or Governance Statement is appropriate in accordance with the guidance provided in modules 11 and 13 of [Technical Guidance Note 2021/1](#).
51. Where auditors conclude that a qualified opinion is appropriate, they should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend heading 'Opinion prescribed by the Auditor General for Scotland on Performance Report and Governance Statement'	Amend to 'Qualified opinion prescribed by the Auditor General for Scotland on Performance Report and Governance Statement'
Amend 'In [my/our] opinion, based on the work undertaken in the course of the audit' in the opinion paragraph	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, based on the work undertaken in the course of the audit'
Add new heading	Add a 'Basis for qualified opinion on the Performance Report [or Governance Statement]' heading under the opinion paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

52. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.
53. Health boards are not required to report compliance with the UK Corporate Governance Code. If a board makes a reference in the Governance Statement to that code, auditors should contact Professional Support as this would trigger additional reporting requirements under ISAs (UK) 701 and 720.

Section 6

Matters reported by exception

Auditors' responsibilities

54. The Auditor General requires auditors of health boards to report by exception if:
- adequate accounting records have not been kept
 - the financial statements or the audited part of the Remuneration and Staff Report are not in agreement with the accounting records
 - they have not received all the information and explanations required for the audit
 - there has been a failure to achieve a prescribed financial objective.
55. Where auditors are required to report on certain matters but positive assurance is not required, ISA (UK) 700 treats them as matters reported by exception. Auditors are required to describe their responsibilities for such matters, and incorporate a suitable conclusion (rather than opinion).
56. Auditors report on these matters in the 'Matters reported on by exception' part of the IAR.

Accounting records

Auditor action 15

Auditors should evaluate and conclude on whether:

- **the board has kept adequate accounting records throughout the year**
- **the financial statements and the audited part of the Remuneration and Staff Report are in agreement with the accounting records.**

57. Accounting records are the records of initial accounting entries and supporting records, such as checks and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in formal journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures
58. The accounting records should comprise an orderly, classified collection of information capable of timely retrieval, containing details of the board's transactions, assets and liabilities. The information should be organised so as to enable a trial balance to be constructed. Auditors should consider accounting records to be adequate if they are sufficient to:
- show and explain the board's transactions
 - disclose with reasonable accuracy, at any time during the year, the financial position of the board
 - enable the Accountable Officer to ensure that any accounts required to be prepared comply with statutory requirements.
59. There is a distinction between the accounting records and the accounting control system. If auditors find weaknesses relating to the accounting control system rather than the accounting records, they can still conclude that adequate accounting records have been kept. The weaknesses in the accounting control system, where significant, would be reported in the Governance Statement.

Required information and explanations

Auditor action 16

Auditors should evaluate and conclude on whether they have received all the information and explanations required for the audit.

Failure to achieve a prescribed financial objective

Auditor action 17

Auditors should evaluate and conclude on whether the health board has achieved its prescribed financial objectives.

60. Auditors are required by the Auditor General to report a health board's failure to achieve a prescribed financial objective. The financial objectives for health boards is to ensure that their expenditure remains within the Revenue Resource Limit and Capital Resource Limit, and their cash drawn down remains within a cash limit, set by the Scottish Government. Guidance on financial targets is provided in Module 13 of [Technical Guidance Note 2021/1](#).

Modified conclusion

Auditor action 18

When auditors are considering modifying their conclusion on a matter reported by exception, they should discuss the proposed modified conclusion with Professional Support.

Where a modified conclusion is appropriate, auditors should:

- amend the conclusion wording in the model IAR
 - provide a description of the matter giving rise to the modification.
-

61. Where auditors conclude that a modified conclusion is appropriate, they should:
- modify the conclusion to 'I/We have the following to report in respect of these matters'
 - provide a concise description of the matter being reported
 - finish with the sentence 'I/We have nothing to report in respect of the other matters'.
62. Where auditors express a modified conclusion in respect of a matter reported by exception, this may also give rise to a modification of the auditor's opinion on the financial statements, e.g. if adequate accounting records have not been maintained and as a result it proves impracticable for the auditor to obtain sufficient appropriate evidence concerning material matters in the financial statements.
63. Auditors should discuss the subject matter of the modified conclusion, and share the proposed amendments to the model IAR, with Professional Support.

Section 7

Emphasis of Matter/Other Matter paragraphs

Auditors' responsibilities

64. **ISA (UK) 706** deals with Emphasis of Matter and Other Matter paragraphs in the IAR. These may need to be added to the model IARs when auditors consider it necessary to draw users' attention to matters that are either fundamental to understanding the financial statements or relevant to understanding the audit.

Matter to be reported

Auditor action 19

When auditors are considering whether it is necessary to draw attention to certain matters under ISA (UK) 706, they should discuss the matter with Professional Support.

If auditors conclude that they should draw attention to such matters, they should include an Emphasis of Matter or Other Matter paragraph in accordance with ISA (UK) 706.

65. The following table summarises the criteria which must be met for an Emphasis of Matter paragraph (along with examples of where one could be appropriate) and the amendments that should be made to the model report:

Criteria	Examples	Amendments to model IAR
Appropriately presented or disclosed in the financial statements; and	An uncertainty relating to the future outcome of exceptional litigation or regulatory action.	Include the paragraph within a separate section of the IAR with an appropriate heading that includes the term 'Emphasis of Matter'.
Of such importance that it is fundamental to users' understanding of the financial statements; but	A significant subsequent event that occurs between the date of the financial statements and the date of the auditor's report.	Include in the paragraph a clear reference to the matter being emphasised and to where relevant disclosures that fully describe the matter can be found in the financial statements.
A modified opinion is not required	Early application (where permitted) of a new accounting standard that has a material effect on the financial statements.	Indicate that the auditor's opinion on the financial statements is not modified in respect of the matter emphasised.
	A major catastrophe that has had, or continues to have, a significant effect on the board's financial position.	
	A material valuation uncertainty declared by a valuer in their report in respect of a significant element of operational assets	

66. Auditors included a number of Emphasis of Matter paragraphs in their 2019/20 IARs in respect of 'material valuation uncertainties' declared by valuers (twelve of the fourteen territorial health boards). It is anticipated that further Emphasis of Matter paragraphs will be considered appropriate in 2020/21. Auditors should consider whether:

- the material valuation uncertainty is explicitly disclosed in the estimation uncertainty note
- the disclosure is fundamental to understanding the financial statements. Auditors could reasonably conclude that the disclosure is fundamental where the board has an extensive estate used in the

delivery of services and the material valuation uncertainty is in respect of the valuation of a significant part of that estate. Where the body's overall estate is small, or the affected part is limited to a relatively small part, it is unlikely that the disclosure would be considered fundamental to understanding the financial statements.

67. Where auditors conclude that an Emphasis of Matter paragraph is appropriate, they should position it after the basis for opinion paragraph and use the following wording:
-

Emphasis of matter: Material valuation uncertainty

[I/We] draw attention to Note x in the financial statements which discloses a material valuation uncertainty caused by COVID-19 declared in the valuation report for property. [My/Our] opinion is not modified in respect of this matter.

68. An Other Matter paragraph is used to refer to a matter other than those presented or disclosed in the financial statements that are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report. The use of such a paragraph in the public sector is extremely rare.
69. Auditors should discuss the subject matter of the paragraph, and share the proposed amendments to the model IAR, with Professional Support. This is an important quality check that sits above checking carried out by individual auditors. However, only a third of the Emphasis of Matter paragraphs in 2019/20 were discussed with Professional Support.

Section 8

Assurance statement on consolidation templates

Auditors' responsibilities

70. Health boards are required to prepare consolidation templates to facilitate the preparation of the health information included in the Scottish Government's consolidated resource accounts.
71. Auditors are required to complete an assurance statement stating whether the completed templates are consistent with the audited annual report and accounts. Model wording for the assurance statement is provided at Appendix 4.
72. A checklist is included at Appendix 5 of this Technical Guidance Note which may help auditors in carrying out their responsibilities in relation to the consolidation templates.

Procedures

Test procedures

Auditors should examine the completed templates and conclude whether they are consistent with the financial statements.

73. Auditors should:
 - evaluate the board's processes and controls for the preparation of the templates
 - evaluate whether the templates include all relevant tabs i.e. Performance Report, Remuneration and Staff Report, financial statements, and notes
 - select a sample of entries on the templates and agree each to the corresponding item in the annual report and accounts
 - investigate error messages, and confirm that negative balances are correctly reported
 - agree inter-board trading figures to supporting documentation.
74. Auditors should then conclude as to whether the templates are consistent with the audited annual report and accounts. When auditors identify an inconsistency, they should bring it to the board's attention so that it can be eliminated.

Reporting procedures

Auditors should complete the assurance statement and submit it along with the consolidation templates to the Scottish Government by 30 September 2021.

75. Auditors should:
 - complete the assurance statement provided at Appendix 4. If an identified inconsistency is not eliminated, auditors should include a description of the inconsistency in the assurance statement
 - submit by 30 September 2021 the templates and accompanying completed assurance statement by e-mail to nhsaccounts@gov.scot.

Appendix 1

Model independent auditor's report – health boards (group)

Independent auditor's report to the members of [insert name of health board], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of health board] and its group for the year ended 31 March 2021 under the National Health Service (Scotland) Act 1978. The financial statements comprise the [specify precisely the titles of the financial statements used by the board such as the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Net Expenditure, the Statement of Consolidated Cash Flow, the Statement of Consolidated Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In [my/our] opinion the accompanying financial statements:

- 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 the affairs of the board and its group as at 31 March 2021 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the board and its group in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by the Auditor General for Scotland to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit; or
- there has been a failure to achieve a prescribed financial objective.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of individual auditor], (for and on behalf of [name of firm] - firms only),

[Full postal address],

[Full date]

Appendix 2

Model independent auditor's report – health boards (board-only)

Independent auditor's report to the members of [insert name of health board], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of health board] for the year ended 31 March 2021 under the National Health Service (Scotland) Act 1978. The financial statements comprise the [specify precisely the titles of the financial statements used by the board such as the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In [my/our] opinion the accompanying financial statements:

- 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 the board's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the board in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by the Auditor General for Scotland to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit; or
- there has been a failure to achieve a prescribed financial objective.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of individual auditor], (for and on behalf of [name of firm] - firms only)

[Full postal address]

[Full date]

Appendix 3

Auditor action checklist

	Yes/No/N/A	Initials/date	W/P ref
1 Have you used the correct model IAR for the board's circumstances (i.e. group or board-only)?			
2 Have you followed the wording in the relevant model IAR other than where changes are required to reflect local circumstances, e.g.: <ul style="list-style-type: none"> name the board consistently with what it calls itself? use the correct 'person' (i.e. singular for Audit Scotland staff, plural for firms)? consider whether any other amendments to the model IAR wording are appropriate and discussed proposals with Professional Support? 			
3 Have you ensured that the IAR has been signed: <ul style="list-style-type: none"> by the appointment lead? on the authorised for issue date (or as close as possible thereafter)? 'for and on behalf of the firm' (firms only)? 			
4 Have you satisfied yourself that the IAR is appropriately located within the annual report and accounts?			
5 Have you listed the audited financial statements using the precise titles used by the board?			
6 Have you: <ul style="list-style-type: none"> discussed any proposed modifications to the audit opinion on the financial statements with Professional Support? made the appropriate amendments? 			
7 Have you in the basis of opinion paragraph: <ul style="list-style-type: none"> added the date of your appointment letter and the total period of appointment? reported any non-audit services not disclosed elsewhere? 			

	Yes/No/N/A	Initials/date	W/P ref
8			
When considering whether there may be a matter to report on using the going concern basis of accounting, have you discussed the matter with Professional Support?			
9			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on regularity with Professional Support made the appropriate amendments? 			
10			
Have you used the precise title of the Remuneration and Staff Report used by the board?			
11			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on the audited part of the Remuneration and Staff Report with Professional Support made the appropriate amendments? 			
12			
Have you used the precise titles of the reports comprising Statutory Other Information used by the board?			
13			
Have you:			
<ul style="list-style-type: none"> discussed any proposed reporting of material misstatements in Statutory Other information with Professional Support made the appropriate amendments? 			
14			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on the Performance Report or Governance Statement with Professional Support made the appropriate amendments? 			
15			
Have you evaluated and concluded on whether:			
<ul style="list-style-type: none"> the board has kept adequate accounting records throughout the year? the financial statements and the audited part of the Remuneration and Staff Report are in agreement with the accounting records? 			
16			
Have you evaluated and concluded on whether you have received all the information and explanations required for the audit?			
17			
Have you evaluated and concluded on whether the health board has achieved its prescribed financial objectives?			

	Yes/No/N/A	Initials/date	W/P ref
18			
Have you:			
• discussed any proposed modifications to conclusions on a matter reported by exception with Professional Support			
• made the appropriate amendments?			
19			
Have you:			
• considered whether it is necessary to draw attention to certain matters under ISA (UK) 706			
• discussed any such matters with Professional Support			
• made the appropriate amendments?			

Appendix 4

Assurance statement on consolidation templates

Report by the auditors of [insert name of health board] on the consolidation templates for the financial year 2020/21

Conclusion

The consolidation templates, which comprise the [specify the content of the consolidation templates] are derived from the audited annual report and accounts of [insert name of health board] for the year ended 31 March 2021.

[I/We] have concluded that the accompanying consolidation templates are consistent, in all material respects, with the audited annual report and accounts.

The audited annual report and accounts and [my/our] report thereon

[I/We] expressed unmodified audit opinions on the audited annual report and accounts in [my/our] report dated [insert date of independent auditor's report].

Board responsibility for the consolidation templates

The Board is responsible for preparing the consolidation templates in accordance with guidance issued by the Scottish Government Health and Social Care Directorates.

Auditor's responsibility for the consolidation templates

[My/Our] responsibility is to report to you [my/our] conclusion as to whether the consolidation templates are consistent with the audited annual report and accounts. [I/We] carried out [my/our] review of the consolidation templates in accordance with the approach set out in Audit Scotland's Technical Guidance Note 2021/2(H).

[Electronic signature of auditor]

[Name of auditor]

[Full postal address]

[Full date]

Appendix 5

Auditor action checklist (Consolidation templates)

	Yes/No/N/A	Initials/date	W/P ref
1 Do the board's processes and controls for the preparation of the consolidation templates appear adequate?			
2 Are cells identified as negative in the consolidation templates reported as negative balances in the annual report and accounts?			
3. Are all of the relevant tabs included i.e. Performance Report, Remuneration and Staff Report, financial statements, and notes?			
4. Do the selected entries on the consolidation templates agree with those reported in the annual report and accounts?			
5. Have any error messages been investigated?			
6. Have the inter-board trading figures been agreed to supporting documentation?			
7. Has an electronic version of the consolidation templates and a completed assurance statement been submitted to the Scottish Government by 30 September?			

Technical Guidance Note 2021/2(H) – 2020/21 Independent Auditor’s Reports for Health Boards

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