

NHS Tayside

Annual Audit Plan 2020/21



 AUDIT SCOTLAND

Prepared for by NHS Tayside
March 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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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual report and accounts and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

Impact of Covid-19 on public audit

3. Audit Scotland are responding to the risks to public services and finances from Covid-19 across the full range of audit work, including annual accounts audits and the programme of performance audits. A January 2021 paper, [COVID-19: What it Means for Public Audit in Scotland - Update](#) restates the principles and approach we are taking following the reintroduction of significant restrictions in Scotland.

4. Audit timetables for 2020/21 cannot match those which were possible before Covid-19. The safety of audit teams and client staff, and the delivery of high-quality audits remain paramount. Maintaining a pragmatic and flexible approach will enable change at short notice as new issues emerge, or current risks change in significance. Where this impacts on annual audits, revisions to this annual audit plan may be necessary.

Adding value

5. We aim to add value to NHS Tayside through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help NHS Tayside promote improved standards of governance, better management and decision making and more effective use of resources.

Extension of audit appointment


6. Auditors appointed under statute by the Auditor General for Scotland are engaged for a five-year period. The current audit engagement was due to end after the conclusion of the 2020/21 audit. Normally at the end of each five-year period a new auditor is appointed, either Audit Scotland or a private sector accountancy firm. Covid-19 had an impact on the 2019/20 audits of public sector bodies and the vast majority of these audits were reported later than normal. Planning for and potentially reporting of 2020/21 annual audit work is also being affected. In October 2020 Audit Scotland approved the extension of current audit appointments for a year to include the 2021/22 audit year. This decision reflects the need for stability and continuity given the longer-term impact of Covid-19 on audited bodies and the difficulty of running the necessary audit procurement exercise during the pandemic.

Audit risks


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


Exhibit 1

2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. • Substantive testing of transactions after the year end to confirm expenditure and income has been accounted for in the correct financial year.
<p>2 Risk of material misstatement caused by fraud in revenue recognition</p> <p>As set out in ISA (UK) 240, <i>The Auditor's Responsibilities Related to Fraud in an Audit of Financial Statements</i>, there is a presumed risk of fraud in the recognition of income. NHS Tayside receives a significant amount of income from various sources. There is therefore a risk that income may be misstated, resulting in a material misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Budget monitoring by management. • Internal control processes built into systems utilised by the board. • Fraud reports are regularly monitored and information across Scotland is routinely shared. • There are a range of measures in place to prevent and detect fraud, including Standing Financial Instructions, Standing Orders and a Code of Conduct for Staff which incorporates both whistleblowing and fraud policies. 	<ul style="list-style-type: none"> • Analytical procedures on income streams. • Detailed testing of revenue transactions focusing on the areas of greatest risk, including new Covid-19 funding streams.
<p>3 Risk of material misstatement caused by fraud in expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements. NHS Tayside incurs significant expenditure on family health services (FHS) which requires audit coverage.</p>	<ul style="list-style-type: none"> • Budget monitoring by management. • Internal control processes built into systems utilised by the board. • Fraud reports are regularly monitored and information across Scotland is routinely shared. • There are a range of measures in place to prevent and detect fraud, including Standing Financial Instructions, Standing Orders and a Code of Conduct for Staff which 	<ul style="list-style-type: none"> • Walk-through of controls over family health services expenditure. • Detailed testing of transactions focusing on the areas of greatest risk, including focussed substantive testing of transactions and disclosures relating to Covid-19 expenses incurred. • Audit work on the National Fraud Initiative matches.

	Audit Risk	Source of assurance	Planned audit work
		<p>incorporates both whistleblowing and fraud policies.</p> <ul style="list-style-type: none"> The board has a formal partnership agreement with NHS Scotland Counter Fraud Services and an agreed protocol covering a programme of regular payment verification checks on family health service contractor payments. 	<ul style="list-style-type: none"> Obtain assurances from the Counter Fraud Service reports. Assurances from Auditor of NHS National Services Scotland over the work of the Service Auditor in respect of Practitioner Services.
4	<p>Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement, estimation and valuation of the material account areas including: non-current assets; provisions; trades payables (including family health services); trades receivables; and large hospital services set aside. This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<ul style="list-style-type: none"> Non-current asset base is reviewed on a rolling programme by the board's independent valuers. Information is received from the Office of National Statistics, HM Treasury, the Scottish Public Pension Agency and the Central Legal Office which form the basis of the provisions calculations. Large hospital services set aside estimates are agreed with the Integration Joint Boards (IJBs). 	<ul style="list-style-type: none"> Completion of 'review of the work of an expert' for the professional valuer. Review of information provided by the Office of National Statistics, HM Treasury, the Scottish Public Pension Agency and the Central Legal Office. Focused substantive testing of non-current assets; provisions; trade payables balances; trade receivables balances; and large hospital services set aside.
5	<p>Submission of annual report and accounts for audit</p> <p>Historically, we have received the financial statements part of the Annual Report and Accounts at the start of the financial statements audit, with the narrative part (the Performance Report, Accountability Report, Remuneration Report and Governance Statement) following some time later.</p> <p>There is a risk that the late receipt of the narrative part creates pressure on the completion of the audit on time.</p>	<ul style="list-style-type: none"> The board plans to provide annual report and accounts and relevant working papers by agreed timescales. Management are committed to providing the narrative part at the start of our financial statements audit. Finance officers have been liaising with IJB officers to agree when the IJB data will be available for the group account consolidation. Discussions between finance officers and external audit will be held in 2021 to seek further improvement in the financial statements process. 	<ul style="list-style-type: none"> Continue to meet with finance officers throughout the year to ensure the timetable for receipt of the unaudited annual report and accounts and working papers is met to allow the audit to be progressed in a timely manner.
Wider dimension risks			
6	<p>Financial sustainability</p> <p>The 2019/20 annual audit report and recent statutory report comment on the boards improved financial position in 2019/20. Delivery of the board's three year financial plan is key to the sustainability of its</p>	<ul style="list-style-type: none"> The core operational forecast outturn is underspent in 2020/21, with savings target identified in full. Recurring savings exceed financial planning assumptions and prior years' performance. 	<ul style="list-style-type: none"> Monitor and report on the financial outturn for 2020/21. Report on the board's review of future financial plans. Report on the repayment schedule agreed with the Scottish Government for the

	Audit Risk	Source of assurance	Planned audit work
	<p>services. The board needs to achieve savings of £85.2 million in the three years from 2020/21. Covid-19 has had an impact on delivery of the board's financial plans.</p> <p>There is a risk that achievement of the scale of savings needed to achieve the three year financial plan may not be delivered.</p>	<ul style="list-style-type: none"> • A one year planning cycle is in place for 2021/22 (per instruction from the Scottish Government) with 50% low risk savings identified to date, in line with previous years at this stage. • The financial plan continues to be reviewed to ensure there is a robust savings plan. 	<p>£7 million brokerage received in 2019/20.</p> <ul style="list-style-type: none"> • Report on the level of temporary staff costs incurred in 2020/21.
7	<p>Covid-19 remobilisation and transformation</p> <p>As a result of the Covid-19 pandemic, NHS Tayside has had to consider its plans for remobilisation and transformation of its services and the impact on service performance going forward. The remobilisation plan will replace the board's transformation programme '<i>Transforming Tayside</i>'. There will need to be clear links between the plan and the board's financial planning, overarching clinical strategy, workforce planning, asset management and digital strategy.</p> <p>There is a risk that remobilisation and transformation plans may not be effective if they are not clearly linked to the board's strategic planning.</p>	<ul style="list-style-type: none"> • The Remobilisation Plan for 2021/22 has been submitted to the Scottish Government in line with the financial plan. • The integrated plan has been developed in a partnership approach with key stakeholders, and is acknowledged to be a dynamic process as the Board continues to respond to Covid-19. 	<ul style="list-style-type: none"> • Monitor the board's remobilisation plan development. • Review the impact on performance since the start of the pandemic and the steps taken by the board to manage its performance. • Monitor the implementation of internal audit's workforce planning improvement actions. Report on progress being made to ensure workforce capacity and skills are in place to deliver services.
8	<p>Mental health services</p> <p>In February 2020, Dr. David Strang published a highly critical independent report on mental health services in Tayside. In May 2020 the Board approved a 'Listen, Learn, Change' action plan covering the 51 recommendations in the inquiry report. Covid-19 has increased the challenges in delivering rapid progress in response to the report.</p> <p>In February 2021 the Board launched its Living Life Well – Strategy and Change Programme, developed in response to the inquiry action plan.</p>	<ul style="list-style-type: none"> • The co-production of a Tayside Mental Health and Wellbeing Strategy, '<i>Living Life Well</i>'. • A Workforce Strategy and Plan is being developed alongside the strategy. • The communication and engagement process within the Mental Health programme is continuing with a detailed programme of work. • An update report from Dr. Strang on progress is planned for June 2021. 	<ul style="list-style-type: none"> • Discuss progress of improvements in mental health services with board officers. • Review updated report from Dr. Strang and consider for reporting in our Annual Audit Report.

	Audit Risk	Source of assurance	Planned audit work
	<p>There is a risk that the ambitious improvement action plan is not delivered or that it fails to deliver improved mental health services.</p>		
9	<p>Impact of EU withdrawal</p> <p>The transitional arrangements in place following the United Kingdom's exit from the European Union ended on 31 December 2020. There is significant uncertainty around the impact of EU withdrawal at this time following the agreement reached on the future relationship with the European Union.</p> <p>There is a risk that EU withdrawal could have a significant impact on health boards and their ability to deliver services efficiently.</p>	<ul style="list-style-type: none"> • The corporate risk register includes a risk on EU withdrawal. • There is an EU Exit Readiness Plan with Impact and Risk assessments for critical areas. • Regular communication between the Resilience Planning Team and the EU Readiness Group will be maintained to address any emerging issues. 	<ul style="list-style-type: none"> • Review the board's assessment of the impact of EU withdrawal on its operations and the mitigating controls put in place.
10	<p>Risk management</p> <p>Last year we reported that work was ongoing to improve the board's risk management arrangements. The pace of improvement has been adversely impacted by Covid-19. A Risk Management Short Life Working Group (SLWG) was established in 2019/20 to strengthen risk management arrangements and has produced some output including a revised Risk Management Policy and Strategy, revised risk management reporting arrangements and a proposed Risk Board Report. However, many of these have yet to be finalised. In addition, although the corporate risk register includes Covid-19 as a corporate risk, the risk and its impact on other corporate risks has not yet been articulated.</p> <p>There is a risk that until the revised risk management arrangements are fully developed and embedded, including the articulation of the risks arising from Covid-19, the arrangements are not effective.</p>	<ul style="list-style-type: none"> • A report is to be presented to the Board in April 2021 detailing the outputs of the SLWG. • The strategic risk register is to be reviewed and updated as part of the annual process, which will ensure the impact of Covid-19 on the risk profile of the organisation is clearly articulated. • A Covid-19 risk register was developed in April 2020 and has been regularly reviewed through Silver command, and presented to Gold command for awareness/decision as appropriate. Several Covid-19 service level risks are recorded in Datix. 	<ul style="list-style-type: none"> • We will review the board's progress in developing its risk management arrangements, including the articulation of the Covid-19 risks.

Clinical governance

8. Clinical governance is the system through which the NHS works to monitor and improve the quality of care and the services they deliver. Health Improvement Scotland works to ensure that NHS boards have a clear and consistent approach to clinical governance in healthcare. Audit Scotland's audit role is restricted to reporting on whether the board has appropriate governance arrangements that are operating effectively, including clinical governance arrangements.

9. The Sharing Intelligence Group is a partnership involving Healthcare Improvement Scotland, NHS Education for Scotland, the Care Inspectorate, the Scottish Public Services Ombudsman, the Mental Welfare Commission for Scotland, Public Health and Intelligence and Audit Scotland. The group meets periodically to discuss emerging issues at individual health boards as identified by the group members. In planning our audit approach, we consider the outcome from discussions by this group, when it becomes available.

Reporting arrangements

10. 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

11. 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.

12. We will provide an independent auditor's report to NHS Tayside, Scottish Parliament and the Auditor General for Scotland setting out our opinions on the annual report and 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 during the audit.

13. 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. Management are required to submit their audited financial statements by 30 June to meet the consolidation timetable. In response to the pandemic, the timetable has been extended to 31 August 2021 for 2020/21. We discussed the planned audit timing with officers, and the intention is now to aim for audited financial statements by the end of July 2021 for presentation to the Board and sign off by 26 August 2021. However, this could be subject to change if unforeseen challenges arise for either the board or Audit Scotland.

Exhibit 2

2020/21 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	31 March 2021	See paragraph 14 below
Management Report	30 April 2021	See paragraph 14 below
Proposed Annual Audit Report *	10 August 2021	17 August 2021 (provisional)
Independent Auditor's Report	26 August 2021	26 August 2021 (Board date)

* The finalised Annual Audit Report cannot be submitted until after the Independent Auditor's Report is signed.

14. Due to the ongoing impact of the Covid-19 pandemic, NHS Tayside has temporarily deferred meetings of its Standing Committees, including the Audit and Risk Committee. Alternative arrangements have been put in place to ensure key matters of business are shared with Audit and Risk Committee members for scrutiny purposes and this will include our Annual Audit Plan and our Management Report. The Audit and Risk Committee date for the Proposed Annual Audit Report is provisional, as the date has yet to be confirmed.

Audit fee

15. The proposed audit fee for the 2020/21 audit of NHS Tayside is £201,228 (2019/20: £211,738), a reduction of 5%. In determining the audit fee we have taken account of the risk exposure of NHS Tayside, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual report and accounts, with a complete working papers package on 3 May 2021.

16. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts 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 out with our planned audit activity.

Responsibilities

Audit and Risk Committee and Accountable Officer

17. 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.

18. The audit of the annual report and accounts does not relieve management or the Audit and Risk Committee as those charged with governance, of their responsibilities.

Appointed auditor

19. Our responsibilities as independent auditors are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

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

Audit scope and timing

Annual report and accounts

21. The annual report and accounts, which include the financial statements, will be the foundation and source for most 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 Tayside 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 NHS Tayside will include these 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.

22. We will give an opinion on whether the 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 and the NHS financial reporting framework.

Statutory other information in the annual report and accounts

23. We also review and report on statutory other information published within the annual report and accounts including the the performance report, governance statement, and remuneration report and staff report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

24. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

25. 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 opinions in the independent auditor's report.

26. We calculate materiality at different levels as described below. The calculated materiality values for NHS Tayside are set out in [Exhibit 3](#).



characteristics



responsibilities



principal activities



risks



governance arrangements

Exhibit 3

Materiality values

Materiality	Amount
Planning materiality – This is the figure we calculate to assess 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 2020 based on the latest audited annual report and accounts for 2019/20.	£11.49 million
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.	£5.75 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been capped at the maximum allowable amount under Audit Scotland's audit approach guidance.	£250,000
Cumulative errors and impact on financial targets – We consider all monetary errors identified through the audit process (including those below the reporting threshold) and the impact they have on the board's reported results against its financial targets. If the cumulative errors result in the board failing to meet its financial targets, this could impact on our audit testing and could result in a comment in the independent auditor's report.	n/a



Source: Audit Scotland

Timetable

27. To support the efficient use of resources it is critical that the annual report and accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

Exhibit 4

Annual report and accounts timetable

 Key stage	 Date
Latest submission date of unaudited annual report and accounts (Board only) with complete working papers package	6 May 2021
Latest date of consolidated (Board and Group) unaudited annual report and accounts	21 May 2021
Latest date for final clearance meeting with Director of Finance	15 July 2021
Agreement of audited unsigned annual report and accounts	20 July 2021
Issue of Proposed Annual Audit Report to those charged with governance (including Letter of Representation and proposed independent auditor's report) *	10 August 2021
Independent auditor's report signed	26 August 2021

* The finalised Annual Audit Report cannot be submitted until after the Independent Auditor's Report is signed.

Source: Audit Scotland

28. Audit Scotland's 2020/21 audit planning guidance sets sign-off deadlines for all NHS audits of the end of August 2021. The dates included at Exhibit 4 (and Exhibit 2) are based on being able to certify the audited 2020/21 annual accounts by 26 August 2021. If issues arise during the course of the audit that impact on the timetable above (i.e. further impact of Covid-19 on the production or audit of accounts), then we will communicate this to the board at the earliest opportunity available and agree a revised timetable for the completion of the audit.

Internal audit

29. FTF Audit and Management Services (FTF) provides internal audit services to a number of health boards, including NHS Tayside. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with Public Sector Internal Audit Standards (PSIAS). We have concluded that internal audit, generally operates in accordance with PSIAS and has appropriate documentation standards and reporting procedures in place.

Using the work of internal audit

30. From our initial review of internal audit plans, we do not plan to place formal reliance on FTF work to support our financial statements audit opinion this year, however we do plan to use the work of internal audit where relevant in respect of our wider dimension audit responsibilities.

Follow up of internal audit recommendations

31. In 2020, Internal Audit reported that "while it is recognised that prioritisation of Covid-19 duties during the ongoing pandemic has impacted on the organisation's ability to take appropriate action in response to internal audit recommendations, progress has not been as expected."

32. In November 2020, the Audit and Risk Committee agreed that a one off exercise would be undertaken, led by the Director of Finance, to review and reprioritise all outstanding recommendations, taking cognisance of the current pressures due to Covid-19.

33. A report on the outcome of the review was presented to the Audit and Risk Committee in January 2021. The report noted that 24 outstanding internal audit recommendations, as at October 2020, had been updated, consolidated and refreshed and, where appropriate, revised actions and timescales were agreed. Nine internal audit action points are now carried forward with the latest completion date in June 2021. We will monitor progress with implementation of internal audit recommendations in 2020/21, including the 9 refreshed outstanding recommendations.

Audit dimensions

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

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

Financial sustainability

35. 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 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.

Financial management

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

Governance and transparency

37. 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 Tayside can demonstrate that the governance arrangements in place are appropriate and operating effectively (this includes any changes to governance arrangements as a result of the impact of Covid-19)
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

Value for money

38. Value for money refers to using resources effectively and continually improving services. We will review the results of the work done on the wider dimensions audit risks, and that prescribed in paragraphs 35-37 above, for evidence on whether NHS Tayside can demonstrate :

- value for money in the use of resources
- that there is a clear link between money spent, output and outcomes delivered
- that outcomes are improving
- that there is sufficient focus on improvement and the pace of it.

Best value

39. The Chief Executive, as the Accountable Officer of NHS Tayside, has a duty to ensure arrangements are in place to secure best value (BV). In our 2019/20 Annual Audit Report we reported that the board considered that compliance with the governance blueprint arrangements was sufficient to provide assurance over its BV responsibilities. We considered that this did not provide explicit and comprehensive assurance that BV is being delivered and recommended that the board review its BV framework.

40. In response to our recommendation the board agreed to map the Best Value Framework to the Board's response to the Good Governance Blueprint. We will review and report on the steps taken by the board to implement the recommendation in 2021.

Independence and objectivity

41. Auditors appointed by the Accounts Commission or 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 robust arrangements in place 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.

42. The engagement lead (i.e. appointed auditor) for NHS Tayside is Fiona Mitchell-Knight. Audit Director. Auditing and ethical standards require the appointed auditor 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 Tayside.

Quality control

43. 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.

44. 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 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 and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

45. 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.

NHS Tayside

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If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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