

09 February 2022

Christopher Myers
Chief Officer
Scottish Borders Integration Joint Board
Education Centre
Borders General Hospital
MELROSE
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Dear Christopher

Annual Audit Report 2020/21

As you know, the annual audit process continues to be a critical part of the assurance framework for local government with appointed auditors for Integration Joint Boards (IJBs) reporting their annual audit work to the IJB and to me as Interim Controller of Audit. It is central to our ability to provide assurance to the Accounts Commission, and the public more widely, on how IJBs are using public money. The Covid-19 pandemic continued to pose significant challenges during the 2020/21 audit year and it is hard to overstate the enormous efforts IJBs have made in leading and supporting local communities and vulnerable individuals over this period.

In that context, the fact that we have managed to complete the vast majority of IJB annual audits within the revised timescales is testament to the enormous adaptability, professionalism and commitment of IJBs and external audit teams. At the outset of the pandemic, we said we would be pragmatic and flexible in our approach, while ensuring that quality was not compromised. I hope you agree that your external auditor has continued to deliver on that commitment.

I want to thank you and your colleagues for helping us get through another enormously challenging audit year, which, among many other things, involved auditing remotely again. It is important that the process of assurance and improvement continues and, working together, I believe we have managed to achieve that this year. However, auditors have observed, overall, that during this challenging period there has been an increase in both the number and significance of adjustments required between the unaudited and audited accounts. Linked to this, auditors have noted financial capacity issues in a number of IJBs and highlighted the difficulties this has caused in both the preparation and audit of the financial statements. I welcome the improvements that IJBs have committed to in the audit report action plans to ensure the 2021/22 accounts presented for audit are of a good quality. It is important that the process of assurance and improvement continues and, working together I believe we have managed to achieve that this year and will do so again.

Looking ahead, the audit year for 2021/22 will continue to be challenging as we look to recover from the effects of the pandemic. Due to the impact of Covid-19, the planning guidance recognises that meeting the normal completion dates for 2021/22 audits is not generally feasible. Having consulted with the stakeholders, the target reporting deadline for the completion of IJB audits is 31 October 2022. Colleagues within Audit Scotland's Audit Services

team have highlighted that ongoing conditions and deferred work from last year have impacted the planning and scheduling of the 2021/22 audits requiring them to make the difficult decision to prioritise local government 2021/22 work. They have asked me to share those priorities with you as follows:

- Councils and Local Government Pension Funds
- Integration Joint Boards
- Other bodies

It is important to highlight that these priorities sit within the wider public audit landscape where the deadline for completing NHS audits is 31 August 2022 and for the majority of other bodies is 31 December 2022. As always, the production of complete, good quality accounts, supported by robust working papers, prompt responses to audit queries and working to agreed timetables will support the delivery of an efficient and timely audit whilst minimising pressures on finance teams at a busy and demanding time of year.

I am confident that the relationships audit teams have with their IJBs stand us in good stead to deliver excellent audit work again this year. I encourage you to engage with your external auditors to learn any lessons from this last years' experience, recognising that remote audit is likely to be a continuing feature of how we work in future.

You will also be aware that the Accounts Commission is developing its approach to auditing Best Value in IJBs. The Commission, supported by Audit Scotland, will continue to engage with IJB colleagues in 2022 as that development work progresses.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Clark', with a horizontal line underneath.

Antony Clark
Interim Controller of Audit