
11 September 2024

South Ayrshire Integration Joint Board Audit of 2023/24 Annual Accounts

Independent auditor's report

1. Our audit work on the 2023/24 Annual Accounts is now substantially complete. Subject to receipt of a revised set of Annual Accounts for final review, we anticipate being able to issue unqualified and unmodified audit opinions in the independent auditor's report following approval of the annual accounts by the IJB on 11 September 2024 (the proposed report is attached at [appendix A](#)).

Annual audit report

2. We also present for your consideration our proposed Annual Audit Report on the 2023/24 audit. International Standard on Auditing (ISA) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the Annual Accounts to those charged with governance, in sufficient time to enable appropriate action.

3. The Annual Audit Report will be issued in its final form after the Annual Accounts have been approved for issue and the independent auditor's report has been signed.

4. The Annual Audit Report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

Unadjusted misstatements

5. There are no unadjusted misstatements.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the IJB we seek confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from management

7. As part of the completion of our audit, we are seeking written representations from the Chief Financial Officer, as the "proper officer" appointed by virtue of section 95 of the Local Government Scotland Act 1973, on aspects of the Annual Accounts, including the judgements and estimates made.

8. A draft letter of representation is attached at [appendix B](#). This should be reviewed for accuracy and any proposed amendments discussed with us. Once satisfied, the letter should be signed and returned by the Chief Financial Officer with the signed Annual Accounts.

Concluding remarks

9. I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. The Chief Financial Officer provided good support to the audit team which helped to ensure that the audit process ran smoothly.

A handwritten signature in black ink that reads "Fiona Mitchell-Knight". The signature is written in a cursive style with a large initial 'F'.

Fiona Mitchell-Knight FCA
Audit Director
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Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of South Ayrshire Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of South Ayrshire Integration Joint Board for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my 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 Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I 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 have performed, I 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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Financial Officer and South Ayrshire Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial 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 Chief Financial 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 Chief Financial Officer is responsible for assessing the body'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 there is an intention to discontinue the body's operations.

The South Ayrshire Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 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 decisions of users taken on the basis of these financial statements.

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Chief Financial Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body'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 skilfulness 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 auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary 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 statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual 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 Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
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Appendix B: Letter of Representation (ISA 580)

Fiona Mitchell-Knight
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
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G2 1BT

Dear Fiona,

South Ayrshire Integration Joint Board Annual Accounts 2023/24

- 1.** This representation letter is provided in connection with your audit of the Annual Accounts of South Ayrshire Integration Joint Board for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Annual Governance Statement.
- 2.** I confirm to the best of my knowledge and belief and having made appropriate enquiries of the South Ayrshire Integration Joint Board, South Ayrshire Council and NHS Ayrshire and Arran, the following representations given to you in connection with your audit of South Ayrshire Integration Joint Board's Annual Accounts for the year ended 31 March 2024.
- 3.** I acknowledge my responsibility and that of South Ayrshire Integration Joint Board for the Annual Accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit, including minutes of all management and other meetings. All transactions undertaken by South Ayrshire Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

Financial reporting framework

- 4.** The Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (2023/24 accounting code) the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
- 5.** Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and of the South Ayrshire Integration Joint Board for the year ended 31 March 2024.

Legality of financial transactions

- 6.** The financial transactions of South Ayrshire Integration Joint Board are in accordance with the relevant legislation and regulations governing its activities. I am unaware of any actual or non-compliance with laws and regulations.

Accounting policies and estimates

- 7.** All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The appropriateness of these policies has been reviewed and takes account of the requirements set out in the 2023/24 accounting code.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going concern

9. I have assessed South Ayrshire Integration Joint Board's ability to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

Carrying value of assets and liabilities

10. All liabilities and contingent liabilities at 31 March 2023 of which I am aware have been recognised in the annual accounts. The assets and liabilities have been recognised, measured, presented, and disclosed in accordance with the 2023/24 accounting code. There are no plans or intentions that are likely to affect the carrying value or classification of the assets in the financial statements.

Litigation and Claims

11. We have made you aware that there are no known actual or possible legal claims

Fraud

12. I have provided you with all information in relation to

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

13. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Remuneration Report

14. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

15. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

16. I confirm that South Ayrshire Integration Joint Board has undertaken a review of the system of internal control during 2023/24 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

17. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2024, which require to be reflected.

Related Party Transactions

18. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2023/24 accounting code. I have made available to you the identity of all the South Ayrshire Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Events Subsequent to the Date of the Balance Sheet

19. I am not aware of there being any events subsequent to 31 March 2024 for which the 2023/24 accounting code requires adjustment or disclosure in the Annual Accounts.

Yours sincerely

Lisa Duncan
Chief Financial Officer