

2019/20 audit - Scotland

Update to FRAB
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- Health target date for certification extended by 3 months from 30 June to 30 September
- Local government target date for certification extended by 2 months from 30 September to 30 November
- No change to central government target date for certification (31 October) or statutory deadline for laying accounts in Scottish Parliament (31 December). However, many audits usually completed earlier to meet consolidation requirements or stakeholder expectations
- No change to further education target date for certification of 31 December

Completion at end October

	June	July-Sept	October	Exp Nov	OS/Late
Health	8	12	1	1	1
Local Government	0	52	10	40	3
Central Government	4	33	19	13	6

1. FE not included due to early stage of audit
2. All central government bodies expected to be complete for laying by 31 December, though completion of SG consolidated accounts will be tight
3. Audit work still to be completed after certification of financial statements - WGA, HB subsidy, other grant claims.

- Very small number of modified audit reports (fewer than anticipated). Only 1 so far clearly due to remote audit (limitation of scope on inventories)
- Significant number of EoM references in audit reports: property valuation uncertainties; valuation uncertainties for Pension Fund level 3 assets; going concern issues in subsidiaries & guarantees to third parties
- Accounting for C-19 business support measures under IAS 37 – still under discussion
- Impairment of debt/loans: student loans model; financial support to private companies; council tax & NDR
- Review/updating of IAS 19 pension figures in line with consultation on remedial measures for McCloud ruling

- Finance teams & auditors have done a great job to overcome the obstacles of remote working & reduced productivity!
- Overall, remote audit has taken longer – time elapsed & time spent – for both finance teams & auditors. Broad estimate for auditors - +15-20%
- Impact mixed: some finance teams working onsite; extent of digitisation of records; compatibility of IT between body & auditor; impact of C-19 on BAU
- Some underlying issues emphasised: capacity issues in finance teams; key person reliance; lack of resilience/capacity in IT systems
- Work-arounds developed to overcome audit evidence challenges
- Positives this year: less pressure for all to meet early timescales; electronic signatures; less travel/stayaway; more focused meetings; thinking differently- 'stand back' to think what work is needed & why; online training

- Priorities continue to be wellbeing; flexible/pragmatic approach; audit quality
- Audit appointments extended by 1 year to 6 years – change in autumn 2022
- Propose transitional timescales for audit – 1 month earlier than 2019/20 but not yet back to normal (still to be agreed with SG)
- Unlike 2019/20, planning for remote audit: learn from this year, but interim audit likely to be remote too. Increased focus on planning & significant RoMMs
- Most C-19 related expenditure falls in 2020/21 - additional audit risks
- Focus on financial sustainability, governance & transparency (incl internal control), arrangements to prevent fraud & corruption. Also preps for IFRS16
- Concerns – impact on learning experience of trainees; building relationships in new audits; 'soft' intelligence