

**Falkirk Integration Joint Board
Audit Committee**

22 September 2016

Falkirk Integration Joint Board 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the accounts for the period to 31 March 2016 to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the accounts for the period to 31 March 2016 are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the accounts for the period to 31 March 2016 audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the accounts for the period to 31 March 2016 have been certified
2. Our work on the accounts for the period to 31 March 2016 is now substantially complete. Subject to the receipt of a revised set of accounts for the period to 31 March 2016 for final review, we anticipate being able to issue an unqualified auditor's report on Falkirk Integration Joint Board (the proposed report is attached at Appendix A).
3. In presenting this report to the Audit Committee 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 accounts for the period; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Chief Finance Officer on aspects of the accounts for the period to 31 March 2016 and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Chief Finance Officer with the signed accounts for the period to 31 March 2016 prior to the independent auditor's opinion being certified.

Outstanding matters

- We require a signed set of audited accounts including our audit opinion for certification by the approved auditor.

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Falkirk Integration Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Falkirk Integration Joint Board for the period ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, Movement in Reserves Statement, Balance Sheet and the related notes. 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 Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Falkirk Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the accounts for the period to 31 March 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the Falkirk Integration Joint Board as at 31 March 2016 and of the income and expenditure of the Falkirk Integration Joint Board for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Fiona Mitchell Knight
Assistant Director
Audit Scotland
4th Floor (South Suite)
8 Nelson Mandela Place
Glasgow
G2 1BT

22 September 2016

APPENDIX B: Letter of Representation (ISA 580)

<signed copy to be provided on headed paper>

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

Dear Fiona,

Falkirk Integration Joint Board Annual Accounts 2015/16

1. This representation letter is provided in connection with your audit of the Falkirk Integration Joint Board accounts for the period ended 31 March 2016 for the purpose of expressing an opinion as to whether the accounts for the period to 31 March 2016 give a true and fair view of the financial position of Falkirk Integration Joint Board, as at 31 March 2016 and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Audit Committee, the following representations given to you in connection with your audit of Falkirk Integration Joint Board for the period ended 31 March 2016.

General

3. I acknowledge my responsibility and that of Falkirk Integration Joint Board for the accounts for the period to 31 March 2016. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Falkirk Integration Joint Board have been properly reflected in the accounts for the period to 31 March 2016. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Management Commentary presents a balanced picture of Falkirk Integration Joint Board and is consistent with the accounts for the period to 31 March 2016.
5. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

Financial Reporting Framework

6. The accounts for the period to 31 March 2016 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code) and in accordance with the requirements of the Local Government (Scotland) Act 1973 and The Local Authority Accounts (Scotland) Regulations 2014, including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the accounts for the period to 31 March 2016 of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Falkirk Integration Joint Board for the period ended 31 March 2016.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the accounts for the period to 31 March 2016. The appropriateness of these policies has been reviewed and take account of the requirements set out in the Code of Practice on Local authority accounting in the UK 2015/2016
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the accounts for the period to 31 March 2016.

Going Concern

10. The Board has assessed Falkirk Integration Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the accounts for the period to 31 March 2016 any material uncertainties that have arisen as a result.

Related Party Transactions

11. All transactions with related parties have been disclosed in the accounts for the period to 31 March 2016. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24.

Events Subsequent to the date of the balance sheet

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the accounts for the period to 31 March 2016 or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the accounts for the period to 31 March 2016 are of such importance that they should be brought to your notice.

Corporate Governance

14. I acknowledge as Chief Finance Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Delivering Good Governance in Local Government. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, which require disclosure.

Remuneration Report

16. The disclosures in Falkirk Integration Joint Board's Remuneration Report fully comply with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.

Fraud

17. I have considered the risk that the accounts for the period to 31 March 2016 may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the accounts for the period to 31 March 2016.

Assets

18. All assets shown in the Balance Sheet at 31 March 2016 were due to Falkirk Integration Joint Board.

Liabilities

19. All liabilities have been provided for in the books of account and reflected in the balance sheet at 31 March 2016.

Carrying Value of Assets and Liabilities

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code). There are no plans or intentions that are likely to affect the carrying value or classification of the assets and liabilities within the accounts for the period to 31 March 2016.

Yours sincerely

Chief Finance Officer