

# Glasgow City Integration Joint Board

Annual Planning Report  
2025/26  
Provisional

4 February 2026



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## About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission has appointed us as external auditor of Glasgow City Integration Joint Board for financial years 2022/23 to 2026/27. This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients).

This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report. Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk.

To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

## Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

# Executive summary

## Introduction

The Accounts Commission for Scotland appointed EY as the external auditor of Glasgow City Integration Joint Board (“the IJB”) for the five year period to 2026/27.

This [Provisional] Annual Audit Plan, prepared for the benefit of senior management and the Finance, Audit and Scrutiny Committee, sets out our proposed audit approach for the audit of the financial year ended 31 March 2026. In preparing this plan, we have continued to develop our understanding of the IJB through:

- Regular discussions with management,
- Review of key documentation, including IJB and committee reports; and
- Our understanding of the sector and wider environment in which the IJB is operating.

Our audit quality ambition is to consistently deliver high-quality audits that serve the public interest. A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, including observations around where the IJB employs best practice and where processes can be improved. As we note in Appendix F, we will follow up each recommendation throughout our appointment to ensure implementation, including any Best Value findings.

We use data insights where possible to form our audit recommendations to support the IJB in improving its practices around financial management and control, and in aspects of the wider scope dimensions of audit. Any recommendations are highlighted throughout our reporting together with our judgements and conclusions regarding arrangements.

After consideration by the IJB’s Finance, Audit and Scrutiny Committee, the finalised plan will be provided to Audit Scotland and published on their website.

## Scope and responsibilities

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in June 2021; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the Integration Joint Board and the auditor, more details of which are provided in Appendix A:

- Our conclusions arising from the audit of the IJB’s financial statements.
- Significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

## Financial Statements audit approach

We are responsible for conducting an audit of the IJB's financial statements. We provide an opinion as to whether the statements:

- give a true and fair view, in accordance with applicable law and the 2025/26 Code of Accounting Practice, of the income and expenditure of the IJB for the year ended 31 March 2026;
- have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2025/26 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.

We also review and report on the consistency of other information prepared and published along with the financial statements.

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement. Our key considerations and materiality values are set out in Exhibit 1.

### Exhibit 1: Our assessment of materiality in 2025/26

We request that the Finance, Audit and Scrutiny Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Planning materiality  
£20m

Materiality has been set at £20 million. We set the basis of materiality based on 2% of the IJB's prior year gross expenditure.

Performance materiality  
£15m

Performance materiality has been set at £15 million, which represents 75% of overall materiality.

Audit differences  
£1m

We will report all uncorrected misstatements above £1 million to the Finance, Audit and Scrutiny Committee. This is set at 5% of planning materiality.

Based on our understanding of the expectations of financial statement users, we apply a lower materiality level to the audited section of the Remuneration Report. We also apply professional judgement to consider the materiality of Related Party Transactions to both parties.

## Financial Statement risks

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Finance, Audit and Scrutiny Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk/area of focus	Risk identified	Change from prior year	Details
Risk of fraud in expenditure	Fraud risk	No change in risk or focus	<p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>As a result of the nature of funding to the IJB from the Council or NHS, we have rebutted the assumed fraud risk in respect of income.</p>
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus but considered separately in 2025/26	<p>Management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p> <p>We perform mandatory procedures regardless of specifically identified fraud risks.</p>
Going concern	Other risk	No change in risk or focus	<p>Under Practice Note 10, there is a presumption within public sector accounting, that an organisation will prepare its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.</p> <p>Under the requirements of International Auditing Standard 570, we are required to place increased focus on management's assertion in relation to going concern. This includes our assessment of significant financial challenges for the IJB, disclosures around those financial pressures, and the operation of respective responsibilities set out in the Integration Scheme should reserves fall to an unsustainable level.</p>

## Wider scope and Best Value audit

As public sector auditors, our responsibilities extend beyond the audit of the financial statements. The Code of Audit Practice (2021) requires auditors to consider the arrangements put in place by the IJB to meet their Best Value obligations as part of our proportionate and risk-based wider-scope audit work. This requires consideration of:

- The IJB's arrangements to secure sound financial management;
- The regard shown to financial sustainability;
- The clarity of plans to implement the vision, strategy and priorities of the IJB, and the effectiveness of governance arrangements for delivery; and
- The use of resources to improve outcomes.

Best Value considerations are integrated within our wider scope annual audit work. The table below outlines our areas of focus in 2025/26, including the follow up of financial sustainability risks identified in prior audit years.

Risk/area of focus	Details
<b>Financial sustainability:</b> Medium term financial sustainability	<p>The IJB continues to face significant financial challenges and relies on Glasgow City Council continuing to provide funding to meet the significant additional costs of homelessness related to accelerated Home Office decisions. At this stage, there is no confirmation how the 2026/27 funding pressure will be met and therefore presents a significant risk to the financial sustainability of the IJB. The current estimate of the pressure in 2026/27 is £56 million, which would exhaust the IJB's reserves in full.</p> <p>The IJB has recognised that a step change in approach is required to deliver a balanced budget over the period of the Medium Term Financial Strategy. As a result, a Service Prioritisation Programme has been developed to review and monitor a series of workstreams.</p> <p>However, the current level of overspend in 2025/26 places further pressure on the General Reserve balances required to manage future financial risk. The projected overspend for 2025/26 as at Month 7 is £6.9 million, which would have a corresponding impact on the planned contribution of £8.3 million to continue to rebuild reserves.</p>

## Independence

We confirm that we have undertaken client and engagement acceptance procedures, including our assessment of our continuing independence to act as your external auditor. Further information is available in Appendix B.

## 2. Sector developments

### Introduction

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the Board operates to inform our audit approach.

### Scottish Budget

The Scottish Budget was announced on 13 January 2026. In advance of the publication, the Fraser of Allander Institute published its own Scotland's Budget Report 2026-27 which noted that the UK Budget consequentials will increase funding by £300 million and further improvements to tax and social security forecasts boost funding by a further £450 million.

Key headlines that will impact the IJB include:

- £2.3 billion investment for social care and integration including plans to expand the number of Hospital at Home beds by at least 2,000 by December 2026.
- £2.4 billion funding provided for primary care, including the £531 million three-year deal secured with GPs. A further £36 million was announced to establish new high street walk-in GP services.
- Adult social care will receive, as a minimum, the real living wage, currently £13.45 an hour.
- The Scottish Child Payment will be increased to £40 per week.

### Delayed discharges

The Accounts Commission and Auditor General for Scotland published a joint report on 8 January 2026, *'Delayed Discharges: A symptom of the challenges facing health and social care'*. The report examines the scale, causes, and impacts of delayed discharges across Scotland and concludes that delayed discharges are a symptom of wider systematic pressures across health and social care rather than an isolated hospital issue.

In 2024/25, there were 17,915 instances of delayed discharges across Scotland. Although delayed discharges represented only 3.2% of adult inpatient discharges, they accounted for a disproportionate share of hospital capacity, resulting in 720,119 delayed bed days during the year. This equated to 11.7% of all NHS Scotland bed days, representing the highest level recorded since current national reporting arrangements were introduced in July 2026. Whilst the full financial impact is unknown, the cost to the NHS in hospital days alone is an estimated £440 million a year.

The causes are complex, including rising demand for health and social care services, financial pressures, long-standing recruitment and retention problems across Scotland and for some, not having a Power of Attorney in place.

## Delayed discharges continued

The report notes that reducing delayed discharges is a priority for the Scottish Government and their partners in health and social care, with significant activity underway to tackle this. But a lack of evaluation of initiatives across the country means it is difficult to measure what is having the greatest impact and whether these initiatives represent value for the money and time spent.

The data accompanying the report shows a general long-term picture of declining performance and satisfaction:

- Integration Authorities and Health and Social Care Partnerships are struggling to keep up with increasing demand across the health and social care system;
- More progress is needed with shifting the balance of care to the community and to prevention;
- The amount of choice and control service users feel they have remains variable; and
- There is a gap between the ambitions to address health inequalities and progress with improvement.

## NHS in Scotland 2025

The Auditor General published his annual report on the NHS in Scotland in December 2025. The report notes the NHS in Scotland has not improved in line with commitments made by the Scottish Government, despite having more staff and more money.

NHS Boards achieved unprecedented levels of savings in 2024/25; however, Boards are still struggling to break even with seven territorial boards requiring brokerage from the Scottish Government.

NHS Boards delegate a significant proportion of their budgets to Integration Authorities (IAs) to fund health services such as primary and community care. In 2024/25, territorial NHS boards delegated £8.0 billion directly to IAs, 47 per cent of their revenue budgets. NHS boards received £7.9 billion back to provide services on behalf of IAs.

Health spending is continually projected to grow over the medium-term which will put pressure on other vital public services including education and Council services. Therefore, the delivery of efficiencies and reform within the health and care system is vital in both the NHS's and Scotland's overall medium-term financial sustainability.

The report also notes the publication of the Operational Improvement Plan, Health and Social Care Service Renewal Framework and the Population Health Framework are welcome steps forward in setting out the key principles for delivering reform. However, several of the ambitions within these documents are long-standing and have yet to be delivered, for example, shifting the balance of care to the community. This persistent implementation gap, between policy ambitions and delivery on the ground needs to be addressed.

## National Developments for Social Work

A new national Scottish Social Work Partnership has been established to bring together Scottish Government Office of the Chief Social Work Adviser, COSLA and Social Work Scotland.

The purpose of the Scottish Social Work Partnership is to “ensure Scotland has a skilled, supported and sustainable social work workforce that upholds human rights, promotes social justice, and meets its statutory duties on behalf of local government”.

The partners will work together to:

- Provide national oversight and understanding of the workforce, grounded in local expertise;
- Collaborate with other organisations to improve the quality, experience, impact and sustainability of the workforce; and
- Deliver national activities and projects, plus a new strategic plan (2026-29) including priorities of social work education and learning, workforce planning, and professional governance and leadership.

## Cyber-attack on Comhairle nan Eilean Siar

The 2023 cyber-attack on Comhairle nan Eilean Siar caused immediate, severe and prolonged disruption primarily on the Council's finance team causing a near total loss of use of the data held on its servers as reported by the Accounts Commission.

The Accounts Commission recognised the Council took swift action to protect systems and prioritise front-line services and payments to staff and suppliers. However, the Council's business continuity plans hadn't fully anticipated the scale of the attack, nor had action been taken to address previous weaknesses in IT and cyber governance. It is possible the impact of the attack could have been reduced had the Council been better prepared.

All Scottish Councils must learn from the immediate and ongoing impacts of the significant cyber-attack and ensure robust business continuity plans are in place which are subject to thorough and routine testing.

## Duty to prevent fraud

The offence of failure to prevent fraud under the Economic Crime and Corporate Transparency Act 2023 came into effect on 1 September 2025. The Home Office issued [statutory guidance](#) (updated in October 2025) which all impacted organisations are required to consider, and which provides advice on the general principles for developing or enhancing procedures to prevent fraud. The new offence is designed to encourage organisations to take steps to prevent their associates from defrauding others.

## Improving care experience

In October 2025, the Auditor General and Accounts Commission published a joint report on the implementation of The Promise, a 2020 national commitment to improve Scotland's care system. The report found that initial planning for The Promise by the Scottish Government and COSLA did not give sufficient thought to the work that would be needed to deliver its aims over a ten-year period - including the resources required, and how success would be defined and measured. A framework to measure progress was agreed in December 2024 and will be further developed to assess if care-experienced people feel the impact of change.

The absence of a clear assessment of the resources and skills required to deliver The Promise by 2030 at the outset has created a significant delivery risk. Local authorities spent £1.2 billion on care experience in 2023/24. Scottish Government funding for The Promise has increased but funding is difficult to quantify and track, and the report found that the complex nature of multiple disparate funding streams is a barrier to effective use of resources.

The Scottish Government introduced a £500 million Whole Family Wellbeing Fund (WFWF) in 2022/23 to help deliver The Promise. While the report notes it is unclear how the £500 million was arrived at and only £148 million of this has been allocated, they also conclude that there are strong arrangements in place to evaluate the fund and to share positive learning.

## 2. Financial Statements audit: our approach and assessment of significant risks

### Introduction

The publication of the annual financial statements allow the IJB to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice, which is represented by the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

### Our responsibilities

We are responsible for conducting an audit of the IJB's financial statements. We provide an opinion as to:

- whether they give a true and fair view in accordance with applicable law and the 2025/26 Code of Accounting Practice, of the income and expenditure of the IJB for the year ended 31 March 2026; and
- have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2025/26 Code; and
- whether they 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.

We also review and report on the consistency of the other information prepared and published by the IJB along with its financial statements. The management commentary and narrative reporting within the financial statements continues to be an area of increased scrutiny as a result of stakeholder expectations, and the drive to streamline and simplify the financial statements.

### Audit approach

We will continue to follow a substantive approach to the audit in 2025/26 as we have determined this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated. During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

## Audit approach continued

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence to express an opinion on the financial statements.
- Reading other information contained in the financial statements to form assessment, including that the annual report is fair, balanced and understandable.
- Ensuring that reporting to the Finance, Audit and Scrutiny Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

## Materiality

Our materiality assessment is in line with prior years.

- Overall planning materiality is £20 million.
- We will report any errors over £1 million to the Finance, Audit and Scrutiny Committee.

For planning purposes, materiality for 2025/26 has been set at £20 million (2024/25: £20 million). This represents 1% of the Board's gross expenditure. Materiality will be reassessed throughout the audit process and will be communicated to the Finance, Audit and Scrutiny Committee within our annual audit report.

Our 2025/26 assessment concluded that gross operating expenditure remains the most appropriate basis for determining planning materiality for the Board. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations.

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. In determining their materiality, we consider both the quantitative and qualitative factors that could drive materiality for the users of the financial statements. Accordingly, we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

- **Remuneration report** - given the sensitivity around the disclosure of senior staff remuneration we apply a lower materiality threshold to our audit consideration around the remuneration report and related disclosures.
- **Related party transactions** - which are considered material when they are material to either party in the transaction. We do not apply a specific materiality but consider each transaction individually.

We have provided supplemental information about audit materiality in Appendix F.

## Materiality continued

Element	Value	Explanation
Planning materiality	£20 million	<p>The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. This represents 1% of the Board's Gross Expenditure.</p> <p>In 2024/25 the final materiality was set at £20 million.</p>
Performance materiality	£15 million	<p>Materiality at an individual account balance, which is set to reduce the risk that the aggregate of uncorrected and undetected misstatements exceeds Planning Materiality to an acceptably low level.</p> <p>We have set it at 75% of planning materiality. In 2024/25, this was set at £15 million.</p>
Reporting threshold	£1 million	<p>The amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. This is set at 5% of planning materiality.</p>

## Our response to significant risks

### Significant audit risks:

At this stage of the audit, we have identified two presumed significant audit risks:

- Risk of fraud in expenditure recognition; and the
- Presumptive risk of management override of controls

Auditing standards require us to make communications to those charged with governance throughout the audit. At Glasgow Integration Joint Board, we have agreed that these communications will be to the Finance, Audit and Scrutiny Committee. The financial statements and our annual audit report will also be reported to the Board.

One of the key purposes of our annual audit plan is to communicate our assessment of the risk of material misstatement in the financial statements. Under our appointment, we are required to communicate key audit matters within our Annual Audit Report. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit.

When determining key audit matters we consider:

- areas of higher or significant risk;
- areas involving significant judgment, including accounting estimates with high estimation uncertainty; and
- significant events or transactions that occurred during the period.

While we cannot yet conclude on the key audit matters that we will include in our Annual Audit Report, we have included within this section the most significant assessed risks of material misstatement (whether or not due to fraud), including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. We will confirm the key audit matters to you in our Annual Audit Report.

## Our response to significant risks continued

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

We set out in the following sections the significant risks (including fraud risks) that we have identified for the current year audit, along with the rationale and expected audit approach.

Other than expenditure recognition, we have not identified any specific areas where management override will manifest as a significant fraud risk, however we will continue to consider this across the financial statements throughout the audit. The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit. We will provide an update to the Finance, Audit and Scrutiny Committee if our assessment changes significantly during the audit process.

# Risk of fraud in expenditure recognition

## Financial statement impact:

The relevant 2024/25 account balance in the audited financial statements was:

- Total cost of services: £1,765 million

## What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

As a result of the nature of funding to the IJB from the Council or NHS, there is no material judgement applied in the recognition of income, and it is possible to verify the IJB's allocations to publicly available documentation. As a result, we have determined that the risk of revenue recognition does not materialise for the IJB. We therefore associate the recognition risk to the completeness and occurrence of expenditure incurred by the IJB in commissioning services, and any associated creditor balances held by the IJB at year end, in particular through management override of controls.

## What work will we perform?

We will:

- Substantively test income and expenditure transactions as appropriate and material.
- Understand the processes and controls to record and manage the different income and expenditure streams specific to the risks identified.
- Reviewing the appropriateness of expenditure recognition accounting policies and testing that they have been applied correctly during our detailed testing.
- Consideration of any new revenue streams and accrued income due to receipt of grant income, and its accounting arrangements against existing policies and LASAAC guidance.

We will also obtain supporting documentation through independent confirmations of the expenditure incurred by the IJB's partners and their auditors, in line with the protocols set out by Audit Scotland for 2025/26 audits. We will consider whether we need to perform any other specific audit procedures throughout the audit.

# Presumptive risk of management override of controls

## What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

## What work will we perform?

We will:

- Inquire of management about risks of fraud and the controls to address those risks;
- Understand the oversight given by those charged with governance of management's processes over fraud;
- Consider the effectiveness of management's controls designed to address the risk of fraud; and
- Consider the basis of any transfers between reserves.

We will perform mandatory procedures regardless of specifically identified fraud risks, including:

- Substantively testing income and expenditure transactions as appropriate and material;
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. This includes setting criteria for journals that we test including those that can be subject to management manipulation or impact IJB performance;
- Assess any accounting estimates for evidence of management bias; and
- Evaluate the business rationale for significant unusual transactions.

# Going concern

## Audit requirements

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

Under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of substantial financial pressures facing the IJB, including the cost-of-living crisis, inflationary pressures, and other demand pressures such as homelessness, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the Board and its financial sustainability.

The additional net cost arising from the impact of additional costs resulting from the acceleration of Home Office asylum decisions as at Month 7 was £15.6 million, which have been met in full by Glasgow City Council in line with prior years agreement. However, this commitment has not currently been confirmed for 2026/27.

The level of cases have contributed to a corresponding overspend of £3.5 million in the IJB's Homelessness service due to the increased usage of B&B as an alternative source of temporary accommodation.

## What work will we perform?

Our work on going concern requires us to:

- Challenge management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias.
- Challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtain and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Board obtained throughout our audit.
- Consider and challenge management expectations in relation to the ability to respond to future budget gaps, and/or the maintenance of general reserves; Conduct a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Consideration of the appropriateness of financial statement disclosures around going concern.

## 2. Wider Scope and Best Value audit

### Introduction

In June 2021, Audit Scotland and the Accounts Commission published the Code of Audit Practice, which establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

### Our responsibilities

The Code broadens our responsibilities beyond the audit of the annual accounts to include consideration of four wider scope areas:

- **Financial management:** this means having sound budgetary processes. Factors that can impact on the IJB being able to secure sound financial management include the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.
- **Financial sustainability:** this means looking forward over the medium and longer term in planning services and how they will be delivered effectively. This is assessed by considering IJB's medium- to longer-term planning for service delivery.
- **Vision, leadership and governance:** this means having a clear vision and strategy, with set priorities within the vision and strategy. This is assessed by considering the clarity of plans in place to deliver the vision and strategy and the effectiveness of the governance arrangements to support delivery.
- **Use of resources to improve outcomes:** this means using resources to meet stated outcomes and improvement objectives through effective planning and working with partners and communities. This is assessed by considering the IJB's arrangements for ensuring resources are deployed to improve strategic outcomes, meet the needs of service users, and deliver continuous improvement.

Under the requirements of the Code, we are required to conclude on the effectiveness and appropriateness of arrangements the IJB has in place for each of the wider scope areas within the Annual Audit Report.

The Code of Audit Practice requires that, in addition to financial statement significant risks, auditors are required to identify significant risks within the wider scope dimensions as part of our planning risk assessment. We consider these risks, identified as "areas of wider scope audit focus", to be areas where we expect to direct most of our audit effort, based on:

- our risk assessment at the planning stage, including consideration of Audit Scotland's Code of Audit Practice Supplementary Guidance (February 2023); and
- the identification of any national areas of risk within Audit Scotland's annual planning guidance.

Any changes in this assessment will be communicated to the Finance, Audit and Scrutiny Committee.

## Best Value

The Code explains the arrangements for the audit of Best Value in Integration Joint Boards:

- Annual Best Value audit work in Integration Joint boards (IJBs) is to be integrated with wider scope annual audit work. We will report on how the IJB demonstrates and reports that it has Best Value arrangements in place, to secure continuous improvement.
- The Accounts Commission does not require the Controller of Audit to report to the Commission on each IJB's performance on its Best Value duty. However, the findings from our wider scope work will provide assurance on key aspects of the Best Value themes.

Our wider scope audit work, including follow up of prior year findings, and the judgements and conclusions reached in these areas, contribute to the overall assessment of and assurance over the achievement of Best Value.

## Financial management

The IJB is reliant on the systems of its partner bodies, NHS Greater Glasgow and Clyde, and Glasgow City Council, for its key financial systems, including ledger and payroll. All IJB transactions are processed through the respective partners' systems and all controls over those systems are within the partner bodies rather than the IJB. As a result, we consider the monitoring and reporting arrangements from partner bodies. For the IJB, this requires us to assess the systems across partner organisations.

Our work in 2024/25 did not identify any significant weaknesses in the systems of internal control relevant to the preparation of the IJB's financial statements. The IJB has an established process for reporting on the progress against budget at each Board meeting, including projections to the year end.

The IJB's Finance Team has undergone a significant turnover in the last 18 months, and a new Assistant Chief Officer - Finance took up position in late 2025, at a time where the timing of the Scottish Government's budget, and requirement to support the Service Prioritisation Programme places significant pressure on the Finance Team. As a result, our assessment of the Board's financial management arrangements in 2025/26 will focus on:

- The assessment of arrangements to ensure systems of internal control are operating effectively, drawing upon our ISA 315 work with the IJB's partners;
- Ongoing consideration of the IJB's financial monitoring reports, including actions taken in relation to recovery planning in volatile services such as prescribing and homelessness;
- The capacity of the Finance Team to respond to service demands; and
- Monitoring the achievement of planned savings of £42.4 million in 2025/26.

At this stage, no significant risks have been identified in relation to financial management.

## Financial sustainability

The IJB ensures that its medium-term financial plans are kept updated to reflect known cost pressures and to support informed decision-making. Its most recent Medium Term Financial Outlook was considered in March 2025, covering the period to 2027/28 and recognises that the financial context of partners is challenging and continues to assume flat cash from the Council over the next three financial years, and a 2% uplift to cover the pay award only from the Health Board.

The IJB's assessment of cost and demand pressures over the three years of the plan identifies an additional spending requirement of £199 million, and a resulting budget gap of £118 million. Key factors include:

- Pay pressures totalling £71 million, including the changes to national insurance contributions and estimates of pay increases.
- Statutory and Non-pay inflation, including the highly variable cost of prescriptions (£79.5 million); and
- Policy commitments (£20.2 million).

Overall, the IJB projected a funding gap of £118 million over the three year period to 2027/28. As a result, during the 2025/26 budget setting process, the Board requested a different approach to identifying the savings required to close the budget gap in future years. The IJB recognises that the scale of the challenge means that a fundamental review of service provision is required to support increasingly difficult decisions about the prioritisation and delivery of services. A Service Prioritisation programme has been established, which aims to support the long-term sustainability of community health and care services in the city.

The IJB approved a new Executive Team structure in June 2025 which is designed to support the application of the Service Prioritisation approach. In addition, the governance arrangements to implement the programme were approved in November 2025 and include an Executive Steering Group and Project Management Office Co-ordination Group to monitor the delivery of reviews.

At this stage, as a result of the timing of the Scottish Budget, the IJB and its partners have not yet set budgets for 2026/27. As we outline in Exhibit 2, we continue to consider the significant additional costs resulting from the acceleration of Home Office asylum decisions as a specific risk to the financial sustainability of the IJB. At this stage, there is no formal confirmation that Glasgow City Council will continue to meet the costs in 2026/27 and beyond. The estimated additional costs in 2025/26 are £15.6 million to date (full year impact £38 million), which will be met by the Council. We note that there is a corresponding impact on the IJB's homelessness budget, and therefore an overspend of £3.5 million at Month 7 as a result of the increasing use of temporary accommodation during the housing emergency.

## Financial sustainability continued

In our 2024/25 Annual Audit Report, we noted that the IJB made significant progress to rebuild general reserve balances towards a sustainable level, increasing from 0.4% of net expenditure in April 2024 to 1.4% (£24.3 million) in April 2025. This level remains some way off the target 2% (around £35.3 million).

The most recent budget monitoring report, considered in November 2025, identifies a projected overspend for 2025/26 of £6.9 million. As a result, this presents a risk to the IJB's Financial Strategy to continue the rebuilding of reserves.

### Exhibit 2: Financial Sustainability Area of Focus in 2025/26

Area of focus	Explanation
Medium Term Financial Sustainability	<p>The IJB continues to face significant financial challenges and relies on Glasgow City Council continuing to provide funding to meet the significant additional costs of homelessness related to accelerated Home Office decisions. At this stage, there is no confirmation how the 2026/27 funding pressure will be met and therefore presents a significant risk to the financial sustainability of the IJB. The current estimate of the pressure in 2026/27 is £56 million, which would exhaust the IJB's reserves in full.</p> <p>The IJB has recognised that a step change in approach is required to deliver a balanced budget over the period of the Medium Term Financial Strategy. As a result, a Service Prioritisation Programme has been developed to review and monitor a series of workstreams.</p> <p>However, the current level of overspend in 2025/26 places further pressure on the General Reserve balances required to manage future financial risk. The projected overspend for 2025/26 as at Month 7 is £6.9 million, which would have a corresponding impact on the planned contribution of £8.3 million to continue to rebuild reserves.</p>

Our assessment of the Board's financial sustainability arrangements in 2025/26 will therefore focus on:

- The funding arrangements for homelessness relating to accelerated Home Officer Decisions;
- The progress of the Service Prioritisation programme, including the development of sufficient savings proposals to address the funding gap; and
- The IJB's ability to replenish General Reserves in line with its strategy.

## Vision, Leadership and Governance

In our 2024/25 Annual Audit Report, we concluded that the IJB has the key requirements for good governance in place. . Following the significant changes in personnel at senior levels of the organisation, the IJB's Chief Officer instigated a review of the executive leadership structure, including the governance structures of the Health and Social Care Partnership (HSCP) including the Strategic Planning Groups.

As a result, the current Strategic Plan has been extended by 2 years by adopting Year 4 and 5 delivery plans. Progress against the plans will be monitored by the Finance, Audit and Scrutiny Committee every 6 months, in line with current arrangements.

In 2024/25, we noted that the approval of the revised Integration Scheme had been delayed following changes emerging as a result of a period of consultation. The proposed changes are likely to lead to revised arrangements for services that are hosted by one IJB on behalf of one or more of the six within the Greater Glasgow and Clyde area. As a result, the changes required are likely to have an impact on the financial statements in future years, and a shadow year will be required.

The IJB has also considered the impact of governance issues within partner bodies, including:

- A cyber breach impacting Glasgow City Council;
- The outcomes of an investigation into the Council's failure to respond to Service Access Requests (SARs) within statutory timescales, where the backlog of requests rests with the Complaints, FOI and Investigations Team (CFIT) within the Health and Social Care Partnership (HSCP); and
- The recommendations impacting the HSCP emerging from an investigation report published by the Independent National Whistleblowing Officer in relation to a decision to reduce specialist GP services at Hunter Street for people experiencing homelessness in Glasgow.

As a result, our assessment of the Board's arrangements in 2025/26 will focus on:

- Consideration of the disclosures within the Governance Statement including the impact of governance issues within partner bodies on the IJB;
- Updates on the progress to agree a revised Integration Scheme; and
- Review of the coverage of internal audit arrangements during 2025/26, including any significant findings identified.

## Use of Resources

The IJB has established a Performance Framework to report on progress against the Strategic Plan. Throughout our appointment we will continue to consider the Quarterly Performance Reports that are scrutinised at FASC. The scrutiny considerations include deeper dive presentations from individual services.

Each IJB is required to produce an Annual Performance Report, usually by 31 July of each year. The 2024/25 Annual Performance Report highlighted that the IJB achieved two-thirds of the targets that it had set for the year. The IJB and its partners were also subject to a joint inspection of services for children and young people at risk of harm, which reported in August 2025. This highlighted areas of good practice in relation to the collaborative approach to leadership and tackling child poverty, the strength of relationships between staff and the families that they work with, the use of data to plan and improve performance and the commitment to a culture of improvement.

As we note within Section 2, Sector Developments, the Accounts Commission and Auditor General for Scotland published '*Delayed Discharges: A symptom of the challenges facing health and social care*' in January 2026. The report examines the scale, causes, and impacts of delayed discharges across Scotland and concludes that delayed discharges are a symptom of wider systematic pressures across health and social care rather than an isolated hospital issue.

The report identifies significant variation between integration authorities. Using the October census snapshot, it notes that Glasgow City recorded 252 delayed discharges in October 2025, equating to 46.7 per 100,000 population, which was above the Scotland average of 43.3 per 100,000, and represented an increase from October 2024.

As a result, our assessment of the Board's arrangements in 2025/26 will focus on:

- Actions to respond to the Joint Inspection of Services for Children and Young People;
- Performance outcomes in 2025/26, including a focus on delayed discharge performance against target; and
- The effectiveness of performance scrutiny arrangements.

We will also continue to review the IJB's arrangements for considering national reports, including evaluating the findings and implementing recommendations, such as reports from the Care Inspectorate.



# Appendices

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Code of audit practice:  
Responsibilities

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Independence report and audit fees

**C**

Required communications with the  
Finance, Audit and Scrutiny Committee

**D**

Timeline of communications and  
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**E**

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Additional audit information

## Audited body responsibilities

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. The features of proper financial stewardship include the following:

### Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

### Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- Preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- Maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures.
- Ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- Preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.
- Ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

## Audited body responsibilities continued

### Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

### Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.

### Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- Such financial monitoring and reporting arrangements as may be specified.
- Compliance with any statutory financial requirements and achievement of financial targets.
- Balances and reserves, including strategies about levels and their future use.
- How they plan to deal with uncertainty in the medium and longer term.
- The impact of reporting future policies and foreseeable developments on their financial position.

### Responsibilities for Best Value, community reporting and performance

Local government bodies have a duty to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the local government body is required to maintain an appropriate balance among:

- The quality of its performance of its functions.
- The cost to the body of that performance.
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- Efficiency.
- Effectiveness.
- Economy.
- The need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

**A**

## Code of audit practice: Responsibilities continued

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

### Appointed auditors' responsibilities

Appointed auditors' statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to audit the accounts and place a certificate (i.e., an independent auditor's report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act.

Satisfy themselves, by examination of the accounts and otherwise, that:

- The accounts have been prepared in accordance with all applicable statutory requirements.
- Proper accounting practices have been observed in the preparation of the accounts.
- The body has made proper arrangements for securing Best Value and is complying with its community reporting duties.

We are also required to hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

## Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2014, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

During the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services. We ensure that the total amount of fees that EY charged to you for the provision of services during the period, analysed in appropriate categories, are disclosed.

## Required communications

At planning stage:

- The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your directors and us.
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review.
- The overall assessment of threats and safeguards.
- Information about the general policies and process within EY to maintain objectivity and independence.

At final stage we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed. We will also report:

- Details of non-audit/additional services provided and the fees charged in relation thereto.
- Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the audit or external experts used have confirmed their independence to us.
- Details of any/all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence.
- Details of any inconsistencies between the Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy.

We will also provide an opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our continuing independence to act as your external auditor.

Overall, we confirm that EY is independent and the objectivity and independence of Rob Jones, your audit engagement partner and the audit engagement team have not been compromised.

## 2024/25 Fees

The Board's audit fee is determined in line with Audit Scotland's fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift. In 2025/26, this has been set at 4.3%.

	2025/26	2024/25
<b>Component of fee:</b>		
<b>Auditor remuneration - expected fee</b>	<b>£38,940</b>	<b>£37,510</b>
<b>Audit Scotland fixed charges:</b>		
Performance audit and best value	£7,250	£7,200
Pooled costs	£1,340	£940
<b>Sectoral price cap</b>	<b>(£12,050)</b>	<b>(£11,650)</b>
<b>Total fee</b>	<b>£35,480</b>	<b>£34,000</b>

Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that are required to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Audit Scotland Code of Practice.

**C**

## Required communications

We have detailed below the communications that we must provide to the IJB.

Required communications	What is reported?	Our reporting to you
When and where		
Terms of engagement	Confirmation by the Finance, Audit and Scrutiny Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) - audit to be undertaken in accordance with the Code of Audit Practice.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Annual Audit Plan - February 2026
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan - March February 2026
Significant findings from the audit	<ul style="list-style-type: none"> <li>▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures.</li> </ul>	Annual Audit Report - September 2026
	<ul style="list-style-type: none"> <li>▪ Significant difficulties, if any, encountered during the audit.</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Significant matters, if any, arising from the audit that were discussed with management.</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Written representations that we are seeking.</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Expected modifications to the audit report.</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Other matters if any, significant to the oversight of the financial reporting process.</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Findings and issues regarding the opening balance on initial audits.</li> </ul>	
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:	Annual Audit Report - September 2026.
	<ul style="list-style-type: none"> <li>▪ Whether the events or conditions constitute a material uncertainty</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> </ul>	
	<ul style="list-style-type: none"> <li>▪ The adequacy of related disclosures in the financial statements.</li> </ul>	

## Our reporting to you

Required communications	What is reported?	When and where
<b>Misstatements</b>	<ul style="list-style-type: none"> <li>▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation.</li> <li>▪ The effect of uncorrected misstatements related to prior periods.</li> <li>▪ A request that any uncorrected misstatement be corrected.</li> <li>▪ Corrected misstatements that are significant.</li> <li>▪ Material misstatements corrected by management.</li> </ul>	Annual Audit Report - September 2026.
<b>Fraud</b>	<ul style="list-style-type: none"> <li>▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.</li> <li>▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist.</li> <li>▪ A discussion of any other matters related to fraud.</li> </ul>	Annual Audit Report - September 2026.
<b>Internal controls</b>	Significant deficiencies in internal controls identified during the audit.	Annual Audit Report - September 2026
<b>Related parties</b>	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▪ Non-disclosure by management</li> <li>▪ Inappropriate authorisation and approval of transactions</li> <li>▪ Disagreement over disclosures</li> <li>▪ Non-compliance with laws and regulations</li> <li>▪ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Annual Audit Report - September 2026.
<b>Independence</b>	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▪ The principal threats</li> <li>▪ Safeguards adopted and their effectiveness</li> <li>▪ An overall assessment of threats and safeguards</li> <li>▪ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	Annual Audit Plan and Annual Audit Report.

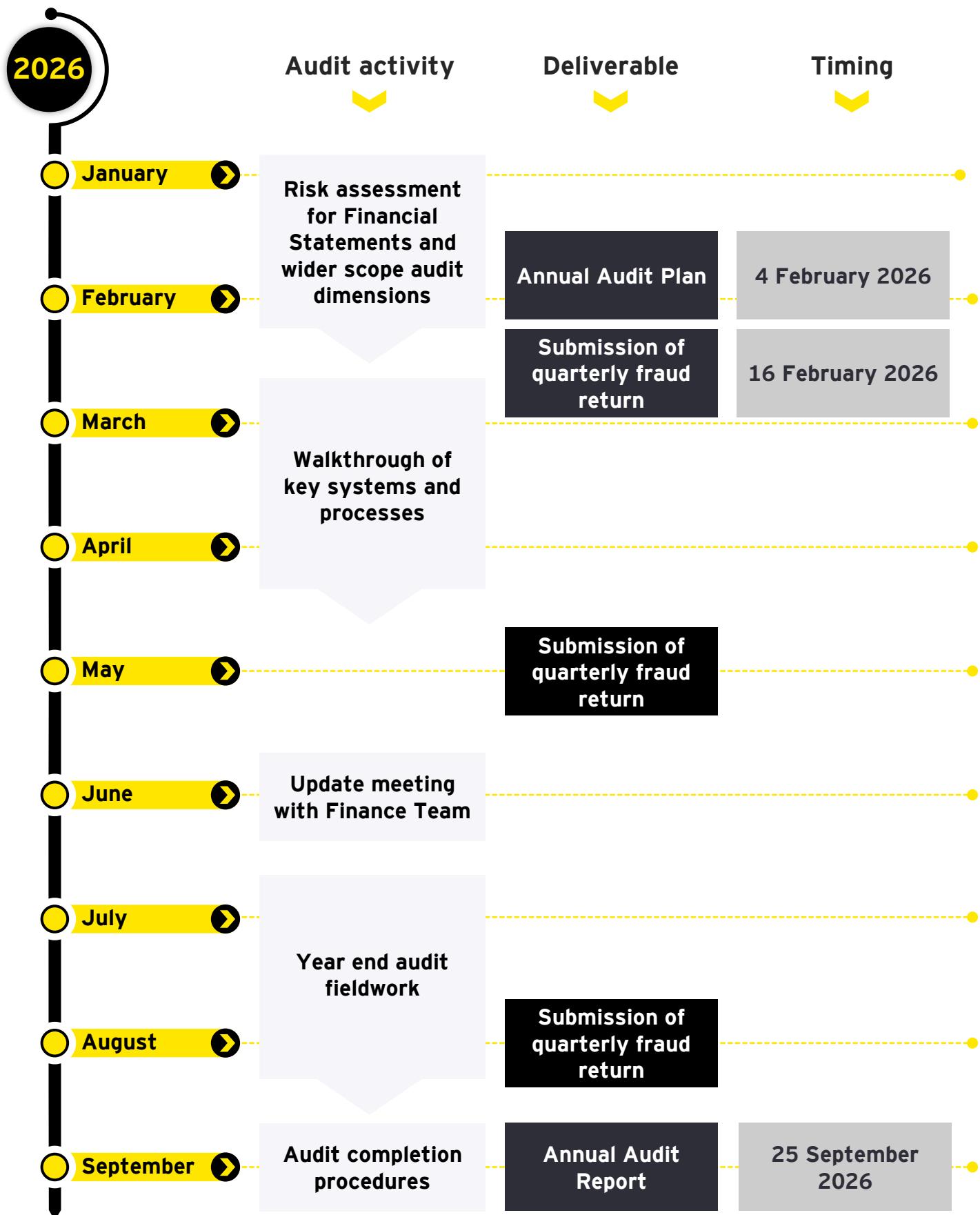
## C

## Required communications (cont.)

		Our reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>▪ Management's refusal for us to request confirmations.</li> <li>▪ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Annual Audit Report - September 2026.
Representations	Written representations we are requesting from management and/or those charged with governance.	Annual Audit Report - September 2026.
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▪ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off.</li> <li>▪ Enquiry of the Finance, Audit and Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Finance, Audit and Scrutiny Committee may be aware of.</li> </ul>	Annual Audit Report - September 2026.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Annual Audit Report - September 2026.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	Annual Audit Report - September 2026.
Best value and wider scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	Annual Audit Report - September 2026.
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	Annual Audit Report - September 2026.

**D**

## Timeline of communication and deliverables



# E

# Prior year audit recommendations

As part of our annual audit procedures, we will follow up the specific recommendations made within our 2024/25 Annual Audit Report and report on progress within our Annual Audit Report.

The recommendation from prior year is outlined below, along with the response from management.

## Prior year recommendations

No.	Recommendation	Management response	Our assessment of progress
1.	<p><b>General Reserves</b></p> <p>The IJB has set a target for its uncommitted General Reserve of 2% of net expenditure. At 31 March 2024, the IJB's uncommitted reserve had fallen to £8.4 million, representing around 0.5% of net expenditure.</p> <p>The scale of the financial volatility facing the IJB, including homelessness (beyond the asylum decisions process), prescribing and pay inflation, mean that adequate general reserves are essential to manage the level of risk. The IJB's budget strategy aims to increase General Reserves by £9.3 million, but financial recovery measures will be necessary in 2024/25 to deliver financial balance.</p> <p>The IJB must ensure that financial management arrangements prioritise General Reserve balances to work towards target levels.</p> <p>Grade 1</p>	<p><b>Response:</b></p> <p>The IJB has plans in place to increase General Reserves as part of the budget agreed for 2024/25. This will be prioritised as part of financial management arrangements during 2024/25.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Implementation date:</b> 30th May 2025</p>	<p><b>In progress:</b> As we note on page 23, the IJB's budget strategy to rebuild reserves over a two year period to prepare for increased superannuation costs has been successful to date. The delivery of substantial savings, including recovery plan, allowed the IJB to increase reserves to 1.4% of net expenditure in 2024/25.</p> <p>The delivery of the budget strategy for 2025/26 would see reserves increase to 1.8% (against a target of 2%). Substantial risks remain, particularly in relation to the volatility of demand pressures such as homelessness and prescribing. The level of reserves will therefore remain a key area of audit focus in 2025/26 and beyond.</p>

# F

# Additional audit information

## Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

## Our responsibilities under auditing standards

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a fair presentation.
- Read other information contained in the financial statements, the Finance, Audit and Scrutiny Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

## Purpose and evaluation of materiality

- For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- Materiality determines the locations that we conduct audit procedures, and the level of work performed on individual account balances and financial statement disclosures.
- The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit, we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## Audit Quality Framework

Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: [Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland](#)

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: [https://www.ey.com/en\\_uk/about-us/transparency-report](https://www.ey.com/en_uk/about-us/transparency-report)

## This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Accounts Commission has appointed us as external auditor of Glasgow City Integration Joint Board for financial years 2022/23 to 2026/27.

This report is for the benefit of the IJB and is made available to the Accounts Commission and Audit Scotland (together "the Recipients"). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

## Complaints

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