



Highlands and Islands Transport Partnership (HITRANS)

**External Audit Plan for the financial year ending
31 March 2020**

HITRANS Partnership Board Meeting 7 February 2020

Joanne Brown
Engagement Leader

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Senior Manager



Our audit at a glance



Performance materiality is set at 75% of overall materiality. This is consistent with the prior year reflecting our audit knowledge and understanding with no material adjustments in the prior year.



Our audit planning materiality for Highlands and Islands Transport Partnership ("HITRANS") is set at £16,400, being approximately 2% of gross expenditure based on 2019/20 budget. This is based on our assessment of what misstatement either individually or in aggregate could be significant as to be misleading to the users of financial statements. Our materiality benchmark is operating expenditure, that we consider a suitable benchmark for public entities. We will revisit our materiality throughout our audit including updating to reflect the unaudited financial statements.



Significant audit risks are: management override of controls; the risk of fraud in expenditure recognition as set out in Financial Reporting Council's (FRC) Practice Note 10; and accounting for defined benefit pension scheme liabilities.

An audit
underpinned by
quality and adding
value to you



Our audit is undertaken in accordance with the Audit Scotland Code of Audit Practice and reflects the wider scope nature of public audit. In accordance with Audit Scotland guidance, we consider HITRANS to be a smaller body for the purposes of wider scope responsibilities. Therefore the focus of our audit work will be on financial sustainability and governance statement disclosures.



At the planning stage we have identified no other areas of particular audit risk. We will continue to review audit risk throughout the year in order to be able to detect and respond to any particular areas of other audit risk which may arise.

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Overarching principles of our audit

Our audit is risk based and undertaken in accordance with the International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016 ('the Code'). Our overall objective is a effective, quality-focused external audit which adds value through wider insights and challenge. Our audit foundations are:

- ✓ professional scepticism
- ✓ a focus on audit risks and key areas of management judgement
- ✓ delivering a quality audit through our experienced public sector audit team, use of data analytics to focus our audit and understanding of the organisation
- ✓ clear and upfront communications, with regular communication during the year
- ✓ reporting with focused actions which will support you in improving your controls/operations

External Audit plan

The External Audit Plan summarises our responsibilities in accordance with ISAs and the Code:

- Respective responsibilities
- Our audit process and timeline
- Materiality
- Our risk based audit approach to the audit of the financial statement
- Our wider scope responsibilities as applicable to smaller bodies covering financial sustainability and the annual governance statement

Continuous improvement and adding value

Our aim is to add value to HITRANS through our external audit work. This will be delivered through delivering a high-quality audit and through leveraging our understanding the Highland Council's key financial processes applicable to the administrative support of HITRANS.

Audit appointment

The Accounts Commission is an independent public body appointed by Scottish minister hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.

The Accounts Commission has appointed Grant Thornton UK LLP as external auditor of HITRANS for the five year period 2016/17 to 2020/21. We have also been appointed as the external auditor of the Highland Council. The Council provides financial administration on behalf of HITRANS and therefore we build upon our knowledge and understanding of the Council's key financial process to support our understanding of HITRANS financial processes.

Our team

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The audit will be supported by a team of qualified and part qualified accountants from our public sector audit team. Where required we will use other audit experts, including Public Sector technical accounting team to support our audit.

Respective responsibilities

As set out in the Code of Audit Practice there are a number of key responsibilities you as an organisation are responsible for, and others, as appointed auditors we are responsible for. These are summarised below:

Area	Accountable Officer and HITRANS's Responsibilities
Corporate governance	<ul style="list-style-type: none"> Establishing arrangements for proper conduct of its affairs Legality of activities and transactions Monitoring adequacy and effectiveness of arrangements (inc role of those charged with governance)
Financial statements	<ul style="list-style-type: none"> Preparing financial statements which give a true and fair view of their financial position Maintaining accounting records and working papers Putting in place systems of Internal Control and maintaining proper accounting records Preparing and publishing an annual governance statement, management commentary and remuneration report Effective systems of internal control as well as financial, operational and compliance controls – supporting achievement of objectives and secure best value
Financial position	<ul style="list-style-type: none"> Proper arrangements to ensure financial position is soundly based and responsibility to ensure arrangements secure best value
Fraud and error	<ul style="list-style-type: none"> Establishing appropriate arrangements for prevention and detection of fraud, error, irregularities, bribery and corruption and affairs are properly managed

Our responsibilities



- Undertake statutory duties and comply with professional engagement and ethical standards
- Provide an ISA compliant opinion on financial statements and where appropriate regularity of transactions
- Review and report on, as appropriate, other information eg annual governance statements, management commentary, remuneration reports
- Demonstrate compliance with wider public audit scope in accordance with Audit Scotland's Code of Audit Practice and applicable guidance as applicable to smaller bodies covering financial sustainability and governance statement disclosures
- Contributing to Audit Scotland Performance Reports
- Providing regular updates to Audit Scotland to share awareness of current issues across our audit clients
- Notify Audit Scotland of any cases of money laundering or fraud
- Contribute to Audit Scotland technical guidance

How do we do this in practice

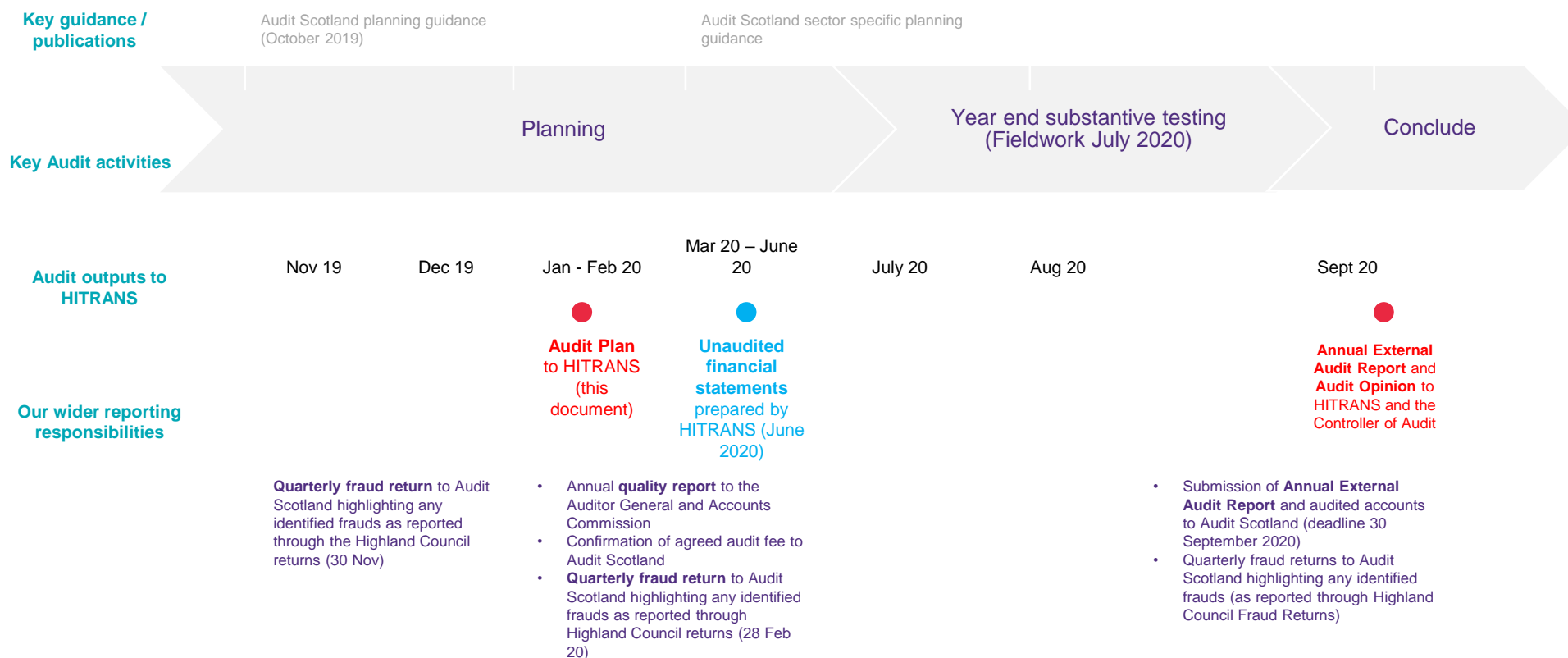


- By reviewing and providing judgements and conclusions on HITRANS's arrangements including those in relation to financial sustainability and governance statement as applicable to smaller bodies
- Financial position and arrangements for ensuring financial sustainability in the medium to longer term
- Review of other information in line with our knowledge and understanding of HITRANS
- Ongoing dialogue and engagement with Audit Scotland during the year
- Providing quarterly fraud updates to Audit Scotland and information on any money laundering
- Support Audit Scotland through engaging in technical guidance publications

Audit process and timeline

Our planned audit timeline is detailed below. In accordance with the Code of Audit Practice and audit Scotland Planning Guidance, we are required to undertake and report on a range of areas. The diagram below summarises our planned audit timetable for 2019/20, and output both to HITRANS and Audit Scotland.

Our audit fieldwork will be for 1 week onsite and 1 week offsite (completion) in July 2020 with final reporting to HITRANS in September 2020.



Throughout the audit process there will be continuous communication and engagement. We will also continue to engage with Audit Scotland to ensure they are aware of any current or emerging issues at HITRANS.

Materiality



We undertake your audit in accordance with International Standards on Auditing (UK) (ISAs) and the Audit Scotland Code of Audit Practice (May 2016). On an annual basis we are required to give an opinion as to whether the Financial Statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code)
- have been properly prepared in accordance with relevant legislation and standards
- audited parts of the remuneration report have been prepared in accordance with the guidance
- the information given in the Management Commentary for the financial year is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003
- The information given in the Annual Governance Statement for the financial year is consistent with the financial statements and prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Basis for materiality

We determine financial statement materiality based on a proportion of the total operating expenditure. This approach is consistent with our prior year materiality determination. We have determined planning materiality to be **£16,400**, which equates to approximately **2%** of your budgeted total operating expenditure for the year.

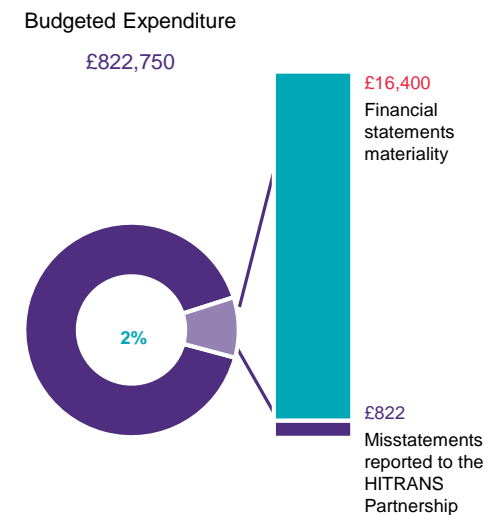
Performance materiality

Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. Based on our audit experience we have retained this for 2019/20 at **75%**, being **£12,300**. Performance materiality determines those accounts which testing will be undertaken on and the level of sample testing performed where applicable. Performance materiality is set at 75% of overall materiality. This is consistent with the prior year reflecting our audit knowledge and understanding. While in 2018/19 we identified audit adjustments to defined benefit pension scheme liabilities (McCloud adjustment), we consider this to be unique to the prior year and does not represent an inherent increase in risk to the 2019/20 financial statements.

Our materiality reflects our professional judgement of the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. For Remuneration Report, we apply a lower materiality threshold of £2,500, representing the banding levels within the disclosure. We will update our materiality based on the unaudited 2019/20 financial statements. During the course of our audit engagement, we will continue to assess the appropriateness of our materiality.

Reporting to those charged with governance

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the HITRANS Partnership Board any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are required by auditing standards to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. We have determined this threshold to be **£822** being 5% of planning materiality.



A risk based audit methodology

A core part of audit planning is understanding HITRANS and the wider environment in which it operates. This is our fourth year as the external auditors of HITRANS appointed under the Audit Scotland framework. Through our audit planning procedures we consider a range of factors to assess the risk of material misstatement to the financial statements. Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Our risk assessment includes the following;

Consideration of critical accounting estimates including recognition of defined benefit pension liabilities	Assessment of inherent risk factors including changes in the organisation's activities and environment	Understanding of entity level controls and the control environment, including key financial processes administered by the Highland Council on HITRANS's behalf.	Financial and operational performance during the year.
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Identified Significant risks

- Risk of fraud in expenditure recognition
- Management override of controls
- Accounting for defined benefit pension obligations

We continue to assess the risk of material misstatement and our response to these risks throughout our audit. Within our Annual Audit Report we will report to you the conclusions from our audit procedures over these risks, including any further risks identified or changes to our planned audit response.

Significant financial statement risks

Understanding and its environment

HITRANS's primary source of revenue is through requisitions from constituent authorities. For 2019/20, HITRANS has budgeted Scottish Government funding of £522,750, including core funding of £200,000. The organisation forecast funding from partnership authorities of £300,000. The organisation continues to face financial challenges. The lifting of the Scottish Public sector pay cap will create additional financial pressures in 2019/20, as staff costs represent the most significant cost for the organisation. HITRANS have developed a relatively stable financial operating model whereby core funding from constituent councils and Scottish Government has remained flat. However, Officers recognise the medium term pressures facing the organisation. In particular pay and cost pressures including a budgeted 3.5% increase in 2019/20. HITRANS supplement this funding with project income to contribute to fixed costs as well as operational efficiencies.

Risk area	Areas of focus	Description of risk
Risk of fraud in expenditure recognition	<p>Other Expenditure (at the year end) (Completeness)</p> <p>Payables (Completeness, Valuation)</p>	<p>Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure). As payroll expenditure is well forecast and agreeable to underlying payroll systems, there is less opportunity for the risk of misstatement in this expenditure stream. Similarly for property costs, travel and support service costs we consider these to be well forecast and given their expected balance to be unlikely to be materially misstated. We therefore focus on non-pay expenditure including programme costs, including non-payroll research and development costs, and project costs. We consider the risk to be particularly prevalent around the year end and therefore focus our testing on cut-off of non-pay expenditure. Specifically for HITRANS this includes administration expenses and supplier and services as well as property costs.</p>

Audit Response

- Walkthroughs of the controls and procedures over **programme expenditure** and **project costs**.
- Perform substantive testing (at an elevated risk level) expenditure recognised post year end to identify if there is any potential understatement
- Testing post year end bank statements and review of minutes to identify any potential unrecorded liabilities
- Reviewing accruals and deferred income around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimate

As set out in ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In 2018/19, HITRANS income is primarily through a combination of Scottish Government and constituent authority funding. For 2019/20, Scottish Government grant funding is expected to be £522,750, with constituent authority funding of £300,000. While material, this funding is formally agreed during the budget setting process with constituent authorities. Total revenue and receivables at the year end are agreed to third party confirmation (signed accounts). Consequently, we consider there to be a lower opportunity to materially misstate this revenue stream. We therefore rebut the presumed risk of improper recognition of revenue.

Significant financial statement risks

Risk area	Areas of focus	Description of risk
Management override of controls	Journals Accounting Estimates	As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override HITRANS's controls for specific transactions. We consider those key judgements that are most susceptible to significant audit risk of management override are those areas management has the potential to influence the financial statement through judgement.

Audit Response

Accounting estimates:

In assessing the risk of management override, consider those key accounting estimates and judgements that could impact on the organisations financial results and where there is an inherently increased risk of fraudulent misstatement or where management bias could result in a material misstatement. In response to the significant audit risk we will:

- consider the design of controls in place over key accounting estimates and judgements
- Review accounting estimates for management bias / indication of fraud that could result in material misstatement. This will include review of estimates and judgements surrounding year end accruals.

Journals testing:

We will use our data analytics tool to support our evaluation of journal transactions during the year. In response to the significant risk we will:

- Assess the design of controls in place over journal entries, including how these are prepared, authorised and processed onto the financial ledger;
- Will risk assess the journals population to identify large or unusual journal entries, such as those that are not incurred in the normal course of business, or those entries that may be indicative of fraud or error that could result in material misstatement. We will test these journals to ensure they are appropriate and suitably recorded in the financial ledger and correctly recorded in the financial statements;
- We will perform targeted testing of transactions around the financial year end reviewing those journals are large or otherwise appear unusual to understand the rationale for the transaction.

Significant financial statement risks

Risk area	Areas of focus	Description of risk
Defined benefit pension scheme	Defined benefit pension scheme (valuation)	<p>HITRANS participates in the Highland Council Pension Fund, a local government pension scheme. The scheme is a defined benefit pension scheme and in accordance with IAS 19: Pensions, HITRANS is required to recognise its share of the scheme assets and liabilities on the statement of financial position. As at 31 March 2019, HITRANS had pension fund liabilities of £1.022 million.</p> <p>Hymans Robertson UK LLP provide an annual IAS 19 actuarial valuation of HITRANS's net liabilities in the pension scheme. There are a number of assumptions contained within the valuation, including: discount rate; future return on scheme assets; mortality rates; and, future salary projections. In addition, 2019/20 will represent the first year of recognising the defined benefit pension scheme since the actuarial triennial valuation in 2019. Given the material value of the scheme liabilities and the level of estimation in the valuation, there is an inherent risk that the defined benefit pension scheme could be materially misstated within the financial statements.</p>
Audit Response		
<ul style="list-style-type: none"> • Walkthroughs of the controls and procedures over the valuation of pension scheme liabilities, including information and instructions provided to the pension fund and actuary • Understanding the work of the actuary including instructions issued by employers and evaluate whether local issues have been covered • We will consider the suitability and reasonableness of the underlying assumptions adopted by the actuary in arriving at the defined benefit pension scheme liability, including ensuring underlying data used is appropriate in informing the valuation • Reviewing the underlying data supporting the valuation to ensure these are consistent with HITRANS's own records • Consider the reasonableness of the valuation approach adopted by the actuary including the application of the roll-forward approach to estimating the liability, in particular assessing whether any material significant events that may impact the liability have been communicated to the actuary. 		

Other audit areas

Going concern considerations

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

We will review management’s assessment of the going concern assumption and evaluate the disclosures in the financial statements, alongside our assessment based on substantive testing and audit procedures.

Working with internal audit

The Auditing Standards Board’s version of ISA (UK) 610 “Using the work of internal auditors” prohibits use of internal audit to provide “direct assistance” to the audit. Our approach to the use of the work of Internal Audit has been designed to be compatible with these requirements.

HITRANS’s internal audit is provided by the Highland Council internal audit service. During 2019/20, while we engage with Internal Audit to confirm any awareness of fraud or suspected fraud. Where Internal Audit have identified specific material deficiencies in the control environment we will consider adjusting our testing so that the audit risk is covered by our work.

Internal control environment

Throughout our audit planning and fieldwork we will continue to develop our understanding of the overall control environment (design) as related to the financial statements. HITRANS’s accounting records are maintained by the Highland Council on behalf of HITRANS. We will therefore consider the design of controls in place at the Council with regards processing and recording HITRANS financial transactions. In particular we will:

- Consider procedures and controls around related parties, journal entries and other key entity level controls.
- Perform walkthrough procedures on key controls around identified risk areas including income, payroll expenditure, other expenditure, journal entries and material areas of management estimate and judgement including recognition of defined benefit pension scheme.

Wider scope approach – Smaller body arrangements

For smaller bodies the Audit Scotland Code of Practice permits auditors to not apply the full wider scope audit. In our judgement, taking into account the nature of HITRANS operating activity and income and expenditure streams, we feel it is appropriate to continue to treat you as a smaller body under the Code. However, in accordance with Audit Scotland planning guidance, we will update our understanding of your arrangements for ensuring financial sustainability as well as your governance statement disclosures included within your financial statements.

Audit deliverables

As set out in the Code of Audit Practice, as appointed auditors we have a number of wider reporting responsibilities beyond the audit of the financial statements. Below we summarise the key areas of work during our 2019/20 audit, including expected reporting under Audit Scotland's Code of Audit Practice and audit planning guidance (2018/19 Guidance on Planning the Audit)

Requirement	How we will report our findings
<p>Annual accounts Perform an audit of the annual accounts and express specified audit opinion on them.</p>	<ul style="list-style-type: none"> • External audit plan • External auditor's opinion on the financial statements • Annual external audit report findings from our audit work of the financial statements
<p>Wider scope audit dimensions Conclude and report on our assessment of the wider scope audit dimensions</p>	<ul style="list-style-type: none"> • Annual external audit report (audit findings report) as applicable to smaller bodies (financial sustainability and governance statement)
<p>Emerging issues Communication of emerging issues to Audit Scotland and highlight any issues for potential statutory reports</p>	<ul style="list-style-type: none"> • Communicating throughout our audit emerging issues throughout the year
<p>Correspondence queries Carry out preliminary enquiries into any correspondence relevant to the Board that is referred to Audit Scotland.</p>	<ul style="list-style-type: none"> • Providing responses to any correspondence received based on our audit knowledge and understanding and the results of any review as agreed with Audit Scotland
<p>Money laundering and fraud Provide information on cases of money laundering or fraud</p>	<ul style="list-style-type: none"> • Reporting cases to the National Crime Agency of an instances of money laundering at the Board and identified frauds to Audit Scotland
<p>Technical guidance Contribute to Technical Guidance Notes</p>	<ul style="list-style-type: none"> • Providing responses to Audit Scotland consultations on draft Technical Guidance notes for Auditors.

Appendices

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Appendix 1: Fees and independence

External Audit Fee

Service	Fees £
External Auditor Remuneration	TBC
Pooled Costs	TBC
Contribution to Audit Scotland costs	TBC
Contribution to Performance Audit and Best Value	-
2019/20 Fee	TBC

Fees for other services

Service	Fees £
At planning stage we confirm there are no non-audit fees	Nil

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.
- We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.
- Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standards.
- We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.
- We can confirm no independence concerns have been identified.

Audit Scotland sets an expected fee for each audit carried out under appointment which assumes that the body has well-functioning controls, an effective internal audit service, and an average risk profile.

Audit Scotland reviews the expected fee each year and adjusts it if necessary based on auditors' experience, new requirements, or significant changes to audited bodies and .

The audit fee is calculated in accordance with guidance issued by Audit Scotland. In accordance with the Audit Scotland guidance, for smaller bodies, we can increase the fee by up to 20% from the base fee set by Audit Scotland, depending on risk factors identified by us as your external auditors. We cannot reduce the fee from the baseline set out by Audit Scotland. Audit Scotland issued the draft fees in December 2019 and we will agree with Management our proposed fee for 2019/20. This will be communicated to HITRANS Partnership Board on finalisation of our External Audit Plan in February. Our audit fee is based on the following assumptions

- supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- the scope of the audit, and HITRANSs' activities will not change significantly from planned
- HITRANS will make available management and accounting staff to help us locate information and to provide explanations. We reserve the right to charge an additional fee for any additional work.
- We will only receive (and audit) 3 sets of accounts (1st draft; amended draft and final)
- Specific balances such as IAS 19 defined benefit pension scheme estimations are supported by an independent actuarial valuation.

Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work (joanne.e.brown@uk.gt.com). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to Elaine Boyd, Assistant Director, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

Appendix 2: Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at HITRANS.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- Leading a discussion with those charged of governance (for HITRANS this is assumed to be the HITRANS Partnership Board) on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the planning guidance) to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at HITRANS we will report to the Auditor General as required by Audit Scotland.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is HITRANS's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with HITRANS to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on a quarterly basis.

Appendix 3: Communication with those charged with governance

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while our Annual Report to those Charged with Governance, will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to HITRANS Management and HITRANS

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/the Highlands and Islands Transport Partnership Board	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of HITRANS's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•



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