

21 December 2020

Morag Barrow  
Chief Officer  
Midlothian Integration Joint Board  
Fairfield House  
8 Lothian Road  
Dalkeith  
EH22 3AA

Dear Morag

### **Guidance for auditors – Covid-19**

I write to bring to your attention two new important guides for auditors produced by Audit Scotland in relation to Covid-19. The first is [Balancing the budget in councils](#) and the second is [Going concern in councils](#). I believe that you will find both of these to be of interest.

The Accounts Commission's [2020 Local Government in Scotland Overview](#) report highlighted the importance of improving long-term financial planning in the context of the challenges and uncertainties councils face as a consequence of Covid-19. Council budgets were already under pressure from increasing costs, along with greater needs from communities, before the pandemic. Covid-19 brings additional financial demands and has also led to significant reductions in council income. This makes achieving a balanced budget more challenging. The impact of Covid-19 on public sector budgets has also heightened the focus on financial sustainability, with related questions about the application of the going concern basis of accounting in the public sector.

I am bringing these publications to your attention because they relate to the Commission's longstanding interest in the essential importance of effective leadership, good governance and strong financial management for councils. But also, because we recognise the challenge of delivering these key Best Value obligations in the context of Covid-19.

We will be encouraging local auditors to use these guides as a basis for engaging with their audited bodies. I hope that you may also find it useful to use these guides along with your senior officers and elected members.

Yours sincerely

**Elma Murray**  
Interim Chair