



Scott-Moncrieff
business advisers and accountants

Police Investigations and Review Commissioner

External Audit Plan 2017/18

January 2018

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1

Introduction

Introduction

1. This document summarises the work plan for our 2017/18 external audit of the Police Investigations and Review Commissioner ("the PIRC").
2. The core elements of our work include:
 - an audit of the PIRC's 2017/18 annual accounts, including a review of the governance statement;
 - an assessment of the PIRC's arrangements as they relate to financial sustainability, financial management, governance and transparency and value for money; and
 - any other work requested by Audit Scotland, for example, input into performance audit work.

Audit appointment

3. The Auditor General for Scotland is the Scottish Parliament's watchdog for ensuring propriety and value for money in the spending of public monies. The Auditor General for Scotland is responsible for securing the audit of the Scottish Government and most public bodies including NHS bodies in Scotland.
4. Audit Scotland is an independent statutory body that provides the Auditor General for Scotland with the services required to carry out her statutory functions, including monitoring the performance of auditors through a quality control process.
5. The Auditor General for Scotland has appointed Scott-Moncrieff as external auditor of the PIRC for the five year period 2016/17 to 2020/21. This document comprises the audit plan for 2017/18 and summarises:
 - the responsibilities of Scott-Moncrieff as external auditors;
 - our audit strategy;
 - our planned audit work and how we will approach it;
 - our proposed audit outputs, timetable and fee; and

- background to Scott-Moncrieff and the audit team.

Adding value through the audit

6. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to PIRC through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help PIRC promote improved standards of governance, better management and decision making and more effective use of resources.
7. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to the audit team or through our online survey:
www.surveymonkey.co.uk/r/S2SPZBX
8. While this plan is addressed to PIRC, it will be published on Audit Scotland's website
www.audit-scotland.gov.uk.



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Responsibilities of the auditor and PIRC

Responsibilities of the auditor and PIRC

Auditor responsibilities

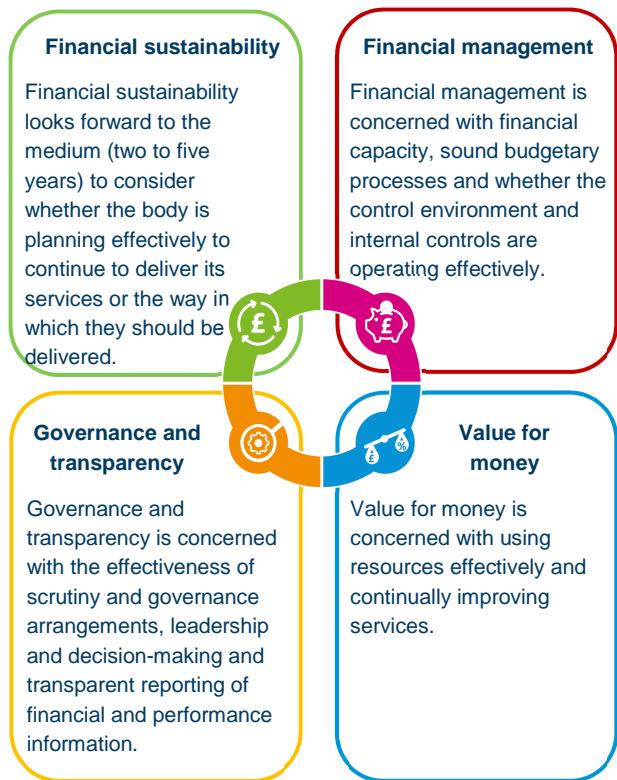
Code of Audit Practice

9. The Code of Audit Practice (the Code) outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

Our responsibilities

10. Auditor responsibilities are derived from statute, the Code, International Standards on Auditing (UK), professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities (paragraph 13). These are to:
- undertake statutory duties, and comply with professional engagement and ethical standards
 - provide an opinion on audited bodies' financial statements and,
 - where appropriate, the regularity of transactions
 - review and report on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports
 - notify the Auditor General when circumstances indicate that a statutory report may be required
 - demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies':
 - effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets
 - suitability and effectiveness of corporate governance arrangements
 - financial position and arrangements for securing financial sustainability

Exhibit 1: Audit dimensions of wider scope public audit



11. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Wider scope audit work

12. The Code sets out four audit dimensions that frame the wider scope audit work into identifiable audit areas. These are summarised in Exhibit 1.
13. The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the annual accounts, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of

corporate governance and performance management arrangements and financial sustainability.

14. Where the application of the full wider scope is judged by us not to be appropriate then our annual audit work on the wider scope is restricted to:
- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the governance statement; and
 - Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.

15. Our assessment takes into account the size, nature and risks of PIRC. Taking these factors into consideration, we have concluded that we will not apply the full wider scope at PIRC.

PIRC's responsibilities

16. PIRC has 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. PIRC's responsibilities are summarised in Exhibit 2

Exhibit 2 – PIRC's responsibilities

Area	PIRC's responsibilities
<p>Annual report and accounts: PIRC must prepare an annual report and accounts containing financial statements and other related reports.</p>	<p>PIRC has responsibility for:</p> <ul style="list-style-type: none">• 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 financial statements 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• maintaining proper accounting records• preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements.

Exhibit 2 – PIRC's responsibilities

Area	PIRC's responsibilities
<p>Financial sustainability: Financial sustainability looks forward to the medium and longer term to consider whether PIRC is planning effectively to continue to fulfill its functions in an affordable and sustainable manner.</p>	<p>PIRC is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • 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 the organisation plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
<p>Financial management: Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<p>It is PIRC's responsibility to ensure that its financial affairs are conducted in a proper manner. Management are responsible, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance.</p> <p>PIRC is 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 its disposal.</p> <p>It is PIRC's responsibility to establish arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
<p>Governance and transparency: Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p>	<p>PIRC, through its Director of Operations (as 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. PIRC should involve those charged with governance in monitoring these arrangements.</p> <p>PIRC is also responsible for establishing effective and appropriate internal audit and risk management functions.</p>
<p>Value for money: Value for money is concerned with the appropriate use of resources and ensuring continual improvement of services delivered.</p>	<p>Accountable officers have a specific responsibility to ensure that arrangements have been made to secure best value. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p>

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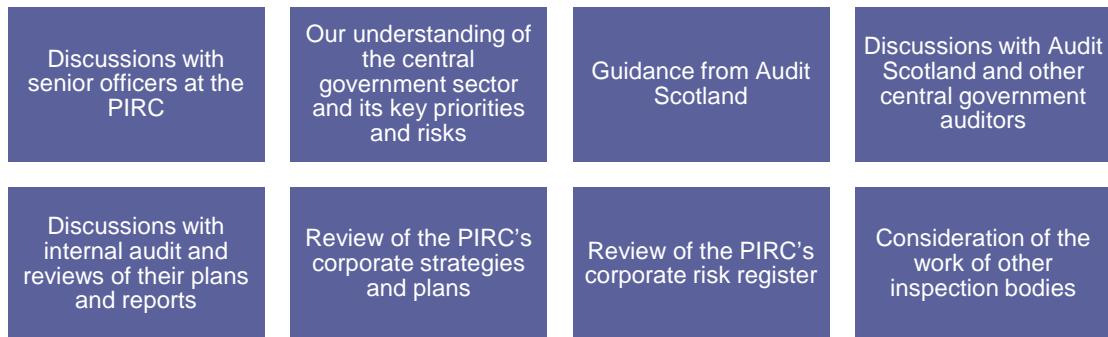
Audit Strategy

Audit strategy

Risk-based audit approach

17. We follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the PIRC. This ensures that our audit focuses on the areas of highest risk. Our audit planning is based on:

Exhibit 3 – Risk based audit approach



18. Planning is a continuous process and our audit plans are therefore updated during the course of our audit to take account of developments as they arise.

Communications with those charged with governance

19. Auditing standards require us to make certain communications throughout the audit to those charged with governance. We have agreed with the PIRC that these communications will be through the Audit and Accountability Committee.

Professional standards and guidance

20. We perform our audit of the annual accounts in accordance with International Standards on Auditing (UK) (ISAs), the International Standard on Quality Control 1 (UK), Ethical Standards, and applicable Practice Notes and other guidance issued by the Financial Reporting Council (FRC). In particular, we comply with the FRC's *Practice Note 10 on the Audit of Annual accounts of Public Sector Bodies in the United Kingdom (revised)*.

Internal audit

21. We are committed to avoiding duplication of audit effort and ensuring an efficient use of the PIRC's total audit resource. To achieve this, we aim to place reliance on the work of internal audit wherever possible. The PIRC's internal audit service is provided by RSM.

22. Prior to placing reliance on the work of internal audit, we are required by auditing standards to review aspects of the internal audit function to ensure they are in compliance with the Public Sector Internal Audit Standards. This review is performed in accordance with the Code of Audit Practice and International Standard on Auditing (UK) (ISA) 610 – *Using the work of internal auditors*.

Other inspection bodies

23. We plan to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. Through enquiry of management as part of our initial planning discussions, we have not identified any other inspection work planned for 2017/18 which is directly relevant to our work, other than the work of internal audit and Audit Scotland. We

will monitor this situation over the course of 2017/18 and update our plans as necessary.

Partnership working with Audit Scotland

- 24.** Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps, for example, to identify common priorities and risks, treat consistently any issues arising that impact on a number of audited bodies, and further develop an efficient and effective approach to public audit. We will share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.
- 25.** Audit Scotland issues general and sector specific planning guidance summarising all of the areas we are expected to cover as well as facilitating regular sector meetings where central government auditors discuss key issues arising during the audit year. We have applied the planning guidance in developing this external audit plan. We will use the sector meetings to help identify the key issues that may impact on our audit of the PIRC.
- 26.** Audit Scotland undertakes national reviews on issues affecting central government organisations. Our role as local auditors is to review the PIRC's arrangements for taking action on any issues reported in the national reports which may have a local impact. We plan to assess the extent to which the PIRC uses the national reports as a means to help improve performance at the local level.

4

Annual accounts

Annual accounts

27. Audited bodies' annual accounts are an essential part of accounting for their stewardship of the resources made available to them and their financial performance in the use of those resources. This section sets out our approach to the audit of the PIRC's annual accounts.

Approach to audit of annual accounts

28. Our opinion on the annual accounts will be based on:

Risk-based audit planning

29. We focus our work on the areas of highest risk in all aspects of our work, including our audit of the annual accounts. As part of our planning process we prepare a risk assessment highlighting the audit risk relating to each of the key systems on which the annual accounts will be based.

Audit of the annual accounts

30. During our audit we will test and review the material amounts and disclosures in the annual accounts. The extent of testing will be based on the risk assessment.
31. Our audit will seek to provide reasonable assurance that the annual accounts are free from material misstatement and comply with the Government Financial Reporting Manual (the 2017/18 FReM).
32. In order to provide assurance on the regularity of transactions, we also review whether, in all material respects, expenditure has been incurred and income applied in accordance with guidance issued by Scottish Ministers.

Independent auditor's report

33. Our opinion on the truth and fairness of the annual accounts and the regularity of transactions will be set out in our independent auditor's report which will be included within the annual accounts.

Materiality

34. Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.
35. Our initial assessment of materiality for the annual accounts is £47,000, approximately 1.5% of the PIRC's Grant in Aid funding allocation. We will review our assessment of materiality throughout our audit.
36. We set a performance (testing) materiality for each area of work which is based on a risk assessment for the area. We will perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be of significant risk of material misstatement.

Area risk assessment	Weighting	Performance materiality
High	40%	£19,080
Medium	50%	£23,850
Low	70%	£33,390

37. We will report any misstatements identified through our audit that fall into one of the following categories:
- All material corrected misstatements;
 - Uncorrected misstatements with a value in excess of 2% of the overall materiality figure (i.e. over £940); and
 - Other misstatements below the 2% threshold that we believe warrant reporting on qualitative grounds.

Key audit risks in the annual accounts

38. Auditing standards require that we inform the Audit Committee of our assessment of the risk of material misstatement in the annual

accounts. We have set out our initial assessment below, including how the scope of our audit responds to those risks. We will provide an update to the Audit and Accountability Committee if our assessment changes significantly during the audit.

Exhibit 4 – Key audit risks in the annual accounts

1. Revenue Recognition

Under ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements* there is a presumed risk of fraud in relation to revenue recognition. The presumption is that PIRC could adopt accounting policies or recognise income and expenditure transactions in such a way as to lead to a material misstatement in the reported financial position.

- 
39. At this stage of our audit cycle, we do not believe the risk of fraud in revenue recognition is material to the annual accounts and have therefore rebutted this risk. We will however continue to review this position throughout the audit.

2. Risk of fraud in the recognition of expenditure

The FRC published Practice Note 10 which applies to the audit of financial statements for periods commencing after June 2016. The Practice Note recognises that most public sector bodies are net spending bodies and notes that there is an increased risk of material misstatement due to improper recognition of expenditure

- 
40. In response to this risk we will evaluate the significant expenditure streams at PIRC (excluding payroll which is not deemed to be a significant risk area) and review the controls in place over accounting for expenditure. We will consider PIRC's key areas of expenditure and obtain evidence that the expenditure was recorded in line with appropriate accounting policies and the policies have been applied consistently across the year

3. Management override

In any organisation, there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the annual accounts. This is treated as a presumed risk area in accordance with ISA (UK) 240.

- 
41. In response to this risk we will review the PIRC's accounting records and obtain evidence to ensure that any significant transactions outside the normal course of business were valid and accounted for correctly.

5

Wider scope audit

Wider scope audit

Introduction

42. As described in section 2, the Code frames a significant part of our wider scope responsibilities in terms of four audit dimensions. Following consideration of the size, nature and risks of PIRC the application of the full wider scope audit is judged by us not to be appropriate. Our annual audit work on the wider scope will therefore be restricted to:
- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the governance statement; and
 - Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.
43. Our planned audit work against these two areas is risk based and proportionate. Our initial assessment builds upon the understanding of PIRC which we developed in 2016/17, along with discussions with management and review of committee minutes and key strategy documents.
44. In 2017/18 we have also considered the following risk areas as they relate to PIRC:
- EU withdrawal
 - New financial powers
 - Ending of public sector pay cap
 - Response to cyber security risks
 - Openness and transparency
45. At this stage of our audit planning process, we have identified two significant risks to the wider scope of our audit. Audit planning is a continuous process and we will report any identified significant risks, as they relate to the wider scope, in our annual audit report. The tables below summarises our wider scope audit work.

Exhibit 5 – Key audit risks in the wider scope audit

1. Financial sustainability

Demand for PIRC's services continues to increase. During 2016/17 a 34% rise in the number of independent investigations was reported with a 52% increase in the number of such cases being referred to the PIRC from the Crown Office and Procurator Fiscal Service (COPFS). This represents an increase in both the volume and complexity of the work being undertaken.

PIRC have presented business cases to its sponsor department within the Scottish Government for additional funding and have secured limited, additional, non-recurring funds to be spent up until 31 March 2018. Negotiations are still underway for additional recurring funding going forward.

- 
46. During our audit we will consider whether PIRC has adequate arrangements in place for managing its financial position and its use of resources. Our conclusion will be based on a review of the PIRC's financial performance, underlying financial position, financial plans and financial reporting. We will also consider correspondence with the Scottish Government with regard to securing additional funding.

Exhibit 5 – Key audit risks in the wider scope audit

2. Governance Statement

The Director of Operations, as accountable officer, has responsibility for maintaining a sound system of internal control that supports the achievement of the PIRC's policies, aims and objectives. In preparing and signing the governance statement the accountable officer confirms that this system has been in place for the financial year and that any matters to be brought to the attention of users of the accounts are included within the narrative.

The current Director of Operations at PIRC is leaving the organisation on 31 March 2018. There is a risk that the newly appointed replacement to the role will not have the assurances necessary to enable them to fulfil their role as accountable officer for 2017/18.

- 
47. During our audit we will consider the arrangements in place for handover of responsibilities to the newly appointed accountable officer to ensure that these are adequate. Our conclusion will be based on the production of relevant assurance statements and the level of support provided in the production of the governance statement.
-

6

Audit outputs, timetable and fees

Audit outputs, timetable and fees

Audit output	Format	Description	Target date
External audit plan	Report	This report sets out the scope of our audit for 2017/18.	January 2018
Independent Auditor's Report	2 page report	This report will contain our opinions on the truth and fairness of the annual accounts and on the regularity of transactions.	October 2018
Annual Report to the PIRC and the Auditor General for Scotland	Report	At the conclusion of each year's audit we will issue an annual report setting out the nature and extent of our audit work for the year and summarising our opinions, conclusions and the significant issues arising from the work. This report will pull together all of our work on the use of resources, annual accounts and governance arrangements.	October 2018

Audit outputs

- 48. Prior to submitting our outputs, we will discuss all issues with management to confirm factual accuracy and agree a draft action plan where appropriate. We will endeavour to supply a draft report within three weeks of completion of the fieldwork. We will require formal management responses within two weeks of receipt of the draft report. On occasion these timescales may need to be shortened, e.g. to meet the September 2017 Audit and Accountability Committee and certification deadlines.
- 49. The action plans within the reports will include prioritised recommendations, responsible officers and implementation dates. We will review progress against the action plans on a regular basis.

Audit fee

- 50. Audit Scotland has completed a review of funding and fee setting arrangements and as a result has revised its fee strategy. It now sets an expected fee for each audit carried out under appointment that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. The expected fee will be reviewed by Audit Scotland each year and adjusted if necessary based on auditors' experience, new requirements, or significant changes to the audited body. The auditor remuneration element of the total fee can be increased by up to 10% without Audit Scotland approval, based on the risks and expected additional work required. Any proposed increases above 10% must be approved by Audit Scotland.
- 51. Audit Scotland has set an expected fee for the PIRC of £12,170. We have not applied any uplift to this fee based on our assessment of the risks and priorities facing the PIRC. A breakdown of the proposed fee is shown in the table below:

	2017/18
Auditor remuneration	£9,330
Pooled costs	£2,270
Performance audit and best value	-
Audit support costs	£570
Total fee	£12,170

- a contribution towards Audit Scotland's costs.

53. We assume receipt of the draft accounts and working papers before our on-site final audit visit. If the draft accounts and papers are late, or agreed management assurances are unavailable, we reserve the right to charge an additional fee for additional audit work. An additional fee will be required in relation to any other significant exercises not within our planned audit activity.

Audit timetable

52. The audit fee covers:

- the 2017/18 audit work and outputs described in this plan;
- attendance at all Audit and Accountability Committee meetings;
- access to advice and information on relevant audit issues; and

54. The dates for our interim and final audits have been discussed with the Finance Manager. A summary timetable, including audit outputs, is set out below:





7

Appendices

Appendix 1: Your audit team

Scott-Moncrieff is one of the largest independent accountancy firms in Scotland. We have 17 partners and over 200 staff operating from Edinburgh, Glasgow and Inverness. We are also part of the global Moore Stephens network.

Extensive public sector audit experience

We provide a comprehensive range of services to clients across the public sector, including bodies, local authorities, central government bodies and FE

colleges. We also provide services to charities, schools, as well as private and public limited companies.

We have been external auditors within the public sector for at least fifty years, initially in local government. We have worked with central government organisations for over 30 years and, together with our Moore Stephens network partners, are one of the largest providers of internal and external audit and related services to the sector.

Your audit team

	<p>Nick Bennett Audit Partner nick.bennett@scott-moncrieff.com</p> <p>Nick has over 20 years' experience of public sector auditing and has been heavily involved in developing public sector accounting standards. Nick's experience and expertise is acknowledged both by clients and by other professionals involved right across the public sector.</p>
	<p>Rachael Blenkinsop Assistant Manager rachael.blenkinsop@scott-moncrieff.com</p> <p>Rachael has been part of our public sector external audit team since she started with the Firm and works closely with Nick on the audit of financial statements and governance arrangements for our public sector external audit appointments.</p>

Confirmation of independence

ISA (UK) 260 requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we will comply with FRC Ethical Standard 1 – Integrity, Objectivity and Independence. In our professional judgement, the audit process is

independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Scott-Moncrieff and the PIRC, or its senior management that may reasonably be thought to bear on our objectivity and independence.

Appendix 2: Statement of understanding

Introduction

The purpose of this statement of understanding is to clarify the terms of our appointment and the key responsibilities of the PIRC and Scott-Moncrieff.

Internal audit

It is the responsibility of the PIRC to establish adequate internal audit arrangements. The audit fee is agreed on the basis that a satisfactory internal audit function exists on which we will be able to place reliance.

We will liaise with internal audit to ensure an efficient audit process. However, an additional fee may be charged if reliance cannot be placed on the work of internal audit due to deficiencies in the scope or quality of internal audit work.

Annual accounts

We will require the annual accounts and supporting working papers for audit by the agreed date specified in the audit timetable. It is assumed that the relevant PIRC staff will have adequate time available to deal with audit queries and will be available up to the expected time of completion of the audit (i.e. 31 July). We will issue a financial statement strategy which sets out roles, responsibilities and expectations in terms of audit deliverables. This document helps to ensure we can work together effectively to deliver an efficient and effective audit.

Scope of audit

As auditors we will take reasonable steps to plan and carry out the audit so as to meet the objectives and comply with the requirements of the Code of Audit Practice. Audit work will be planned and performed on the basis of our assessment of audit risks, so as to obtain such information and explanations as are considered necessary to provide sufficient evidence to meet the requirements of the Code of Audit Practice.

As auditors we do not act as a substitute for the PIRC's responsibility to establish proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

As part of our normal audit procedures, we will ask you to provide written confirmation of certain oral representations which we have received from the PIRC during the course of the audit on matters having a material effect on the annual accounts. This will take place by means of a letter of representation, which will require to be signed by the Accountable Officer.

Fraud and irregularity

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

Ethics

We are bound by the ethical guidelines of our professional body, the Institute of Chartered Accountants of Scotland.

Fees

We base our agreed fee upon the assumption that all of the required information for the audit is available within the agreed timetable. If the information is not available within the timetable we reserve the right to charge a fee for the additional time spent by our staff. The fee will depend upon the level of skill and responsibility of the staff involved. The indicative financial statements strategy referred to above is a key means for us to clarify our expectations in terms of quality, quantity and extent of working papers and supporting documentation.

Service

If at any time you would like to discuss with us how our service to you could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting Nick Bennett. If you are not satisfied, you should contact our Ethics Partner, Bernadette Higgins. In the event of your not being satisfied by our response, you may also wish to bring the matter to the attention of the Institute of Chartered Accountants of Scotland.

We undertake to look at any complaint carefully and promptly and to do all we can to explain the position to you.

Reports

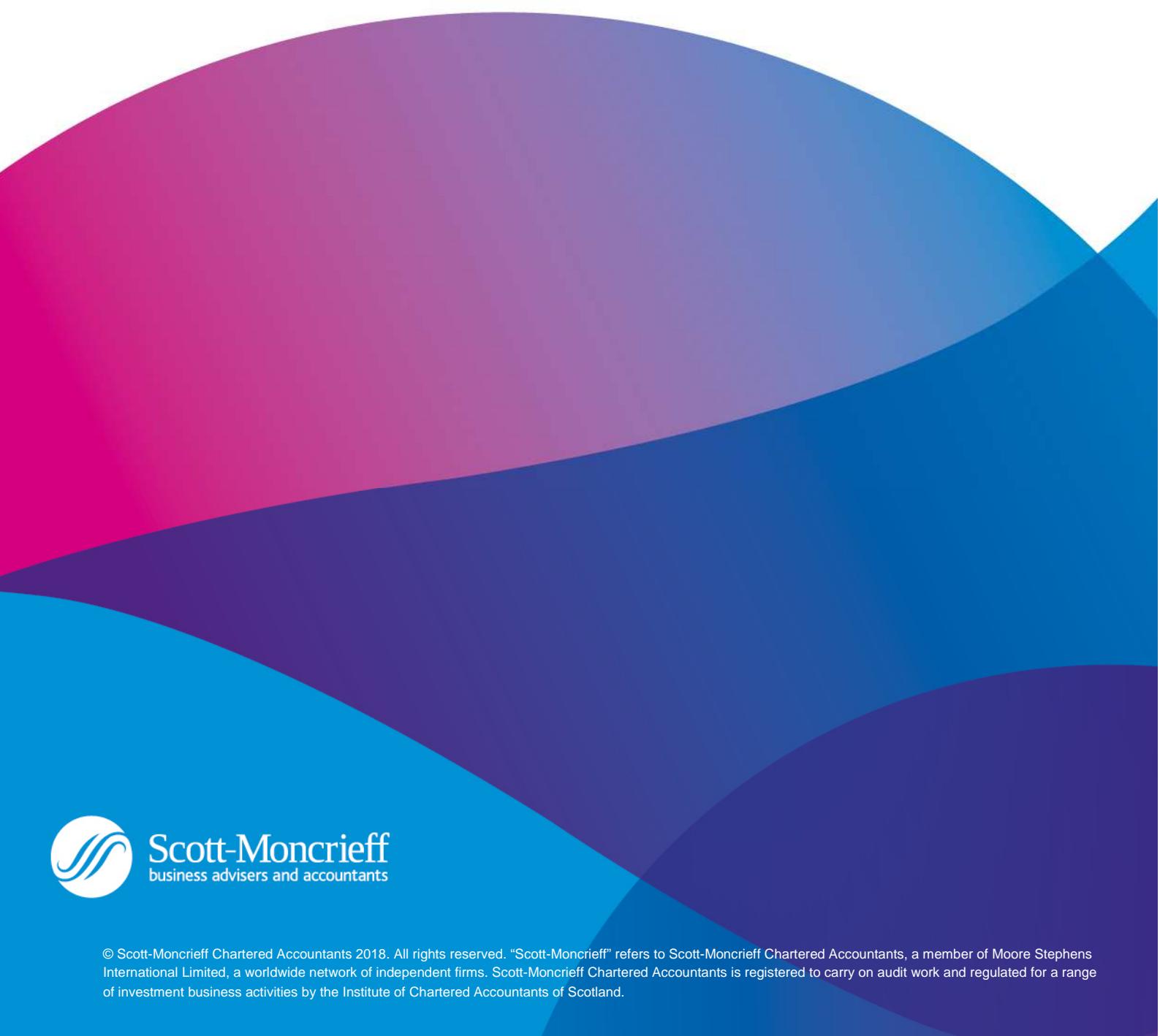
During the course of the audit we will produce reports detailing the results and conclusions from our work. We will endeavour to supply a draft report within three weeks of the completion of the fieldwork of each element of work.

As stated within the Code of Audit Practice, management should prepare an action plan summarising their response to the recommendations in the reports. The action plan should include target dates for implementation and details of the responsible officer. Management responses should be prepared and provided to us within two weeks of the receipt of the draft report.

These timescales may need to be truncated, e.g. to meet September 2018 Audit and Accountability Committee reporting deadline.

Agreement of terms

We shall be grateful if the PIRC's Audit and Accountability Committee would consider and note this Statement of Understanding. If the contents are not in accordance with your understanding of our terms of appointment, please let us know.



Scott-Moncrieff
business advisers and accountants

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