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Date

Dear Name

## External auditors - financial years 2016/17 to 2020/21

Under the powers in Section 97 of the Local Government (Scotland) Act 1973 ('the 1973 Act') and/or Section 21 of the Public Finance and Accountability (Scotland) Act 2000 ('the 2000 Act'), I am directed by the Accounts Commission for Scotland ('the Commission') and/or the Auditor General for Scotland ('the Auditor General'), as appropriate, to offer to [firm] ('the auditor') appointment as external auditor of the following bodies or accounts ('the bodies' or 'the body'):

### Bodies falling within the remit of the Accounts Commission

- A
- B
- C

### Bodies falling within the remit of the Auditor General

- A
- B
- C

Where one body or account only is listed above any reference in this letter to 'bodies' shall be read in the singular. The appointment(s) are subject to the following terms and conditions:

#### 1. Responsibilities

- 1.1. The auditor is required to carry out the audit of the bodies in accordance with:
  - the auditor's statutory responsibilities, including those laid down in Part VII of the 1973 Act (for local authority bodies) and Part 2 of the 2000 Act (for other bodies)
  - the wider responsibilities embodied in the Code of audit practice approved by the Commission and the Auditor General ('the Code'), so far as these are applied by the Code to the bodies named in this letter
  - International Standards on Auditing (UK and Ireland), the International Standard on Quality Control (UK and Ireland) and Ethical Standards and applicable Practice Notes and guidance issued by the Financial Reporting Council

- guidance issued from time to time by the Commission, the Controller of Audit, the Auditor General or Audit Scotland. Any reference hereinafter to Audit Scotland shall be read as including the Commission, the Controller of Audit and the Auditor General.
- 1.2. The auditor's duty of care in respect of the audit of the local authority bodies named in this letter extends only to the audited body, the Commission, the Controller of Audit and Audit Scotland. For other bodies the auditor's duty of care extends only to the audited body, the Auditor General, Audit Scotland and the Scottish Parliament, as a body. Except for the Controller of Audit and the Auditor General this duty of care does not extend to individual members, officers, Members of the Scottish Parliament or citizens.
  - 1.3. The auditor is required to support any group auditor through acting as a component auditor for any bodies which are consolidated within the accounts of bodies that are under the remit of the Auditor General or the Accounts Commission. The auditor is required to co-operate fully, attend such meetings, provide such explanations and make available such audit records as the group auditor may reasonably require.
  - 1.4. For the purpose of Whole of Government Accounts (WGA), the auditor recognises that the National Audit Office, as the primary auditor of the WGA may place reliance on any report(s) and opinions that the auditor may give on statements provided by the bodies in connection with the preparation of WGA. The auditor shall have regard to any memorandum of understanding that may be developed in this area between Audit Scotland and other stakeholders.
  - 1.5. Reports by the auditor to grant paying agencies are prepared for the sole use of those agencies or others having statutory rights of access.

## **2. Statutory successors and other new bodies**

- 2.1. Except insofar as otherwise provided, appointment as external auditor of any of the bodies named in this letter includes appointment as the external auditor of its statutory successor or, where there is more than one statutory successor, to the statutory successor(s) specified by Audit Scotland.
- 2.2. Audit Scotland may, at its absolute discretion, determine that clause 2.1 will not apply in respect of any body named in this letter.
- 2.3. If new statutory or other bodies are formed during the period of appointment which fall within the remit of the Commission or the Auditor General, or other existing bodies are brought within the remit of the Commission or the Auditor General, Audit Scotland may offer to add one or more of these bodies to the list of bodies covered by the terms of this letter.
- 2.4. Audit Scotland will endeavour to allocate any new audit appointments in accordance with the criteria normally applied at the outset of new appointments or, where it considers it appropriate, use new appointments to compensate for an auditor's appointments that have terminated as a result of the dissolution of a body. However, in statute, sole discretion about audit appointments vests in the Accounts Commission (for local authority bodies) and the Auditor General (for bodies in other sectors).

## **3. Period of appointment**

- 3.1.** The appointment is for the audit of the bodies for the financial years 2016/17 to 2020/21 inclusive, and, unless the Auditor General and/or the Accounts Commission at their absolute discretion decides to extend the audit appointment to one or more of the bodies for up to two further years, will terminate automatically upon completion thereof.
- 3.2.** The auditor shall notify Audit Scotland in writing immediately upon the occurrence of any of the following events:
- The auditor ceases to be licenced by a body of accountants established in the UK or another EEA state (as defined in section 21(5) of the 2000 Act and section 97(7) of the 1973 Act) to conduct audit business.
  - The auditor, being a firm or a number of persons acting together in any capacity is presented with a petition for the bankruptcy or the sequestration of the estate of any partner in the firm or any of those persons.
  - A criminal bankruptcy order is made against any partner in the firm or any of those persons.
  - A partner in the firm or any of those persons makes any composition, arrangement, conveyance or assignation with or for the benefit of creditors to avoid being made bankrupt.
  - A petition is presented for the auditor to be wound up as an unregistered company.
  - The auditor, being a company:
    - passes a resolution for winding up or the court makes an administration order or a winding-up order
    - makes a composition or arrangement with its creditors
    - has an administrator, administrative receiver, receiver or manager appointed by a creditor or the court
    - has possession taken of any of its property under the terms of a floating charge (ie security).
- 3.3.** Audit Scotland may terminate the appointment of the auditor to the audit of any of the bodies, at any time, if any of the following occur:
- The occurrence of any of the events described in clause 3.2 above.
  - The auditor fails to perform audit work to an adequate standard which is acceptable to Audit Scotland.
  - Conduct by the auditor which, in the opinion of Audit Scotland, significantly conflicts with the duties, powers or responsibilities of the appointment.
  - Refusal by the auditor to agree to any reasonable variation to these terms and conditions proposed by Audit Scotland, including refusal by the auditor to undertake any reasonable additional duties that may be necessary in the future as a result of developments in public sector accounting or auditing.
  - The body ceases to exist, or is subject to a material change which, in the opinion of Audit Scotland, requires the audit appointment to be terminated.

- There is a structural re-organisation involving the sector in which the body operates (eg the local authority or health sector) which, in Audit Scotland's opinion, requires the auditors of some or all of the bodies in the sector to be changed.

**3.4.** In the event of the termination of the auditor's appointment to one or more of the bodies mentioned in this letter, Audit Scotland will remunerate the auditor for all work undertaken in relation to each body, up to the date of termination.

**3.5.** At the end of the auditor's appointment, the auditor will take all reasonable steps to assist any successor external auditor appointed to the bodies mentioned in this letter. Such assistance shall include making available to the successor auditor any permanent information about the bodies and about the audit that the successor and outgoing auditor believe would enhance Audit Scotland's partnership working ethos. This information might typically include, but may not be limited to:

- information about the bodies' Financial sustainability, Financial management, Governance and transparency and Value for money
- audit reports, management letters and correspondence exchanged with the audited bodies during the period of appointment.

#### **4. Resignation of the auditor**

**4.1.** Except in exceptional circumstances, the auditor is required to complete the full period of the appointment. In the event of exceptional circumstances occurring which require the auditor to resign from the appointment to the audit of any or all of the bodies the auditor shall give Audit Scotland not less than six months notice in writing of the intention to resign. Resignation will thereafter take effect upon completion by the auditor of the audit for the financial year in which notice is given.

**4.2.** Exceptional circumstances, for the purpose of the foregoing clause, may include:

- A material breach by Audit Scotland of any of its obligations under this letter, where reasonable steps are not being taken towards remedying the breach.
- The auditor's inability to fulfil the obligations under this letter caused by circumstances outside the auditor's reasonable control.

**4.3.** In the event of auditor resignation, Audit Scotland may at its sole discretion identify alternative audits to maintain the auditor's portfolio at a similar size to that in place prior to the resignation.

#### **5. Audit fees**

**5.1.** Auditors are paid by Audit Scotland for work undertaken, not by the audited body. Audit Scotland levies statutory charges on the audited bodies to recover the agreed fee.

**5.2.** Audit Scotland is not empowered to levy charges on certain bodies in the central government sector and costs attributable to these bodies are met by Audit Scotland from funds provided by the Scottish Consolidated Fund. However, auditors will still agree a fee with these bodies and claim the net remuneration from Audit Scotland.

**5.3.** Audit Scotland sets an expected fee for each audit carried out under appointment that assumes the body has well functioning controls, an effective internal audit service, and an average risk profile. Auditors are required to negotiate a fee with the audited body during

the planning process. The fee may be increased by up to 10% to reflect the circumstances and local risks within the body (bodies with an expected fee below £25,000 may be increased by up to 20%). Audit Scotland will bill the body for the agreed audit fees.

- 5.4. Auditors are paid the agreed fee less the contribution to central costs (we refer to this as the gross remuneration), adjusted by the discount offered in the firm's tender (we refer to this as the net remuneration) by Audit Scotland.
- 5.5. The differences (surplus) between gross remuneration and net remuneration will be aggregated by Audit Scotland and shared equitably across audited bodies to partially offset the contribution that is included within the expected fee for each body to recover the other central costs of Audit Scotland. This ensures that all bodies pay the same 'rate' for their audit regardless of which auditor carries out the work. This is a key policy of the Auditor General and the Accounts Commission.
- 5.6. The contribution covers central costs such as travel and subsistence which is reimbursed by Audit Scotland (see paragraph 5.14), technical advice, performance audit and Best Value audit work. The balance (gross remuneration) is adjusted by the discount offered for the sector to calculate the amount payable to the auditor (net remuneration).
- 5.7. The table below lists the expected fee for each audit. All amounts in the table include VAT at 20%.

Body	expected fee
<i>Bodies falling under the remit of the Accounts Commission</i>	
<i>Bodies falling within the remit of the Auditor General</i>	

- 5.8. Audit Scotland will review the expected fees annually and notify the auditor of any changes. The annual review of expected fees will be based on the cost of living element of changes in the salary costs for Audit Scotland main grade staff at the previous 1 April.
- 5.9. Audit Scotland may also, at its discretion, adjust the expected fees for the audit of any bodies to take account of practical experience, statutory developments, changes in the auditor's responsibilities specified in the Code or this letter, or other matters which impact on the audit process.
- 5.10. The scope set out in paragraph 1.1 assumes attendance at appropriate meetings such as attending audit committees or equivalent, other meetings (including meetings with Audit Scotland and other auditors) and training workshops. Net remuneration is set to be sufficient to cover all such aspects of the audit, including the time required to travel to and from audited bodies.
- 5.11. It is a fundamental condition of appointment that the auditor works in partnership with Audit Scotland and other appointed auditors when requested, for example, to help identify national risks or priorities or other topics that might require to be addressed as part of audits.
- 5.12. The auditor is required to notify Audit Scotland of the agreed fees for each year's audit, in the form prescribed by Audit Scotland, within timescales that will be notified annually by

Audit Scotland. Auditors may, in conjunction with the body, revise an agreed fee within the permitted range during the currency of the audit. Such revisions do not require the approval of Audit Scotland, but must be notified immediately to Audit Scotland. For the purpose of the auditor's remuneration the discount indicated in the auditor's Tender Response will also be applied to any revised agreed fee.

**5.13.** In the event that the auditor considers for any year that the appropriate fee for the audit of any body requires to be set outside the permitted range, Audit Scotland's prior agreement must be sought. The auditor must provide any reasonable information that Audit Scotland might require to consider the merit of such a case.

**5.14.** In addition to the auditor's remuneration, Audit Scotland will reimburse reasonable travel and subsistence expenses necessarily incurred by the auditor in carrying out the audit. However, unless expressly agreed by Audit Scotland:

- Auditors must claim travel and subsistence costs from the location named in their tender which is closest to the audited body, or as if staff had travelled from that location for at least 50% of the journeys undertaken.
- If the auditor operates from an office outside Scotland, reasonable travel expenses will be claimed as if the auditor's office was in Glasgow or Edinburgh, whichever is closer to the audit location.
- If an office listed in the tender is closed and an audit is subsequently serviced from a more distant office, auditors must claim travel and subsistence costs as if staff had travelled from the office location listed in the tender.

## **6. Audit input**

**6.1.** 'Input' refers to the number of days of audit work planned or actually carried out by the auditor on the audit of the bodies.

**6.2.** If requested to do so, the auditor will advise Audit Scotland of:

- The names, qualifications and public sector audit experience of Partners, Directors, Senior Audit Managers and Audit Managers employed on the audit. In the event of changes in such personnel, the auditor will furnish Audit Scotland on request with similar information in respect of replacement or additional staff.
- The number of days planned and actually input to the audit by each person employed.

**6.3.** So far as practicable, the auditor shall ensure continuity of the staff deployed on the audit and avoid the deployment of an excessive number of staff.

## **7. Audit outputs**

**7.1.** The auditor's remuneration represents the remuneration payable to the auditor provided the auditor completes the audit in accordance with the terms of this letter and the Code and delivers the audit outputs specified in the Code and agreed with the body.

**7.2.** While the auditor is required to provide Audit Scotland with copies or access to all such audit outputs, for statutory or other purposes relating to its functions, the ownership of outputs created by the auditor and any supporting working papers remains with the auditor.

- 7.3. 5% of the auditor’s remuneration for the audit will normally be retained by Audit Scotland until all specified audit outputs have been delivered. The auditor’s remuneration will not be retained if Audit Scotland is satisfied that any delay in the completion of the audit is outside the auditor’s control.
- 7.4. The auditor accepts that Audit Scotland will publish all principal audit outputs (including annual audit plans, interim reports and annual audit reports) on its website.

**8. Completion of audits**

- 8.1. It is a fundamental requirement that, subject to circumstances outside the auditor’s control, the audit is completed and the Independent Auditor’s Report is signed by the auditor no later than dates prescribed by Audit Scotland. The auditor will require to plan and execute work in a timescale that enables the audit to be completed and the Independent Auditor’s Report signed by these dates. Audit Scotland shall advise the auditor annually of the dates by which the Independent Auditor’s Report requires to be signed and the dates by which the annual audit report to members and the Controller of Audit (for local authorities) or the Auditor General (‘the annual report’) require to be finalised and submitted. Except for the audit of grant claims and statistical returns, other outputs from the audit should normally be submitted before the annual report.
- 8.2. If an auditor does not expect to be able to meet deadlines for the independent auditors report or annual audit report, they should inform Audit Strategy as soon as practicable together with the reasons for the delay.

**9. Additional audit work**

- 9.1. Where the auditor requires to undertake audit work that was not provided for in the agreed fee, the additional work required shall be the subject of further discussions with the audited body and agreement reached as to the further fee required for such work. The further fee may be accommodated by revising the agreed fee, within the permitted range, in which case the approval of Audit Scotland is not required.
- 9.2. Where the auditor proposes that the further fee, or a part of it, should be remunerated separately at grade related rates Audit Scotland’s approval must be sought to enter into discussions with the body. The rates to be applied should be agreed between the auditor and the audited body and should reflect the value and cost of particular staff, but are subject to the following maximum daily rates, including VAT at 20.0%:

£max/day (inc VAT)			
Partners/Directors/ Asst. Directors	Managers/Senior Managers	Qualified staff	Other staff
£1,963	£1,100	£665	£444

*The auditor’s remuneration will be the additional fee agreed with the body less the percentage discount indicated in the auditor’s Tender Response.*

- 9.3. The daily rates in the previous clause shall be subject to annual review by Audit Scotland using the same method described previously for reviewing the expected fees and changes will be notified to the auditor.

- 9.4. In addition to the daily rates, Audit Scotland will reimburse reasonable travel and subsistence expenses necessarily incurred by the auditor, as defined previously in this letter, in carrying out additional audit work.
- 9.5. The rates referred to in this section (ie after applying the aforementioned discount) shall also be the means of remunerating the auditor for the investigation of correspondence from the public referred to the auditor by Audit Scotland, where Audit Scotland is satisfied that the work should not be deemed part of the agreed fee. In these cases, the auditor's remuneration will be negotiated by Audit Scotland and will be payable on completion of the work requested by Audit Scotland.

## **10. Progress reports**

- 10.1. The auditor shall submit progress reports to Audit Scotland about the audit of each body, at such dates and in such format as Audit Scotland prescribes.
- 10.2. Such progress reports will mainly require the auditor to identify the proportion of the audit undertaken by the prescribed date and to demonstrate the extent to which the required and planned outputs from the audit have been delivered.

## **11. Payment of fees by Audit Scotland**

- 11.1. The auditor shall submit claims for fees and expenses in such form and frequency as Audit Scotland prescribes. The prescribed arrangements for agreed fees are:
- The auditor may submit a single initial claim for 95% of the discounted expected fee or discounted agreed fee, which will be paid by Audit Scotland in equal instalments throughout the currency of the audit.
  - The auditor must submit a final fee claim consisting of the balance of the discounted agreed fee and the auditor's travel and subsistence expenses (as defined previously) on completion of the audit and submission of a final progress report.
- 11.2. The auditor is required to make available to Audit Scotland such records as may be requested from time to time in support of fee claims, including travel and subsistence expenses. The auditor will also provide such information as Audit Scotland may require at its financial year end to determine the amount of any unpaid fees and travel and subsistence expenses that require to be included in its financial statements.

## **12. Consultancy assignments and advisory services**

- 12.1. During the currency of this appointment the auditor shall not accept appointment as internal auditor to any of the bodies named in this letter. Similarly, neither the auditor nor any other section of the auditor's firm or an associated firm shall, without the prior approval of Audit Scotland, accept any consultancy assignment or advisory service ('non-audit work') from or in connection with the bodies to which this appointment relates.
- 12.2. In considering whether or not to approve non-audit work, Audit Scotland shall have regard to any policy statement on non-audit work by appointed auditors adopted by the Auditor General and the Accounts Commission for Scotland. Auditors should be aware that Audit Scotland will take account of the risks to any wider scope audit work as well as the audit of financial statements.

12.3. The auditor shall notify Audit Scotland of the fees charged to the body for any such non-audit work in the final progress report submitted at the completion of each year's audit.

### 13. Assignment and sub-contracting

13.1. The auditor may not assign or sub-contract the audit, or any part of the audit, of the body without the prior written approval of Audit Scotland.

### 14. Other work

14.1. Audit Scotland may from time to time require the auditor to carry out other work not taken into account in the calculation of expected fees and not forming part of the agreed fee or the discounted agreed fee. Such work is most likely to be related to the conduct of national performance audits by Audit Scotland and elements of Best Value audits, but may be related to other work within the remit of Audit Scotland. The work may be related to the bodies named in this letter or to bodies audited by other appointed auditors.

14.2. Audit Scotland undertakes to provide the auditor with reasonable notice of the requirement to undertake such work. The work referred to in this clause shall be remunerated at rates to be decided by Audit Scotland but such rates shall be no less than the rates used by Audit Scotland to compile the expected fees mentioned in this letter, discounted by the percentage indicated in the auditor's Tender Response. At Audit Scotland's absolute discretion, higher rates may be paid for particular staff but these rates shall not exceed the maximum grade related rates shown previously in this letter, discounted by the percentage indicated in the auditor's Tender Response.

14.3. Audit Scotland reserves the right to make alternative arrangements to procure the work referred to in this section, including work relating to the bodies named in this letter.

### 15. Quality appraisal

15.1. The quality of work performed by the auditor will be regularly appraised by Audit Scotland. For the purpose of this appraisal, the auditor is required to:

- Submit to Audit Scotland, when requested and in the format prescribed, information about the arrangements in place to meet the requirements of ISQC1.
- Notify to Audit Scotland any significant changes to such arrangements as soon as practicable.
- Ensure that at least one audit carried out under this appointment is subject to quality control monitoring each year, and submit the results of all quality monitoring work carried out on audits under this appointment within 3 months of such work being completed.
- Unless otherwise agreed by Audit Scotland, submit the results of any audit monitoring visit carried out by the Institute of Chartered Accountants of the country relevant to the auditor within 3 months of any such visit being reported.

15.2. Audit Scotland will also consider as part of its quality appraisal framework:

- The extent to which the auditor meets audit reporting deadlines prescribed by statute or Audit Scotland, and whether other audit outputs are delivered within planned timescales.

- The results of reviews of outputs by Audit Scotland staff of the auditor's outputs under this letter of appointment.
- The audited bodies' views of the standard of service received from the auditor.

**15.3.** Officers of Audit Scotland or such persons authorised for the purpose by Audit Scotland may, at Audit Scotland's sole discretion, periodically carry out a quality monitoring review on one or more audits carried out by the auditor under this appointment.

## **16. Discrimination and equal opportunities**

**16.1.** The auditor shall not discriminate unlawfully against its employees on the grounds of sex, race, sexual orientation, disability, religion or belief, age or other grounds, as defined and provided for in all relevant legislation that may apply during the period of appointment. Audit Scotland expects the auditor to promote diversity and equality through its employment processes and practices.

## **17. Electronic communications, data protection and business continuity**

**17.1.** During the period of appointment the auditor and Audit Scotland may communicate electronically with each other and each accepts the recognised risks of, and authorises the use of, electronic communications between each other.

**17.2.** However, the auditor and Audit Scotland each agree to:

- use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically
- be responsible for protecting their own systems and interests in relation to electronic communications
- aside from addressees, not include personal data in an electronic communication unless protected by appropriate encryption and password controls
- have no liability to each other on any basis, whether in contract, delict (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information.

**17.3.** The exclusion of liability in the previous clause shall not apply where liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of members, partners, officers, employees, agents or servants.

**17.4.** The auditor shall comply with statutory requirements (including Audit Scotland's Code of Data Matching Practice) relating to the security, holding and disclosure of information, particularly personal or sensitive information, received or accessed during audits or data matching exercises.

**17.5.** In the event that the auditor incurs any loss of information or data, including personal data, relating to its engagement with Audit Scotland or any of the audits referred to in this letter, the auditor will notify Audit Scotland at the earliest practicable opportunity and provide a report of the circumstances and any steps taken to remedy or mitigate the situation.

**17.6.** Audit Scotland requires the auditor to manage efficiently and effectively any business interruptions or disruptions without seriously impacting the delivery of the services covered by this letter. The auditor shall provide a copy of its business continuity management

policy, or a copy of its certificate under [ISO22301](#) (or an equivalent standard), to Audit Scotland within six months of accepting this offer.

## **18. Data matching - National Fraud Initiative**

**18.1.** If requested, and unless it would be unreasonable to do so, the auditor will provide its payroll data, in accordance with the prescribed specification and timescales, for data matching as part of the National Fraud Initiative. The legal basis for the auditor's participation in a data matching exercise carried out by Audit Scotland is contained in Section 26B of the Public Finance and Accountability (Scotland) Act 2000.

## **19. Corporate social responsibility**

**19.1.** Audit Scotland encourages all auditors to have or to develop policies to promote corporate social responsibility and environmental sustainability.

**19.2.** It is a condition of these appointments that:

- The auditor considers the environmental impact of its travel policies. Where the auditor has installed video conferencing facilities at its offices, Audit Scotland expects these to be used when practicable and appropriate, as judged by the auditor.
- Where the auditor has not installed video-conferencing facilities, Audit Scotland expects that the auditor will give serious consideration to installing such facilities in order to both reduce travel and subsistence costs, and to limit the environmental impact of travelling.

## **20. Confidentiality and the Freedom of Information (Scotland) Act 2002 ('the FOI Act')**

**20.1.** Although information exchanged between the auditor and Audit Scotland will normally be used only for the purposes of providing or receiving services under this letter of appointment and any related functions, both parties recognise that Audit Scotland, the Auditor General and the Accounts Commission are subject to the FOI Act. The FOI Act applies to information held by Audit Scotland and may require the disclosure of information about the auditor or information provided to Audit Scotland by the auditor.

**20.2.** Should Audit Scotland receive a request to disclose such information, or other information which may be of direct interest to the auditor, Audit Scotland will seek the auditor's views on disclosure and consider the terms of the FOI Act, including exemptions, before deciding whether the information requires to be disclosed. Where reasonably practicable, and without breaching any statutory requirement, Audit Scotland will give the auditor not less than two business days' notice that it intends to disclose such information.

**20.3.** Due to the nature of its public audit and accountability functions, Audit Scotland is likely to accept information in confidence from the auditor in very limited circumstances, for example, where Audit Scotland considers that it is in the public interest to do so. Similarly, Audit Scotland will not accept a condition imposed on itself or the bodies mentioned in this letter that would require the auditor's prior approval to release information under the FOI Act.

**20.4.** No duty of confidence (ie where a breach of confidence would be actionable under the terms of the FOI Act) shall be accepted by, or placed on, Audit Scotland solely by accepting information from the auditor which has been marked as confidential (or

equivalent). Such information may require to be disclosed under the FOI Act at a later date, if Audit Scotland considers that it is in the public interest to do so.

**21. Long association with the audit**

**21.1.** Where the auditor has been, or will be, appointed to the audit of a council or a health board (excluding a special health board), Scottish Water or a significant central government body, for a continuous period exceeding the initial period of appointment covered by this letter, the auditor will comply with the Ethical Standards referred to previously as if these bodies were listed companies.

**22. Law and jurisdiction**

**22.1.** This letter of appointment shall be governed by Scots law.

Yours sincerely

Russell AJ Frith  
Assistant Auditor General

On behalf of [firm name] I the undersigned do hereby contract and accept the appointment as external auditor to provide the services specified in the Invitation to Tender for the external audit of public sector bodies in Scotland of November 2015 in accordance with [my/our] Tender Response, at the price discount offered in [my/our] Tender Response and in accordance with the Terms and Conditions referred to in this letter of appointment.

Signature	.....
Name: (BLOCK CAPITALS)	.....
Position	.....
Name of Tenderer	.....
Address	..... .....
Telephone No	.....
Date	.....