

Technical Guidance Note 2021/4(CG)

2020/21 Independent Auditor's Report for
Central Government Bodies



 AUDIT SCOTLAND

Prepared for appointed auditors in the central government sector

18 March 2021

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to 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.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Introduction

Purpose and use of Technical Guidance Note

1. The purpose of this Technical Guidance Note (TGN) from Audit Scotland's Professional Support is to provide external auditors appointed by the Auditor General for Scotland with model Independent Auditor's Reports (IAR) for the 2020/21 annual report and accounts of central government bodies.
2. Appointed auditors are required by the Code of Audit Practice to prepare their IARs in accordance with this TGN.
3. The model IARs set out at Appendices 1 to 4 of this TGN comply with [ISA \(UK\) 700 Forming an Opinion and Reporting on Financial Statements](#). The models are consistent with illustrative examples issued by the Financial Reporting Council but tailored to reflect central government sector legislation and augmented by the reporting requirements of the Auditor General.
4. This TGN also provides guidance on the amendments that require to, or may, be made to the wording in the model IARs in the form of auditor actions. Auditors should complete for each IAR the checklist at Appendix 5 which provides a list of those auditor actions. It is important that auditors discuss any modifications or additions to the model IAR with Professional Support.
5. A model report for any summary financial statements in a separate annual report is provided at Appendix 6.

This TGN provides model IARs for central government bodies

Changes in 2020/21

6. A revised version of ISA (UK) 700, as well as [570](#) and [720](#), apply in 2020/21. There are the following consequent changes in all the model IARs:
 - The assurance on the going concern basis of accounting is now in the form of a positive statement (rather than a matter reported by exception).
 - The explanation of the extent to which the audit is considered capable of detecting irregularities has been revised to give greater focus to non-compliance with laws and regulations.
 - The opinions on the Remuneration and Staff Report and Statutory Other Information are now in separate parts of the model IARs, with the description of the auditor's responsibilities for Statutory Other information clarified and moved to the latter part.
7. There are also some additional changes in the model for Scottish Water. As Scottish Canals is classified as an NDPB for 2020/21, a separate model is no longer required.
8. There are also changes in the guidance to:
 - highlight the requirement to discuss any modifications or additions to the model IAR with Professional Support, including any Emphasis of Matter paragraph
 - specify the wording to be used where auditors judge an Emphasis of Matter paragraph is appropriate where the declaration of a 'material valuation uncertainty' has been disclosed.

Enquiries

9. Auditors should contact Professional Support with any enquiries or requests for advice by sending an email to TechnicalQueries@audit-scotland.gov.uk.

Section 1

Overview

Parts of model IARs

10. The parts that comprise the model IARs, and where guidance is provided on each part, are summarised in the following table:

Part of model IAR	Guidance
Title	ISA (UK) 700 requires the auditor's report to have a title that clearly indicates that it is the report of an independent auditor. The title 'Independent Auditor's Report' is used as this complies with that requirement and also clearly distinguishes it from other required reports, such as the Annual Audit Report.
Addressees	ISA (UK) 700 also requires the IAR to be addressed based on the circumstances of the audit appointment. The model IARs are therefore addressed to the members of the audited body, the Auditor General for Scotland and the Scottish Parliament.
Reporting on the audit of the financial statements	<p>This part of the model IARs sets out the financial statements that have been audited and the opinion on them. It also sets out the financial reporting framework which for the avoidance of doubt continues to be in 2020/21 International Financial Reporting Standards adopted by the EU. This part also has paragraphs on:</p> <ul style="list-style-type: none"> • the basis for that opinion, including information on the audit appointment and any non-audit work • conclusions relating to the going concern basis of accounting • risks of material misstatement • responsibilities of the Accountable Officer and auditors for the financial statements, including an explanation of the extent to which the audit is considered capable of detecting irregularities including fraud. <p>Guidance is provided in section 2 of this Technical Guidance Note.</p>
Reporting on regularity of expenditure and income	<p>This part sets out the opinion on the regularity of expenditure and income.</p> <p>Guidance is provided in section 3 of this Technical Guidance Note.</p>
Reporting on other requirements - Remuneration and Staff Report	<p>This part sets out the opinion on the audited part of the Remuneration and Staff Report.</p> <p>Guidance is provided in section 4 of this Technical Guidance Note.</p>
Reporting on other requirements – Statutory Other Information	<p>This part sets out reporting on Statutory Other Information including the opinions on the Performance Report and Governance Statement.</p> <p>Guidance is provided in section 5 of this Technical Guidance Note.</p>
Reporting on other requirements - matters reported by exception	<p>This part sets out the conclusions on matters reported by exception, such as the adequacy of accounting records.</p> <p>Guidance is provided in section 6 of this Technical Guidance Note.</p>

Part of model IAR	Guidance
Reporting on other requirements - wider scope responsibilities	This part highlights that auditors report conclusions on their wider scope responsibilities in the Annual Audit Report.
Use of report	The model reports contain a paragraph to recognise the case of Royal Bank of Scotland v Bannerman Johnstone Maclay, which highlighted potential exposure where auditors have not expressly disclaimed responsibility to third parties.

Model IAR options

Auditor action 1

Auditors should use the correct model IAR that applies to the audited body.

11. Separate model IAR have been provided for the bodies/accounts set out in the following table:

Appendix	Applicable bodies/accounts
1	Scottish Government consolidated accounts
2	Executive agencies, non-ministerial departments (including Revenue Scotland), Crown Office and Procurator Fiscal Service, Scottish Forestry, Forestry and Land Scotland, and Registers of Scotland.
2A	Pension schemes
2B	Scottish Consolidated Fund Accounts
2C	Scottish Government Non-Domestic Rating Account
2D	Queen's and Lord Treasurer's Remembrancer
2E	Revenue Scotland Devolved Taxes Account
2F	Scottish Parliamentary Corporate Body
3	Non-departmental public bodies (NDPBs) including from 2020/21 Scottish Canals, commissioners and ombudsmen, national park authorities, lottery funds, Scottish Fire and Rescue Service, Scottish Road Works Commissioner and Scottish Police Authority
3A	Charitable NDPBs
3B	NDPBs limited by guarantee, i.e. The Skills Development Scotland and Architecture and Design Scotland
4	Scottish Water
6	Any audited body that includes summary financial information in a separate annual report

12. In addition, models for new bodies in 2020/21 (Scottish National Investment Bank and Ferguson Marine Port Glasgow) will be provided in due course once auditors have been appointed.

Tailoring to local circumstances

Auditor action 2

Auditors should follow the wording in the relevant model IAR other than where changes are required to reflect local circumstances (e.g. adding the name of the body, reflecting whether the auditor is a firm or an individual, referring to applicable legislation, reflecting the inclusion of group financial statements).

13. Auditors should tailor the model wording as summarised in the following table:

Reason for change	Change to model wording
Name of audited body	Auditors should insert the name of the audited body. This should be consistent with what it calls itself in the annual report and accounts.
To reflect whether appointed auditor is an individual or firm	Where the appointed auditor is a member of Audit Scotland staff, the reports should be presented in the first person singular (e.g. 'I am'). Firms should present the report in the first person plural (e.g. 'We are').
Applicable legislation	The applicable legislation under which the audit has been carried out and the accounts direction issued requires to be stated. In most cases, the model reports already name that legislation, e.g. the Public Finance and Accountability (Scotland) Act 2000. In the case of NDPBs and similar bodies, the applicable legislation is the enabling Act (or in some cases Royal Charter), and will therefore be different for each body. Auditors should identify the appropriate legislation and add it to the relevant paragraphs highlighted in the model IARs.
Group financial statements	In the first paragraph under the 'opinion on financial statements' heading, insert 'and its group' after the name of the body. In the second paragraph under the 'opinion on financial statements' heading, replace: <ul style="list-style-type: none"> 'body's affairs' with 'affairs of the body and its group' 'its net expenditure' with 'the net expenditure' In the basis for opinion paragraph, replace 'independent of the body' with 'independent of the body and its group'. In the second paragraph under the 'responsibilities of Accountable Officer for the financial statements' heading, replace 'body's ability' with 'ability of the body and its group'.
Other amendments	If auditors consider that any other amendments are required to reflect local circumstances, they should contact Professional Support.

Signing and dating

14. ISA (UK) 700 requires IAR to be signed and dated, and name the location of where the auditor practices:

Auditor action 3

Auditors should:

- sign and date the IARs on or after the authorised for issue date
- sign the IAR for and on behalf of the firm (firms only)
- give the full date and postal address.

Signing

15. The IAR is required to include the signature of the appointment lead. Auditors are encouraged to use a qualified electronic signature as explained in the [guidance on planning 2020/21 audits](#). Appointment leads should sign the IAR as set out in the following table:

Appointed auditor	Guidance on signing
Audit Scotland staff	The appointment lead (i.e. individual appointed as auditor) should sign the IAR in their own personal name.
Firm	<p>The appointment lead (i.e. the partner or other individual who is responsible for issuing the report) should sign the IAR 'for and on behalf of the firm' in their own personal name.</p> <p>The individual should not sign themselves as 'senior statutory auditor' as that is a Companies Act requirement that has not been applied to central government audits.</p>

Dating

16. The date given in the IAR should be the date on which the appointment lead actually signs the report. The appointment lead should aim to sign the report on the date the annual report and accounts are signed by the Accountable Officer (i.e. the authorised for issue date). Auditors should ensure they give the correct day, month and year of their signature, e.g. 30 September 2021.
17. There may be circumstances where the appointment lead cannot sign the IAR on the authorised for issue date. Where that is the case, auditors should note the following:
- The appointment lead should not sign the IAR earlier than the authorised for issue date.
 - Where the appointment lead signs the IAR on a date later than the authorised for issue date, auditors should:
 - obtain assurance that those charged with governance would have approved the financial statements on that later date (e.g. by obtaining confirmation from the Accountable Officer)
 - ensure that audit procedures for reviewing subsequent events cover the period up to that date.

Address

18. Auditors should state in the IAR the full postal address of their office.

Positioning of the IAR

Auditor action 4

Auditors should satisfy themselves that the IAR is appropriately positioned in the annual accounts.

19. Paragraph 6.5.25 of the FReM states that the Accountability Report should include the certificate and report of the Comptroller and Auditor General. This is the equivalent of the IAR used in Scotland, and therefore the requirement applies in principle.
20. However, auditors should encourage bodies to locate the IAR in such a way that it is clear to users of the accounts that it is not covered by the Accountable Officer's signature on the Accountability Report.

Section 2

Reporting on the audit of the financial statements

Opinion on financial statements

Auditors' responsibilities

21. The 'Reporting on the audit of the financial statements' part of the model IAR is where auditors list the names of financial statements they have audited and express an opinion on whether those financial statements:
- give a true and fair view of the state of the affairs of the body (and its group) as at 31 March 2021 and of the net expenditure for the year then ended;
 - have been properly prepared in accordance with the financial reporting framework.

Titles of financial statements

Auditor action 5

Auditors should list the financial statements they have audited, using the precise titles used by the audited body.

22. Auditors are required by ISA (UK) 700 to identify the title of each statement that comprises the financial statements. The financial statements listed in the models are based on the requirements of, and titles used by, the 2020/21 Government Financial Report Manual (the FReM).
23. In the event that a body uses different titles or includes other statements, auditors should amend the titles of the statements so they precisely match the statements and titles actually used by the body. In previous years, there were a number of instances where the titles used by auditors did not precisely match those used by the body, which makes it difficult for a user of the accounts to clearly understand the statements that have been audited.

Titles should be consistent with those used by the body

Modified opinion on financial statements

Auditor action 6

When auditors are considering modifying their opinion on the financial statements, they should discuss the proposed modified opinion with Professional Support.

If auditors conclude that a modified opinion is appropriate, they should:

- amend the headings and wording in the opinion and basis of opinion paragraphs
- include a description of the matter giving rise to the modification.

24. Auditors should evaluate whether there are any material misstatements in the financial statements in accordance with the guidance provided in [Technical Guidance Note 2021/1](#).
25. If auditors conclude that there is (or could be) an uncorrected material misstatement in the financial statements, they should express a modified opinion in accordance with [ISA \(UK\) 705 Modifications to the Opinion in the Independent Auditor's Report](#). ISA (UK) 705 establishes three types of modified opinions, i.e. a qualified opinion, an adverse opinion, and a disclaimer of opinion.
26. There are two forms of qualified opinion. The following table summarises the circumstances in which each form would be appropriate, and the amendments which auditors should make to the model report in each case:

Form of qualified opinion	Appropriate when	Nature of amendments to model IARs	
		Unqualified	Qualified
Material misstatement	Auditors conclude that misstatements are material (but not pervasive) to the financial statements	Heading 'Opinion on financial statements'	Amend to 'Qualified opinion on financial statements'
		Phrase in second paragraph under above heading 'In [my/our] opinion the accompanying financial statements'	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements'
		Heading 'Basis for opinion'	Amend to 'Basis for qualified opinion'
		Last sentence in the paragraph under the 'Basis for (qualified) opinion' heading	Add 'qualified' before 'opinion'
		Basis for (qualified) opinion	Add a new paragraph under the heading giving a description of the matter giving rise to the qualified opinion (see below)
Inability to obtain evidence	Auditors are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but conclude that the possible effects on the financial statements of undetected misstatements could be material but not pervasive	The changes are the same as for a 'material misstatement' qualified opinion, with the following additions: <ul style="list-style-type: none"> • Add 'possible' before 'effects' in the statement added to the 'Qualified opinion on financial statements' paragraph • Include in the 'Basis for qualified opinion' paragraph the reasons for the inability to obtain sufficient appropriate audit evidence 	

27. Where there is a material misstatement, the description of the matter in the added 'Basis for qualified opinion' paragraph should include the information set out in the following table depending on whether it relates to amounts, narrative or non-disclosure:

Qualified opinion relates to	Required information
Specific amounts in the financial statements	Quantification of the financial effects of the misstatement (or a statement that quantification is impracticable)
Narrative disclosures in the notes	Explanation of how the notes are misstated
Non-disclosure of required information,	Nature of the omitted information and (unless impracticable) the omitted disclosures

28. The other types of modified opinion are not expected in practice but are briefly summarised in the following table for completeness:

Type	Appropriate when
Adverse opinion	Auditors conclude that material misstatements have a pervasive effect on the financial statements
Disclaimer of opinion	Auditors are unable to obtain sufficient appropriate audit evidence on which to base the opinion, and they conclude that the possible effects on the financial statements of undetected misstatements could be both material and pervasive

29. Pervasive effects are those that:

- are not confined to specific items
- represent a substantial proportion of the financial statements; or
- are fundamental to users' understanding.

30. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model report, with Professional Support.

Information on appointments and non-audit services

Auditor action 7

Auditors should in the basis of opinion paragraph:

- add the date of their appointment letter and the total period of appointment
- report any non-audit services not disclosed elsewhere

31. Where indicated in the basis of opinion paragraph, auditors should:

- add the date of their appointment letter and the total period of appointment to date
- report any non-audit services which were provided to the body that have not been disclosed elsewhere in the annual report and accounts.

32. The above is based on the requirements in ISA (UK) 700 for public interest entities (PIE). For the avoidance of doubt, although they do not meet the legislative definition for a PIE, the Auditor General has applied these requirements to the audit of all central government bodies.

Conclusions relating to going concern basis of accounting

Auditors' responsibilities

33. ISA (UK) 700 requires auditors to report in accordance with ISA (UK) 570 in respect of going concern. A revised ISA (UK) 570 applies in 2020/21 and requires auditors to conclude:

- on the appropriateness of the body's use of the going concern basis of accounting
- whether a material uncertainty exists about the body's ability to continue to adopt the going concern basis of accounting.

Matter to be reported

Auditor action 8

When auditors are considering whether there may be a matter to report in respect of the use of the going concern basis of accounting, auditors should discuss the matter with Professional Support.

34. Guidance on using the going concern basis of accounting is provided at section 2 of the Overview Module of [Technical Guidance Note 2021/1](#). While a public body may face financial sustainability issues, it is highly unlikely that there will be a material uncertainty regarding the use of the going concern basis of accounting or that it would not be considered appropriate.

35. In the rare event of a going concern matter requiring to be reported, instead of the model wording the auditor's reporting options are summarised in the following table:

Matter to be reported	Reporting
Going concern basis of accounting inappropriate	Adverse opinion on financial statements
Material uncertainty exists and adequately disclosed	No modification to opinion Change the heading to 'Material uncertainty related to going concern' and draw attention to the disclosure
Material uncertainty exists but not adequately disclosed	Qualified or possibly adverse opinion on financial statements

Responsibilities of auditors

Explaining capability of detecting irregularities

36. The model IARs contain a paragraph that explains the extent to which the audit is considered capable of detecting irregularities, including fraud. Although the guidance in ISA (UK) 700 advises against the wording for this explanation being standardised, this is in a private sector context. Professional Support's view is that the standardised wording in the models is appropriate for central government bodies due to their common features.
37. The model wording in the paragraph has been revised in 2020/21 in light of new application guidance in ISA (UK) 700. It has been amended to give greater focus to non-compliance with laws and regulations.

**Standardised
wording should
be used
unchanged**

Section 3

Reporting on regularity of expenditure and income

Auditors' responsibilities

38. The 'Reporting on regularity of expenditure and income' part of the IAR is where auditors express an opinion on whether, in all material respects, expenditure was incurred and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.
39. For the Scottish Government, agencies and other bodies identified separately in the budget Acts, there are additional regularity considerations in respect of whether sums paid out of the Scottish Consolidated Fund were applied in accordance with the Scotland Act 1998.

Qualified opinion on regularity

Auditor action 10

When auditors are considering qualifying their opinion on regularity, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

40. Auditors should evaluate whether there are any material irregularities in the financial statements in accordance with the guidance provided in Module 9 of [Technical Guidance Note 2021/1](#).
41. If auditors are of the opinion that material expenditure was incurred or income applied that was not in accordance with applicable enactments and guidance issued by the Scottish Ministers, auditors should express a qualified opinion in respect of regularity.
42. If auditors conclude that there is an uncorrected material irregularity in the financial statements, they should express a qualified opinion. Auditors should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend 'Opinion on regularity' heading	Amend to 'Qualified opinion on regularity'
Amend 'In [my/our] opinion in all material respects' in the 'Opinion on regularity' paragraph	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion on regularity paragraph, in all material respects'
Add new heading	Add a 'Basis for qualified opinion on regularity' heading under 'Opinion on regularity' paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

43. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.

Section 4

Opinion on Remuneration and Staff Report

Auditors' responsibilities

44. Auditors are required by the Auditor General to express an opinion on whether the audited part of Remuneration and Staff Report has been properly prepared. The model IAR has been revised in 2020/21 so that auditors express this opinion separate from Statutory Other Information (see section 5).

Titles of report

Auditor action 10

Auditors should use the precise title of the report used by the audited body.

45. The title of the report (i.e. Remuneration and Staff Report) used in the model IARs reflect the titles used by the 2020/21 FReM. In the event that a body uses a different title, auditors should amend the references in the IAR to be consistent.

Qualified opinion on Remuneration and Staff Report

Auditor action 11

When auditors are considering qualifying their opinion on the Remuneration and Staff Report, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

46. Auditors should evaluate whether there are any material misstatements in the Remuneration and Staff Report in accordance with the guidance provided in Module 10 of [Technical Guidance Note 2021/1](#). If auditors conclude that there is an uncorrected material misstatement, they should express a qualified opinion. Auditors should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend heading 'Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report' heading	Amend to 'Qualified opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report'
Amend 'In [my/our] opinion, the audited part of the Remuneration and Staff Report'	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the Remuneration and Staff Report'
Add new heading	Add a 'Basis for qualified opinion on the Remuneration and Staff Report' heading under the opinion paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

47. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.

Section 5

Reporting on Statutory Other Information

Auditors' responsibilities

48. ISA (UK) 700 requires auditors to report in accordance with ISA (UK) 720 in respect of Statutory Other Information in the annual report and accounts. In a central government body, Statutory Other Information comprises the Performance Report and the Accountability Report (excluding the audited part of the Remuneration and Staff Report).
49. ISA (UK) 720 requires auditors to report:
 - either a description of any material misstatements in the Statutory Other Information or a statement that there is nothing to report
 - a conclusion where there is a specific requirement to report on any Statutory Other Information. In a central government body, this applies to the opinions prescribed by the Auditor General as to whether the Performance Report and Governance Statement are consistent with the financial statements and have been properly prepared

Titles of reports

Auditor action 12

Auditors should use the precise titles of the reports used by the audited body.

50. The titles of the reports (i.e. Performance Report, Accountability Report and Governance Statement) used in the model IARs reflect the titles used by the 2020/21 FReM. In the event that a body uses different titles, auditors should amend the references in the IAR to be consistent.

Material misstatement to report

Auditor action 13

When auditors are considering whether there is a material misstatement in the Statutory Other Information, they should discuss the matter with Professional Support.

If auditors conclude that there is an uncorrected material misstatement in the Statutory Other Information, they should describe the misstatement in the IAR.

51. Auditors should evaluate whether there are any material misstatements in the Statutory Other Information in accordance with the guidance provided in module 11 of [Technical Guidance Note 2021/1](#).
52. Where auditors conclude that there is an uncorrected material misstatement in the Statutory Other Information, they should replace the phrase '[I/We] have nothing to report in this regard' with a description of the material misstatement.
53. Auditors should discuss the subject matter of the misstatement, and share the proposed amendments to the model IAR, with Professional Support.

Qualified opinion on Performance Report or Governance Statement

Auditor action 14

When auditors are considering qualifying their opinion on the Performance Report or Governance Statement, they should discuss the proposed qualified opinion with Professional Support.

If auditors conclude that a qualified opinion is appropriate, auditors should:

- amend the heading and wording of the opinion paragraph
- add a basis for qualified opinion paragraph
- provide a description of the matter giving rise to the qualified opinion.

54. Auditors should evaluate whether a qualified opinion in respect of the Performance Report or Governance Statement is appropriate in accordance with the guidance provided in module 11 of [Technical Guidance Note 2021/1](#).

55. Where auditors conclude that a qualified opinion is appropriate, they should amend the model IAR as set out in the following table:

Action	Nature of amendment
Amend heading 'Opinion prescribed by the Auditor General for Scotland on Performance Report and Governance Statement'	Amend to 'Qualified opinion prescribed by the Auditor General for Scotland on Performance Report and Governance Statement'
Amend 'In [my/our] opinion, based on the work undertaken in the course of the audit' in the opinion paragraph	Amend to 'In [my/our] opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, based on the work undertaken in the course of the audit'
Add new heading	Add a 'Basis for qualified opinion on the Performance Report [or Governance Statement]' heading under the opinion paragraph
Add a paragraph describing the matter	Provide a concise description of the matter giving rise to the qualified opinion in a paragraph under the basis for qualified opinion heading

56. Auditors should discuss the subject matter of the qualified opinion, and share the proposed amendments to the model IAR, with Professional Support.

57. With the exception of Scottish Water, central government bodies are not required to report compliance with the UK Corporate Governance Code. If a body makes a reference in the Governance Statement to that code, auditors should contact Professional Support as this would trigger additional reporting requirements under ISAs (UK) 701 and 720.

Section 6

Matters reported by exception

Auditors' responsibilities

- 58.** The Auditor General requires auditors of central government bodies to report by exception if:
- adequate accounting records have not been kept
 - the financial statements or the audited part of the Remuneration and Staff Report are not in agreement with the accounting records
 - they have not received all the information and explanations required for the audit.
- 59.** Where auditors are required to report on certain matters but positive assurance is not required, ISA (UK) 700 treats them as matters reported by exception. Auditors are required to describe their responsibilities for such matters, and incorporate a suitable conclusion (rather than opinion).
- 60.** Auditors report on these matters in the 'Matters reported on by exception' part of the IAR.

Accounting records

Auditor action 15

Auditors should evaluate and conclude on whether:

- **the body has kept adequate accounting records throughout the year**
- **the financial statements and the audited part of the Remuneration and Staff Report are in agreement with the accounting records.**

- 61.** Accounting records are the records of initial accounting entries and supporting records, such as checks and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in formal journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures
- 62.** The accounting records should comprise an orderly, classified collection of information capable of timely retrieval, containing details of the body's transactions, assets and liabilities. The information should be organised so as to enable a trial balance to be constructed. Auditors should consider accounting records to be adequate if they are sufficient to:
- show and explain the body's transactions
 - disclose with reasonable accuracy, at any time during the year, the financial position of the body
 - enable the Accountable Officer to ensure that any accounts required to be prepared comply with statutory requirements.
- 63.** There is a distinction between the accounting records and the accounting control system. If auditors find weaknesses relating to the accounting control system rather than the accounting records, they can still conclude that adequate accounting records have been kept. The weaknesses in the accounting control system, where significant, would be reported in the Governance Statement.

Required information and explanations

Auditor action 16

Auditors should evaluate and conclude on whether they have received all the information and explanations required for the audit.

Modified conclusion

Auditor action 17

When auditors are considering modifying their conclusion on a matter reported by exception, they should discuss the proposed modified conclusion with Professional Support.

Where a modified conclusion is appropriate, auditors should:

- amend the conclusion wording in the model IARs
- provide a description of the matter giving rise to the modification.

-
64. Where auditors conclude that a modified conclusion is appropriate, they should:
- modify the conclusion to 'I/We have the following to report in respect of these matters'
 - provide a concise description of the matter being reported
 - finish with the sentence 'I/We have nothing to report in respect of the other matters'.
65. Where auditors express a modified conclusion in respect of a matter reported by exception, this may also give rise to a modification of the auditor's opinion on the financial statements, e.g. if adequate accounting records have not been maintained and as a result it proves impracticable for the auditor to obtain sufficient appropriate evidence concerning material matters in the financial statements.
66. Auditors should discuss the subject matter of the modified conclusion, and share the proposed amendments to the model IAR, with Professional Support.

Section 7

Emphasis of Matter/Other Matter paragraphs

Auditors' responsibilities

67. **ISA (UK) 706** deals with Emphasis of Matter and Other Matter paragraphs in the IAR. These may need to be added to the model IARs when auditors consider it necessary to draw users' attention to matters that are either fundamental to understanding the financial statements or relevant to understanding the audit.

Matter to be reported

Auditor action 18

When auditors are considering whether it is necessary to draw attention to certain matters under ISA (UK) 706, they should discuss the matter with Professional Support.

If auditors conclude that they should draw attention to such matters, they should include an Emphasis of Matter or Other Matter paragraph in accordance with USA (UK) 706.

68. The following table summarises the criteria which must be met for an Emphasis of Matter paragraph (along with examples of where one could be appropriate) and the amendments that should be made to the model IAR:

Criteria	Examples	Amendments to model
Appropriately presented or disclosed in the financial statements; and	An uncertainty relating to the future outcome of exceptional litigation or regulatory action.	Include the paragraph within a separate section of the IAR with an appropriate heading that includes the term 'Emphasis of Matter'.
Of such importance that it is fundamental to users' understanding of the financial statements; but	A significant subsequent event that occurs between the date of the financial statements and the date of the auditor's report.	Include in the paragraph a clear reference to the matter being emphasised and to where relevant disclosures that fully describe the matter can be found in the financial statements.
A modified opinion is not required	Early application (where permitted) of a new accounting standard that has a material effect on the financial statements.	Indicate that the auditor's opinion on the financial statements is not modified in respect of the matter emphasised.
	A major catastrophe that has had, or continues to have, a significant effect on the body's financial position.	
	A material valuation uncertainty declared by a valuer in their report in respect of a significant element of operational assets	

69. Auditors included a number of Emphasis of Matter paragraphs in their 2019/20 IARs in respect of 'material valuation uncertainties' declared by valuers. It is anticipated that further Emphasis of Matter paragraphs will be considered appropriate in 2020/21. Auditors should consider whether:

- the material valuation uncertainty is explicitly disclosed in the estimation uncertainty note
- the disclosure is fundamental to understanding the financial statements. Auditors could reasonably conclude that the disclosure is fundamental where the body has an extensive estate used in the delivery of services and the material valuation uncertainty is in respect of the valuation of a significant

part of that estate. Where the body's overall estate is small, or the affected part is limited to a relatively small part, it is unlikely that the disclosure would be considered fundamental to understanding the financial statements.

70. Where auditors conclude that an Emphasis of Matter paragraph is appropriate, they should position it after the basis for opinion paragraph and use the following wording:
-

Emphasis of matter: Material valuation uncertainty

[I/We] draw attention to Note x in the financial statements which discloses a material valuation uncertainty caused by COVID-19 declared in the valuation report for property. [My/Our] opinion is not modified in respect of this matter.

71. An Other Matter paragraph is used to refer to a matter other than those presented or disclosed in the financial statements that are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report. The use of such a paragraph in the public sector is extremely rare.
72. Auditors should discuss the subject matter of the paragraph, and share the proposed amendments to the model IAR, with Professional Support. This is an important quality check that sits above checking carried out by individual auditors. However, only a third of the Emphasis of Matter paragraphs in 2019/20 were discussed with Professional Support.

Section 8

Report on summary financial statements in separate annual report

Auditors' responsibilities

73. In cases where an audited body is required by its sponsoring body or chooses to produce a separate annual report that includes summary financial statements, auditors are responsible for expressing an opinion on the consistency with the audited financial statements.
74. The test and reporting procedures set out in the following paragraphs are based on the International Auditing and Assurance Standards Board's ISA 810 Appointments to Report on Summary Financial Statements.

Procedures

Test procedures

Auditors should examine the summary financial statements and conclude whether they are consistent with the audited financial statements.

75. Auditors should evaluate:
- the body's processes and controls for the preparation of the summary financial statements
 - whether the information in the summary financial statements agrees with, or can be recalculated from, the related information in the audited financial statements
 - whether the summary financial statements have been prepared in accordance with the criteria set by the body
 - whether the summary financial statements contain the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

Reporting procedures

Auditors should complete the auditor's report on the summary financial statements and provide it to the body for inclusion in the separate annual report.

76. Auditors should express an opinion, based on the procedures carried out, as to whether the summary financial statements are consistent, in all material respects, with the audited financial statements.

Unmodified opinion on summary financial statements

77. Where auditors do not modify their opinion on consistency with the audited financial statements, the model wording at Appendix 6 should be used unchanged.

Modified opinion on summary financial statements

78. Where the summary financial statements are not consistent, in all material respects, with the audited financial statements, and the body does not agree to make the necessary changes, auditors should express an adverse opinion on the summary financial statements.
79. When auditors express an adverse opinion, they should:
- amend the heading 'Opinion' to 'Adverse opinion'

- in the second paragraph under the 'Adverse opinion' heading, add the phrase 'because of the significance of matter described in the Basis for adverse opinion paragraph' and change 'are consistent' to 'are not consistent'
- add a 'Basis for adverse opinion' paragraph and describe the matter giving rise to the adverse opinion'

Modified opinion on audited financial statements

- 80.** Auditors should make reference in their report on the summary financial statements to the modification of any opinion on the audited financial statements, or any 'emphasis of matter' or 'other matter' paragraph.

Appendix 1

Scottish Government Consolidated Accounts

Report of the Auditor General for Scotland to the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Scottish Government Consolidated Accounts for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Summary of Total Outturn Statement, the Summary of Resource Outturn Statement, the Summary of Capital Outturn Statement, the Statement of Total Consolidated Comprehensive Net Expenditure, the eleven Portfolio Outturn Statements, the Analysis of Major Variances in Portfolio Outturn Statements, the Core Portfolios' Statement of Financial Position, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Taxpayers' Equity, the Statement of Net Resources by Strategic Objectives] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of affairs of the Scottish Government and the consolidation of the entities within the departmental accounting boundary as at 31 March 2021 and of the net resource outturn and resources applied to objectives for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Scottish Government in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Principal Accountable Officer for the financial statements

As explained more fully in the Statement of the Principal Accountable Officer's Responsibilities, the Principal Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Principal Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Principal Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Scottish Government is complying with that framework;
- identifying which laws and regulations are significant;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Scottish Government's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Principal Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinions on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Principal Accountable Officer is responsible for the statutory other information in the Scottish Government Consolidated Accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions.

Opinions on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I report by exception

I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Stephen Boyle ,
Auditor General for Scotland,
102 West Port, Edinburgh,
EH3 9DN

[Insert full date]

Appendix 2

Agencies, non-ministerial departments and other applicable bodies

Independent auditor's report to [insert name of audited body], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of body] for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the body in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements**Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report**

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by the Auditor General for Scotland to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead], (for and on behalf of [name of firm] - firms only)

[Full postal address]

[Full date]

Appendix 2A

Central government pension schemes

Independent auditor's report to the Scottish Public Pensions Agency, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of [insert name of pension scheme] for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the financial statements used by the scheme such as the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the scheme's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. I am independent of the scheme in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the scheme. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the scheme is complying with that framework;
- identifying which laws and regulations are significant in the context of the scheme;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the scheme's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I

am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the information other than the financial statements and my auditor's report thereon.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Report of the Scheme's Managers and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Report of the Scheme's Managers and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Scheme's Managers for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead], [Full postal address] [Full date]

Appendix 2B

Scottish Consolidated Fund Accounts

Independent auditor's report to the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Scottish Consolidated Fund Accounts for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the financial statements used by the fund such as the Receipts and Payments Account] and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers the receipts and payments of the fund for the year ended 31 March 2021 and the balances held at that date; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. I am independent of the fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the fund. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Principal Accountable Officer for the financial statements

As explained more fully in the Statement of the Principal Accountable Officer Responsibility, the Principal Accountable Officer is responsible for the preparation and proper presentation of financial statements in accordance with the financial reporting framework, and for such internal control as the Principal Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the fund is complying with that framework;
- identifying which laws and regulations are significant in the context of the fund;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the fund's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error. As fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of receipts and payments

Opinion on regularity

In my opinion in all material respects the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the payments shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998 and sections 4 to 6 of the Public Finance and Accountability (Scotland) Act 2000.

Responsibilities for regularity

The Principal Accountable Officer is responsible for ensuring the regularity of receipts and payments. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of receipts and payments in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Statutory other information

The Principal Accountable Officer is responsible for the statutory other information in the Scottish Consolidated Fund Accounts. The statutory other information comprises the Foreword, Statement of the Principal Accountable Officer Responsibility and Governance Statement.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Foreword and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Foreword and Governance Statement

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead],

[Full postal address]

[Full date]

Appendix 2C

Scottish Government Non-Domestic Rating Account

Independent auditor's report to the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Scottish Government Non-Domestic Rating Account for the year ended 31 March 2021 under Schedule 12 of the Local Government Finance Act 1992. The financial statements comprise the Receipts and Payments Account, Statement of Balances and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present in accordance with Schedule 12 of the Local Government Finance Act 1992 as amended by Schedule 13 of the Local Government etc (Scotland) Act 1994 and directions made thereunder by the Scottish Ministers the receipts and payments of the account for the year ended 31 March 2021 and the balances held at that date; and
- have been prepared in accordance with the requirements of Schedule 12 of the Local Government Finance Act 1992 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. I am independent of the account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the account. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation and proper presentation of financial statements in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the account is complying with that framework;
- identifying which laws and regulations are significant in the context of the account;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the account's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of receipts and payments

Opinion on regularity

In my opinion in all material respects:

- the receipts and payments in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the payments shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of receipts and payments. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of receipts and payments in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Statutory other information

The Accountable Officer is responsible for the statutory other information in the Scottish Government Non-Domestic Rating Account. The statutory other information comprises the Foreword and Statement of Accountable Officer's Responsibilities.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Foreword to the extent explicitly stated in the following opinion prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Foreword

In my opinion, based on the work undertaken in the course of the audit, the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead],

[Full postal address]

[Full date]

Appendix 2D

Queen's and Lord Treasurer's Remembrancer

Independent auditor's report to the Queen's and Lord Treasurer's Remembrancer, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Queen's and Lord Treasurer's Remembrancer for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Receipts and Payments Account, Summary Note of Balances Held and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers the receipts and payments of the body for the year ended 31 March 2021 and the balances held at that date; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation and proper presentation of financial statements in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of receipts and payments

Opinion on regularity

In my opinion in all material respects the receipts and payments in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of receipts and payments. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of receipts and payments in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Gillian Woolman
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

[Insert full date]

Appendix 2E

Revenue Scotland Devolved Taxes Account

Independent auditor's report to the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Revenue Scotland Devolved Taxes Account for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Revenue and Expenditure, the Statement of Financial Position, the Statement of Cash Flow and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of affairs of the account as at 31 March 2021 and of the net revenue for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. I am independent of the account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the account. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the account is complying with that framework;
- identifying which laws and regulations are significant in the context of the account;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the account's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Statutory other information

The Accountable Officer is responsible for the statutory other information in the Revenue Scotland Devolved Taxes Account. The statutory other information comprises the Foreword and the Accountability Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material

misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Foreword and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Foreword and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Mark Taylor
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

[Insert full date]

Appendix 2F

Scottish Parliamentary Corporate Body

Report of the Auditor General for Scotland to the Scottish Parliamentary Corporate Body and Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Parliamentary Corporate Body for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided. [List any non-audit services not disclosed elsewhere]. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Principal Accountable Officer for the financial statements

As explained more fully in the Statement of the SPCB's and Principal Accountable Officer's Responsibilities, the Principal Accountable Officer is responsible for the preparation of financial statements that give a true

and fair view in accordance with the financial reporting framework, and for such internal control as the Principal Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Principal Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Principal Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinions on other prescribed matters

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Statutory other information

The Principal Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I report by exception

I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Stephen Boyle
Auditor General for Scotland
102 West Port
Edinburgh
EH3 9DN

[Insert full date]

Appendix 3

Non-departmental public bodies and other applicable bodies

Independent auditor's report to the members of [insert name of audited body], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of body] for the year ended 31 March 2021 under the [insert name of legislation requiring an audit]. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

Basis of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the body in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by the Auditor General for Scotland to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature] [Name of appointment lead], (for and on behalf of [name of firm] - firms only), [Full postal address], [Full date]

Appendix 3A

Charitable non-departmental public bodies

Independent auditor's report to the members of [insert name of audited body], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of body] for the year ended 31 March 2021 under the [insert name of Act requiring an audit] and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Balance Sheet, Statement of Financial Activities, the Income and Expenditure Account, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the body in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the [insert name of legislation under which accounts direction is issued] and directions made thereunder by the Scottish Ministers. (Remove if not applicable)

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Trustees Annual Report and the Accountability Report [excluding the audited part of the Remuneration and Staff Report].

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Trustees' Annual Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Trustees' Annual Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements [and the audited part of the Remuneration and Staff Report] are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead], (for and on behalf of [name of firm] - firms only)

[Full postal address]

[Full date]

<Name of appointment lead> is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 (for firms)/section 21 of the Public Finance and Accountability (Scotland) Act 2000.

Appendix 3B

Non-departmental public bodies limited by guarantee

Independent auditor's report to the members of [insert name of audited company], the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual report and accounts of [insert name of company] for the year ended 31 March 2021 under The Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In [my/our] opinion the accompanying financial statements:

- give a true and fair view in accordance with the directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers of the state of affairs of the company as at 31 March 2021 and of the surplus [deficit] for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

Basis for opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. [My/Our] responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of [my/our] report. [I was/We were] appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. [I am/We are] independent of the company in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the company. [List any non-audit services not disclosed elsewhere]. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Conclusions relating to going concern basis of accounting

[I/We] have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work [I/we] have performed, [I/we] have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

[I/We] report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that [I/we] identified and [my/our] judgements thereon.

Responsibilities of the directors and Accountable Officer for the financial statements

As explained more fully in the Statement of the Directors' and Accountable Officer Responsibilities, the directors and Accountable Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the directors and Accountable Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

[My/Our] objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes [my/our] opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. [I/We] design procedures in line with [my/our] responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the company is complying with that framework;
- identifying which laws and regulations are significant in the context of the company;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which [my/our] procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of [my/our] auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In [my/our] opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The directors and Accountable Officer are responsible for ensuring the regularity of expenditure and income. In addition to [my/our] responsibilities to detect material misstatements in the financial statements in respect of irregularities, [I am/we are] responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

[I/We] have audited the parts of the Remuneration and Staff Report described as audited. In [my/our] opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

Statutory other information

The directors and the Accountable Officer are responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

[My/our] responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or [my/our] knowledge obtained in the audit or otherwise appears to be materially misstated. If [I/we] identify such material inconsistencies or apparent material misstatements, [I am/we are] required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work [I/we] have performed, [I/we] conclude that there is a material misstatement of this statutory other information, [I am/we are] required to report that fact. [I/We] have nothing to report in this regard.

[My/Our] opinion on the financial statements does not cover the statutory other information and [I/we] do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In [my/our] opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

Matters on which [I am/we are] required to report by exception

[I am/We are] required by the Auditor General for Scotland to report to you if, in [my/our] opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations [I/we] require for [my/our] audit.

[I/We] have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to [my/our] responsibilities for the annual report and accounts, [my/our] conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in [my/our] Annual Audit Report.

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature] [Name of appointment lead], (for and on behalf of [name of firm] - firms only), [Full postal address], [Full date]

Appendix 4

Scottish Water

Independent auditor's report to the members of Scottish Water, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Water for the year ended 31 March 2021 under the Water Industry (Scotland) Act 2002. The financial statements comprise the [specify precisely the titles of the financial statements used by the body such as the Group and Company Balance Sheets, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flow] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Water Industry (Scotland) Act 2002 and directions made thereunder by the Scottish Ministers of the state of affairs of the body and its group as at 31 March 2021 and of the group surplus [deficit] for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Water Industry (Scotland) Act 2002 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on [insert date of appointment letter]. The period of total uninterrupted appointment is [insert number] years. We are independent of the body and its group in accordance with the ethical requirements that are relevant to [my/our] audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. [List any non-audit services not disclosed elsewhere]. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included [*Explanation of how the auditor evaluated management's assessment and the key observations arising with respect to that evaluation*].

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the body's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the board members' statement in the financial statements about whether the board members considered it appropriate to adopt the going concern basis of accounting.

Our approach to the audit

[Overview of the scope of the audit]

Key audit matter	How I scope addressed this matter
<p>[Description of each key audit matter in accordance with ISA (UK) 701.</p> <p>Explain the significant judgements made by the audit team with respect to each key audit matter.</p> <p>Describe the most significant assessed risks of material misstatement, a summary of their response and any key observations arising in relation to those risks]</p>	<p>[Explanation of how the scope addressed each key audit matter and was influenced by the auditor's application of materiality]</p>

Our application of materiality

[Explanation of how the auditor applied the concept of materiality in planning and performing the audit. This is required to include the threshold used by the auditor as being materiality for the financial statements as a whole as well as the threshold used by the auditor as being performance materiality but may include other relevant disclosures.]

Responsibilities of the board members for the financial statements

As explained more fully in the Statement of Members' Responsibilities, the board members are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the ability of the body and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The board members are responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Directors' Remuneration Report

[I/We] have audited the parts of the Directors' Remuneration Report described as audited. In our opinion, the audited part of the Directors' Remuneration Report has been properly prepared in accordance Water Industry (Scotland) Act 2002 and directions made thereunder by the Scottish Ministers

Statutory other information

The board members are responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Overview, Strategic Report and governance reports excluding the audited part of the Directors' Remuneration Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Strategic Report and Corporate Governance Statement to the extent explicitly stated in the following paragraphs.

Opinion prescribed by the Auditor General for Scotland on Strategic Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the directions made under the Water Industry (Scotland) Act 2002 by the Scottish Ministers.

Corporate governance statement

Based on the work undertaken in the course of the audit, we have concluded that the Corporate Governance Statement for the financial year for which the financial statements are prepared has been prepared in accordance with the directions made under the Water Industry (Scotland) Act 2002 by the Scottish Ministers and that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- The statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified

- The board members' explanation as to their assessment of the body's prospects, the period this assessment covers and why they consider this period is appropriate
- The board members' statement on fair, balanced and understandable
- The board members' confirmation that it has carried out a robust assessment of the emerging and principal risks
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and;
- The section describing the work of the audit committee.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Directors' Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of appointment lead], for and on behalf of KPMG LLP
[Full postal address]

[Full date]

Appendix 5

Auditor action checklist

	Yes/No/N/A	Initials/date	W/P ref
1 Have you used the correct model IAR for the audited body?			
2 Have you followed the wording in the relevant model IAR other than where changes are required to reflect local circumstances, e.g.: <ul style="list-style-type: none"> named the body consistently with what it calls itself? used the correct 'person' (i.e. singular for Audit Scotland staff, plural for firms)? added the appropriate legislation for NDPBs and similar bodies added appropriate references to the group where applicable considered whether any other amendments to the model IAR wording are appropriate and discussed proposals with Professional Support? 			
3 Have you ensured that the IAR has been signed: <ul style="list-style-type: none"> by the appointment lead? on the authorised for issue date (or as close as possible thereafter)? 'for and on behalf of the firm' (firms only)? 			
4 Have you satisfied yourself that the IAR is appropriately located within the annual report and accounts?			
5 Have you listed the audited financial statements using the precise titles used by the body?			
6 Have you: <ul style="list-style-type: none"> discussed any proposed modifications to the audit opinion on the financial statements with Professional Support? made the appropriate amendments? 			
7 Have you in the basis of opinion paragraph: <ul style="list-style-type: none"> added the date of your appointment letter and the total period of appointment? reported any non-audit services not disclosed elsewhere? 			

	Yes/No/N/A	Initials/date	W/P ref
8			
When considering whether there may be a matter to report on using the going concern basis of accounting, have you discussed the matter with Professional Support?			
9			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on regularity with Professional Support made the appropriate amendments? 			
10			
Have you used the precise title of the Remuneration and Staff Report used by the body?			
11			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on the audited part of the Remuneration and Staff Report with Professional Support made the appropriate amendments? 			
12			
Have you used the precise titles of the reports comprising Statutory Other Information used by the board?			
13			
Have you:			
<ul style="list-style-type: none"> discussed any proposed reporting of material misstatements in Statutory Other information with Professional Support made the appropriate amendments? 			
14			
Have you:			
<ul style="list-style-type: none"> discussed a proposed qualified opinion on the Performance Report or Governance Statement with Professional Support made the appropriate amendments? 			
15			
Have you evaluated and concluded on whether:			
<ul style="list-style-type: none"> the board has kept adequate accounting records throughout the year? the financial statements and the audited part of the Remuneration and Staff Report are in agreement with the accounting records? 			
16			
Have you evaluated and concluded on whether you have received all the information and explanations required for the audit?			
17			
Have you:			
<ul style="list-style-type: none"> discussed any proposed modifications to conclusions on a matter reported by exception with Professional Support made the appropriate amendments? 			

	Yes/No/N/A	Initials/date	W/P ref
18			
Have you:			
• considered whether it is necessary to draw attention to certain matters under ISA (UK) 706			
• discussed any such matters with Professional Support			
• made the appropriate amendments?			

Appendix 6

Report on summary financial statements

Report by the auditors of [insert name of audited body] on summary financial statements for the financial year 2020/21

Opinion

The summary financial statements, which comprise the [specify names of summary financial statements] and related notes, are derived from the audited financial statements of [insert name of audited body] for the year ended 31 March 2021.

In [my/our] opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by applicable law and International Financial Reporting Standards as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual. Reading the summary financial statements is not a substitute for reading the audited financial statements, and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of [my/our] report on the audited financial statements.

The audited financial statements and [my/our] report thereon

[I/We] expressed an unmodified audit opinion on the audited financial statements in [my/our] report dated [insert date of independent auditor's report].

The body's responsibility for the summary financial statements

The body is responsible for the preparation of the summary financial statements.

Auditor's responsibility for the summary financial statements

[My/Our] responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects with the audited financial statements based on [my/our] procedures which were conducted in accordance with the approach set out in Audit Scotland's technical guidance note 2019/4(CG).

Use of [my/our] report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

[Name of auditor],
[Full postal address]

[Full date]

Technical Guidance Note 2021/4(CG) – 2020/21 Independent Auditor’s Reports for Central Government Bodies

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