



Scott-Moncrieff
business advisers and accountants

Mental Welfare Commission for Scotland

External Audit Plan
2016/17

February 2017

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Introduction

Introduction

1. This document summarises the work plan for our 2016/17 external audit of the Mental Welfare Commission for Scotland (the "Commission").
2. The core elements of our work include:
 - an audit of the 2016/17 financial statements and related matters;
 - an interim audit, taking into consideration the work of internal audit, on accounting systems;
 - a review of arrangements for governance and transparency, financial management, financial sustainability and value for money; and
 - any other work requested by Audit Scotland, for example, local performance audit work.

Audit appointment

3. The Auditor General for Scotland is an independent Crown appointment, made on the recommendation of Scottish Parliament. The Auditor General is independent and not subject to the control of any member of the Scottish Government or the Parliament. The Auditor General is responsible for securing the audit of most public bodies in Scotland outside the local government sector, including NHS bodies in Scotland, and reporting on their financial health and performance.
4. Audit Scotland is an independent statutory body that provides the Auditor General with the services required to carry out her statutory functions, including monitoring the performance of auditors through a quality control process.
5. The Auditor General has appointed Scott-Moncrieff as external auditor of the Mental Welfare Commission for Scotland for the five year period 2016/17 to 2020/21. This document comprises the audit plan for 2016/17 and summarises:
 - the responsibilities of Scott-Moncrieff as the external auditor;
 - our audit strategy;
 - our planned audit work and how we will approach it;
 - our proposed audit outputs and timetable; and
 - background to Scott-Moncrieff and the audit team.

Adding value through the audit

6. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Commission through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the Commission promote improved standards of governance, better management and decision making and more effective use of resources.
7. Any comments you may have on the service we provide would be greatly appreciated at any time. Full contact details for your audit team can be found in Appendix 1.
8. While this plan is addressed to the Commission, it will be published on Audit Scotland's website www.audit-scotland.gov.uk.

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Responsibilities of Scott-Moncrieff

Responsibilities of Scott-Moncrieff

Code of Audit Practice

- 9. The Code of Audit Practice (the Code) outlines the responsibilities of external auditors appointed by the Auditor General for Scotland and it is a condition of our appointment that we follow it.
- 10. A new Code of Audit Practice was published in 2016 and applies to external audits for financial years starting on or after 1 April 2016. This Code replaces the previous one issued in 2011.

Auditor responsibilities

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

Exhibit 1: Audit dimensions of wider scope public audit

Audit area	Scope
Financial sustainability	Financial sustainability looks forward to the medium (two to five years) and the longer term (over five years) to consider whether the body is planning effectively to allow it to continue to fulfil its functions in an affordable and sustainable manner.
Financial management	Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.
Governance and transparency	Governance and transparency covers the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.
Value for money	Value for money is concerned with using resources effectively and continually improving services.

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Audit strategy

Audit strategy

Risk-based audit approach

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



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

Communications with those charged with governance

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

Professional standards and guidance

17. We perform our audit of the annual accounts in accordance with International Standards on Auditing (UK and Ireland) (ISAs), the International Standard on Quality Control 1 (UK and Ireland), Ethical Standards, and applicable Practice Notes and other guidance issued by the Auditing Practices Board (APB).

Partnership working

18. We will coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Audit Scotland

19. Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps, for example, to identify common priorities and risks, treat consistently any issues arising that impact on a number of audited bodies, and further develop an efficient and effective approach to public audit. We will share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.
20. Audit Scotland undertakes national performance audits on issues affecting the NHS. We will review the Commission's arrangements for taking action on any issues reported in the national performance reports which may have a local impact. We plan to assess the extent to which the Commission uses the national performance reports as a means to help improve performance at the local level.
21. During the year we may also be required to provide information to Audit Scotland to support the national performance audits.

Internal audit

22. The Commission's internal audit function is provided by KPMG. We will consider the findings of the work of internal audit within our audit process and look to minimise duplication of effort, to ensure the total audit resource to the Commission is used efficiently and effectively.

Shared systems and functions

23. Audit Scotland encourages auditors to seek efficiencies and avoid duplication of effort by liaising closely with other external auditors, agreeing an appropriate division of work and sharing audit findings. The Commission uses the Scottish Government payroll services and accounting systems (SEAS). The appointed auditor to the Scottish Government will share with us their findings on work carried out on those systems.

Other inspection bodies

24. We plan to contribute to the 'whole organisation' approach to inspection through co-ordination amongst auditors, inspectors and other scrutiny bodies. Through enquiry of management as part of our initial planning discussions, we have not identified any other inspection work planned for 2016/17 which is directly relevant to our audit, other than the work of internal audit and Audit Scotland. We will monitor this situation over the course of 2016/17 and update our plans as necessary.



Annual accounts

Annual accounts

Introduction

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

Approach to audit of annual accounts

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

Risk-based audit planning

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

An audit of key systems and internal controls

28. We evaluate the key accounting systems and internal controls and determine whether they are adequate to prevent material misstatements in the annual accounts.
29. The systems we review and the nature of the work we perform will be based on the initial risk assessment. We will examine and test compliance with best practice and the Commission's own policies and procedures.
30. We will take cognisance of any relevant internal audit reviews of systems and controls.
31. We will update the risk assessment following our evaluation of systems and controls and this will ensure that we continue to focus attention on the areas of highest risk.

A final audit of the annual accounts

32. During our final audit we will test and review the material amounts and disclosures in the annual accounts. The extent of testing will be based on our risk assessment.
33. Our final audit will seek to provide reasonable assurance that the annual accounts are free from material misstatement and comply with the NHS Scotland Board Accounts Manual and the Accounts Direction issued by Scottish Ministers.
34. In order to provide assurance on the regularity of transactions, we also review whether, in all

material respects, expenditure has been incurred and income applied in accordance with guidance issued by Scottish Ministers.

Independent auditor's report

35. Our opinion on the true and fair view of the annual accounts and the regularity of transactions will be set out in our independent auditor's report which will be included within the annual accounts.
36. In line with the Companies Act 2006 requirements that apply in the private sector, we are also required to give an opinion on the remuneration report, annual governance statement and performance report.

Materiality

37. Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.
38. Our initial assessment of materiality for the annual accounts is £70,000, approximately 1.5% of the Commission's Revenue Resource Limit (RRL). Achieving a breakeven position against RRL is a key target for the Commission and one of the principal considerations for the users of the accounts when assessing financial performance. We will review our assessment of materiality throughout our audit.
39. We set a performance (testing) materiality for each area of work which is based on a risk assessment for the area. We will perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be of significant risk of material misstatement.

Area risk assessment	Weighting	Performance materiality
High	45%	£31,500
Medium	55%	£38,500
Low	70%	£49,000

40. We will report any misstatements identified through our audit that fall into one of the following categories:

- All material corrected misstatements;

- Uncorrected misstatements with a value in excess of 2% of the overall materiality figure (i.e. over £1,400); and
- Other misstatements below the 2% threshold that we believe warrant reporting on qualitative grounds.

Key audit risks in the annual accounts

41. Auditing standards require that we inform the Audit Committee of our assessment of the risk of material misstatement in the annual accounts. We have set out our initial assessment below, including how the scope of our audit responds to those risks. We will provide an update to the Audit Committee if our assessment changes significantly during the audit.

Exhibit 2 – Key audit risks in the annual accounts

1. Loss of financial resource and expertise

The Finance manager is leaving in March 2017, resulting in a significant gap in the Commission's financial resource and expertise. The Commission is actively seeking a replacement and has made an offer of employment following interviews in February. There remains a risk however that this individual does not take up the post or that they will not be in position long to be able to prepare the accounts to the standard expected.



42. We will liaise with the Commission on progress made during the recruitment process. If a timely replacement becomes unlikely, we will discuss with the Commission alternative arrangements to enable the preparation of the annual accounts.

2. Management override

In any organisation, there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the annual accounts. This is treated as a presumed risk area in accordance with ISA 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*.



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

Exhibit 2 – Key audit risks in the annual accounts

3. Revenue Recognition

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



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

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Wider scope audit

Wider scope audit

Introduction

45. The Code frames a significant part of our wider scope responsibilities in terms of four audit dimensions. As part of our annual audit we will consider and report against these four dimensions; financial sustainability, financial management, governance and transparency and value for money. At the outset we will consider the Commission’s self-evaluation arrangements as they relate to these four dimensions.

46. At this stage of our audit planning process, we have identified two significant risks to the wider scope of our audit in relation to financial sustainability and financial management. We have not, at this stage, identified any significant risks in relation to the other two dimensions; governance and transparency or value for money. Audit planning however is a continuous process and we will report any identified significant risks, as they relate to the four dimensions, in our annual audit report.

Exhibit 3 - Wider scope audit

Financial sustainability: Financial sustainability looks forward to the medium and longer term to consider whether the Commission is planning effectively to continue to fulfill its functions in an affordable and sustainable manner.

Commission responsibilities	Our audit approach
<p>The Commission is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> Such financial monitoring and reporting arrangements as may be specified; Compliance with any statutory financial requirements and achievement of financial targets; Balances and reserves, including strategies about levels and their future use; How the organisation plans to deal with uncertainty in the medium and long term; and The impact of planned future policies and foreseeable developments on the financial position. 	<p>During our 2016/17 audit we will consider the financial standing of both the Commission and the National Confidential Forum (NCF). This will involve a review of the arrangements in place for short, medium and long term financial planning, budgetary control and financial reporting. It is important that such arrangements are adequate in order to properly control operations and the use of resources.</p> <p>Key audit risk</p> <p>The Commission has a three year financial plan in place which has been approved by the Operational Management Group (OMG). The Commission forecasts a breakeven position against a flat budget for each of these years. Management have identified however that costs for second opinion doctors are increasing and this could put significant strain on the Commission’s ability to achieve financial balance.</p> <p>During our audit we will consider whether the Commission has adequate arrangements in place for managing its financial position and its use of resources. Our conclusion will be based on a review of the Commission's financial performance, underlying financial position, financial plans and financial reporting.</p>

Exhibit 3 - Wider scope audit

Financial management: Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Commission responsibilities	Our audit approach
<p>It is the Commission's responsibility to ensure that its financial affairs are conducted in a proper manner. Management are responsible, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance.</p> <p>The Commission is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at its disposal.</p> <p>It is the Commission's responsibility to establish arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>	<p>During our 2016/17 audit we will review, conclude and report on the following:</p> <ul style="list-style-type: none">• Whether the Commission has arrangements in place to ensure systems of internal control are operating effectively;• Whether the Commission can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely performance;• How the Commission has assured itself that its financial capacity and skills are appropriate;• Whether the Commission has established appropriate and effective arrangements for the prevention and detection of fraud and corruption; and• Whether the Commission has appropriate arrangements in place to ensure sound financial management of the NCF. <p>Key audit risk</p> <p>The Finance manager is leaving in March 2017, resulting in a significant gap in the Commission's financial resource and expertise. Whilst we have identified this as an immediate risk to the preparation of the 2016/17 annual accounts, failure to fill this position in a timely manner may impact upon the Commission's capacity for sound financial management.</p> <p>During our audit we will continue to monitor the recruitment process and assess the Commission's continuity arrangements in relation to financial management.</p>

Governance and transparency: Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Commission responsibilities	Our audit approach
<p>The Commission, through its chief executive (as accountable officer) is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. The Commission should involve those charged with governance in monitoring these arrangements.</p> <p>The Commission is also responsible for establishing effective and appropriate internal audit and risk management functions.</p>	<p>We will review the effectiveness of the Commission’s governance framework and the extent to which Commission and committee roles, membership and terms of reference comply with current guidance.</p> <p>We will consider whether the information provided to the Commission and committees is sufficient for members to assess the impact of decisions on resources and performance.</p> <p>Our work will include consideration of how risk management has been addressed within the Commission. We will also consider the Commission’s internal audit arrangements to determine their role in examining the control systems established by management.</p> <p>In addition to this we will assess each of the above areas in relation to the NCF. We will consider how the Commission maintains an appropriate governance framework for the NCF in the use of its resources.</p> <p>At this stage we have not identified any audit risks in relation to governance and transparency.</p>

Value for money: Value for money is concerned with the appropriate use of resources and ensuring continual improvement of services delivered.

Commission responsibilities	Our audit approach
<p>Accountable officers have a specific responsibility to ensure that arrangements have been made to secure best value. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p>	<p>We will work with the Commission to identify and review evidence which demonstrates the achievement of value for money in the use of its resources.</p> <p>We will seek evidence from the Commission that outcomes are improving and there is sufficient focus on improvement and the pace of it. This will also extend to consideration of the NCF and the delivery of its aims and objectives.</p> <p>Audit Scotland carries out a national performance audit programme on behalf of the Auditor General for Scotland and the Accounts Commission. We will work with Audit Scotland during the year to understand the outputs from this work and identify any particular reports that the Commission may have a direct interest in.</p> <p>At this stage we have not identified any audit risks in relation to value for money.</p>

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Audit outputs, timetable and fees

Audit outputs, timetable and fees

Audit output	Format	Description	Target month
External audit plan	Report	This report sets out the scope of our audit for 2016/17.	February 2017
Independent Auditor's Report	Report	This report will contain our opinions on the true and fair view of the annual accounts and on the regularity of transactions.	June 2017
Annual Report to the Commission and the Auditor General for Scotland	Report	At the conclusion of each year's audit we will issue an annual report setting out the nature and extent of our audit work for the year and summarising our opinions, conclusions and the significant issues arising from the work. This report will pull together all of our work under the Code of Audit Practice.	June 2017

Audit outputs

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

Audit fee

49. Audit Scotland has completed a review of funding and fee setting arrangements and as a result revised its fee strategy. It now sets an expected fee for each audit carried out under appointment that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. The expected fee will be reviewed by Audit Scotland each year and adjusted if necessary based on auditors' experience, new

requirements, or significant changes to the audited body.

50. As auditors we negotiate a fee with the audited body during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.
51. For 2016/17 the expected fee for the Commission is £15,630. We propose setting the fee above this level at £17,170; to take account of the additional work required in respect of the National Confidential Forum. We will continue to monitor the Commission's progress in securing a replacement finance manager prior to our final audit visit. If this is not achieved in a timely basis we may need to revise our audit fee upwards.
52. The fee can be broken down as follows:

	2016/17
Auditor remuneration	£13,850
Pooled costs	£1,980
Performance audit and Best Value	£630
Audit support costs	£710
Total expected fee	£17,170¹

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

Audit timetable

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



¹ The audit fee in 2015/16 was £17,170.

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Appendices

Appendix 1: Your audit management team

Scott-Moncrieff is one of the largest independent accountancy firms in Scotland. We have 18 partners and over 200 staff operating from Edinburgh, Glasgow and Inverness. We are also part of the global Moore Stephens network.

We have been external auditors within the public sector for at least fifty years. We provide a comprehensive range of services to clients across the public sector, including NHS bodies, local authorities, central government bodies and FE colleges. We also provide services to charities, schools, as well as private and public limited companies.

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(0131) 473 3500	(0141) 567 4500	(01463) 701 940

Your audit team



Nick Bennett
Audit Partner
nick.bennett@scott-moncrieff.com

Nick has over 20 years' experience of public sector auditing and has been heavily involved in developing public sector accounting standards. Nick's experience and expertise is acknowledged both by clients and by other professionals involved right across the public sector.



Karen Jones
Audit Director
karen.jones@scott-moncrieff.com

Karen is one of our directors responsible for the audit of our Audit Scotland external audit appointments. She has considerable experience in planning and delivering audits, producing management reports and liaising with senior officers.



Rachael Blenkinsop
Assistant Manager
rachael.blenkinsop@scott-moncrieff.com

Rachael has been involved in the audit of the Mental Welfare Commission since 2011. Rachael has been part of our public sector external audit team since she started with the Firm and works closely with Karen on the audit of financial statements and governance arrangements for our public sector external audit appointments.



Nicola MacKenzie
Auditor
nicola.mackenzie@scott-moncrieff.com

Nicola joined Scott-Moncrieff in 2013 as a public sector audit trainee. She is currently studying towards her CA qualification.

Confirmation of independence

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

We confirm that we will comply with APB Ethical Standard 1 – Integrity, Objectivity and Independence. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Scott-Moncrieff and the Commission, its Commission members and senior management that may reasonably be thought to bear on our objectivity and independence.

With regard to our appointment for a second term, we can confirm that we comply with APB Ethical Standard 3 – Long association with the audit engagement which states that careful consideration must be given once an audit engagement partner has held the role for a continuous period of ten years. Therefore, the new appointment for a second five year term does not contradict the requirement of the APB. This is in line with guidance from Audit Scotland which states that there is no expectation for the rotation of audit partners for special health board audits.

Appendix 2: Statement of understanding

Introduction

The purpose of this Statement of understanding is to clarify the terms of our appointment and the key responsibilities of the Mental Welfare Commission for Scotland (the "Commission") and Scott-Moncrieff.

Annual accounts

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

Scope of audit

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

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

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

Internal audit

It is the responsibility of the Commission to establish adequate internal audit arrangements. The audit fee is agreed on the basis that an effective internal audit function exists.

We will liaise with internal audit to ensure an efficient audit process.

Fraud and irregularity

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

Ethics

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

Fees

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

Service

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

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

Reports

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

Any recommendations arising from our audit work will be included in an action plan. Management are responsible for providing responses, including target dates for implementation and details of the responsible officer. Management responses should be prepared and provided to us within two weeks of the receipt of the draft report.

These timescales may need to be truncated, e.g. to meet June 2017 Audit Committee reporting deadline.

Agreement of terms

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



Scott-Moncrieff
business advisers and accountants

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