



2016/17 independent auditor's reports (central government)

Technical guidance note 2017/4(CG)

 **AUDIT SCOTLAND**

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Foreword

Technical guidance notes are prepared by Audit Scotland's Technical Services Unit (TSU) to provide external auditors appointed by the Accounts Commission and Auditor General for Scotland with guidance to support them in meeting certain responsibilities under the *Code of audit practice*. They cover auditors' responsibilities to audit and report on the annual accounts, and review returns for whole of government accounts and local authority grant claims.

Technical guidance notes are available to external auditors from Audit Scotland's *Technical reference library*, and are also published on the Audit Scotland website so that audited bodies and other stakeholders can access them.

This particular type of technical guidance note is approved by the Assistant Auditor General and provides guidance on reporting the audit of the annual accounts, including model independent auditor's reports.

While appointed auditors act independently, and are responsible for their own conclusions and opinions, the TSU has a role in ensuring that those conclusions and opinions are reached on the basis of informed judgement. Consistency in similar circumstances is important and the ***Code of audit practice requires auditors to report the results of the audit of the annual accounts in accordance with this technical guidance note.*** Auditors should advise the TSU promptly if they intend not to follow any guidance provided in this technical guidance note.

Audit Scotland makes no representation as to the completeness or accuracy of the contents of technical guidance notes or that legal or technical guidance is correct. Points of law, in particular, can ultimately be decided only by the Courts. Audit Scotland accepts no responsibility for any loss or damage caused as a result of any person relying upon anything contained in this note.

1 Introduction

Introduction

1. External auditors appointed by the Auditor General for Scotland are required under the *Public Finance and Accountability (Scotland) Act 2000* (the 2000 Act) to provide opinions on central government bodies' annual report and accounts in an independent auditor's report.
2. Paragraph 94 of the *Code of audit practice* requires the independent auditor's reports to be in accordance with a technical guidance note provided by the TSU.

Purpose of technical guidance note

3. The main purpose of this technical guidance note from the TSU is to provide those auditors with 'sign off' responsibilities with the model independent auditor's reports which should be used for the 2016/17 annual report and accounts of central government bodies and other accounts, along with guidance on their use.
4. The models for 2016/17 are required to comply with *ISA (UK&I) 700 The independent auditor's report on financial statements*. This standard will be replaced from 2017/18 by the new *ISA (UK) 700 Forming an opinion and reporting on financial statements*, which contains a revised structure for the independent auditor's report. Although ISA (UK) 700 does not formally apply, the model reports for 2016/17 have been revised to follow the structure set out in that new standard, while also complying with the minimum requirements of ISA (UK&I) 700.
5. The wording of the model independent auditor's reports at Appendices 1 to 5 is 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 for Scotland.
6. Auditors should complete for each report the checklist at Appendix 6 which provides a list of the key auditor actions set out in this technical guidance note.
7. This technical guidance note also provides a model report for summary financial statements at Appendix 7.

Contact point

8. The contact point for this technical guidance note is Paul O'Brien (pobrien@audit-scotland.gov.uk or 0131 625 1795).

2 Overview

Purpose of section

9. This section provides an overview of the model independent auditor's reports in Appendices 1 to 5.

Changes in 2016/17

10. The model independent auditor's reports for 2016/17 have been changed to
 - follow the revised structure and wording in ISA (UK) 700
 - include new opinions in respect of the performance report and governance statement (which is no longer reported as a matter by exception).

Summary of auditor's reporting responsibilities

11. When reporting on the audit of the annual report and accounts, auditors of central government bodies are required by legislation and [international standards on auditing in the UK](#) to
 - express an opinion on whether the financial statements give a true and fair view and are properly prepared in accordance with the accounts direction from the Scottish Ministers
 - express an opinion of the regularity of expenditure and income.
12. Auditors are required by *ISA 720 (UK&I) Section A The auditor's responsibilities relating to other information in documents containing audited financial statements* to read the information in the annual report and accounts, other than the financial statements, and report any material inconsistencies with either the financial statements or the auditor's knowledge.
13. Auditors have other reporting responsibilities prescribed by the Auditor General under the audit appointment which are to
 - express an opinion on whether the auditable part of the remuneration and staff report has been properly prepared
 - express an opinion on whether the performance report is consistent with the financial statements and, as a new requirement for 2016/17, whether it has been prepared in accordance with the accounts direction
 - as a new requirement for 2016/17, express an opinion on whether the governance statement is consistent with the financial statements and has been prepared in accordance with the accounts direction
 - report conclusions on other matters by exception, including on whether proper accounting records have been kept.
14. The Auditor General also requires auditors to provide a report on summary financial information in any separate annual report.

15. There are also some accounts prepared on a receipts and payments basis and a few bodies that do not follow the *Government financial reporting manual (FReM)*. The above responsibilities are applied to these accounts and bodies in so far as they are relevant to their circumstances.

Summary of model reports

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

16. In the interests of consistency, auditors are required to use the relevant model independent auditor's report in the appendices to this technical guidance note as a condition of their audit appointment. Auditors should ensure they use the correct model report that applies to the audited body or account.
17. The model reports set out in the appendices, and the bodies/accounts to which they apply, are summarised in the following table

Appendix	Applicable bodies/accounts
1	Scottish Government consolidated accounts
2	Executive agencies, non-ministerial departments (including Food Standards Scotland and Revenue Scotland), Crown Office and Procurator Fiscal Service, Forestry Commission (Scotland), and Registers of Scotland.
2A	Pension schemes
2B	Scottish Consolidated Fund Account
2C	Non-Domestic Rating Account
2D	Queen's and Lord Treasurer's Remembrancer
2E	Revenue Scotland Devolved Tax Account
2F	Scottish Parliamentary Corporate Body
3	Non-departmental public bodies (NDPBs), commissioners (except the Scottish Legal Aid Board) and ombudsmen, Forest Enterprise Scotland, Scottish Fire Authority, 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
3C	Scottish Legal Complaints Commission (due to 30 June year end and consequent requirement to adopt the 2016 ISAs (UK) from 2016/17
4	Community justice authorities

Appendix	Applicable bodies/accounts
5A	Scottish Water
5B	Scottish Canals
7	Any audited body that includes summary financial information in a separate annual report

Changes to model wording

Auditors should follow the model wording in each report other than changes required to reflect local circumstances or where a modification to an opinion or conclusion is required.

18. Where there are no modifications to any opinion or conclusion, the wording in the relevant model should generally be used unchanged, other than to reflect local circumstances.

Permitted changes - no modifications to opinions or conclusions

19. In order to reflect local circumstances, the only exceptions to using the model wording are
- the text indicated in the models in [square brackets]
 - cases where the body prepares group accounts
 - other amendments necessary to reflect local terminology.
20. Where text is in [square brackets], auditors should insert the
- name of the audited body
 - relevant Act for each NDPB which requires an audit and under which the accounts direction is issued
 - precise titles used by the body for the financial statements.
21. Where the appointed auditor is a member of Audit Scotland staff, the reports should be presented in the first person singular. Firms should present the report in the first person plural.
22. Where group accounts are prepared, the following additional amendments require to be made to the model wording
- 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
 - 'body's affairs' with 'affairs of the body and its group'
 - 'its net expenditure' with 'the net expenditure'.
 - In the basis of opinion paragraph, replace 'independent of the body' with 'independent of the body and its group'.

- In the first paragraph under the 'auditor's responsibilities for the financial statements' heading, replace 'body's circumstances' with 'circumstances of the body and its group'.
23. Auditors may also have to make amendments to tailor the terminology to reflect local circumstances. This may include amending the names of the performance report, remuneration and staff report, governance statement, and statement of responsibilities to the actual names used by the body.
 24. If auditors consider that any other amendments are required to reflect local circumstances, they should contact the TSU.

Modifications to opinions or conclusions

25. Guidance on modifying an opinion or conclusion in the independent auditor's report is provided in the relevant section of this technical guidance note.
26. However, auditors are required to discuss a proposed modification to any opinion or conclusion, or the inclusion of 'emphasis of matter' or 'other matter' paragraphs, with the TSU in advance of finalising the report.

Title and addressees

27. ISA (UK&I) 700 requires the independent auditor's report to have a title and be properly addressed. The term 'independent auditor's report' should be used in the title to clearly distinguish it from other required reports, such as the annual audit report.
28. The independent auditor's report should be addressed to the members of the body, the Auditor General for Scotland and the Scottish Parliament.

'Bannerman' paragraph

29. The model reports contain a paragraph immediately after the addressees to recognise the judgement in the case of *Royal Bank of Scotland v Bannerman Johnstone Maclay*, which highlighted the potential exposure of auditors to third parties who assert that they rely on audit reports where auditors have not expressly disclaimed responsibility to those third parties.
30. The model 'Bannerman' paragraph explains that the report is made solely to the parties to whom it is addressed and that auditors do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties. The dispensation which allowed auditors to make minor amendments to this wording in previous years no longer applies.

Structure of model reports

31. The structure of the 2016/17 model reports at Appendices 1 to 5 has been revised to follow the structure in ISA (UK) 700. The models therefore contain the following three main headings
 - Report on the audit of the financial statements (see section 3), which has paragraphs on
 - the opinion on the financial statements

- the basis for that opinion
- responsibilities of the Accountable Officer
- auditor's responsibilities for the financial statements
- other information.
- Report on regularity of expenditure and income (see section 4)
- Report on other requirements, which has paragraphs on
 - opinions on other prescribed matters, i.e. the remuneration and staff report, performance report and governance statement (see section 5)
 - conclusions on matters reported on by exception (see section 6).

Signing and dating

Overview

Auditors should

- **sign and date the report on or after the authorised for issue date**
- **sign the report on behalf of the firm (firms only)**
- **give the full date and postal address**
- **satisfy themselves that the report is appropriately positioned within the document.**

32. ISA (UK&I) 700 requires independent auditor's reports to state the name of the auditor and be signed and dated.

Signing

33. For audits where the auditor is a member of Audit Scotland staff, the individual should sign the report in their own name.
34. Where the auditor is a firm, for consistency with the *Companies Act 2006*, the report should be signed in their own name by the partner or other individual who is responsible for issuing the report for and on behalf of the firm.
35. Auditors should not sign themselves as 'senior statutory auditor'.

Dating

36. The date of the report should be the date on which the auditor actually signs the report. Auditors should give the correct day, month and year of their signature, e.g. 30 September 2017. Auditors should not date (and hence sign) the report earlier than the date on which the financial statements have been approved by those charged with governance (i.e. the authorised for issue date) and the auditor has considered all necessary available evidence.

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37. Auditors should aim to date the report on the date the financial statements are authorised for issue by the body. If the date on which the auditor signs the report is 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

38. ISA (UK&I) 700 requires the report to name the location of the office where the auditor is based. Auditors should give the full postal address of their office.

Positioning of the independent auditor's report

39. Paragraph 5.3.28 of the FReM states that the accountability report should include (in the parliamentary accountability and audit report section) the certificate and report of the Comptroller and Auditor General. This is the equivalent of the independent auditor's report used in Scotland.
40. Auditors should encourage bodies to locate the independent auditor's report in such a way that it is clear to users of the accounts that it is not covered by the Accountable Officer's signature.

3 Report on the audit of the financial statements

Purpose of section

41. This section provides guidance on the part of the independent auditor's report that relates to expressing an opinion on the financial statements.

Auditor's responsibilities

42. Auditors are required to express an opinion on whether a central government body's financial statements, and those of its group where applicable, give a true and fair view and are properly prepared in accordance with the accounts direction issued under the 2000 Act or other relevant Act.

Opinion on financial statements

Financial statements

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

43. Auditors are required by ISA (UK&I) 700 to identify the financial statements that they have audited. The financial statements listed in Appendices 1 to 5 are based on the requirements of, and titles used by, the 2016/17 FReM.
44. In the event that a body uses different names or includes other statements, the statements listed by auditors in the independent auditor's report should precisely match the statements and titles actually used by the audited 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.

Act requiring audit

Auditors of NDPBs should add the name of the relevant Act under which the audit has been carried out.

45. Auditors should state the relevant Act under which the audit has been carried out. In most cases, the model reports include that Act, e.g. the *Public Finance and Accountability (Scotland) Act 2000*.

46. In the case of NDPBs, the relevant Act is the founding legislation that requires an audit, and will therefore be different for each body. Auditors of NDPBs should identify the correct Act and add it to the relevant paragraph.

Reporting framework

47. The independent auditor's report is also required by ISA (UK&I) 700 to indicate the financial reporting framework that has been applied in the preparation of the financial statements.
48. In the central government sector, the framework is applicable law and
- for most bodies, international financial reporting standards as adopted by the European Union, and interpreted or adapted by the FReM (or local authority accounting code for CJAs)
 - for charitable NDPBs, it is FRS 102
 - for cash-based accounts, it is a receipts and payments basis.

Opinion on financial statements

49. ISA (UK&I) 700 requires the independent auditor's report to contain a clear written expression of opinion on the financial statements, based on the auditor evaluating whether
- sufficient appropriate audit evidence as to whether the financial statements as a whole are free from material misstatement has been obtained
 - uncorrected misstatements are material
 - the financial statements, including the related notes, give a true and fair view.
50. As a change in 2016/17, in order to follow the structure in ISA (UK) 700, the paragraphs on the opinion on the financial statements have been relocated to the first section of the model reports.
51. Guidance on the risks of material misstatement in the financial statements of bodies that follow the FReM is provided by the TSU in [Technical guidance note 2017/1\(CG\)](#). The guidance in the modules on the financial statement areas highlights what the TSU considers to be the main risks of misstatement in each area. It also sets out actions for each risk that auditors should undertake to assess whether the audited body has followed the required accounting treatment.
52. Auditors are required to clearly state their opinion on the financial statements. An unqualified opinion should be expressed only when auditors conclude that the financial statements
- give a true and fair view of the state of affairs of the body (and, where relevant, the group) for the year ended 31 March 2017, and the net expenditure for 2016/17
 - have been properly prepared in accordance with the applicable financial reporting framework, e.g. the 2016/17 FReM
 - have been prepared in accordance with the requirements of the relevant accounts direction and the Act under which the direction is issued.

53. Where auditors do not qualify their opinion on the financial statements, the wording in that part of Appendices 1 to 5 should be used unchanged (other than to reflect terminology used by the body).

Basis of opinion

54. As a change in 2016/17, in order to follow the structure in ISA (UK) 700, there is a new paragraph in the model reports setting out the basis of the opinion.
55. Where auditors do not qualify their opinion on the financial statements, the wording for the basis of opinion paragraph in Appendices 1 to 5 should be used unchanged.

Modified opinions

When auditors qualify their opinion on the financial statements, they should

- discuss the proposed qualification with the TSU
- amend the headings and wording in the opinion and basis of opinion paragraphs
- include a description of the matter giving rise to the qualification.

56. *ISA 705 (UK&I) Modifications to the opinion in the independent auditor's report* establishes three types of modified opinions, i.e. a qualified opinion, an adverse opinion, and a disclaimer of opinion. Auditors should modify their opinion when they
- conclude that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or
 - are unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.
57. Where auditors judge it necessary to express a modified opinion on the financial statements, they should change the model wording as explained in the following paragraphs.

Qualified opinion

58. Auditors should express a qualified opinion on the financial statements when
- having obtained sufficient appropriate audit evidence, they conclude that misstatements, are material, but not pervasive, to the financial statements (pervasive effects on the financial statements are those that are not confined to specific items of the financial statements or those that are fundamental to users' understanding); or
 - they 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.
59. Material misstatements may relate to

- specific amounts in the financial statements. Auditors should include in the 'basis for qualified opinion' paragraph a description and quantification of the financial effects of the misstatement (unless impracticable)
 - narrative disclosures. Auditors should include in the 'basis for qualified opinion' paragraph an explanation of how the disclosures are misstated
 - the non-disclosure of information required to be disclosed. Auditors should
 - describe in the 'basis for qualified opinion' paragraph the nature of the omitted information; and
 - include the omitted disclosures (unless impracticable).
60. When auditors qualify their opinion on the financial statements, they should
- amend the heading 'Opinion on financial statements' to 'Qualified opinion on financial statements'
 - amend the heading 'Basis for opinion' to 'Basis for qualified opinion'
 - add a new paragraph under the 'Basis for qualified opinion' heading giving a description of the matter giving rise to the qualification. The paragraph under that heading in the models should be retained
 - move the 'Basis for qualified opinion' heading and both paragraphs so this is the first section of the report. This is necessary for 2016/17 because ISA (UK&I) 700 explicitly requires the description of a modification to be placed immediately before the opinion paragraph.
61. When auditors express a qualified opinion due to a material misstatement in the financial statements, they should state in the 'Qualified opinion on financial statements' paragraph that, except for the effects of the matter described in the 'Basis for qualified opinion' paragraph, the financial statements give a true and fair view.
62. Where the qualified opinion results from an inability to obtain sufficient appropriate audit evidence, auditors should
- include in the 'Basis for qualified opinion' paragraph the reasons for that inability
 - state in the 'Qualified opinion on financial statements' paragraph that, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements give a true and fair view.

Other opinion options

63. In exceptional circumstances, auditors may have to express an adverse opinion on the financial statements or even disclaim an opinion.
64. Having obtained sufficient appropriate audit evidence, an auditor may conclude that misstatements are both material and pervasive to the financial statements. Where this is the case, it would be appropriate for the auditor to express an adverse opinion.

65. Auditors should state in the 'Adverse opinion on the financial statements' paragraph that, in their opinion, because of the significance of the matter described in the 'Basis for adverse opinion' paragraph, the financial statements do not give a true and fair view.
66. Auditors may have to disclaim an opinion if they 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. Auditors should
- amend the 'introductory' paragraph to state that they were engaged to audit the financial statements
 - state in the 'Disclaimer of opinion on financial statements' paragraph that because of the significance of the matter described in the 'Basis for disclaimer of opinion' paragraph, they have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly they do not express an opinion on the financial statements.

Respective responsibilities

67. ISA (UK&I) 700 requires the independent auditor's report to
- state that those charged with governance are responsible for the preparation of the financial statements and that the responsibility of the auditor is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs
 - explain the scope of the audit of the financial statements.
68. These requirements are met in the model reports by the paragraphs under the headings for responsibilities of the Accountable Officer and auditor's responsibilities. As a change in 2016/17, in order to follow the structure and wording in ISA (UK) 700, the descriptions have been significantly expanded. The models in the original version of this technical guidance note published on 28 February included a link to the FRC website where a further description is located. Following further discussion with auditors, the paragraph containing the FRC link was removed from the models in the technical guidance note re-issued on 27 March.

Other information

69. ISA (UK&I) 700 requires the independent auditor's report to explain that auditors read all the financial and non-financial information in the document containing the financial statements. As a change in 2016/17, in order to follow the wording in ISA (UK) 700, a new section has been added to the models in respect of responsibility for this other information as part of the audit of the financial statements.
70. The new section explains that under the ISAs (UK&I), specifically ISA (UK&I) 720, auditors are responsible for reading the other information to identify
- material inconsistencies with the audited financial statements

- any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by auditors in the course of performing the audit.
71. It also explains that auditors do not express any form of assurance conclusion on the other information, except on the specific matters prescribed by the Auditor General for Scotland under the audit appointment (i.e. the opinions on the remuneration and staff report, performance report and governance statement).
72. If auditors identify that revision of the other information (other than the prescribed matters) is necessary, and the body refuses to make the revision, auditors should report it in an 'other matter' paragraph in the independent auditor's report under *ISA (UK&I) 706 Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report*.

Other matter paragraph

When auditors consider it necessary to draw attention to matters that are relevant to users' understanding of the audit, or they identify other information that requires to be amended, they should

- discuss the matter with the TSU
- include an 'other matter' paragraph.

73. In addition to uncorrected errors in other information, an 'other matter' paragraph under ISA (UK&I) 706 should also be used when the auditor considers it necessary to draw users' attention to matters that are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report (i.e. an 'other matter' paragraph).
74. An 'other matter' paragraph should only be used for matters not presented or disclosed in the financial statements
75. 'Other matter' paragraphs are not the appropriate vehicle to deal with the other reporting responsibilities set out in sections 5 and 6 of this technical guidance note. However, ISA (UK&I) 706 states that an 'other matter' paragraph may be used to draw users' attention to a matter relevant to these other reporting responsibilities. Where this is the case, the 'other matter' paragraph should be located beside the reporting responsibility to which it relates.

Emphasis of matter paragraph

When auditors consider it necessary to draw attention to matters that are fundamental to users' understanding of the financial statements, they should

- discuss the matter with the TSU
- include an 'emphasis of matter' paragraph in their report.

76. ISA (UK&I) 706 also deals with additional communication in the independent auditor's report when the auditor considers it necessary to draw users' attention to matters that are

fundamental to users' understanding of the financial statements (i.e. an 'emphasis of matter' paragraph).

77. An 'emphasis of matter' paragraph refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. Auditors should
- use the heading 'Emphasis of matter', or other appropriate heading
 - 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
 - indicate that the auditor's opinion on the financial statements is not modified in respect of the matter emphasised.

4 Report on regularity of expenditure and income

Purpose of section

78. This section provides guidance on the part of the independent auditor's report that relates to expressing an opinion on the regularity of expenditure and income.

Auditor's responsibilities

79. Auditors of central government bodies and other accounts are required by the 2000 Act to express an opinion on the regularity of expenditure and receipts shown in the financial statements. Although, the Act uses the term 'receipts', normal practice is to refer to 'income'.
80. Auditors are therefore required to report whether, in their opinion, in all material respects, expenditure was incurred and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.
81. 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*.
82. The responsibility to express an opinion on regularity is discharged through the audit of the financial statements. Guidance on the audit of regularity is provided by the TSU in module 6 of [technical guidance note 2017/1\(CG\)](#).

Unqualified opinion

83. Where auditors do not qualify their opinion on regularity, the wording of the relevant paragraph in Appendices 1 to 5 should be used unchanged.

Qualified opinion

When auditors qualify their opinion on regularity, they should

- discuss the proposed qualification with the TSU
- provide a description of the matter giving rise to the qualification.

84. 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. Any proposed qualified opinion on regularity should be discussed with the TSU in advance of finalising the report.
85. Auditors should

- include a 'Basis for qualified opinion on regularity' paragraph and provide a concise description of the matter giving rise to the qualification
- amend the opinion heading to 'Qualified opinion on regularity', and include the phrase 'except for the effects of the matter described in the basis for qualified opinion on regularity paragraph' after 'In my opinion'.

5 Opinions on other prescribed matters

Purpose of section

86. This section provides guidance on the parts of the independent auditor's report that relate to expressing an opinion (i.e. positive assurance) on the audited part of the remuneration and staff report, the performance report, and the governance statement.

Auditors' responsibilities

87. In accordance with adopting *Companies Act 2006* requirements as a matter of good practice, auditors are required by the Auditor General to express opinions within their independent auditor's report on whether
- the remuneration and staff report has been properly prepared. See module 7 (section 3) of [technical guidance note 2017/1\(CG\)](#)
 - the performance report is consistent with the financial statements and, as a new requirement for 2016/17, has been properly prepared in accordance with applicable legal requirements. See module 7 (section 2) of technical guidance note 2017/1(CG)
 - as a new requirement for 2016/17, the governance statement is consistent with the financial statements and has been properly prepared in accordance with applicable legal requirements. See module 7 (section 4) of technical guidance note 2017/1(CG).
88. In a small number of bodies (e.g. community justice authorities and public corporations), there are limitations on the new opinions due to insufficient clarity regarding the applicable legal requirements. This is reflected in the relevant models.
89. 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 the TSU as this would trigger the additional reporting requirements under ISA 720A included in the model for Scottish Water.

Unqualified opinion

90. Where auditors do not qualify their opinion on any of the prescribed matters, the wording of the relevant paragraph in Appendices 1 to 5 should be used unchanged.
91. If a body uses different naming conventions, auditors should use terminology which precisely matches that used by the body (e.g. strategic report and directors' report).

Qualified opinion

When auditors qualify their opinion on any prescribed matter, they should

- **discuss the proposed qualification with the TSU**
- **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 qualification.**

92. Any proposed qualified opinion on a prescribed matter should be discussed with the TSU in advance of finalising the auditor's report. Where auditors express a qualified opinion on any of the prescribed matters, they should
- amend the heading 'Opinion on other prescribed matters' to 'Qualified opinion on other prescribed matters'
 - add the phrase 'Except for the matter described in the Basis for qualified opinion on other prescribed matters section of [my/our] report'
 - add a section under the heading 'Basis for qualified opinion on other prescribed matters' and provide a concise description of the matter giving rise to the qualification.

6 Matters reported on by exception

Purpose of section

93. This section provides guidance on the parts of the independent auditor's report that relate to matters reported on by exception.

Overview

Auditors should report if

- **adequate accounting records have not been kept**
- **the financial statements and the auditable 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.**

94. Where auditors are required to report on certain matters by exception, ISA (UK&I) 700 requires auditors to describe their responsibilities under the heading 'Matters on which we are required to report by exception', and incorporate a suitable conclusion (rather than opinion) in respect of such matters.
95. The Auditor General requires auditors to report by exception (i.e. a positive statement is not required) on the matters explained in the following paragraphs.

Accounting records

96. The *Companies Act 2006* requires the auditors of companies to report if, in their opinion,
- adequate accounting records have not been kept
 - the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records.
97. In accordance with adopting *Companies Act 2006* requirements as good practice, auditors are required by the Auditor General to also report on these matters.
98. 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, the financial position of the body

- enable the Accountable Officer to ensure that any accounts required to be prepared comply with statutory requirements.

99. 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 systems would need to be reported in the governance statement.

Information and explanations

100. The *Companies Act 2006* also requires the auditors of companies to report if, in their opinion, they have not received all the information and explanations required for the audit.

101. The Auditor General requires appointed auditors in the public sector to also report in the independent auditor's report if they do not receive all the required information or explanations.

Suitable conclusion on matters reported by exception

No modified conclusions

102. Where auditors do not modify their conclusion, they should use the wording in Appendices 1 to 5, i.e. 'I/we have nothing to report in respect of these matters'.

Modified conclusion

Where auditors modify their conclusion on any matter reported by exception, they should

- **discuss the proposed modification with the TSU**
- **amend the conclusion wording**
- **provide a description of the matter giving rise to the modification.**

103. Where there is a matter to report, auditors 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'.

104. Where the auditor expresses 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. For example, 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, the auditor's report on the financial statements includes a qualified opinion arising from that limitation.

7 Report on summary financial statements in separate annual report

Purpose of section

105. This section provides guidance on procedures to be carried out if a central government body chooses to include a summary of the audited financial statements (summary financial statements) in a separate annual report.

Auditors' responsibilities

106. Auditors should examine the summary financial statements included in a separate annual report and express an opinion on the consistency with the audited financial statements in accordance with the procedures set out in this section.

107. The audit and reporting procedures set out in the following paragraphs are based on the International Auditing and Assurance Standards Board's *ISA 810 Engagements to report on summary financial statements*.

Audit procedures

108. As the basis for their opinion on the summary financial statements, auditors should check that there are no inconsistencies with the audited financial statements by evaluating whether

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

Reporting

109. 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

110. Where auditors do not modify their opinion on consistency with the audited financial statements, the model wording at Appendix 7 should be used unchanged.

Modified opinion on summary financial statements

111. 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.

112. 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

113. 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

Model independent auditor's report – Scottish Government Consolidated Accounts

Report of the Auditor General for Scotland to the Scottish Parliament

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.

Report 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 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Scottish Government and its consolidated entities and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Principal Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the Scottish Government Consolidated Accounts

The Principal Accountable Officer is responsible for the other information in the Scottish Government Consolidated Accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial

statements does not cover the other information and I do not express any form of assurance conclusion thereon except on certain matters to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the Scottish Government Consolidated Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report 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. 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.

Report on other requirements

Opinions on other prescribed matters

In my opinion, the auditable 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.

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 auditable 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.

[Signature]

Caroline Gardner

Auditor General for Scotland

102 West Port

Edinburgh

EH3 9DN

[Insert full date]

Appendix 2

Model independent auditor's report – agencies, non-ministerial departments 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

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). [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 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 Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

[My/Our] responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require [me/us] to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

[My/Our] objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements in accordance with ISAs (UK&I), [my/our] responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by [me/us] in the course of performing the audit. If [I/we] become aware of any apparent material misstatements or inconsistencies [I/we] consider the implications for [my/our] report.

Report 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. [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.

Report on other requirements

Opinions on other prescribed matters

[I am/We are] required by the Auditor General for Scotland to express an opinion on the following matters.

In [my/our] opinion, the auditable 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.

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 auditable 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.

[Signature]

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

[Full postal address]

[Full date]

Appendix 2A

Model independent auditor's report – central government pension schemes

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

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 approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to

identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report 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. 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.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

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 National Health Service (Scotland) Act 1978 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.

[Signature]

Stephen Boyle

Audit Scotland

4th Floor, South Suite, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

[Insert full date]

Appendix 2B

Model independent auditor's report – the Scottish Consolidated Fund Account

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

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 approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 Consolidated Fund for the year ended 31 March 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the primary statements used by the fund] 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 2017 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Principal Accountable Officer for the financial statements

As explained more fully in the Statement of the Principal Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Principal Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Principal Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

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 expenditure 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 expenditure and income. 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.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

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.

[Signature]

Stephen Boyle

Audit Scotland

4th Floor, South Suite, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

[Insert full date]

Appendix 2C

Model independent auditor's report – Non-Domestic Rating Account

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

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 approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Scottish Government Local Government Portfolio: Non-Domestic Rating Account for the year ended 31 March 2017 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 2017 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

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 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. 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.

Report on other requirements

Opinion on other prescribed matter

I am required by the Auditor General for Scotland to express an opinion on the following matter. 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.

[Signature]

Stephen Boyle

Audit Scotland

4th Floor, South Suite, The Athenaeum Building

8 Nelson Mandela Place

Glasgow

G2 1BT

[Insert full date]

Appendix 2D

Model independent auditor's report – 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

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 approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the Queen's and Lord Treasurer's Remembrancer for the year ended 31 March 2017 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 2017 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

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 expenditure and income. 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.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable 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.

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 auditable 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.

[Signature]

Gordon Smail

Audit Scotland

102 West Port

Edinburgh

EH3 9DN

[Insert full date]

Appendix 2E

Model independent auditor's report – Revenue Scotland Devolved Taxes Account

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

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 approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I

become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. 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.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

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 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.

[Signature]

Mark Taylor

Audit Scotland

102 West Port

Edinburgh

EH3 9DN

[Insert full date]

Appendix 2F

Model independent auditor's report – Scottish Parliamentary Corporate Body

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

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.

Report 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 2017 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Principal Accountable Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Principal Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on certain matters to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially

inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report 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. 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.

Report on other requirements

Opinions on other prescribed matters

In my opinion, the auditable 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.

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 auditable 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.

[Signature]

Caroline Gardner

Auditor General for Scotland

102 West Port

Edinburgh

EH3 9DN

[Insert full date]

Appendix 3

Model independent auditor's report – 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

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 under the [insert name of Act requiring an audit]. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

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 2017 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 2016/17 FReM; 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.

Basis of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). [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 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 Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

[My/Our] responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require [me/us] to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

[My/Our] objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements in accordance with ISAs (UK&I), [my/our] responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by [me/us] in the course of performing the audit. If [I/we] become aware of any apparent material misstatements or inconsistencies [I/we] consider the implications for [my/our] report.

Report 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. [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.

Report on other requirements

Opinions on other prescribed matters

[I am/We are] required by the Auditor General for Scotland to express an opinion on the following matters.

In [my/our] opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

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 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 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 auditable 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.

[Signature]

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

[Full postal address]

[Full date]

Appendix 3A

Model independent auditor's report – 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

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 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 primary 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 2017 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 of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). [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 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 Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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.

Auditor's responsibilities for the audit of the financial statements

[My/Our] responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require [me/us] to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

[My/Our] objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not

cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements in accordance with ISAs (UK&I), [my/our] responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by [me/us] in the course of performing the audit. If [I/we] become aware of any apparent material misstatements or inconsistencies [I/we] consider the implications for [my/our] report.

Report 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. [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.

Report on other requirements

Opinions on other prescribed matters

[I am/We are] required by the Auditor General for Scotland to express an opinion on the following matters.

In [my/our] opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the [insert name of Act under which accounts direction is issued] and directions made thereunder by the Scottish Ministers.

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 auditable 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.

[Signature]

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

[Full postal address]

[Full date]

<Name of auditor> 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

Model independent auditor's report – 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

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 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 primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 of the state of affairs of the company [and its group] as at 31 March 2017 and of the [group's] 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 2016/17 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 of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). [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 am/We are] independent of the company [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 Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

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.

Auditor's responsibilities for the audit of the financial statements

[My/Our] responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require [me/us] to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the company [and its group] and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

[My/Our] objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The directors and Accountable Officer are responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and [my/our] auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements in accordance with ISAs (UK&I), [my/our] responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by [me/us] in the course of performing the audit. If [I/we] become aware of any apparent material misstatements or inconsistencies [I/we] consider the implications for [my/our] report.

Report 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. [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.

Report on other requirements

Opinions on other prescribed matters

[I am/We are] required by the Auditor General for Scotland to express an opinion on the following matters.

In [my/our] opinion, the auditable 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.

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 auditable 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.

[Signature]

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

[Full postal address]

[Full date]

Appendix 3C

Model independent auditor's report – Scottish Legal Complaints Commission

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

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 approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Scottish Legal Complaints Commission for the year ended 30 June 2017 under the Legal Profession and Legal Aid (Scotland) Act 2007. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 30 June 2017 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 2016/17 FReM; and
- have been prepared in accordance with the requirements of the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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 are independent of the body in accordance with the ethical requirements that

are relevant to 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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

Our objectives are to achieve 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.

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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on

matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK), our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report 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 Accountable Officer is responsible for ensuring the regularity of expenditure and income. 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.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

In 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 Legal Profession and Legal Aid (Scotland) Act 2007 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 Legal Profession and Legal Aid (Scotland) Act 2007 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, we have not identified material misstatements in the Performance Report.

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 auditable part of the Remuneration and Staff 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.

[Signature]

[Name of individual auditor], for and on behalf of Deloitte LLP

[Full postal address]

[Full date]

Appendix 4

Model independent auditor's report – community justice authorities

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

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

[I/We] have audited the financial statements in the annual accounts of [insert name of body] for the year ended 31 March 2017 under the Management of Offenders etc (Scotland) Act 2005 (Members' Remuneration and Supplementary Provisions) Order 2008. The financial statements comprise the [specify precisely the titles of the primary statements used by the body] 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 Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

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

- give a true and fair view in accordance with the Management of Offenders etc (Scotland) Act 2005 (Members' Remuneration and Supplementary Provisions) Order 2008 of the state of the body's affairs as at 31 March 2017 and of its income and 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 2016/17 Code; and
- have been prepared in accordance with the requirements of the Management of Offenders etc (Scotland) Act 2005 (Members' Remuneration and Supplementary Provisions) Order 2008.

Basis of opinion

[I/We] conducted [my/our] audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). [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 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 Standards for Auditors, and [I/we] have fulfilled [my/our] other ethical responsibilities in accordance with these requirements. [I/We] believe that the audit evidence [I/we] have obtained is sufficient and appropriate to provide a basis for [my/our] opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the 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.

Auditor's responsibilities for the audit of the financial statements

[My/Our] responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require [me/us] to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

[My/Our] objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. [My/Our] opinion on the financial statements does not cover the other information and [I/we] do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with [my/our] audit of the financial statements in accordance with ISAs (UK&I), [my/our] responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to

identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by [me/us] in the course of performing the audit. If [I/we] become aware of any apparent material misstatements or inconsistencies [I/we] consider the implications for [my/our] report.

Report 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. [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.

Report on other requirements

Opinions on other prescribed matters

[I am/We are] required by the Auditor General for Scotland to express an opinion on the following matters.

In [my/our] opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

- the information given in the Explanatory 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.

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 auditable part of the Remuneration 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.

[Signature]

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

[Full postal address]

[Full date]

Appendix 5A

Model independent auditor's report – public corporations (Scottish Water)

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

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 approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 2017 under the Water Industry (Scotland) Act 2002. The financial statements comprise the [specify precisely the titles of the primary 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2015/16 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 of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board members; and the overall presentation of the financial statements.

Our objectives are to achieve 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&I) 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.

Our assessment of risks of material misstatement

[Insert a description of those specific assessed risks of material misstatement that were identified by the auditor and which had the greatest effect on the audit strategy; the allocation of resources in the audit; and directing the efforts of the audit team.]

Our application of materiality

[Insert an 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.]

An overview of the scope of our audit

[Insert an overview of the scope of the audit, including an explanation of how such scope addressed the assessed risks of material misstatement and was influenced by the auditor's application of materiality.]

Other information in the annual report and accounts

The board members are responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In this context, we are required to specifically address the boards' statement that they consider the annual report taken as a whole is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Report 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. 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.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Directors' Remuneration Report has been properly prepared in accordance with the Water Industry (Scotland) Act 2002 and directions made thereunder by the Scottish Ministers.

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
- 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 directions made under the Water Industry (Scotland) Act 2002 by the Scottish Ministers.

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 auditable 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.

[Signature]

[Name of individual auditor], for and on behalf of KPMG LLP

[Full postal address]

[Full date]

Appendix 5B

Model independent auditor's report – public corporations (Scottish Canals)

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

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 approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 Canals for the year ended 31 March 2017 under the Transport Act 1962. The financial statements comprise the [specify precisely the titles of the primary 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.

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Transport Act 1962 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2017 and of its surplus [deficit] for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Transport Act 1962 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and 2009 International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other

ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board members; and the overall presentation of the financial statements.

Our objectives are to achieve 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&I) 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.

Other information in the annual report and accounts

The board members are responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we

become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report 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. 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.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Directors' Remuneration Report has been properly prepared in accordance with the Transport Act 1962 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Board Members' 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 Transport Act 1962 by the Scottish Ministers; and
- the information given in the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 auditable 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.

[Signature]

[Name of individual auditor], for and on behalf of Grant Thornton LLP

[Full postal address]

[Full date]

Appendix 6

Auditor action checklist

	Yes/No/N/A	Initials/date	W/P ref
1 Have you used the correct model for the body?			
2 Have you presented the reports in the correct person (i.e. singular for Audit Scotland staff, plural for firms)?			
3 Have you specified precisely the titles of the primary statements used by the body?			
4 Have you amended the names of the other reports to reflect the actual titles used by the body?			
5 Have you made the required amendments to the model wording where the body has prepared group accounts?			
6 Have you inserted the names of the relevant Acts for NDPBs?			
7 Have you discussed any proposed modifications to audit opinions or conclusions, or ISA 706 paragraphs, with the TSU?			
8 Have you discussed any other proposed amendments to the model wording with the TSU?			
9 Have you <ul style="list-style-type: none"> • signed and dated the report on or after the authorised for issue date? • signed the report on behalf of the firm (firms only)? • given the full date and postal address? • satisfied yourself that the independent auditors report is appropriately located within the annual report and accounts? 			

Appendix 7

Model auditor's report – summary financial statements

Independent auditor's report to the members of [insert name of audited body] on the summary financial statements

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 approved by the Auditor General for Scotland, [I/we] do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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 2017.

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 2016/17 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 board's responsibility for the summary financial statements

The board 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 2017/4(CG).

[Signature]

[Name of auditor]

[Full postal address]

[Full date]