



Police Investigations and Review Commissioner

2020/21 Annual Audit Report to the Police Investigations and Review Commissioner and the Auditor General for Scotland

October 2021



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Key messages



This report concludes our audit of the Police Investigations and Review Commissioner (PIRC) for 2020/21.

This section summarises the key findings and conclusions from our audit.



Financial statements audit

Audit opinion	<p>Our independent auditor's report includes:</p> <ul style="list-style-type: none">• An unqualified opinion on the financial statements; and• An unqualified opinion on regularity. <p>We are also satisfied that there are no matters we are required to report by exception.</p>
Key findings on audit risks and other matters	<p>COVID-19 continues to present unprecedented challenges to the operation, financial management and governance of organisations, including public sector bodies. In response to the pandemic we identified potential areas of increased risk of material misstatement to the financial statements and/or our audit opinion. We are pleased to report those risks did not materialise.</p> <p>PIRC had appropriate administrative processes in place to prepare the annual report and accounts and the required supporting working papers.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.</p> <p>There were no errors that were considered to exceed the clearly trivial threshold..</p>
Accounting systems and internal controls	<p>We have applied our risk based methodology to the audit. This approach requires us to document, evaluate and assess your business processes and internal controls relating to the financial reporting process.</p> <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have included these in this report. One weakness was noted in respect of extracting journals from the system and detailed on page 19.</p>

Financial Sustainability

The wider scope audit involves consideration of PIRC's arrangements as they relate to financial sustainability; financial management, governance and transparency and value for money. We have concluded that the full application is not appropriate due to the size of the organisation. As part of our annual audit we consider and report on the financial sustainability of the body and the services that it delivers over the medium to longer term

Our conclusions and key observations are set out below:

	Auditor judgement	
 <p>Financial Sustainability</p>	<p>PIRC has adequate arrangements in place for medium term financial planning. A Strategic Plan is in place covering 2019-22 and this is supported by a Business Plan for 2021/22. The Independent Police Complaints Review by Dame Elish Angiolini published in November 2020 recommends an expanded role for PIRC and an increased funding allocation from the Scottish Government has been agreed for 2021-22 to cover this expanded remit. PIRC are also developing a three year Financial Plan to further support the business planning process.</p>	

Definition

We have used the following grading to provide an overall assessment of the arrangements in place as they relate to financial sustainability.

- 

There is a fundamental absence or failure of arrangements in place
There is no evidence to support improvement
Substantial unmitigated risks affect achievement of corporate objectives
- 

Arrangements are inadequate or ineffective
Pace and depth of improvement is slow
Significant unmitigated risks affect achievement of corporate objectives
- 

No major weaknesses in arrangements but scope for improvement exists
Pace and depth of improvement are adequate
Risks exist to achievement of operational objectives
- 

Effective and appropriate arrangements are in place
Pace and depth of improvement are effective
Risks to achievement of objectives are managed

Introduction



We carried out our audit in accordance with Audit Scotland's
Code of Audit Practice and maintained auditor independence



Scope

1. We outlined the scope of our audit in our External Audit Plan, which we presented to the Audit and Accountability Committee at the outset of our audit. The core elements of our work include:
 - an audit of the 2020/21 annual report and accounts and related matters;
 - consideration of PIRC's arrangements against the audit dimensions within the Code of Audit Practice, as set out in Exhibit 1;
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



Responsibilities

2. PIRC is responsible for preparing annual report and accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
3. We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

4. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.
5. We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent and our objectivity has not been compromised in any way.
6. We set out in Appendix 1 our assessment and confirmation of independence.

Openness and transparency

9. This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Adding value through the audit

7. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to PIRC through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help PIRC promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

8. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

Financial statements audit

PIRC's annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Overall conclusion

- 10. The annual report and accounts are due to be considered and approved by the Commissioner in October 2021. Our independent auditor’s report is unqualified.
- 11. We are also satisfied that there are no matters which we are required to report by exception.

- 12. Scottish Parliament remains 31 December.
- 13. Arrangements are in place to enable the annual report and accounts to be submitted to the Scottish Government and Auditor General for Scotland by the 31 October 2021 deadline.
- 14. We worked closely with management throughout the audit to put us in the best position to adhere to this timetable.
- 15. Our thanks go to staff at PIRC for their assistance with our work, particularly given the current environment we are working in.

Timescales/Administrative processes

- 12. In Scotland, the administrative deadline for the submission of audited accounts of central government bodies is usually 31 October. The legislative deadline for laying accounts in the

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	<p>We conduct our audit in accordance with applicable law and International Standards on Auditing as required by the Code of Audit Practice.</p> <p>Our findings / conclusion to inform our opinion are set out in this section of our annual report.</p>	We have issued an unqualified audit opinion.
Going concern basis of accounting	<p>In the public sector when assessing whether the going concern basis of accounting is appropriate, the anticipated provision of the services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>Our wider scope audit work considers the financial sustainability of PIRC.</p>	<p>We reviewed the budget for 2021/22. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that PIRC will continue to operate for at least 12 months from the signing date.</p> <p>Our audit opinion is unqualified in this respect.</p>

Opinion	Basis for opinion	Conclusions
<p>Regularity</p>	<p>We plan and perform our audit recognising that non-compliance with statute or regulations may materially impact on the annual report and accounts.</p>	<p>We did not identify any instances of irregular activity.</p> <p>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.</p>
<p>Matters prescribed by the Auditor General for Scotland:</p> <ul style="list-style-type: none"> • Remuneration and Staff Report • Performance Report • Governance Statement 	<p>We 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.</p> <p>We plan and perform audit procedures to gain assurance that the statutory other information has been prepared in accordance with directions from Scottish Ministers.</p>	<p>The annual report contains no material misstatements or inconsistencies with the financial statements.</p> <p>We have concluded that:</p> <ul style="list-style-type: none"> • the audited part of the remuneration and staff report is in agreement with accounting records and has been prepared in line with ministerial guidance. • the information given in the performance report has been prepared in accordance with directions from Scottish Ministers and is consistent with the financial statements. • the information given in the Governance Statement has been prepared in accordance with Scottish Ministers' guidance and is consistent with the financial statements.

Opinion	Basis for opinion	Conclusions
Matters reported by exception	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept; or the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit. 	We have no matters to report.

An overview of the scope of our audit

- The scope of our audit was detailed in our External Audit Plan, which was presented to the Audit and Accountability Committee in April 2021. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to PIRC. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
- At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
- In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a

reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

- PIRC use and rely upon Scottish Government core financial systems to carry out payment and payroll functions. Scottish Government external auditors have provided assurance that, with the exception of some items, the Scottish Government's main systems of internal control operated effectively during 2020/21. Issues were identified regarding the payroll function, accounts payable, treasury and banking, general ledger and asset management. The Scottish Government have developed an action plan to address these. We have completed sufficient substantive testing to gain assurance that functions relevant to PIRC are free from material misstatement in the financial statements.

Significant risk areas

20. Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.
21. The significant risk areas described in the table below are those that had the

greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual report and accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual report and accounts is not modified with respect to any of the risks described below.

Significant risk areas

1. Management override

Significant risk description

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

Risk assessment: High

How the scope of our audit responded to the significant risk

Key judgement

There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.

Audit procedures

- Review of PIRC's accounting records and audit testing on transactions.
- Adoption of data analytics techniques in carrying out testing.
- Review of judgements and assumptions made in determining accounting estimates as set out in the financial statements to determine whether they are indicative of potential bias. This included a retrospective review of the prior year estimates against the current year estimates.

Significant risk areas

Key observations	We have not identified any indication of management override in the year. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.
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2. Revenue recognition

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

How the scope of our audit responded to the significant risk	Key judgements At the planning stage of our audit, we rebutted the risk of revenue recognition as we considered the risk not to be material to the financial statements. Our assessment of this risk has been reviewed throughout the audit and our conclusion to rebut this risk has remained appropriate.
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Key observations	We concluded that the risk of fraud in revenue recognition was not present in the annual accounts and we therefore rebutted this risk. PIRC does not undertake any income generating activities; funding from the Scottish Government is its only source of income. This position has been reviewed throughout the audit and our conclusion has remained appropriate.
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Significant risk areas

3. Expenditure recognition

Significant risk description As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.

Risk assessment: High

How the scope of our audit responded to the significant risk

Key judgements

Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals around the year end.

Audit procedures

- Evaluate the significant non-pay expenditure streams and review the controls in place over accounting for expenditure. (Payroll is subject to separate tailored testing).
- Consideration of PIRC's key areas of expenditure and obtain evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.
- Review of accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.

Key observations

We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the financial statements.

Other risk factors

Other impacts of COVID-19 on the annual accounts

22. COVID-19 continues to present unprecedented challenges to the operation, financial management and

governance of organisations, including public sector bodies. In response to the pandemic we identified potential areas of increased risk of material misstatement to the financial statements and/or our audit opinion. Our conclusions are set out in the table below.

Area considered	Description	Conclusion
<p>Content of the annual report and accounts</p>	<p>In response to the continuing impact of COVID-19; HM Treasury has issued an addendum to the Government Financial Reporting Manual 2020-21 which sets out the minimum reporting requirements in respect of the performance report and accountability report.</p> <ul style="list-style-type: none"> The addendum permits, but does not require, bodies to omit the performance analysis section from the Performance Report. Where relevant performance information has already been published elsewhere, bodies are encouraged to refer to the relevant publication. Where unaudited information otherwise required to be included in the Accountability Report is already published elsewhere, bodies are permitted to refer to the relevant publication rather than including the information in their Accountability Report. 	<p>PIRC took the decision to include the performance analysis section of the Performance Report and make the full disclosures in the Accountability Report.</p>

Area considered	Description	Conclusion
Access to audit evidence	Our audit this year has, in the main, been carried out remotely. As a consequence, we identified a risk that access to and provision of sufficient, appropriate audit evidence in support of our audit opinion may be impacted by the inherent nature of carrying out our audit remotely.	<p>We have employed a greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.</p> <p>We stayed in close contact with PIRC finance colleagues right up until the point of accounts signing, to ensure all relevant issues were satisfactorily addressed.</p>

Estimates and judgements

23. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.

the needs of users. We review our assessment of materiality throughout the audit.

25. Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to PIRC and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Materiality

24. Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the organisation and

26. Our initial assessment of materiality for the financial statements was £70k. On receipt of the unaudited annual accounts, we reassessed materiality with no changes. We consider that our initial assessment has remained appropriate throughout our audit.

Materiality

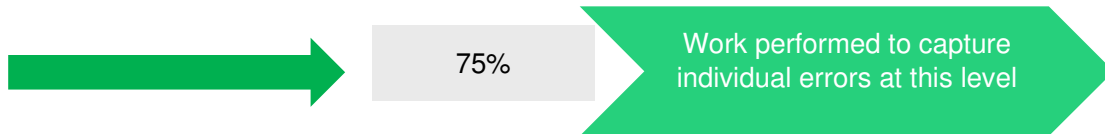
Overall materiality

£70,000



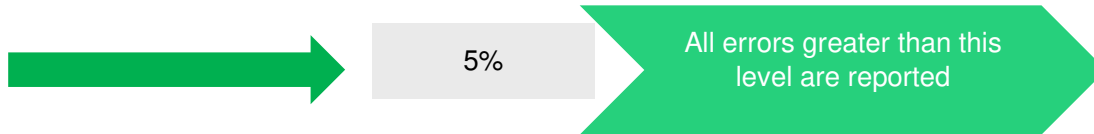
Performance materiality

£52,500



Trivial threshold

£3,500



Materiality	<p>Our materiality was assessed based on approximately 1.5% of PIRC's budgeted grant receivable. Achieving a breakeven position against Grant in Aid is a key target for PIRC and one of the principal considerations for the users of the financial statements when assessing financial performance.</p>
Performance materiality	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
Trivial misstatements	<p>Clearly trivial matters are those that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>

Audit differences

27. We identified no material adjustments to the unaudited annual accounts. We identified some disclosure and presentational adjustments during our audit, which have been reflected in the final set of accounts.
28. Unadjusted differences we identified during the audit has been detailed in Appendix 2.
29. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to PIRC. We have outlined and provided recommendations regarding any control weakness in the table below.

Internal controls

Observation	Implication	Recommendation	Management Response
It was noted that the current system was unable to run a report of all journals posted within the year.	As a result, we are unable to test for completeness of journals in the period.	Contact IT support to obtain a method of extracting a complete listing of all journals from the system.	This has been continually logged with IT helpdesk with no solution provided.

Area	Assessment	Comment
Control and process environment	Satisfactory	We consider the control environment within the entity to be satisfactory.
Quality of supporting schedules	Satisfactory	The supporting schedules received during the course of the fieldwork were sufficient for our audit purposes.
Responses to audit queries	Satisfactory	Management's responses to our audit queries were appropriate and received on a timely basis.

Other communications

Accounting policies, presentation and disclosures

30. Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by PIRC.
31. The accounting policies, which are disclosed in the annual accounts, considered appropriate.
32. There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
33. Overall we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

34. We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing
35. Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

36. As part of our standard audit testing, we have reviewed the laws and regulations impacting PIRC. There are no indications from this work of any significant incidences of non-

compliance or material breaches of laws and regulations that would necessitate a provision or contingent liability.

Written representations

37. We will present the final letter of representation to PIRC to sign at the same time as the financial statements are approved.

Related parties

38. We are not aware of any related party transactions.

Confirmations from third parties

39. All requested third party confirmations in respect of bank and legal confirmations have been received.

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether PIRC is planning effectively to continue to deliver its services and the way in which they should be delivered.



Auditor judgement



PIRC has adequate arrangements in place for medium term financial planning. A Strategic Plan is in place covering 2019-22 and this is supported by a Business Plan for 2021/22. The Independent Police Complaints Review by Dame Elish Angiolini published in November 2020 recommends an expanded role for PIRC and an increased funding allocation from the Scottish Government has been agreed for 2021-22 to cover this expanded remit. PIRC are also developing a three-year Financial Plan to further support the business planning process.

Significant audit risk

40. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Financial sustainability

Demand for PIRC's services continued to increase in the prior year. In 2019/20 PIRC presented a business case to its sponsor department within the Scottish Government for an additional £322k recurring funding to bridge the forecast gap in resources.

In 2018/19 two post legislative reviews of the Police and Fire Reform (Scotland) Act 2012 had the potential to alter the scope and nature of PIRC's operations. This has been reflected in 2020/21 with investigation workload increasing, and the extra cost of this being met with introduction of trainee investigators. The Independent Police Complaints Review by Dame Elish Angiolini published in November 2020 recommends an expanded role for PIRC.

There is a current public inquiry into a case which was investigated by PIRC, as well as a legal case bans brought against PIRC. These cases which could represent a significant cost although there is an indication that Scottish Government will look to cover the cost of the case being investigated, and PIRC has retained counsel for the purposes of the legal case.

Noted in the 2020/21 External Audit Plan

41. During our audit we reviewed whether PIRC has appropriate arrangements in place to manage its financial position and its use of resources. Our conclusion is based on a review of PIRC's financial performance, underlying financial position, financial plans in tandem with workforce plans and consideration of future workforce requirements. We considered this in tandem with the potential legal costs and how budgetary pressures could impact PIRC moving forward. Our detailed findings on the Commissioner's financial framework for achieving long term financial sustainability are set out below.

PIRC's financial performance in 2020/21

42. The main financial objective for PIRC is to ensure the financial outturn for the year is within the budget allocated by Scottish Government. The agreed

grant in aid for 2020/21 was £4,696,000.

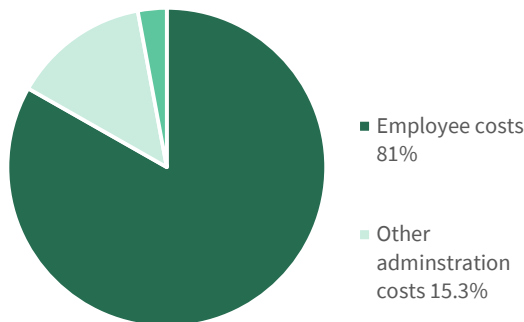
43. PIRC had a total cash drawdown figure of £4,466,000. This resulted in a 5% underspend against budget of £230,000, as shown below. This underspend was a result of a delay in

recruitment given current market conditions.

	2020/21 £'000
Resource Budget	(4,696)
.....	
Actual Expenditure	4,466
.....	
(Deficit)/surplus for the year	230
.....	

Source: PIRC's Annual report and accounts 2020/21

2020/21 Expenditure



Source: PIRC's Annual report and accounts 2020/21

Future financial plans

- 44. PIRC is funded by Scottish Government, through cash drawdowns.
- 45. In September 2020 a detailed review relating to police complaints handling, investigations and misconduct was carried out by Dame Elish Angiolini, on behalf of the Justice Committee. The report included several recommendations, which to implement required additional funding from the

Scottish Government. PIRC requested an increase in their funding allocation for 2021-22, due to this expected increase in demand for their services which was granted

- 46. PIRC's financial plan for 2021/22 shows funding grant of £5,474k from the Scottish Government. This represents a £788k uplift.

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Appendix 1: Respective responsibilities of PIRC and the Auditor

The Code of Audit Practice (2016) sets out the responsibilities of both PIRC and the auditor and are detailed below.

PIRC responsibilities

The Commissioner has primary responsibility for ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

Area	Responsibilities
Corporate governance	<p>The Accountable officer is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
Financial statements.	<p>PIRC has responsibility for:</p> <ul style="list-style-type: none">• preparing financial statements which give a true and fair view of its financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;• maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support its financial statements and related reports disclosures;• ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority;• maintaining proper accounting records; and• preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also address the longer term financial sustainability of the organisation. <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate</p>

Area	Responsibilities
	<p>disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>PIRC is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
<p>Standards of conduct for prevention and detection of fraud and error</p>	<p>PIRC is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p>
<p>Financial position</p>	<p>PIRC is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
<p>Best value</p>	<p>Accountable officers have a specific responsibility to ensure that arrangements have been made to secure best value.</p>

Auditor responsibilities

Auditor responsibilities are derived from statute, the Code of Audit Practice, International Standards on Auditing (UK), professional requirements and best practice. These are to:

- undertake statutory duties, and comply with professional engagement and ethical standards;
- provide an opinion on the financial statements and the regularity of transactions;
- review and report on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports;
- notify the Auditor General when circumstances indicate that a statutory report may be required; and
- demonstrate compliance with the wider scope of public audit.

Wider scope of audit

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability.

The Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of four audit dimensions: financial sustainability; financial management; governance and transparency; and value for money.

We have concluded that the full application is not appropriate due to the size of the organisation. As part of our annual audit we consider and report against:

- appropriateness of the disclosures in the governance statement; and
- financial sustainability of the body and the services that it delivers over the medium to longer term

Independence

In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In October 2020, the Auditor General extended our audit appointment for one year through to the audit of the 2021/22 financial year to provide continuity and stability in the current challenging environment.

Audit and non-audit services

The total fees charged for the provision of services in 2020/21 (with prior year comparators) is as follows:

	Current year	Prior year
	£	£
Audit of Police Investigations and Review Commissioner	12,890	12,580
Total audit	12,890	12,580
Non-audit services	-	-
Total fees	12,890	12,580

FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. No non-audit services were provided to PIRC.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. The audit quality arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report which covers our work at PIRC since appointment can be found at <https://www.audit-scotland.gov.uk/report/quality-of-public-audit-in-scotland-annual-report-202021>

Appendix 2: Adjusted and unadjusted errors identified during the audit

Corrected misstatements

There were no corrected misstatements.

Uncorrected misstatements

Our summary of unadjusted audit differences is presented below. We have discussed these with management and confirmed that all unadjusted differences are collectively and individually under materiality.

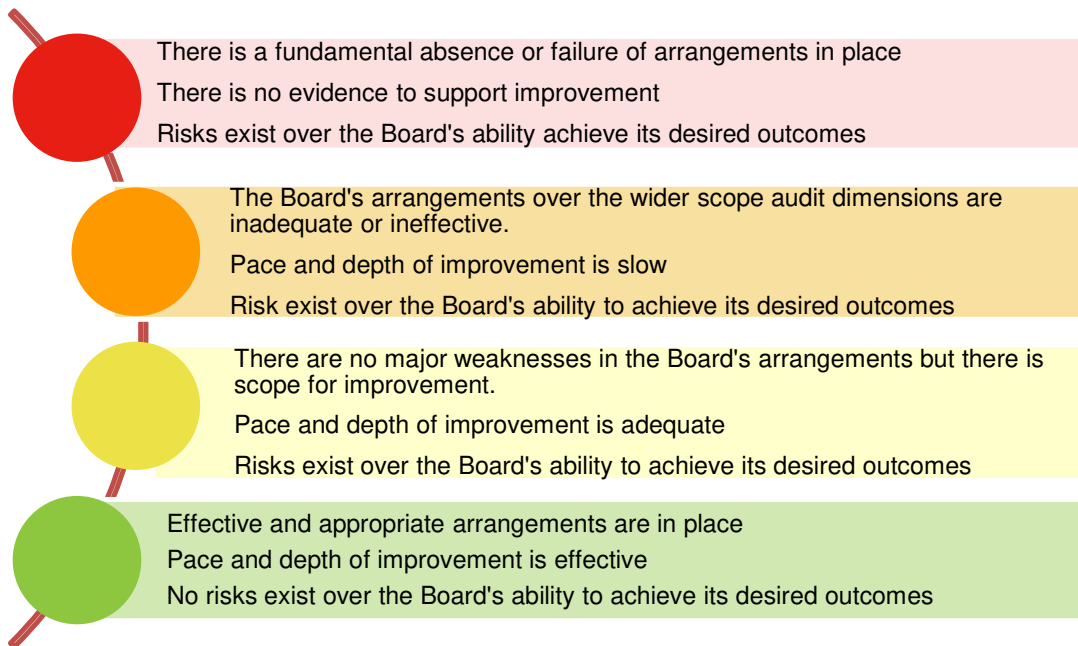
No	Detail	Assets	Liabilities	Reserves	SoCNE
Details of unadjusted audit differences		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£	£	£	£
1	Capital item expensed	2,242			(2,242)
Total		2,242	-	-	(2,242)

Appendix 3: Wider scope judgements

As outlined in our External Audit Plan, our annual audit work in respect of our wider scope audit responsibilities was restricted to:

- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the Annual Governance Statement; and
- Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.

We have used the following grading to provide an overall assessment of the arrangements in place as they relate to financial sustainability.





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