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care inspectorate

The Care Inspectorate

Final report to the Audit and Risk Committee, Board and the Auditor General for Scotland on the 2023/24 audit

5 December 2024

Contents

1. Partner introduction
The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements;
- A strong understanding of your internal control environment; and
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit and Risk Committee ("ARC") of the Care Inspectorate ("CI") for the 2023/24 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report issued to the Committee in March 2024.

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing

Our audit work is now complete.

We have issued an unmodified audit report.

The Performance Report and Accountability Report complies with the statutory guidance and proper practice and are consistent with the Annual Accounts and our knowledge of CI. We provided management with comments and suggested changes based on review of the first draft and an update has been received confirming compliance.

The auditable parts of the Remuneration and Staff report have been prepared in accordance with the relevant regulation.

A summary of our work on the significant risks is provided in the dashboard on page 8. The Care Inspectorate has achieved financial balance in 2023/24 and has confirmed funding for 2024/25.

No material error shave been identified and there are no misstatements in the current year. We have not identified any misstatements in excess of our reporting threshold based on our procedures performed.

1.2 Partner introduction (continued)

The key messages in this report (continued)

Status of the Annual Report and Accounts audit
All areas of audit testing have now been completed.

Conclusions from wider scope audit work
As CI has been categorised as a less complex body, we have performed wider scope procedures related to financial sustainability only – with conclusions below:

The Care Inspectorate has achieved financial balance in 2023/24 and has confirmed funding for 2024/25. There remains a gap between the funding confirmed and the expected costs to deliver the services in 2024/25. While the 2024/25 position is being managed through the use of reserves and a commitment by Scottish Government to identify up to £2.3m of additional in-year funding, a sustainable solution is needed for future years.

The medium to longer term projections are showing an increasingly challenging financial position. There is not a significant risk that CI is not financially sustainable and able to meet its statutory requirements however, this opinion is dependent on the Scottish Government maintaining appropriate levels of funding.

Added value
Our aim is to add value to CI by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help CI promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

Nicola Wright
Lead audit partner

Annual Report and Accounts Audit

2. Quality indicators

Impact on the execution of our audit

! Lagging ! Developing Mature

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This page summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason	Further detail
Timing of key accounting judgements	Mature	Information was provided by the requested deadline and covered the points required.	N/A
Adherence to deliverables timetable	Mature	Management provided deliverables within agreed timelines.	N/A
Access to finance team and other key personnel	Mature	The audit team always had access to the finance team and key personnel from beginning through to the end of the audit process.	N/A
Quality and accuracy of management accounting papers	Mature	The majority of working papers provided were of a good quality. There were few exceptions where further clarification or resubmissions were required.	N/A
Quality of draft Annual Report and Accounts	Mature	Quality of draft was generally of a high standard.	Page 15
Response to control deficiencies identified	Mature	No control deficiencies have been identified from our audit procedures.	Page 12
Volume and magnitude of identified errors	Mature	No material errors have been identified and there are no uncorrected misstatements.	Page 25

3. Our audit explained

We tailor our audit to your business and your strategy

Identify changes in your business and environment → Determine materiality → Scoping → Significant risk assessment → Conclude on significant risk areas → Other findings → Our audit report

Identify changes in your business and environment

In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

Determine materiality

When planning our audit we set our materiality at £874,000 based on forecast gross expenditure. We have updated this to reflect final figures and completed our audit to materiality of £966,000 and report to you in this report all misstatements above £48,300.

Scoping

Our planning report set out the scoping of our audit in line with the Code of Audit Practice. We have completed our audit in line with our audit plan.

Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our findings and conclusions on these risks in this report.

Conclude on significant risk areas

We draw to the Audit and Risk Committee's attention our conclusions on the significant audit risks. In particular the Audit and Risk Committee must satisfy themselves that management's judgements in are appropriate.

Other findings

As well as our conclusions on the significant risks, we are required to report to you our observations on the internal control environment as well as any other findings from the audit. There have been no deficiencies identified.

Our audit report

Based on our audit procedures, we have issued an unmodified report.

4.1 Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls	✓	DI	Satisfactory	Consistent
Operating within the revenue budget	✓	DI	Satisfactory	Consistent

Controls approach adopted

DI Assess design & implementation

Controls conclusion

Satisfactory

Not Satisfactory

Consistency of judgements with Deloitte's expectations

Consistent

Improvement required

Inconsistent

4.2 Significant risks (continued)

Management override of controls

Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Annual Report and Accounts and accounting records.

Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

We have tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for such tests, we have:

- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Selected journal entries and other adjustments made at the end of a reporting period; and
- Considered the need to test journal entries and other adjustments throughout the period.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we have:

- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the Annual Report and Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. From our testing we did not identify any indications of bias. A summary of the key estimates and judgements considered is provided on the next page; and
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Report and Accounts of the prior year.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

We have not identified any instances of management override of controls from our testing.

4.3 Significant risks (continued)

Management override of controls (continued)

Key estimates and judgements	The key estimates and judgments in the Annual Report and Accounts includes those which we have selected to be significant audit risks around expenditure recognition (see page 11). This is inherently the area in which management has the potential to use their judgement to influence the Annual Report and Accounts. As part of our work on this risk, we reviewed and challenge management's key estimates and judgements including:

Estimate / judgement	Details of management's position	Deloitte Challenge and conclusions
Dilapidations	As at 31 March 2024, CI has a provision of £495k for dilapidations, which is an £236k decrease from 2022/23. The value of the provision is based on information provided by Avison Young in prior year with adjustments made by CI for the landlord taking responsibility for certain areas/items of the building.	We have assessed the use of information provided by the independent experts and CI's adjustment calculations for the year, and confirmed the existence of the obligation to provide for dilapidations within the lease agreements. We have reviewed both confirmatory and contradictory evidence and concluded that the value provided is reasonable and that the provision has been appropriately disclosed in line with reporting requirements.

4.4 Significant risks (continued)

Operating within the revenue budget

Risk identified and key judgements

Under Auditing Standards there is a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. We have concluded that this is not a significant risk for CI as there is little incentive to manipulate revenue recognition with the majority of revenue being from the Scottish Government which can be agreed to the Budget (Scotland) Act. The remainder of revenue relates to fees from service providers.

We therefore consider the fraud risk to be focused on how management operate within the revenue budget set by the Scottish Government. The risk is that CI could materially misstate expenditure in relation to year-end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year-end and invoices processed around the year-end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year-end.

Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at the year-end;
- Obtain independent confirmation of the resource limits allocated to CI via the Budget (Scotland) Act;
- Perform focused testing of a sample of accruals and prepayments made at the year-end; and
- Performing focused cut-off testing of a sample of invoices received and paid around the year-end.

Deloitte view

We have concluded that expenditure and receipts were incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Ministers.

Based on our testing, we confirm that CI has achieved a net expenditure after grant funding £0.459m higher than the approved budget. An additional reassurance letter from Scottish Government has been provided, and our view is that this does not create a risk of operating outside of the resource limit.

5. Your control environment and findings

Control deficiencies and areas for management focus

Following completion of our audit procedures, there have been no control deficiencies identified by the audit team.

6. Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:
CI's Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the "FReM"). Following our audit work, we are satisfied that the accounting policies are appropriate.

Significant matters discussed with management:
Matters relating to the treatment of Lease Incentives were also discussed with management.

Liaison with internal audit:
The audit team, has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. In response to the significant risks identified, no reliance was placed on the work of internal audit and we performed all work ourselves.

We have obtained written representations from CI on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist.

7. Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.

Our opinion on the Annual Report and Accounts
Our opinion on the financial statements is unmodified.

Going concern
We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.

Emphasis of matter and other matter paragraphs
There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in another matter paragraph.

Other reporting responsibilities
The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity
In our opinion in all material respects the expenditure and income in the Annual Report and Accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page 14.

8. Your Annual Report and Accounts

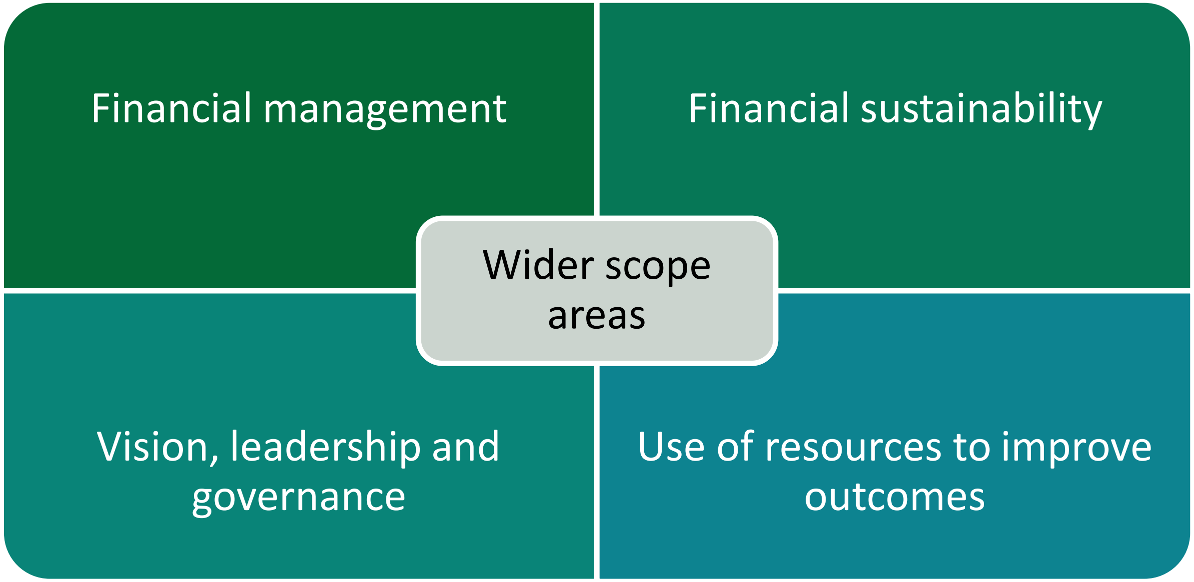
We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines CI's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by CI.	We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with comments and suggested changes and have received a final draft confirming compliance.
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the Governance Statement, remuneration and staff report and the Parliamentary Accountability Report.	We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. No exceptions noted. We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with comments and suggested changes which management have updated in the final version. We have also audited the auditable parts of the Remuneration and Staff Report and confirmed that it has been prepared in accordance with the accounts direction.


Wider scope audit

9.1 Wider scope requirements
Overview

As set out in our audit plan, Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



The Scottish Public Finance Manual ("SPFM") explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we will consider whether there are organisational arrangements in place in this regard.

As highlighted in our Audit Plan and agreed with the Commission we concluded that CI was assessed as 'less complex' in accordance with Audit Scotland planning guidance and therefore our wider scope work is limited to assessing the financial sustainability of CI.

9.2 Wider scope requirements (continued)

Financial sustainability

Can short-term (current and next year) financial balance be achieved?

Is there a medium and longer-term plan in place?

Is the body planning effectively to continue to deliver its services or the way in which they should be delivered?

Financial Sustainability

Significant risks identified in Audit Plan

In our audit plan we highlighted that we would investigate the Care Inspectorate's longer-term financial plan and assess the robustness of the plan and CI's financial sustainability. Additionally, we noted that we would focus on the 2024/25 budget and how it links to the strategic plan and medium-term financial plan.

Background

The Care Inspectorate (CI) has experienced significant challenge due to real term cuts to grant in aid. These funding gaps have been met by Letters of Comfort from the Scottish Government (SG) where CI is given the option to draw down additional funds up to a certain limit. CI has used these Letters of Comfort to achieve a balance in previous years.

In 2023/24 this shortfall was met by Letters of Comfort and by a rare use of reserves. However, in the medium to long-term, CI is expecting there to be a risk of significant funding gaps which are unlikely to be met by Letters of Comfort, the use of reserves or by routine savings/efficiency measures.

Current year financial performance

The 2023/24 budget was approved by the Board in March 2023. The budget showed a Core Net Expenditure Deficit of £2.50m.

The plan was to meet this deficit by a Letter of Comfort provided by the Scottish Government (SG) worth £2.05m and use of the Care Inspectorate's (CI) general reserves worth £0.48m on a one-off basis.

However, through several savings initiatives the CI only ended up using £1.26m of the £2.05m Letter of Comfort provided by SG. These savings initiatives included staff-based measures (saving £0.95m) and reducing staff travel (saving £0.41m). A recruitment freeze for temporary and fixed-term posts was also implanted from January 2024 to April 2024 which contributed to the above cost savings.

In 2023/24 there was a one-off use of reserves and a tightening on staff-based expenditure. This will require consideration for future years in addressing the significant budget gaps predicted in upcoming years (discussed in next section).

9.3 Wider scope requirements (continued)

Financial sustainability

2024/25 budget

For 2024/25, as per the approved budget, a funding gap of £2.73m has been identified. CI has engaged with its sponsors and SG to obtain a commitment to the provision of additional in-year funding that would help it meet its funding gap. This commitment is provided in the Care Inspectorate's Budget Allocation and Monitoring Letter for 2024/25. This is in line with historical evidence.

Additionally, CI has identified several sustainable savings opportunities to implement from 2025/26 onwards which are currently in discussion with the Scottish Government. This includes further recruitment freezes and a reduction of services (especially strategic inspections).

CI leadership including the Chair of the Board and CEO are confident that they have sufficient plans in place to meet the 2024/25 budget.

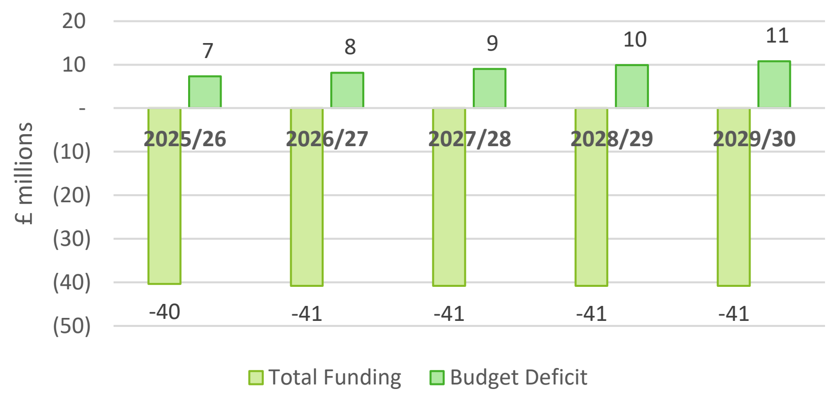
Medium-to-long term financial planning and strategy

The Board approved an updated Financial Strategy in August 2023 covering the period 2023/24 to 2029/30. This covers a period beyond the current Corporate Plan which covers the period 2022-2025 and has been developed to help the Care Inspectorate ensure its sustainability, by providing a framework that enables resources to be managed and prioritised effectively within the financial constraints. It also assists in quantifying future resource needs, including the need for investment and will enable the Care Inspectorate to develop a fully considered response to opportunities that have associated long term financial implications. It therefore is a key enabler to the corporate plan.

The strategy sets out the following financial strategy objectives:

1. To achieve long term financial security.
2. To invest appropriately in our key resources and capabilities over the medium-to-long term.
3. To plan and control the financing of developments.
4. To integrate and harmonise financial and other strategies.

Forecasted funding and deficits



CI has forecasted funding to remain consistent at £41m year-on-year and the deficit to increase by £1m per year. The outline models that combine the current 3-year budget with the extended forecasts to 2029-30 show a funding deficit rising to £10.775m in 2029-30.

The impact of cash standstill Grant-in-Aid is significant to the development of a balanced budget as are pay award assumptions, pension costs assumptions and potential fee rate rises.

CI has savings plans in place with the goal of meeting these funding gaps. This is discussed in more detail on page 20.

9.4 Wider scope requirements (continued)

Financial sustainability

Savings plans

As discussed previously, CI has savings plans in place with the key themes discussed below:

Increased Communication with SG

Senior leadership at CI are continuously in touch with SG and have communicated that CI has been underfunded for a few years now, and there are risks that the mismatch in requirement and approved funding may lead to the quantity and quality of services it can provide as budgets tighten.

Shared Service Agreements

The Care Inspectorate currently have several shared service agreements in place, in particular the shared service function with SSSC which includes finance, procurement, and Health and Safety. The shared services agreements are constantly evolving and a key area to achieve savings.

Reorganisation and Workforce Planning

Workforce planning is an ongoing process which CI carries out to ensure its workforce and related costs are aligned with CI's organisational objectives and plans. A Strategic Workforce Plan 2023-26 was developed to ensure this alignment.

Additionally, a thematic review of CI's organisational structure and service delivery was performed in 2023/24. From this review, CI identified a restructuring of services which involved the following:

- Reducing the average age of inspectors, by hiring new inspectors - to reduce the risk that a large majority of inspectors may retire within a short period.
- Continue to develop and refine a risk-based approach of inspections to become more efficient.
- Reduce the scope of strategic inspections. (continued on right)

Savings plans (continued)

- Reorganise the leadership and team structure of different services.
- Tracking staff turnover (9.1% in 2023/24) and using this as a tool in reshaping the organisation.
- Freezing recruitment in order for the above to be implemented and efficiencies in workforce to be identified.

Other Areas of Savings

CI is also pursuing other avenues of achieving savings as below:

- CI is implementing its Estates Strategy 2023-29 with the goal of embracing hybrid working and using office space efficiently – effectively reducing office size.
- CI is exploring the opportunity to increase fees in the medium-to-long term. This would generate significant additional levels of funding. This is a complex area due to the Care Inspectorate's work crossing several Scottish Government policy areas, the significant financial pressures faced by care services, and the subsequent reputational and implementation risks.
- In the absence of additional funding the only significant short-term savings opportunity is to curtail or stop the provision of some services. CI is exploring how to best implement this if the need arises

Digital transformation

Stage 2 of CI's Digital Transformation plan is being implemented. The funding for the plan was expected to be separate from core funding, but this was not the case in 2023/24. This has led to the funding runway for the plan to be extended over a longer period. Hence, there may be delays and risks related to the plan over the longer-term.

9.5 Wider scope requirements (continued)

Financial sustainability

Internal controls and internal audit

The Internal Audit of CI is performed by Henderson Loggie which is a reputable professional services firm. During the internal audit plan for 2023/24 CI's work on Financial Sustainability was identified as a key area. Upon viewing the report, there were 5 areas tested. The performance on all 5 of these areas was "Good" which means that the "System meets control objectives". The 5 areas are below:

1. CI has developed a medium-term financial strategy, which includes longer financial forecasts that underpin the organisation's strategic aims.
2. CI is effectively engaged with the Sponsor Department in SG in developing its financial strategy.
3. Risks to the successful achievement of the financial strategy have been identified and are being managed in line with CI's risk management policy.
4. Robust scenario planning and forecasting has been undertaken which includes sensitivity analysis to fully understand the impact of the cost-of-living crisis, and public sector funding constraints on the delivery of the CI strategy.
5. There is a clear focus on identifying and delivering savings opportunities and maximising available income streams.

Deloitte view – Financial sustainability

The Care Inspectorate has achieved financial balance in 2023/24 and has confirmed funding for 2024/25.

There remains a gap between the funding confirmed and the expected costs to deliver the services in 2024/25. While the 2024/25 position is being managed through the use of reserves and additional in year funding from Scottish Government, a sustainable solution is needed for future years.

The medium to longer term projections are showing an increasingly challenging financial position. Therefore, there remains a risk that the Care Inspectorate is not financially sustainable.

A comprehensive financial strategy is in place, and the Care Inspectorate have a clear understanding of its cost pressures and risks faced. While the strategy sets out areas for potential efficiencies and savings options, management has made it clear that the options identified have limited potential to generate significant budget reductions. It therefore concludes that if additional funding is not made available, then a reduction in activity will be necessary. Any changes to the fee structure would require public consultation and agreement from Scottish Government.

Hence, there is not a significant risk that CI is not financial sustainable and able to meet its statutory requirements. However, this opinion is dependent on the Scottish Government maintaining appropriate levels of funding.

10. Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit and Risk Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report;
- Our internal control observations; and
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.
We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for CI, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to CI.
Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Newcastle | 5 December 2024

Appendices

11. Audit adjustments

Corrected misstatements

In 2023/24 there have been no misstatements identified by the audit team.

Unadjusted misstatements

There have been no unadjusted misstatements noted, following the completion of all audit procedures.

Disclosures

In 2023/24 CI have complied with all disclosure requirements satisfactorily. There have been no recommendations identified by the audit team.

12. Our other responsibilities explained

Fraud responsibilities and representations

Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked CI to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked CI to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.

Audit work performed:

In our planning we identified the risk of fraud in management override of controls and operating within the revenue budget as key audit risks.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.
We have reviewed the paper prepared by management for the Audit and Risk Committee on the process for identifying, evaluating and managing the system of internal financial control

We have explained in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we have described the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud.

13. Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of CI, and our objectivity is not compromised.
Fees	The expected fee for 2023/24, as communicated by Audit Scotland in December 2023 is analysed below:

	£
Auditor remuneration	43,310
Audit Scotland fixed charges:	
• Pooled costs	460
• Sectoral cap adjustment	3,860
Total expected fee	**47,630**

There are no non-audit fees.

Non-audit services	In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Board's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Board, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.