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OSCR
Scottish Charity Regulator

Office of the Scottish Charity Regulator

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

Issued on 6 June 2024 for the meeting on 13 June 2024

Contents

1.1 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 Assurance Committee ("ARAC") of the Office of the Scottish Charity Regulator ("OSCR") 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

Based on our audit work completed to date, we have issued an unmodified audit report.
The Performance Report and Accountability Report comply with the statutory guidance and proper practice and are consistent with the Annual Accounts and our knowledge of OSCR. 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 largely in accordance with the relevant regulation.

A summary of our work on the significant risks is provided in the dashboard on page 9. OSCR has met its financial targets for 2023/24, with net cash requirements being £7k higher than budgeted. OSCR has received a reassurance letter from the Scottish Government outlining additional support available as a result of the implementation of the Charity Act 2023.

There have been no material misstatements identified up to the date of issuing of this report.

1.2 Partner introduction (continued)

The key messages in this report (continued)

Status of the Annual Report and Accounts audit
All audit procedures have now been completed, and there are no outstanding items

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

The net cash requirement for 2023/24 has been £7k higher than budgeted.

Other significant budgetary pressures include pay costs and costs related to the new Charity Act 2023. Pay costs are budgeted for at the beginning of the year, but not finalised through a public sector pay award until later in the financial year. However, in 2022/23 the Public Sector Pay Award was granted to 2024/25. Hence, OSCR is aware of this in advance and has ample time to budget for it. Please refer to page 18 to 21 for more information.

For costs related to the new Charity Act 2023, additional budget has been granted by the Scottish Government. Additionally, the Chief Executive and Chair of the Board are in continuous discussions with the Scottish government related to the budget.

Hence, there is not a significant risk that OSCR is not financial sustainable and able to meet its statutory requirements in the short-term.
However, this opinion is dependent on the Scottish Government maintaining current levels of funding.

1.3 Partner introduction (continued)

The key messages in this report (continued)

Next steps

An agreed Action Plan is included on pages 24 to 25 of this report, including a follow up of progress against prior year actions.

Added value

Our aim is to add value to OSCR 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 OSCR promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

Pat Kenny
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 slide 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 14
Response to control deficiencies identified	Mature	No control deficiencies identified to date.	Page 13
Volume and magnitude of identified errors	Mature	No errors have been identified to date.	Page 26

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 £67,000 based on forecast gross expenditure. We have updated this to reflect final figures and completed our audit to materiality of £68,000 and report to you in this report all misstatements above £3,400.

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 Risk and Assurance Committee's attention our conclusions on the significant audit risks. In particular the Audit Risk and Assurance 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

All audit procedures have been completed and we have issued an unmodified audit opinion.

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	⚠
Operating within the revenue budget	✓	DI	Satisfactory	⚠

Controls approach adopted

DI Assess design & implementation

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 12). 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, OSCR has a provision of £136k for dilapidations, which is a £26k decrease from 2022/23. The value of the provision is based on information provided by Avison Young in prior year with adjustments made by OSCR for the landlord taking responsibility for certain areas/items of the building.	We have assessed the use of information provided by the independent experts in prior year and OSCR's adjustment calculations for current 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 OSCR as there is little incentive to manipulate revenue recognition with all of revenue being from the Scottish Government which can be agreed to the Budget (Scotland) Act.

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 OSCR 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 OSCR 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 completed testing, we confirm that OSCR has achieved a net cash requirement of £7k 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

In 2023/24, 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:
OSCR'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 OSCR on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter has been circulated separately.

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 that 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 an other 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 16.

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.

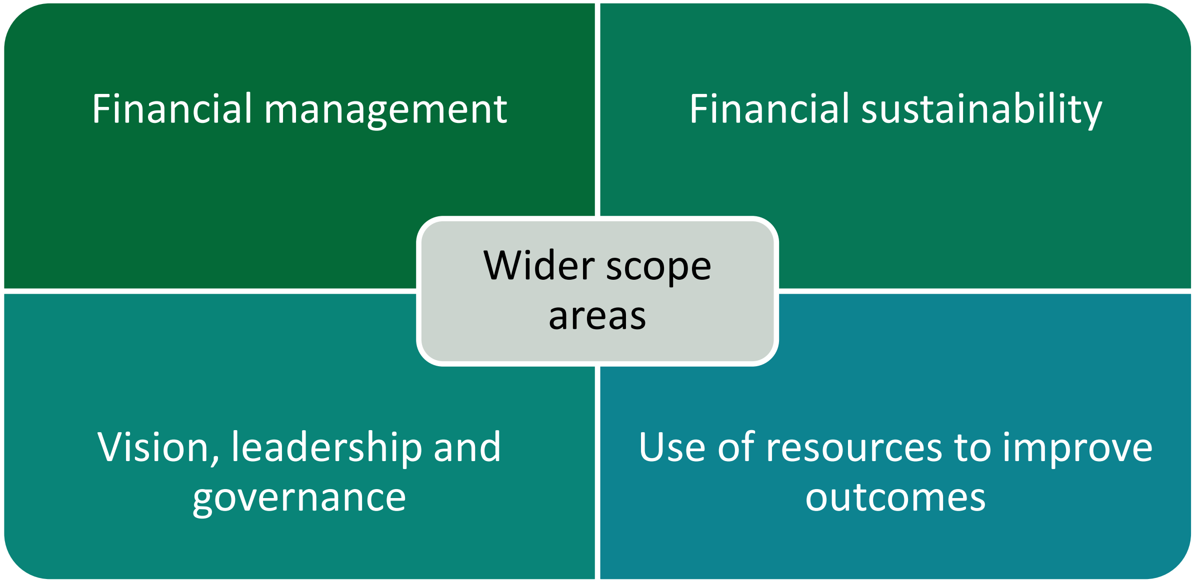
	Requirement	Deloitte response
The Performance Report	The report outlines OSCR's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by OSCR.	We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We 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 which management have updated in the revised draft.
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 revised draft. 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 OSCR 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 OSCR.

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 inspect OSCR's medium-term financial planning. We identified 2 key areas which would push costs in the coming years: staff costs and implementation of the Charity Act 2023. The Scottish Government has approved funding for implementing the Charity Act 2023 – increasing the budget for 2024/25 from £3.3m to £3.6m - and has informed OSCR of 2024/25 pay rises well in advance, so OSCR can adjust its budget accordingly. OSCR has appropriate plans in place to achieve medium-term financial sustainability.

Charities (Scotland) Act 2023

A key risk for OSCR related to the implementation of the Charities Act. OSCR has worked closely with the Scottish Government to put forward business cases for additional funding for hiring additional resources and adapting to the increased responsibilities arising from the Act. In response, the Scottish Government has issued a letter of assurance for 2023/24's increased Act related staff costs and increased 2024/25's budget from £3.3m to £3.6m. This shows the Scottish Government's intention to provide OSCR with suitable funding.

2024/25 budget setting

A paper setting out OSCR's position with its 2024/25 budget was considered by the Board in April 2024. The total budget provided to OSCR through the Budget Act is £3.6m, after the £0.3m increase regarding the implementation of the Charities Act 2023. As per the 2024/25 budget, costs related to the Charities Act 2023 are: operational functions (£45k), information and knowledge management (£90k) and people management (£155k). This totals £290k which is equivalent to the budget increase. However, these cost are estimates and may change as Act related activities continue. Furthermore, the budget assumes that there shall be no additional pay awards granted (except those already announced for 2024/25).

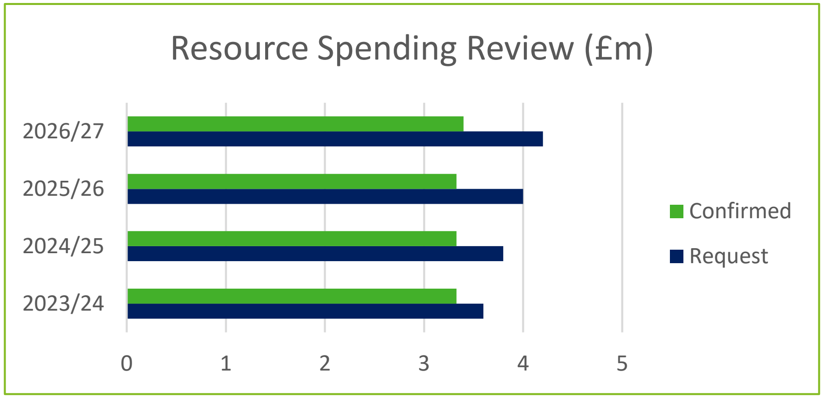
9.3 Wider scope requirements (continued)

Financial sustainability

Medium-to-long term financial planning

OSCR's medium-term financial planning is considered as part of its financial updates to the Board rather than as a separate formal Medium-Term Financial Plan.

As part of the Scottish Government Spending Review announced in May 2022, OSCR looked forward across the 5-year period 2022/23 to 2026/27 to identify the funding required and associate rationale, linking to the corporate plan. The final budget for this period fell short of the allocation, as illustrated below.



As part of the Spending Review, the Scottish Government expects bodies to set an annual efficiency target of 3% and also expects them to explore the scope to maximise the use of shared services across the public sector landscape. We have considered each of these element as applicable to OSCR as follows.

Savings targets

OSCR currently do not include savings targets within its financial plans. A significant part of its financial monitoring is to closely monitor slippage early enough to allow time for alternative items of expenditure to be commissioned and incurred. OSCR has been proactive in this regard and have identified several areas of improvement ahead of Sottish Government recommending them. Some areas of efficiency improvements effected by OSCR included:

- Identifying different types of cases and figuring out more efficient ways to resolve each type of case;
- Being conservative in hiring new personnel, by taking advantage of short-term secondments;
- In 2023/24, efficiencies were identified within OSCR processes as a result of a proactive approach in recruitment and managing vacancies. OSCR recognises it needs to continue to develop and expand its online services and information and data sharing;
- Whilst the current approach allows funding to be re-allocated to priority areas, it is reliant on slippage rather than any targeted work at making efficiency savings. Given the high proportion of staff costs determined by Public Sector Pay Policy which includes a commitment to no compulsory redundancies, achievement of such targets is likely to be challenging; and
- Management recognise that some of the legislative changes are likely to lead to operational efficiencies in the medium-term, however there will be a short-term cost in implementation.

9.4 Wider scope requirements (continued)

Financial sustainability

Medium-to-long term financial planning (continued)

As the discussions with Scottish Government have been concluded in the form of increase funding for 2023/24 and 2024/25, OSCR should continue to monitor their medium-term financial position. The medium-term financial planning would set out the expected costs to deliver its strategy along with efficiency targets and how they are going to be achieved, against the 3% target. Any remaining funding gaps should be clearly identified along with potential impact on services.

Use of shared services

OSCR currently have a number of shared service agreements in place including:

- Facilities management, transaction finance and accounts preparation with Care Inspectorate;
- Procurement, HR and finance with Scottish Government; and
- Agreements in place with the Charity Commission and Scottish Housing Regulator and other regulators in respect of charities which are subject to regulation by more than one regulator.

Management has advised that there are not any significant opportunities to achieve efficiencies through any increased usage of shared services.

Deloitte view – Financial sustainability

OSCR has achieved a net cash requirement position of £7k higher than budgeted in 2023/24. A reassurance letter from Scottish Government has been received in relation to the additional funding requirements. Furthermore, OSCR has also secured an additional £300k in funding for 2024/25 to implement the Charities Act.

OSCR has a clear understanding of its cost pressures and the expected impact of the new legislation. It also has been able to achieve efficiencies, particularly through managing its staff costs.

Considering the budget position for 2024/25 and OSCR’s cost structure, we determine that there is not a significant risk of financial unsustainability. However, this is dependent on Scottish Government maintaining current levels of funding and its willingness to increase funding based on business cases presented to it by OSCR if need be.

OSCR should continue to monitor their medium-term financial position regularly, in order to identify efficiencies and funding gaps.

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 Risk and Assurance 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 OSCR, 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 OSCR.
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

Glasgow | 6 June 2024

Appendices

11.1 Action Plan

The following recommendations have arisen from our 2023/24 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
1. Medium-to-long term financial planning OSCR should look to develop a medium-term financial plan setting out the expected costs to deliver its strategy along with efficiency targets and how they are going to be achieved, against the 3% target. Any remaining funding gaps should be clearly identified along with potential impact on services.	We regularly review our current year budget and the medium-term enabling us to identify any risks around the delivery of our functions. It can be challenging to identify any medium and long-term budget shortfalls as our budget is set annually by the Scottish Government, this funding is confirmed around December of the preceding financial year. Identifying efficiencies is now embedded as businesses as usual within OSCR, efficiency targets will be considered as part of this process.	Low	Finance, Governance and Business Manager/Head of Corporate	21 June 2024/ ongoing

11.2 Action Plan

We have followed up the recommendations made in the prior year audit. We are pleased to note that one recommendation is ongoing and one recommendation has been implemented satisfactorily.

Recommendation	Management Response	Status
1. Medium to long-term financial planning Once the outcome of discussions on funding associated with the legislative changes has been concluded, OSCR should look to develop a medium-term financial plan setting out the expected costs to deliver its strategy along with efficiency targets and how they are going to be achieved, against the 3% target. Any remaining funding gaps should be clearly identified along with potential impact on services.	OSCR's budget for 2023-24 is confirmed at £3.3m. Financial planning and modelling based on this allocation has been an ongoing activity over the course of the year and will be shared with the Board at the June 2023 meeting. Further meetings are scheduled to take place with SG in relation to funding for the implementation of the legislative change. OSCR's financial plans are subject to continual review, and budget allocations revised where required.	Ongoing – see updated recommendation on page 24.
2. Review of accruals and payables It is recommended that accruals and payables be thoroughly reviewed to ensure that there are no misclassifications.	We have put in place a process to ensure we pick up any invoices received by 31 March but not input into the finance system to identify any accrued trade payables.	Recommendations implemented satisfactorily. No issues noted in our audit procedures on accruals and payables balances in 2023/24.

12. Audit adjustments

Corrected misstatements

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

Disclosures

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

13. 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 OSCR 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 OSCR 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 Risk and Assurance Committee on the process for identifying, evaluating and managing the system of internal financial control

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe 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.

14. 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 OSCR, 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	30,860
Audit Scotland fixed charges:	
• Pooled costs	3,120
• Sectoral cap adjustment	(18,620)
Total expected fee	**15,360**

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.