



Accountant in Bankruptcy (AiB)

External Audit Annual Report to the Accountable Officer and the Auditor General for Scotland for the financial year ended 31 March 2019

Final Report

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Our audit at a glance



We have fulfilled our responsibilities per International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice throughout our work and this final report to the Accountable Officer and the Auditor General for Scotland concludes our work.



Materiality was set at 1.6% of gross income within our plan at £197,000. From our assessment of the 2018/19 draft financial statements we have retained the materiality at that included within our audit plan. We did not identify any adjustments to the draft financial statements based on our work and minor disclosure amendments were discussed and agreed.



Significant audit risks were: management override of controls; risk of fraud in revenue recognition; and the risk of fraud in expenditure recognition as set out in International Standards on Auditing (ISAs UK) and FRC practice note 10. Our risk assessment remained unchanged and we did not identify any adjustments in these three areas in our work.

An audit underpinned by quality



We have built on our relationship with the Accountant in Bankruptcy (AiB) management during the year.



Our work was undertaken in accordance with our agreed timetable. The draft financial statements produced by management were of a good standard with complete information and good supporting working papers. We thank management for their support and assistance during our work.



A wider scope audit for AiB, as set out in our plan, was considered not appropriate. However, we have considered your financial sustainability and governance statement disclosures. We have raised two audit recommendations around consideration of operating lease obligations as well as medium term financial planning as detailed in appendix 1.

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Introduction

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2019.

Our work has been undertaken in accordance with International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016.

Our report is addressed to Dr Richard Dennis as AiB Accountable Officer, in respect of his role as set out and agreed with Scottish Ministers. In addition, in accordance with our reporting responsibilities the report is jointly addressed to the Auditor General for Scotland.

This report will be made publically available on the Audit Scotland website (www.audit-scotland.gov.uk)

Our report was presented as a draft to the Audit Committee on 7 August 2019. and then following minor updates, was finalised following the signing of the financial statements.

like to thank AiB management and the finance team for an effective year-end audit process and all their support and assistance in the audit process.

Structure of this report

As set out in our Audit Plan (February 2019) we consider in accordance with the Audit Scotland Code of Practice that AiB is a smaller body. Therefore full wider scope is not appropriate. Our report concludes on our financial statements audit and certain aspects of AiB's arrangements as follows:

Financial statements – Section 2 and Appendix 1

Financial sustainability and governance statement – Section 2



Our Opinion

For the financial year ended 31 March 2019 we have issued an **unqualified audit opinion**

- True and fair view of the financial statements
- Regularity – expenditure has been incurred in accordance with the purpose of AiB
- Other prescribed matters (which include the audited information in the remuneration report)



The audit process

We received a good complete set of financial statements in line with the agreed audit timetable, including the performance report, strategic report and governance statement.

The draft financial statements were supported by good working papers and the audit was efficient.



Financial statements

We identified no changes to the financial statement balances and have no unadjusted differences to report to the Audit Committee and the Accountable Officer. We identified minor disclosure enhancements and these have been reflected in the financial statements.

Audit approach and materiality

Our audit approach was set out in our annual audit plan presented to the Audit Committee on 6 February 2019. As set out in our plan, our materiality calculations were based on the audited 2017/18 financial statements. From our assessment of the 2018/19 draft financial statements we have retained the materiality at that included within our audit plan. We have used gross income as the benchmark. Overall materiality has been set at £197,000 (1.6% of gross income) and performance materiality is set at £147,000 (75% of materiality). We report to management any audit difference identified over £9,800 (Trivial as 5% of materiality).

The draft financial statements were of a good standard supported through detailed working papers. The audit process went well this year with our work completed in a timely manner.

Audit opinion

Based on our audit procedures performed we have issued an unqualified audit opinion on the financial statements including:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by Scottish Ministers of the state of the body's affairs as at 31 March 2019 and of its net expenditure the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM;
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by Scottish Ministers;
- the wider information contained in the financial statements, e.g. Performance Report and Governance Statement, is consistent with the financial statements
- regularity of expenditure
- audited parts of the remuneration and staff report have been prepared in accordance with applicable guidance

Internal control environment

During the year we sought to understand the AiB's overall control environment (design) as related to the financial statements. In particular we have:

- Sought to understand procedures and controls around related parties, journal entries and other key entity level controls
- Performed procedures around entity level controls and there are no significant matters that we wish to draw to your attention.
- Performed walkthrough procedures on key controls around identified risk areas including revenue, expenditure as well as payroll

No material weaknesses in the accounting and internal control systems were identified based on our work undertaken during the audit which could have an adverse impact on the AiB's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. We adopted a substantive based approach to the audit of the financial statements and therefore our review is limited to the design of controls rather than the operating effectiveness of these.

Internal Audit

As set out in our external audit plan we have not placed formal reliance on the work of the Scottish Government Internal Audit Service, the AiB's internal audit provider. We reviewed the internal audit plan and individual reports issued to date, to consider if any impact on our audit approach, with none being noted and all reports concluding that highly effective internal controls were in place over the areas tested.

Identified audit risks and our conclusions

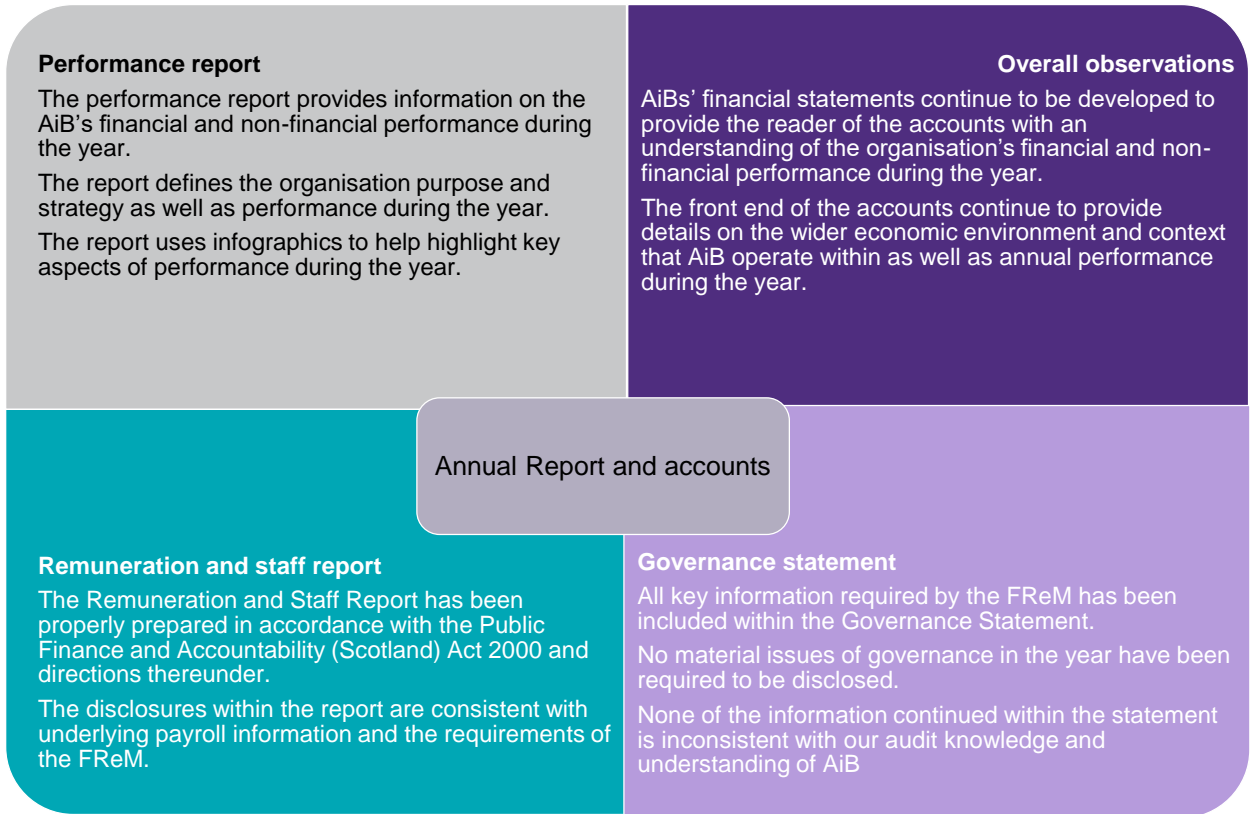
Within our annual external audit plan we identified significant audit risks and our planned approach. We have set out below a summary of the work undertaken over these risks and our audit conclusions

	Identified audit risk at planning	Work completed	Our conclusion
Risk of fraud in revenue	As set out in ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. The majority of AiB's income is generated from income from charging schemes or recoveries (not grant-in-aid related). The risk is prevalent primarily on transactions around the year end where there is a inherently higher risk of misstatement	<ul style="list-style-type: none"> Developed our understanding of AiB's material revenue streams including walkthrough of key transactions. Performed targeted review and testing of key revenue streams during the year, including analytical procedures and transaction testing including information from asset managers and underlying transactions Performing revenue cut off procedures and substantive testing over pre and post year end balances Testing the existence and recoverability of balances at the year end including recoverability of amounts recognised on outstanding insolvency cases. 	<p>From our audit procedures performed we are satisfied that revenue is free from material misstatement.</p> <p>We are satisfied that revenue has been recognised in the appropriate financial year.</p>
Operating expenditure is not treated correctly	Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure). As set out in Practice note 10 (revised) which applies to public sector entities, we recognise that there is a risk that expenditure could be materially misstated. The risk is prevalent primarily on transactions around the year end where there is a inherently higher risk of misstatement.	<ul style="list-style-type: none"> Developed our understanding of AiB's material expenditure streams including walkthrough of key transactions. Performing targeted review and testing of key expenditure streams during the year, including analytical review of expenditure and targeted transaction testing, including consideration of the regularity of expenditure incurred. Performing cut-off testing of expenditure transactions around the year end to ensure these had been allocated to the appropriate financial year. Reviewing post year end payments for any potential unrecorded liabilities. 	<p>Reasonable assurance gained that expenditure has been recorded within the appropriate financial year and that payables are free from material misstatement.</p> <p>We are satisfied that expenditure has been incurred in accordance with the type/nature of AiB as an organisation.</p>
Management override of controls	As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities	<ul style="list-style-type: none"> Developed our understanding of the entity level controls in place at AiB that reduce the risk of management override Performed review of journal transactions for unusual transactions or balances. Evaluated key areas of judgement within the Financial statements and the basis for these judgements / application of accounting policies Reviewed unusual and/or significant transactions 	<p>We did not identify any significant areas of bias in key judgements by management.</p> <p>We have not identified any unusual or significant transactions during the course of the year that would indicate management manipulation.</p>

Testing provided assurance on identified areas of significant risks that these were not materially misstated in the financial statements and there were no audit differences arising during the course of our audit

Narrative elements of your annual accounts

In accordance with our responsibilities we have reviewed your narrative aspects of the Annual Accounts and Report. We have considered the consistency of this narrative with our understanding of AiB and the financial statements and have set out our observations below. We have also audited the required information in the remuneration report (marked audited) and have no matters we wish to bring to your attention.



Adding value through our external audit work

Our overall objective is to ensure we deliver a quality external audit which fully complies with International Standards of Auditing (ISAs) UK and the Audit Scotland Code of Practice (2016). By ensuring our audit is efficient and effective, we can focus our resources on addressing areas of audit risk to providing you assurance over our opinion.

Through this Annual Report we seek to provide insight and commentary over certain aspects of the AiB's arrangements, sharing relevant practices with the Audit Committee and Management.

During 2018/19 we provided Management and the Audit Committee with an emerging issues paper, including new International Reporting standards (IFRS 9 and IFRS 15) as well as wider relevant sector updates.

We have worked with the finance team for early consideration of the impact of IFRS 9 and IFRS 15 on the financial statements to ensure appropriate disclosures were included within the financial statements. We have also had early discussions around the potential impact of IFRS 16.



Key aspects of your financial statements

As set out in our audit plan we consider particular aspects of your financial statements in relation to management judgements including estimates and where management may have particular options or choices in what accounting standards or disclosure requirements to apply. We have summarised where these apply, and our conclusions below.

AiB's accounting policies are in accordance with the FReM and we consider these to be appropriate to the organisation and consistent with those adopted in prior years.

Accounting estimates and judgements

AiB's significant accounting estimates and judgement impacting on the annual accounts are the following:

- **Provider accrual (and debtor):** AiB recognise a liability in the accounts to reflect the amounts payable to third party insolvency providers in respect of live cases at the balance sheet date. The liability consists of two main elements: an accrual for amounts contractually payable to the provider for managing the case; and an accrual for the amounts payable in commission. AiB accrue income in each of the cases based on historical amounts recoverable.

As at March 2019, AiB accrued £875,000 in statutory fees from third party insolvency providers. This has been derived from the case management system, which records all fees due and paid to the provider as well as confirmations from management agents on commissions paid out to date. We have agreed the amounts recognised to the case management system, validated for accuracy through sample testing as well as insolvency providers confirmation.

Management recognise income based on estimated future recoveries from the cases administration less fees and outlays. The amount recognised is based on Management's estimate of future amounts recoverable on insolvency cases. This is informed through both consideration of existing cases as well as historic recovery trends. Management have accrued £612,000 of future recoveries. We are satisfied that the amount recognised is a reasonable estimate of the amount recovered based on case information and historic recoveries.

- **Bad debt provision calculations:** Allowances for bad and doubtful debts are based on discussions between management agents and Management, including legal representation. We have reviewed the provision recognised in the current year as well as considering the recoverability of outstanding debtors and are satisfied that these are appropriate.

We are satisfied that the estimates and judgements applied by management are reasonable and not subject to management bias.

Lease obligations

Under the terms of the lease arrangement for the Kilwinning premises, at the end of the lease term or earlier termination of the lease, AiB are obliged to return the premises to its original condition. The lease has a break clause in 2020 but we understand there are currently no plans to exit the premises at this stage and the lease ends in 2025.

To date work undertaken by AiB includes installing air conditioning units and other improvements. There has also been ongoing maintenance expenditure. While there will likely be an obligation which the present value of any future liability should be recognised, to date given the level and nature of expenditure, Management do not consider any remediation costs to be significant. However, going forward, in the event that the lease is extended beyond 2020, or any similar lease arrangement entered, we recommend that Management conduct an annual assessment of the potential future costs in restoring the premises. With the forthcoming implementation of IFRS 16 likely to result in assets of this type being recognised within AiB's financial statements, this may represent an opportunity to have a professional valuation of any potential future obligation.

Action Plan point 1



AiB's financial sustainability and governance statement

Financial management

AiB's Corporate and Business Plan details AiB's corporate objectives between 2018-20. The Plan recognises the financial pressures and challenges facing the organisation. The volume of operational activity reflects a number of societal and economic factors including the overall level of debt. AiB use trend analysis to forecast caseload volumes and thus operational (and revenue) forecasts. In addition, financial plans recognise other pressures including inflation and pay pressures.

AiB's financial plan assumes that the Scottish Government budget allocation will reduce by £0.1 million in revenue and £0.2 million in capital funding to £2.5 million and £0.8 million respectively. The majority of operating costs are through staffing £4.864 million (38%). Given payroll costs are subject to pay inflation pressures, against a backdrop of reducing Scottish Government resource allocations, it is important that operating costs, including pay costs are kept under close monitoring.

AiB's Corporate and Business Plan includes financial projections over the period of the plan. As 2019/20 represents the final period of the current plan, there are no longer term financial plans in place. We recognise that Management continue to forecast insolvency trends and activity and keep these under review. Management has also developed a medium term financial strategy. However, there is an opportunity to align the financial strategy with Corporate and Business plans as well as wider strategies across the organisation. The new Corporate and Business plan will include forward looking projections over the period of the plan. We recommend that annual refreshes of the plan includes forecast financial outlooks to ensure management decisions are cognizant of longer term financial implications.

Action Plan Point 2

Financial performance is monitored by the senior management team and the AiB Advisory Board. The reports include consideration of case volumes and forecast activity. Financial monitoring reports are clear and concise and subject to appropriate scrutiny.



Governance and transparency

The Advisory Board assists and advises the Accountable Officer on how Scottish Government policies can most effectively be delivered.

The Accountable Officer is further supported through the Audit Committee through oversight and scrutiny of the organisation's risk, control and governance processes.

We are satisfied that the governance arrangements in place at AiB are appropriate given the organisation's size and operating activities. There is a clear commitment to transparency and public accountability with minutes of both the Advisory Board and Audit Committee meetings being published online as well as corporate documentations such as business plans and performance reports. We found that minutes of these were published on AiB's website in a timely manner.



Changing landscape for public financial management



Recognising the changing landscape of Scottish public finances, including significant tax – raising powers as well responsibility for 11 social security benefits provides the Scottish Parliament with more policy choices. Subsequently, there is potentially greater volatility and complexity around Scottish budget and greater focus on the use of Scottish funds. This is likely to increase the scrutiny of public sector annual accounts and audit reports.

The financial statements place a key role in disclosing the use of public funds and how organisations have delivered value for money. We considered the openness and transparency around the narrative in the financial statements and are satisfied that the “Front end” of the accounts as well as the core financial statements provide transparency to the reader of the accounts as to how AiB generated funds during the year and how public funds were used.

Dependency on key suppliers

The collapse of Carillion and the subsequent impact across the public sector has brought into focus the risk of key supplier failure and underperformance.

We considered the arrangements in place for identifying key suppliers and the risks, if any, associated with these and how effectively these are being managed. AiB work with a range of suppliers including service providers including the Scottish Government and those procured to provide individual contracts i.e. construction / maintenance. The other key third party relationships are with third party agents managing insolvency cases. Management keep services under review and monitor third party performance and escalate and take action where third party performance issues arise. Excluding the services provided by Scottish Government in terms of maintaining ledger and providing core financial systems support, Management do not consider any of the remaining suppliers to be key suppliers. In the event of supplier or agent failure, alternative suppliers could be sought.



Implications of EU Withdrawal

There are uncertainties surrounding the terms of the UK’s withdrawal from the European Union and these are subject to ongoing negotiation between the UK government and EU. Whatever the outcome of these negotiations there is inevitably implications for devolved government in Scotland and for AiB.

Following Audit Scotland’s planning guidance, we considered the extent to which AiB are prepared for EU withdrawal and, where relevant, how the body is continuing to respond to emerging risks.



AiB has undertaken an assessment of the potential implications and risks from EU withdrawal and has taken a number of actions in preparation for EU Withdrawal. This includes: deploying staff to evaluate emergency and business continuity plans in line with Scottish Government guidance. AiB continue to recognise the wider economical impacts of EU withdrawal in terms of insolvency cases, with potential implications on case volumes. Furthermore, Brexit could impact on levels of future Scottish Government funding levels. In response AiB continue to focus on potential impact and continues to look to automate case management processes to support the organisation streamline service delivery, supporting increased case volumes and managing costs.

While we recognise that there remains considerable risk around EU withdrawal, AiB continue to actively monitor developments and manage potential implications of EU withdrawal. We conclude that AiB are well prepared for EU withdrawal, recognising that the organisation continues to face significant potential risks that will need to be managed going forward.

Appendices

Action plan and follow up of 2017/18 recommendations

Audit adjustments

Independence, fees and fraud responsibilities

Communication of audit matters with the Accountable Officer

Action plan and follow up of 2017/18 external audit recommendations

We have set out below, based on our audit work undertaken in 2018/19, those risks and recommendations we consider are of a higher risk to AiB that Management may wish to consider in the future. We have also completed follow up of our 2017/18 recommendations and this is reflected below for information.

Recommendation

Agreed management response

Lease obligations

Under the terms of the lease arrangement for the Kilwinning premises, at the end of the lease term or earlier termination of the lease, AiB are obliged to return the premises to its original condition. The lease has a break clause in 2020 but we understand there are currently no plans to exit the premises at this stage and the lease ends in 2021.

To date work undertaken by AiB includes installing air conditioning units and other improvements. There has also been ongoing maintenance expenditure. While there will likely be an obligation which the present value of any future liability should be recognised, to date given the level and nature of expenditure, Management do not consider any remediation costs to be significant. However, going forward, in the event that the lease is extended beyond 2020, or any similar lease arrangement entered, we recommend that Management conduct an annual assessment of the potential future costs in restoring the premises.

Management response:

There has been limited work done to the fabric of the building to date and in our opinion any remediation work is likely to be insignificant. We will review this position annually, with an assessment of any potential future costs including restoration of the premises.

Action owner:

Business Support Manager / Head of Finance

Timescale for implementation:

February 2020 and annually thereafter

Medium term financial planning

AiB's Corporate and Business includes financial projections over the period of the plan. As 2019/20 represents the final period of the current plan, there are no longer term financial plans in place. We recognise that Management continue to forecast insolvency trends and activity and keep these under review. Management has also developed a medium term financial strategy. However, there is an opportunity to align the financial strategy with Corporate and Business plans as well as wider strategies across the organisation. The new Corporate and Business plan will include forward looking projections over the period of the plan. We recommend that annual refreshes of the plan includes forecast financial outlooks to ensure management decisions are cognizant of longer term financial implications.

Management response:

In developing AiB's business strategy beyond 2020, we will align this with 2025 ICT, Finance, Stakeholder and People strategies.

Action owner:

Business Support Manager/

Timescale for implementation:

March 2020

Follow up of 2017/18 recommendations

Recommendation

Update

Provider accrual

The revised approach to determining the amount payable to third party providers uses live case information. The revised approach creates greater uncertainty around the year end expenditure. We recognise that this is likely to be offset by corresponding movements in income. However, we recommend that management consider early engagement with third party providers to help forecast likely outturn position to ensure financial plans remain appropriate.

Issue closed

To complete the 2019/20 financial statements, the Agency has continued to engage with providers to help identify methods of estimating payments due to be paid and to assess the potential recoveries due from case. There is ongoing monitoring of case activity to ensure financial forecasts remain appropriate.

Audit adjustments

Uncorrected and corrected misstatements

We are pleased to report that there were no corrected or uncorrected misstatements to the financial statements arising during our audit.

Disclosure misstatements

In accordance with auditing standards we are required to highlight significant disclosure misstatements to allow Audit Committees to evaluate the impact of these matters on the financial statements. There were minor disclosure amendments made to the draft financial statements. These were primarily around disclosure enhancements required under the FReM. We do not consider these to be material to the financial statements.

Fees, independence, fraud arrangements

External Audit Fee

Service	Fees £
External Auditor Remuneration	33,320
Pooled Costs	8,570
Contribution to Audit Scotland costs	1,940
Contribution to Performance Audit and Best Value	0
2018-19 Fee	43,830

The audit fee was calculated in accordance with guidance issued by Audit Scotland and agreed with Management.

The above fee has not changed and our final fee was £43,830

Fees for other services

Service	Fees £
We can confirm there are no non-audit fees for the 2018/19 financial year	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Grant Thornton are private trustees in bankruptcy/PTD processes. AiB have a supervisory role over the performance of private trustees in exercising their duties in regards to these processes. We do not consider these arrangements to impact on our auditor independence.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.

We can confirm no independence concerns have been identified.

Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work (joanne.e.brown@uk.gt.com). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to Elaine Boyd, Assistant Director, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

Fraud arrangements

In assessing our audit risks, the audit team was alert to the possibility of fraud at AiB.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relation to management override of controls.
- Leading a discussion with those charged of governance (for AiB this is assumed to be the Audit Committee) on their view of fraud. We did this when presenting our audit plan.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit. – None were identified in-year

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

It is **AiB's** responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we worked with AiB to review specific areas of fraud risk, including the operation of key financial controls.

We also examined certain policies in place, strategies, standing orders and financial instructions, as relevant to the fraud framework, to ensure that they provide a reasonable framework of internal control.

No suspected frauds or irregularities have been identified by Management and reported in-year.

Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the planning guidance) to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at AiB we will report to the Auditor General as required by Audit Scotland.

Communication of audit matters with the Accountable Officer

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance who for AiB we deem to be the Accountable Officer	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity We are independent of AiB and have not identified any conflicts of interest. Grant Thornton are private trustees in bankruptcy/PTD processes. AiB have a supervisory role over the performance of private trustees in exercising their duties in regards to these processes.	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence We have not incurred any non-audit fees during the year and no threats to independence identified	•	•
Significant matters in relation to going concern No significant going concern matters identified	•	•
Views about the qualitative aspects of AiB accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures Set out in the Financial statements Section		•
Significant findings from the audit No significant findings from our audit		•
Significant matters and issues arising during the audit and written representations that have been sought Letter of representation will be shared and signed by the Accountable Officer when signing the financial statements. This is our standard, unmodified letter of representation.		•
Significant difficulties encountered during the audit No difficulties encountered		•
Significant deficiencies in internal control identified during the audit None identified		•
Significant matters arising in connection with related parties None identified		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements None identified. We submit quarterly fraud returns to Audit Scotland on identified during at our audit client. No items of fraud were reported during the year.		•
Non-compliance with laws and regulations None noted		•
Unadjusted misstatements and material disclosure omissions None noted. Minor disclosure amendments only and these were not material in nature		•
Expected modifications to the auditor's report, or emphasis of matter None, an unqualified opinion		•
International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above. We communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to AiB Management and the Audit Committee.		

