External Audit Report for Office of the Scottish Charity Regulator (OSCR)

Financial year ended 31 March 2021

Prepared for the Board of OSCR and the Auditor General for Scotland

Final Report

2 July 2021

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect OSCR or all weaknesses in internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2016). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key messages

This is our final report to the OSCR Board and the Auditor General For Scotland and concludes our audit on the financial year ended 31 March 2021. We have issued an unmodified audit opinion on the annual report and accounts.

We thank management for all their assistance during the audit process.

01 Materiality

We re-calculated materiality based on the unaudited annual report and accounts. The benchmark of 2% gross expenditure remained the same. This resulted in:

- Materiality of £65,640 and a performance materiality (75% of materiality) of £49,230
- All audit adjustments above £3,300 were reported to management
- Lower materiality of £5,000 on Staff Remuneration Report.

02 Financial statement audit risks

At planning, in accordance with the ISAs (UK) and FRC Practice Note 10 we have identified the following significant financial statement audit risks:

- Management override of controls (ISA UK 240)
- Risk of fraud in revenue expenditure (cut-off) (FRC PN10)

We have rebutted the risk of fraud in revenue recognition as all funding is from the Scottish Government, via an agreed budget allocation.

We have no matters to bring to your attention arising from our work over these significant audit risks.

03 Wider Scope Audit

In accordance with the Code OSCR meets the definition of a smaller body. This is based on OSCR's income is all via Scottish Government, a higher proportion of expenditure being staff costs and the financial statements being less complex.

We have concluded in this report on the governance statement and OSCR's future financial arrangements. During our audit we did not identify any further areas of wider scope risk.

As a small organisation, only receiving funding from Scottish Government, OSCR is reliant on this funding to meet all costs incurred including any future pay awards and/or costs linked to OSCR's ongoing organisational plan, including planned digital enhancements.

04 Other audit matters

This final report summarises a number of other audit matters:

- We have concluded that OSCR meets the definition of a going concern, reflecting on FRC Practice Note 10 considerations.
- The accounts contain limited estimation and judgement. One estimate was identified, the holiday pay accrual where we agree the basis for the calculation is reasonable.
- We set out our roles and responsibilities on fraud. During the course of our work we did not identify fraud and/or material error.

All agreed audit adjustments are reported and have been processed by management in the final annual report and accounts. One improvement action has been identified with management agreement.

05 Our Audit Fee

Our audit fee, set out in our audit plan, of £14,170 was our final audit fee.

There were no non-audit services (fees) during the year and we did not need to vary our agreed fee.

Introduction

Scope of our audit work

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2021 at the Office of the Scottish Charity Regulator (OSCR). The scope of our audit was set out in our External Audit plan.

The main elements of our audit work in 2020/21 were:

- An audit of OSCR's annual report and accounts for the financial year ended 31 March 2021;
- Consideration of financial sustainability and the Governance Statement, as required under the smaller body classification, within the Audit Scotland Code of Practice (2016)

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

This report is addressed to the OSCR Board and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Responsibilities

OSCR is responsible for preparing an annual report and accounts which show a true and fair view and that are in accordance with the accounts direction from Scottish Ministers. The Board is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable it to successfully deliver its objectives.

The recommendations or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Adding value through our audit work

We aim to add value to OSCR throughout our audit work. Following on from feedback in the prior year we ensured audit team continuity. This ensured that retained audit knowledge of OSCR was not lost and ensured an effective audit process. Whilst we completed the audit remotely again, learning from last year was embedded and we ensured effective use of Microsoft Teams to complete our testing. We continue to share recommended practices with management, where relevant, and contribute to wider discussions at the Audit Risk and Assurance Committee during the year.

Audit of the annual report and accounts

Key messages

We have issued an unmodified audit opinion on the annual report and accounts.

We have identified one adjustments to the financial statements. This was a Statement of Financial Position reclassification between Trade receivables and trade payables.

We raised one recommendation for management as a result of our audit work (Appendix 2)

We would like to thank management for all their assistance during the year in ensuring the delivery of the audit, to the timescales agreed at the start of the financial year.

Our audit opinion

For the financial year ended 31 March 2021 we issued an unmodified opinion on the annual report and accounts. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure has been incurred in accordance with applicable enactments and guidance (regularity)
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The audit process

In accordance with our annual external audit plan our audit work commenced on 17 May 2021. We received a complete set of unaudited annual accounts and draft annual report on the first day of our audit, to the timescale we agreed. The quality of the unaudited annual reports and accounts was good.

There was one audit adjustment to the draft primary financial statements which was amended by Management, alongside agreed disclosure amendments. The adjustment did not impacted on the overall financial outturn reported. There are no unadjusted misstatements to report. See Appendix 1 for further details.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Our audit approach was set out in our audit plan communicated to the Audit Risk and Assurance Committee (May 2021). We updated our audit materiality to reflect the 2020/21 unaudited annual report and accounts, set at £65,640, representing 2% of gross expenditure. Performance materiality was set at £49,230, representing 75% of our calculated materiality.

We report to management any difference identified over £3,300 (5% of materiality).

We applied a lower materiality threshold for Directors Remuneration disclosures within the Remuneration and Staff Report to ensure that remuneration has been disclosed within the appropriate bandings (£5,000).

Responding to significant financial statement risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significantrisks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary

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. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override OSCR's controls for specific transactions.
We consider those key judgements that are most susceptible to significant audit risk of management override are those over expenditure recognition. These are areas where management has the potential to influence the financial statement through estimate and judgement. This includes manual journals as well as critical judgements or estimates.
	• We considered the design of controls in place over key accounting estimates and judgements through performance of walkthrough procedures.
	• We reviewed accounting estimates for management bias / indication of fraud that could result in material misstatement. This included review of estimates as at 31 March 2021 and retrospective review of those estimates as at 31 March 2020. The only estimate is the holiday pay accrual.
	• Journals testing including:
	  • Assessment of the design of controls in place over journal entries, including journal preparation, authorisation and processing onto the financial ledger.
	  • Risk assessment of the journals population to identify large or unusual journal entries, such as those that are not incurred in the normal course of business, or those entries that may be indicative of fraud or error that could result in material misstatement. This includes consideration of journals during the year end and journals to create the year-end accounts.
	  • From our review of the journals population (in-year and year-end) we decided to test all journals as only a small population, giving us assurance that journals were appropriate and in the course of OSCR's business.
	
	Conclusion
	Through audit procedures performed we found that there was no evidence of management override in the transactions tested. We did not identify indications of fraud or inappropriate management bias in accounting estimates that could result in a material misstatement. We note that the only estimate OSCR have within the annual report and accounts is a holiday pay accrual. There are no other accounting estimates or judgements.

Risks identified in our Audit Plan	Commentary
Risk of fraud in expenditure recognition As set out in Practice note 10 (revised) which applies to public sector entities we consider there to be an inherent risk of fraud in expenditure recognition. As payroll expenditure is well forecast and agreeable to underlying payroll systems there is less opportunity for the risk of misstatement in this expenditure stream. We focus our risk on other material expenditure streams. As financial performance of OSCR is measured on year end outturn, we consider the risk to be particularly prevalent around the year end and therefore focus our testing on cut-off of non-pay expenditure.	• We performed walkthroughs of the controls and procedures over other operating expenditure streams. • We performed substantive testing of expenditure throughout the year to confirm its occurrence and accuracy of recording. • Focused substantive testing of expenditure recognised post year-end (one month) to identify if there is any potential understatement to address the risk of cut-off. • Focused substantive testing of expenditure in the final two months of the year to identify if this has been potentially overstated to address the risk of cut-off. • Review of accruals, where material, around the year end to consider if there is any indication of understatement or overstatement of balances held through consideration of accounting estimates. **Conclusion** Through audit procedures performed we did not identify any exceptions in our year end cut-off testing of expenditure. We did not identify any exceptions in the completeness and accuracy of accruals balances at year end. Through our substantive procedures and sample testing we did not identify any expenditure which was not in accordance with the nature of OSCR (regularity testing).

Significant estimates and judgements

OSCR's annual report and accounts are considered straightforward and non-complex. There are no significant judgements or estimates, and this has been confirmed by Management and within our audit testing. We noted one estimate in the accounts, the holiday pay accrual.

	Summary of management's approach	Audit Comments	Assessment
Holiday pay accrual	In accordance with the FReM and guidance from Scottish Government OSCR have included in the annual report and accounts a holiday pay accrual. The accrual is for £49,460. The accrual has been calculated using data from Payroll and HR which comes from Scottish Government, as the providers of the payroll service.	We recalculated the accrual for a sample of employees to verify the calculation, and the agreement to underlying records. We have considered how the calculation has been determined and have agreed that it is reasonable and in line with requirements.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

Internal control environment

In accordance with ISA requirements we have developed an understanding of the control environment in place within OSCR. Our audit is not controls based and we have not placed reliance on controls operating effectively as our audit is fully substantive in nature. We did this through a walkthrough of key controls within OSCR including payroll, expenditure and journals.

We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our plan.

Other key elements of the financial statements

As part of our audit there were other key areas of focus during the course of our work. Whilst not considered a significant risk, these are areas of focus either in accordance with the Audit Scotland Code of Audit Practice or ISAs or through due to their complexity or importance to the user of the accounts.

Issue	Commentary
Matters in relation to fraud and irregularity	It is OSCR's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. We have also made inquires of internal audit around internal control, fraud risk and any known or suspected frauds in year. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Accounting practices	We have evaluated the appropriateness of OSCR's accounting policies, accounting estimates and financial statement disclosures. Disclosures and accounting policies are in line with the FReM and we have no matters to report.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	We have not been made aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified and we have issued an unmodified opinion in this respect.

Issue	Commentary
Opinion on other aspects of the annual report and accounts	We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the FReM, and the Accounts directions thereunder. We have audited the elements of the Remuneration Report and Staff Report, as required, and are satisfied that these have been properly prepared in accordance with applicable legislation. The information given in the Performance Report is consistent with the financial statements and that report has been prepared in accordance with the FReM and directions made thereunder by the Scottish Ministers.
Governance statement	The governance statement is included within the Accountability Report. The report outlines the governance framework in place at OSCR. The Report includes the Statement of the Accountable Officer's responsibilities and those of the Members of the Board and had been prepared in accordance with the FReM. In accordance with the Scottish Public Finance Manual (SPFM), the Accountable Officer has a specific responsibility to ensure that arrangements have been made to secure Best Value and this is confirmed in the narrative in the annual report and accounts. There was no matters arising from our review of the governance statement that we want to draw attention to.
Matters on which we report by exception	We are required by the Auditor General for Scotland to report to you if, in our opinion: adequate accounting records have not been kept; or the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit or there has been a failure to achieve a prescribed financial objective. We have nothing to report in respect of these matters.
Written representations	A letter of representation has been requested from the Board (and Accountable Officer), including specific representations, which is included in the Audit Risk and Assurance Committee papers. Specific representations have been requested from management in line with prior years and confirms as auditors all records have been made available to us.

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach. The financial reporting framework adopted by OSCR meets this criteria. In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered Management's assessment of the appropriateness of the going concern basis of accounting and conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Regularity	The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000. In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Detecting Irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to OSCR and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks - International Financial Reporting Standards (IFRS) and the 2020/21 HM Treasury Financial Reporting Manual (FReM).
- We enquired of management and the Audit Risk and Assurance Committee (ARAC), concerning OSCR's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the ARAC, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of OSCR's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that could alter OSCR's financial performance for the year and potential management bias in determining accounting estimates (holiday pay accrual). Our audit procedures involved are documented within our response to the significant risk of management override of controls.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, included the potential for fraud in expenditure recognition and significant accounting estimates (holiday pay accrual is the only accounting estimate OSCR have in the annual report and accounts)
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - OSCR's operations, including the nature of its operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - OSCR's control environment, including the policies and procedures implemented by the Board to ensure compliance with the requirements of the financial reporting framework.

Wider scope audit – Smaller body

As set out in our Audit Plan, OSCR meets the definition of a smaller body in accordance with the Audit Scotland Code of Practice (2016). Therefore, as auditors we are required to include in our annual report commentary on arrangements as they relate to financial sustainability and the Governance Statement. Our work on the governance statement and conclusions are set out on page 8 and 9 of this report. Below we have captured our commentary and conclusions on financial sustainability and other matters of interest during the year, including governance during Covid-19.

Wider scope dimension	Wider scope risk identified in our audit plan	Wider scope audit response and findings	Grant Thornton conclusion
Governance arrangements (Audit Scotland planning guidance consideration)	No significant risks identified within our audit planning.	During Covid OSCR's governance arrangements continued to operate as intended, and as in prior year. Board and supporting Committees were held on Zoom, and then Microsoft Teams. At the end of March 2021 the Board chair stepped down from the Board due to health reasons. In addition, the Chair of the Audit Committee left the Board, with one year of their appointment term left. Scottish Government have appointed an Interim Chair, who commenced in April 2021. In addition, via Public Appointments OSCR are looking to recruit new Board members, to fill existing vacancies and planned turnover in Members during 2021/22. Lastly, an additional member has been co-opted onto the ARAC, to provide additional audit and finance expertise. This appointment is not paid.	Governance arrangements operated effectively during the year. Plans are in place to recruit Board members and also ensure future succession planning.

Wider scope audit – Smaller body continued

Wider scope dimension	Wider scope risk identified in our audit plan	Wider scope audit response and findings	Grant Thornton conclusion
Financial Sustainability, (as applicable to a smaller body)	No significant risks identified within our audit planning.	OSCR have an established Corporate Plan (2020-2023) and supporting this an annual business planning cycle. During the year OSCR undertook a pay and grading review and an organisational restructure, re-looking at roles and activities across the organisation including the Senior Leadership team. Annually the budget allocated by Scottish Government for OSCR continues to be circa £3million with the majority of expenditure incurred being funding staff costs. OSCR continues to focus on being a flexible and responsive organisation which continues to invest and look to digital solutions and a targeted approach to regulatory work. Covid had little financial impact on OSCR and its activities. Scenario planning over future financial implications considers: - Staff costs - Case work - Legislative change - Digital - Statutory functions This models, across these 5 areas, various funding scenarios including continued flat cash, inflationary only increases or what income could look like, if OSCR were able to start charging for certain services, to recover costs.	Through our audit procedures we have not identified any significant risks in relation to OSCR's financial sustainability. We recognise that annual funding of circa £3million per annum is becoming increasingly constraining for OSCR coupled with the need for legislative change, to future proof OSCR activities and sources of future income. Finance papers produced during the year are clear and the 5 year scenario planning document is good and includes a forward look over the medium term.

Appendices

1. Audit Adjustments

We are required to report all non trivial misstatements, whether or not the accounts have been adjusted by management. We are pleased to report there were no uncorrected misstatements to the financial statements arising during our audit.

Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Statement of Comprehensive Net Expenditure £000's	Statement of Financial Position £000's
Statement of Financial Position re-classification	Nil	Dr Trade Receivables 4 Cr Trade Payables 4
Overall impact	Nil	Nil – Reclassification between lines on the Statement of Financial Position

Disclosure changes

The table below provides details of disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Auditor recommendations	Amended in final accounts
Remuneration Report	There were numerous disclosure points noted from our testing of the remuneration report: 1. Jill Vickerman had been excluded from the disclosure within the draft accounts 2. Lindsay Montgomery's banding was incorrect, needed to be updated to 10-15 3. Laura Anderson's banding was incorrect, needed to be updated to 30-35. 4. Judith Turbyne's banding was incorrect, needed to be updated to 30-35. 5. Breakdown by permanent and other staff at year-end needs updated to 45.35 following recalculation of the WTE, following error in one of the starter's WTE figure.	✓
Contingent Liabilities	Inclusion of a contingent liability to recognise potential lease dilapidation costs that may arise in the future, linked to the lease on quadrant house potentially ending.	✓
Related Parties	As OSCR have a shared service agreement with SSSC, for completeness, it was recommended that the note be updated to disclose this arrangement.	✓

2. Action plan and recommendations

We have set out below, based on our audit work undertaken in 2020/21, the one recommendation we identified for future management consideration during our audit

Recommendation	Agreed management response
1. Payment of non-executive Board members During our testing of the remuneration report we noted one non-executive member of the Board is not paid via payroll. The individual is paid via accounts payable (invoice), with the invoice addressed to their company. We note in our related party testing we did not identify any related party transactions out with this payment, and this payment is not material to OSCR or the Company, so therefore did not require additional related party disclosures within the annual report and accounts. However, it is not recommended practice to make payments to individuals out with payroll (as communicated via a Scottish Government circular). As a result there may be a risk to OSCR and the individual on potential HMRC and tax implications, including any potential IR35 considerations. Therefore we recommend management review this arrangement and move the payment to payroll, similar to all other Non-Executive members.	Management response: We note that it is not recommended practice to make payments to a Board Member off payroll, and will discuss this matter with the individual over the coming weeks, asking them to consider the full HMRC and tax implications. The Board Member who this relates to ends their appointment term in March, so there is a chance that the arrangement may continue until then. However, the review will be conducted. Action owner: Head of Corporate Timescale for implementation: End of August 2021

There were no previous year external audit recommendations not yet implemented, with all previous actions reported closed in our 2019/20 Annual Report to the Board and the Auditor General.

3. Audit fees and independence

External Audit Fee

Service	Fees £
External Auditor Remuneration	10,860
Pooled costs	2,830
Contribution to Audit Scotland costs	480
Contribution to Performance Audit and Best Value	Nil
2020/21 Fee	14,170

Fees for other services

We confirm that for 2020/21 we did not receive any fees for non-audit services

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.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

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 Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.
- 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.

4. Communication of audit matters

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 below.

Our communication plan	Audit Plan	ISA 260 (Annual Report to Board and AGS)
Respective responsibilities of auditor and management/those charged with governance	•	
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	•	•
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	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of OSCR's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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