

# Lothian Valuation Joint Board

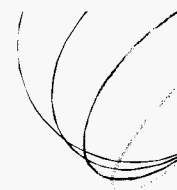
Annual Audit Plan 2009/10



 AUDIT SCOTLAND

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# Summary Plan

## Summary of planned audit activity

Based on our analysis of the risks facing Lothian Valuation Joint Board, our planned work in 2009/10 includes:

- an audit of the financial statements and provision of an opinion on whether:
  - they give a true and fair view of the financial position of the Board as at 31 March 2010 and its income and expenditure for the year then ended
  - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2009 SORP
- a review and assessment of the Board's governance and performance arrangements in a number of key areas including a review of internal audit and the Statement of Assurance on Corporate Governance.

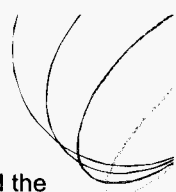
## Introduction

1. Our audit is focused on the identification and assessment of the key challenges and risks to Lothian Valuation Joint Board in achieving its business objectives. We also assess the risk of material misstatement or irregularity in the Board's financial statements. This report summarises the key challenges and risks facing the Board and sets out the audit work that we propose to undertake in 2009/10. Our plan reflects:

- the risks and priorities facing the Board
- current national risks relevant to local circumstances
- the impact of changing international auditing and accounting standards
- our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
- issues brought forward from previous audit reports.

## Our responsibilities

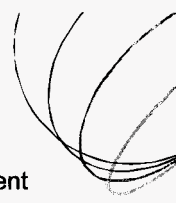
2. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice and guided by the auditing profession's ethical guidance.



3. Audit in the public sector goes beyond simply providing assurance on the financial statements and the organisation's internal control environment. We are also required to provide a view on performance, regularity and the organisation's use of resources. In doing this, we aim to support improvement and accountability.
  
4. In carrying out our audit, we seek to gain assurance that the Board
  - has good corporate governance arrangements in place which reflect the three fundamental principles of openness, integrity and accountability
  - has systems of recording and processing transactions which provides a sound basis for the preparation of financial statements and the effective management of its assets and interests
  - prepares financial statements which give a true and fair view the financial position at 31 March 2010 and income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973 and other applicable laws and regulations, including the 2009 'Code of practice on local authority accounting in the United Kingdom – A statement of recommended practice' (the SORP)
  - has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
  - complies with established policies, procedures, laws and regulations
  - has made proper arrangements for securing best value in its use of resources.

## **Our approach**

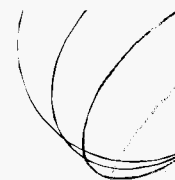
5. Our audit approach is based on an understanding of the characteristics, responsibilities and principal activities, risks and governance arrangements of the Board, and identification of the key audit risks and challenges in the local government sector generally. This approach includes:
  - understanding the business of the Board and the risk exposure which could impact on the financial statements
  - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
  - identifying major transaction streams, balances and areas of estimation, understanding how the Board will include these in the financial statements and developing procedures to audit these
  - assessing the risk of material misstatement in the financial statements, in conjunction with our evaluation of inherent risk, the control environment and control risk as part of our risk assessment



- determining the nature, timing and extent of our testing programme to provide us with sufficient appropriate audit evidence as to whether the financial statements are free of material misstatement.
6. Through this approach we have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2009/10 includes:
- comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff (the Board utilises the financial systems of City of Edinburgh Council and the Treasurer, who is the Board's S95 officer, follows the closedown procedures and timetables of the Council)
  - clear responsibilities for provision of accounts and working papers being agreed
  - delivery of unaudited accounts to agreed timescales with a comprehensive working papers package
  - completion of the internal audit programme for 2009/10.
7. Auditing standards require internal and external auditors to work closely together to make optimal use of available audit resources. We seek to rely on the work of internal audit wherever possible and, as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided by the City of Edinburgh Council's Internal Audit Section. Based on our review of internal audit we plan to place formal reliance on the areas of work set out in Appendix D.
8. At the completion of the audit we will provide the Board with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

## **Responsibility for the preparation of accounts**

9. It is the responsibility of the Board and the Treasurer as Proper Officer to prepare the financial statements in accordance with the SORP. This means:
- acting within the law and ensuring the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority
  - maintaining proper accounting records
  - preparing financial statements timeously which give a true and fair view of the financial position of the Board as at 31 March 2010 and its expenditure and income for the year then ended



- preparing an explanatory foreword.

## **Format of the Accounts**

10. The financial statements should be prepared in accordance with the SORP which constitutes proper accounting practice for the purposes of section 12 of the Local Government Scotland Act 2003.

## **Audit issues and risks**

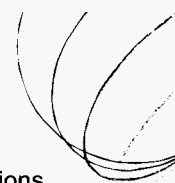
11. Based on our discussions with staff, consideration of your own risk management arrangements and a review of supporting information, we identified the main risk areas for your organisation:
  - IFRS adoption
  - budget pressures
  - ICT and governance
12. Within these identified risk areas there is a range of more specific risks and these are summarised at Appendix A. In most cases, actions to manage these risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each of these risks and any audit work we plan to undertake is also set out in Appendix A. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

## **IFRS Adoption**

13. As noted in our 2008/09 Report to Members and the Controller of Audit (October 2009), local government is moving from UK GAAP to IFRS based accounting for 2010/11. It is therefore important that the Board prepare for this transition. It was noted in the Annual report to Members that the Treasurer and the Board are actively progressing the actions necessary for IFRS based accounting. Due to the significance of this change, we shall continue to monitor progress in these areas and agree any significant judgements or assumptions.

## **Budget Pressures**

14. The UK economy has been in recession for some time now. This combined with the banking crisis has had a knock on effect on income available to local authorities, including their finance settlements. As the Board is reliant on its funding from constituent authorities, this puts pressure on the Board to manage its budget as effectively as possible. The Quarterly Joint Progress Report for December 2009 notes the decision not to fill any vacant posts in light of the proposed budget cuts. However, the report also notes concerns over the increase in the level of valuation appeals received, resulting in an



increased workload with the risk of additional legal costs which would need to be met from reductions in spending in other parts of the organisation.

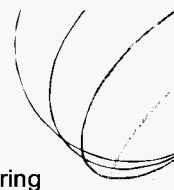
15. In addition to staffing, the board also identified the following priority target areas for efficiency savings in 2009/10: accommodation, absence management and ICT/back office systems. The need to develop a strategy for monitoring and reporting annual efficiency gains is recognised and will be prioritised in 2009/10.
16. It is likely that the public sector as a whole, including the Board will be expected to contribute to significant public sector cuts in 2010/11. An estimated reduction in national public sector funding of around £5 billion pounds in 2010/11 could translate into budget cuts of around £300,000 for the Board. Plans have been put in place to undertake a budget review following the 2009/10 budget and establish a budget strategy. If funding is constrained, this could affect the Board's ability to deliver on its corporate objectives. It is therefore important that this situation continues to be closely monitored.

## ICT and Governance

17. The Board is dependent on ICT in order to allow it to deliver its statutory functions. Effective ICT practise and processes are therefore vital to allow the Board to deliver its services. Therefore in order to gain appropriate audit evidence we will seek management assurances and evidence to confirm that the Board's ICT governance arrangements are satisfactory.
18. The Board agreed to strengthen its governance arrangements by developing a Service Level Agreement with City of Edinburgh Council for services provided. We will monitor progress against the target date for delivery of April 2010.

## Materiality

19. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
20. International Standard on Auditing 320 states that, *"information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of item or error judged in the particular circumstances of its omissions or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful."*
21. When considering, in the context of a possible qualification, whether the misstatement of an item, or a number of items taken together, is material in terms of its monetary value, we use professional



judgement, experience and internal guidelines from peers as broad guidance in regard to considering whether the results of tests of detail are material.

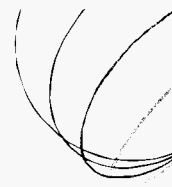
22. An item may be judged material for reasons other than its monetary or quantitative value. An inaccuracy, which would not normally be regarded as material by amount, may be important for other reasons. When such an item affects a critical point in the accounts, its materiality has to be viewed in a narrower context (for example the failure to achieve a statutory requirement, an item contrary to law, or areas affected by central government control). Again we use professional judgement, experience and internal guidelines from peers to determine when such matters would fall to be covered in an explanatory paragraph, rather than as a qualification to the audit opinion.

## Reporting Arrangements

23. Under the Local Government (Scotland) Act 1973, there is a requirement for unaudited financial statements to be presented to the Board and the Controller of Audit within 3 months of the financial year end i.e. 30 June. The non-statutory target for audit completion is 30 September. To achieve this target, it is critical that a timetable for the audit of the accounts is agreed with us. An agreed timetable is included at Appendix B of this plan, which takes account of submission requirements, planned Board dates and audit resources.
24. We will provide an independent auditor's report to the Lothian Valuation Joint Board and the Accounts Commission for Scotland that the audit of the financial statements has been completed in accordance with applicable statutory requirements, including an opinion on those financial statements. An annual report to members and the Controller of Audit will also be produced to summarise all significant matters arising from the audit and overall conclusions about the Board's management of key risks.
25. All annual reports produced by Audit Scotland are published on our website: ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)).
26. The full range of outputs to be delivered by the audit team are summarised below:

Planned outputs	Target delivery date
<b>Governance</b>	
Annual Audit Plan	25 February 2010
Internal audit reliance	31 March 2010
<b>Financial statements</b>	
Report to the Board in terms of ISA 260 (Communication of audit matters to those charged with governance)	6 September 2010
Independent auditor's report on the financial statements	30 September 2010
Annual report to the Members and the Controller of Audit	31 October 2010



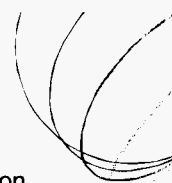


## Quality control

27. We are committed to ensuring that our audit reflects best practice and demonstrates best value to the Board and the Accounts Commission. We operate a strong quality control framework that seeks to ensure that your organisation receives a high quality service. The framework is embedded in our organisational structures and processes and includes an engagement lead for every client; in your case this is, Mary Bowman who is responsible for ensuring that our work is carried out on time and to a high quality standard.
28. As part of our commitment to quality and continuous improvement, we may periodically seek your views. We would be grateful for any feedback on our services.

## Fees and resources

29. Our agreed fee for the 2009/10 audit of Lothian Valuation Joint Board is £7,800 comprising a local audit fee of £6,500 and a fixed charge of £1,300. Our fee covers:
  - all of the work and outputs described in this plan
  - a contribution towards the costs of national performance studies and statutory reports by the Controller of Audit and the work of the Accounts Commission
  - attendance at Board meetings
  - access to advice and information on relevant audit issues
  - access to workshops/seminars on topical issues
  - travel and subsistence costs.
30. In determining the agreed fee we have taken account of the risk exposure of the Board, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of the draft accounts and working papers by 30 June 2010. If the draft accounts and papers are late, or agreed management assurances are unavailable, or planned internal audit reliance is not achieved, we reserve the right to charge an additional fee for further audit work.
31. An additional fee will be required in relation to any work or other significant exercises not within our planned audit activity. An additional fee will also be charged for work on any grant claims or returns not included in the planned outputs noted previously.
32. Lynn Bradley, Director, Audit Services (Local Government) is the appointed auditor for all local authorities audited by Audit Scotland. In practice, this operates by delegating management and




certification responsibilities to Assistant Directors and Senior Audit Managers. For Lothian Valuation Joint Board the Senior Audit Manager is Mary Bowman.

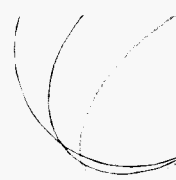
33. The local audit team will be led by Anne Marie Machan who will be responsible for the day to day management of the audit and who will be your primary contact. Details of the experience/skills of our team are provided at Appendix C. The core audit team will call on other specialist and support staff, as necessary.

## **Independence and objectivity**

34. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships within the audit team.
35. We comply with ethical standards issued by the Auditing Practices Board and with Audit Scotland's requirements in respect of independence and objectivity, as summarised at Appendix E.

 **AUDIT SCOTLAND**

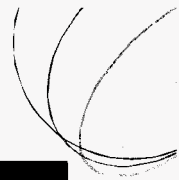
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# Appendix A - Summary assurance plan

In this section we identify a range of operational risks facing Lothian Valuation Joint Board, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of the Board and its officers, with the auditor's role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Risk	Source of assurance	Planned audit action
<p><b>1. IFRS adoption in 2010/11</b></p> <p>The Board may fail to make the necessary preparations to enable the full introduction of IFRS in 2010/11.</p>	<p>Treasurer and Lothian Valuation Joint Board are actively progressing necessary actions around a work programme, developed from the IFRS work programme for City of Edinburgh Council.</p> <p>Advice and support is also being sought from external advisers - Price Waterhouse Coopers and CIPFA (Scotland).</p>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>



Risk	Source of assurance	Planned audit action
<p><b>2. Workforce Planning</b></p> <p>Staff vacancies are currently not being filled. There is a risk that non-filling of posts could affect key performance indicators and possibly the delivery of statutory duties.</p>	<ul style="list-style-type: none"><li>▪ As a result of budgetary pressures each staff vacancy that arises is subject to appraisal in order to establish the manner in which it should be filled or whether it should be filled at all. This level of consideration allows management to closely relate the impact of staff vacancies with the on-going performance of the organisation.</li><li>▪ Senior staff and trade union officials are currently in agreement that the existing staff levels can maintain the required performance level and delivery of statutory duties. Key performance indicators have for the last few years shown a marked improvement.</li><li>▪ At senior management meetings outstanding workloads, resource allocation and performance levels are regularly discussed and monitored. In addition the Assessor provides quarterly reports to the Board that include comments on workloads, recruitment and performance.</li><li>▪ At the last meeting of the Board on 5<sup>th</sup> February 2009, the Assessor indicated that it may be difficult to maintain existing levels of service delivery should staffing compliment fall substantially below current levels.</li><li>▪ Any change to statutory duties would require legislative changes with additional funding possibly available from central government sources. As legislative changes take time to enact appropriate recruitment and training could be delivered.</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>



Risk	Source of assurance	Planned audit action
<p><b>3. Valuation appeals</b></p> <p>The level of outstanding valuation appeals and associated legal costs may continue to increase.</p>	<ul style="list-style-type: none"><li>▪ A right of appeal exists against entries or changes to existing entries in the Valuation Roll. These appeals shall progress to be heard by the Valuation Appeal Committee if agreement between the parties cannot be established.</li><li>▪ Over a number of years there has been an increasing trend for appellants to seek hearings before the VAC and this during 2009 was exacerbated by large numbers of Edinburgh Tramways related appeals and the effects of the economic climate on business operations. Prior discussions regarding Rateable Value reductions were trialled but did not limit case numbers proceeding to the VAC to any great degree.</li><li>▪ While costs are contained wherever possible by Assessor staff leading cases before the VAC it is often necessary due to legal complexities or the sheer appeal workload to employ legal representation to act on behalf of the Assessor. We have recently negotiated a contract with Junior Counsel therefore reducing previous top line costs.</li><li>▪ 2010 is a year of Revaluation and it can be expected that large numbers of appeals shall be lodged. A timetable for disposal shall be established with the impact on staff resource and the need for legal representation considered in line with budget restrictions.</li><li>▪ Based on experiences during 2009 further budget provision has been made for 2010/11 in respect of legal costs. It is expected that the requested budget will meet costs that may be incurred.</li><li>▪ The Assessor shall continue to monitor the situation and allocate resources as appropriate. It is difficult to predict with any degree of certainty the level of cases to be heard and the associated legal costs.</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>



Risk	Source of assurance	Planned audit action
<p><b>4. Efficient Government</b></p> <p>The Board identified the following priority target areas for efficiency savings in 2009/10: staffing, accommodation, absence management and ICT/back office systems. There is a risk that efficiency savings are not achieved.</p>	<ul style="list-style-type: none"><li>▪ A "Strategy for Annual Efficiency Gains" is being prepared.</li><li>▪ During June 2009 an Efficiency Statement for 2008/9 was provided to COSLA. This was the first return made by the Board and it was acknowledged that a strategy document would be required in order to support future efficiency gains.</li><li>▪ During late 2009 it became apparent that additional budget pressures as a result of national discussions over grant allocation would consume any future efficiency gains.</li><li>▪ The resultant savings target identified for 2010/11 has been met primarily as a result of reviewing some of the items identified under efficient government.</li><li>▪ The requirement to consider options in order to achieve considerable budget cuts for 2011/12 to 2013/14 has overridden the concept of annual efficiency gains as required by COSLA, where efficiencies are sought without impact on service delivery.</li><li>▪ The Board has been advised that performance is unlikely to improve if staffing is further reduced. Any forced staff cuts other than anticipated and accounted for would impinge on our statutory duties.</li><li>▪ The Assessor implements Best Value in the carrying out of all duties thus seeking to maximise performance while minimising costs.</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>



Risk	Source of assurance	Planned audit action
<p><b>5. Budget pressures</b></p> <p>The planned budget review and establishment of a budget strategy may not adequately address future budget pressures and challenges.</p>	<ul style="list-style-type: none"><li>▪ The impact of future budget cuts arising from national discussions concerning local authority allocation is at present unknown.</li><li>▪ A general indication of a 4% reduction in budget for three years commencing 2011/12 has been provisionally given at this stage.</li><li>▪ While the savings target for 2010/11 has been met, the Assessor shall prepare an options paper to explore possibilities to provide further savings.</li><li>▪ The Board has a statutory duty to ensure Best Value while fulfilling its legal obligations in respect of Valuation Roll, Council Tax and Electoral Registration. The responsibility lies with the Assessor to ensure that suitable funding is made to enable satisfactory discharge of these duties.</li><li>▪ The activities of the Assessor are outlined in the 3-year Corporate and Service Plans, and it is through these that the statutory functions are discharged and services delivered. Budget requirement is aligned to these Plans. The Plans are kept under review and aligned throughout the year with reviews of budget spend and forecasts.</li><li>▪ The Board shall be kept informed by the Treasurer and Assessor of all developments in respect of future budget pressure and of the steps taken to meet these while maintaining a satisfactory service delivery.</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>



Risk	Source of assurance	Planned audit action
<p><b>6. ICT Strategy</b></p> <p>ICT practise and processes may not be adequate to allow the Board to deliver its services.</p>	<ul style="list-style-type: none"><li>▪ The Board operates an ICT Strategy that incorporates robust elements for system security, protection, back up and recovery.</li><li>▪ The Board has a comprehensive Business Continuity Plan aimed at maintaining essential service delivery during adverse conditions.</li><li>▪ All elements of the above are subject to testing, review and amendment</li><li>▪ Risk associated with ICT has been the subject of regular investigation by audit teams and all subsequent recommendations have been carried out.</li></ul>	<ul style="list-style-type: none"><li>▪ Review arrangements</li><li>▪ Comment in annual report.</li></ul>
<p><b>7. Service Level Agreement</b></p> <p>The service level agreement with City of Edinburgh Council may not be completed and formally approved, leaving the Board exposed to unforeseen costs.</p>	<ul style="list-style-type: none"><li>▪ The Board has a long-standing relationship with CEC for the provision of key financial services. For these services an element of recharge appears in the Board budget.</li><li>▪ It is acknowledged that these services should be formalised through a SLA and it is intended that in co-operation with CEC Treasurer such a document shall be created and agreed.</li><li>▪ It should be noted that due to the long relationship between the Board and CEC any changes to this service provision are unlikely to occur without prior consultation and discussion.</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor progress and information reported to the Board</li><li>▪ Comment in annual report</li></ul>





# Appendix B - Financial statements audit timetable

Key stage	Date
Testing and review of internal control systems and transactions	March 2010
Provision of closedown procedures to audit	March 2010
Meetings with officers to clarify expectations of detailed working papers and financial system reports	March 2010
Planned Board approval of unaudited financial statements	26 June 2010
Latest submission of unaudited financial statements with working papers package	30 June 2010
Progress meetings with lead officers on emerging issues	As required during audit process
Latest date for final clearance meeting with Treasurer	25 August 2010
Agreement of unsigned financial statements and issue of report to Board on the audit of financial statements (ISA 260)	6 September 2010
Independent Auditors Report signed	30 September 2010
Annual report and certified accounts presented to Board	29 November 2010



# Appendix C - Audit team

A summarised curriculum vitae for each core team member is set out below:

***Mary Bowman, B.Sc., CPFA***

***Senior Audit Manager***

Mary has over 30 years experience of public sector audit covering all sectors – central government, health and local government. Previously Mary worked with the National Audit Office on a wide range of national and European audits. Mary also has a special interest in FOI matters.

***Anne Marie Machan, BA, CPFA***

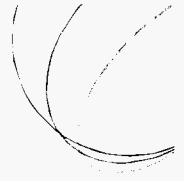
***Senior Auditor***

Anne Marie joined Audit Scotland in 2008, covering local government. Anne Marie has 13 years audit experience, most recently 3 years working in internal audit in the NHS and local government and prior to this 9 years in public sector external audit.

***David Wightman, MAAT***

***Auditor***

David has worked in both private and public sectors, including 6 years within the Health Service. David has 11 years of experience gained from working in both internal and external auditing.



# Appendix D - Reliance on internal audit

Auditing standards require internal and external auditors to work closely together to make optimal use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Our review of the internal audit service concluded that the internal audit service provided by the City of Edinburgh Council's Internal Audit Section operates in accordance with the CIPFA code of practice for internal audit in local government. We therefore plan to place reliance on the work of internal audit on risk management and payroll and creditors transaction testing.



# Appendix E - Independence and objectivity

Auditors appointed by the Auditor General for Scotland are required to comply with the Code of Audit Practice and standing guidance for auditors, which defines the terms of appointment. When auditing the financial statements auditors are also required to comply with the auditing and ethical standards issued by the Auditing Practices Board (APB). The main requirements of the Code of Audit Practice, standing guidance for auditors and the standards are summarised below.

International Standards on Auditing (UK and Ireland) 260 (Communication of audit matters to those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of the fee that the auditor has charged the client
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is insert relevant committee name. The auditor reserves the right to communicate directly with members on matters which are considered to be of sufficient importance.

Audit Scotland's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. Appointed auditors and their staff should avoid entering in to any official, professional or personal relationships which may impair their independence, or might lead to a reasonable perception that their independence could be impaired.

The standing guidance for auditors includes a number of specific requirements. The key requirements relevant to this audit appointment are as follows:

- during the currency of an appointment, auditors should not perform non-audit work for an audited body, consultancy or otherwise, without the prior approval of Audit Scotland
- the appointed auditor and key staff should, in all but exceptional circumstances, be changed at least once every five years in line with Audit Scotland's rotation policy
- the appointed auditor and audit team are required to carry out their duties in a politically neutral way, and should not engage in high profile public party political activity



- the appointed auditor and audit team must abide by Audit Scotland's policy on gifts and hospitality, as set out in the Audit Scotland Staff Code of Conduct.