

Stephen Herbert
Secretary to the Scottish Commission for Public Audit
Scottish Commission for Public Audit
Room T3.60
The Scottish Parliament
Edinburgh
EH99 1SP

21 August 2017

Dear Stephen

Thank you for the request for further information following on from the Scottish Commission for Public Audit's most recent meeting.

Here is a link to our [Audit Quality Annual Report 2016-17](#) which sets out how audit quality is assessed across all providers and our conclusions on the quality of audit during 2016-17.

I can confirm that, as indicated during the evidence session, additional fees of £40,000 were charged to the Scottish Policy Authority for the 2015/16 audit. I can also confirm that additional fees of £3,064 were agreed with NHS Shetland at the planning stage of the audit to cover known additional work above the indicative audit fee.

I am happy to provide additional information on internal audit review of the fee structure. As the Commission will be aware, we completed a major review of our fees and funding model. Because of the significance of that review, Audit Scotland's Audit Committee requested that our internal auditors, BDO, undertake an audit of the cost of audit. This was completed in March 2016 and reported to the Audit Scotland Audit Committee on 3 May 2016.

The audit reviewed the methodology in place to assess the costs of audits and set fee levels for audited bodies. Its purpose was to evaluate whether Audit Scotland has a fair and transparent fee setting methodology in place based on a sound understanding of the costs of delivering the audits. The timing of the internal audit was determined so that an independent perspective could be offered to the audit committee to inform the review of fees and funding that was underway.

The internal auditors provided reasonable assurance on the design and effectiveness of the systems in place, agreed with our plans to revise the fee setting model and Board reporting and made three recommendations for improvement all of which were implemented.

The revised fees and funding strategy was reported to the Scottish Commission for Public Audit on 21 December 2016 and we are in the first full audit year of implementing the new framework.

Please do not hesitate to get in touch if you would like any further information.

Kind regards



Diane McGiffen
Chief Operating Officer