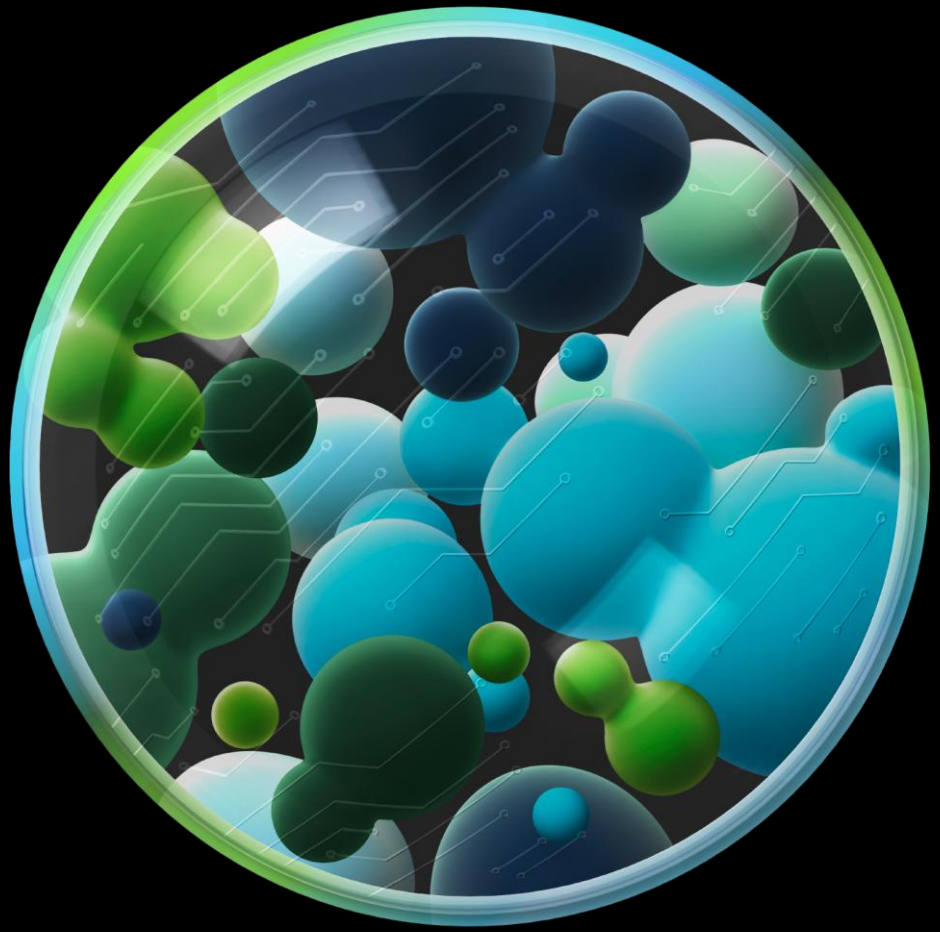
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Consumer Scotland
Luchd-Cleachdaidh Alba



Consumer Scotland

Final report to the Audit and Risk Committee and the Auditor General for Scotland on the 2025/26 audit

9 October 2026

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1. Executive summary

We have the pleasure in presenting our final report to the Audit and Risk Committee ("ARC") of Consumer Scotland ("CS") for the 2025/26 audit. The report summarises our findings and conclusions in relation to our audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in March 2026.

Audit report

We have issued an unmodified audit opinion for the 2025/26 audit.

Misstatements

No uncorrected misstatements have been identified during our 2025/26 audit. We have identified one corrected misstatement, as noted on page 6.

Control deficiencies

We have identified one control deficiency from the audit procedures performed during the 2025/26 audit, see page 16 for further information.

Final materiality

We set a final materiality of £146,700 based on the final total expenditure in the year, a reduction of £0.7k from the planning materiality which was based on forecasted figures. Performance materiality has been set at £110,000 and our reporting threshold is £7,300.

Final scope

Our scope is the same as set out in our planning report.

Audit status

We have issued an unmodified audit opinion for the 2025/26 audit.

Key judgements and audit findings

- Our significant risk testing is complete. Based on our work performed, we have identified one corrected misstatements and associated control finding in relation to our accruals significant risk testing. Further information is included on page 6 of this report.

Other key findings and insights

- We have not identified any uncorrected misstatements from our audit work performed on the 2025/26 audit.

Wider scope

- We have not identified any significant risks in relation to Wider Scope in 2025/26.
- We have included on page 11 of this report the key themes identified during 2025/26.

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2. Significant audit risks

2.1. Dashboard

We have summarised below the significant risks identified in our audit. The details of our audit procedures and findings are set out on the following pages. We did not identify any additional significant risks from those set out in our planning report.

Significant risks

Significant risks are those associated with the most significant and judgemental areas of our audit and which have the greatest potential to cause a material misstatement to the financial statements.

Risk description	Fraud risk	Executed controls and audit approach	Level of judgement or estimation	Management paper received	Page ref.
Management override of controls	✓	DI	H	N/A	5
Operating within expenditure resource limits	✓	DI	S	N/A	6

Key

DI — Assess design & implementation of relevant controls

S — Significant judgement

H — High degree of judgement

L — Low degree of judgement

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2. Significant audit risks (continued)

2.2. Management override of controls - our audit response and view



Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Deloitte response and challenge

In considering the risk of management override, we have performed the audit procedures that are set out in our planning report, including considering the overall control environment and 'tone at the top'.

We have performed audit procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for these tests, we have:

- Used spotlight data analytic tools to identify journals posted at the end of the reporting period and throughout the period meeting specific fraud risk criteria and testing their appropriateness;
- Evaluated the business rationale for significant transactions that are outside the normal course of business, or that otherwise appear to be unusual;
- Reviewed accounting estimates for bias, including considering in aggregate for indicators of bias or trends in the position taken; and
- Tested the design and implementation of controls over journal entries and accounting estimates.

We have not identified any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Accounting estimates and judgements

Accounting for leases under IFRS 16 is included within the CS accounts as an area of management judgement. We have identified this as an area of focus in 2025/26. See page 7 for details of work performed in the current year. In addition to this, we specifically challenged the level of accruals in relation to the identified fraud risk of operating within expenditure resource limits (see slide 6 for testing details).

Deloitte view

Our testing in relation to this significant risk is complete. We have no matters to report to the Audit and Risk Committee regarding this significant risk.

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2. Significant audit risks (continued)

2.3. Operating within the expenditure resource limits - our audit response and view

Under auditing standards, there is a presumed risk of fraud in revenue recognition. However, in accordance with Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom), auditors of public sector bodies should also consider the risk of fraud in expenditure recognition. This is on the basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We therefore have identified the fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government as set out in Practice Note 10. The risk is that CS could materially misstate expenditure in relation to year-end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

CS has historically been in an underspend position against budget, including forecasting a small underspend in FY26. We have therefore pinpointed our significant risk to the validity of year end accruals, as the risk is that management overstate accruals in FY26, which are then released post year end to make future targets easier to achieve.

Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Testing the design and implementation of controls around the year end accruals process;
- Obtaining independent confirmation of the resource limits allocated to CS by the Scottish Government;
- Testing a sample of year end accruals to supporting documentation to check whether they are valid liabilities, that the amount accrued is appropriately supported, and that the liability had been incurred as at 31 March 2026; and
- Performed a comparison of significant accruals between accounting periods to identify any unexpected fluctuations.

Deloitte view

Our testing in relation to this significant risk is complete.

Based on our work performed, we have identified one corrected misstatement and associated control finding in relation to our accruals significant risk work.

This is in relation to the duplicate posting of an accrual at year end. We have confirmed that the £38k misstatement has been corrected by management in the final Annual Report and Accounts.

See page 16 for details of the control finding related to this adjustment.

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3. Areas of audit focus

3.1. Areas of audit focus



Leases – IFRS 16

The application of IFRS 16, 'Leases', continues to represent an area of audit focus due to its complexity, the level of management judgment required, and its pervasive impact on the financial statements. As a result of adjustments and control findings raised in this area as part of the 2024/25 audit, we have concluded that it is appropriate to be included as an area of audit focus in 2025/26.

Deloitte response and challenge

We have performed the following procedures:

- Performed substantive testing on the lease and associated right of use asset within the CS accounts; and
- Verified the completeness and accuracy of IFRS 16 disclosures in the financial statements against the requirements of the standard.

Deloitte view

Our testing in relation to this area of audit focus is complete. We have no matters to report to the Audit and Risk Committee.

4. Other significant findings and insights

4.1. Overview of other significant findings and insights identified

We have set out below other significant findings and insights from our audit, including matters we are required to report to the Audit and Risk Committee under auditing standards.

Qualitative aspects of your accounting practices

We provided comments on the draft annual report and accounts, including some suggested presentational changes. We have confirmed that the required changes have been made to the final Annual Report and Accounts.

Liaison with internal audit

We have reviewed all internal audit reports produced during the year and taken into account the findings as part of our risk assessment procedures. We have not placed any reliance on the work of internal audit.

Your control environment and findings

The purpose of the audit is for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

In 2025/26, there has been one corrected misstatement and associated control deficiency identified by the audit team based on our procedures performed. See page 16 for details of the control finding.

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4. Other significant findings and insights (continued)

4.2. Quality indicators - impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. The table below summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason
Timing of key accounting judgements		Information was provided by the requested deadline and covered the points required.
Adherence to deliverables timetable		Management provided deliverables within agreed timelines. Any follow-up requests were actioned quickly.
Access to finance team and other key personnel		Throughout the audit, there were no issues in accessing members of the finance team and other key personnel.
Quality and accuracy of management accounting papers		Documentation provided was of a good standard which enabled an efficient audit. Working papers were clear and reconcilable to the Annual Report and Accounts.
Quality and timing of audit risk and assurance committee papers		Quality and timing of committee papers was appropriate.
Quality of draft Annual report and Accounts		The initial version of the draft Annual Report and Accounts was of good quality.
Response to control deficiencies identified		We have identified one control deficiency during the course of our 2025/26 audit, in relation to managements review of accruals.
Volume and magnitude of identified errors		No material misstatements have been identified and there are no uncorrected misstatements to report to you. We have identified one corrected misstatement of £38k in relation to a duplicate accruals posting.



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4. Other significant findings and insights (continued)

4.3. Other matters we are required to report to you

We have set out below other matters that we are required to report to the Audit and Risk Committee under auditing standards.

Regularity of income and expenditure

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.

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, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Going concern

We have not identified a material uncertainty related to going concern and have reported that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.

Emphasis of matter and other matter paragraphs

Based on our work performed, there are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

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5. Wider Scope Requirements

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in respect of financial management, financial sustainability, vision, leadership and governance and use of resources to improve outcome. We have included below the key themes from our work in 2025/26.

Wider Scope assessment 2025/26

We have not identified any significant risks in relation to Wider Scope in 2025/26.

Based on our work performed, we have noted the below developments at CS in 2025/26 that are relevant to our Wider Scope work.

Financial Management and Sustainability:

- CS operated within its budget allocation for 2025/26 of £7.34m, noting a small underspend of £38k. This underspend related to a small number of research projects moving into 2026/27.
- CS budget allocation for 2026/27 is £8.46m, which includes £3.8m of grant funding, £2.7m of core Scottish Government funding, and £2.0m of Levy funding.

Governance:

- During 2025/26 Consumer Scotland has been subject to an independent statutory performance review, led by Elaine Lorimer. This review concluded that CS has built a strong foundation since its establishment in 2022, citing the collaborative approach taken to engaging with consumer groups as a particular strength.
- The report cited that the central challenge facing CS now is to evolve its strengths into a clear strategic position, with demonstrable, measurable improvements to the lives of Scotland's consumers.
- CS will develop its second Strategic Plan during 2026/27, covering four years from April 2027. This plan is intended to directly respond to the Lorimer Review.
- The Chair of the Board currently attends Audit and Risk Committee meetings. There is a risk that the Chair's attendance blurs the distinction between Board leadership and the Committee's independent assurance and challenge role. We recommend that the Chair of the Board does not attend Audit and Risk Committee meetings going forward.

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6. Responsibility statement

What we report

Our report is designed to help the Audit and Risk Committee discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- results of our work on key audit judgements and our observations on the quality of your Annual Report
- our internal control observations
- other insights we have identified from our audit.

What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the entity.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, the views on internal controls and business risk assessment in our reports should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Our respective responsibilities

We are responsible for forming and expressing an opinion on financial statements prepared by management with oversight of those charged with governance, as detailed in our engagement letter. An audit does not relieve management or those charged with governance of their responsibilities. Auditing standards require us to only accept an audit engagement when the preconditions for an audit are present, including obtaining the agreement of management and those charged with governance that they acknowledge and understand their responsibilities for, amongst other things, internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We expect management and those charged with governance to recognise the importance of a strong control environment and take proactive steps to deal with deficiencies identified on a timely basis.

Use of this report

This report has been prepared for the Audit and Risk Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Deloitte LLP

Deloitte LLP

Aberdeen | 9 October 2026

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Appendices

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Appendices content

Appendix 2: Control findings

Appendix 3: Our observations on your annual report and financial reporting

Appendix 4: Independence

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Appendix 1

Control Findings

We have the following recommendation in relation to our control finding raised during the 2025/26 audit:

Finding	Recommendation	Priority	Management Response
Management review of journal postings Our testing of accruals in 2025/26 identified a duplicate accruals posting of £38k, which had been posted in error. This posting had not been detected through the CS's journal review and approval controls.	We recommend that management review the controls in place over the review of accruals postings at year end and ensure that these are designed to detect postings made in error.	Medium	We believe it should be a low rating rather than medium. It was one journal out of many that was duplicate; it was not a recurring systemic failure but human error in relation to a manual journal to fix a year end purchase ledger problem. This was highlighted by Consumer Scotland's accountant to the auditors during audit fieldwork of purchase ledger balances. Management have reviewed the controls around accruals review prior to and post recording in the Oracle general ledger. There are currently system-based controls in Oracle that force review and approval of journals prior to posting, in addition Consumer Scotland informally reviews a cumulative year to date listing of journal postings as a detective control to highlight any unusual or potential duplicate journals for further checking/ confirmation. However, in light of this duplicate journal error, the detective control to check the year-to-date journal listings for each period cumulatively will be formalised and carried out as part of month end reconciliation processes and at year end up until accounts finalisation.

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Appendix 2

Our observations on your annual report and financial reporting

We have set out below our observations on your annual report, and qualitative aspects of your financial reporting, including matters we are required to report to the Audit and Risk Committee under auditing standards.

The Accountability Report, Remuneration and Staff report & the Annual Governance Statement

Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.

We have assessed whether the information given in the Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. No exceptions have been noted.

We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with disclosure comments and suggested changes which management have updated in the final Annual Report and Accounts.

We have also audited the auditable parts of the Remuneration and Staff Report and confirmed that based on our audit work performed it has been prepared in accordance with the accounts direction.

The Performance Report

The report outlines CS's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by CS.

We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading.

We provided management with comments and suggested changes which management have updated in the final Annual Report and Accounts.

Appendix 2 (continued)

Our audit report - Matters relating to the form and content of our report

Our opinion on the financial statements

We have issued an unmodified opinion on the 2025/26 financial statements.

Going concern

We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.

Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

Other reporting responsibilities

Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

Based on our work performed, all material respects of expenditure and income in the Annual Report and Accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page 9.

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Appendix 2 (continued)

Our other responsibilities explained - fraud

Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects CS.

We have also asked the Board to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.

Audit work performed:

In our planning we identified the risk of fraud in operating within expenditure resource limits and management override of controls as key audit risks.

During the course of our audit, we have had discussions with management and those charged with governance. In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We have explained in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we have described the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Appendix 3

Independence



As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence matter	Description
Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of CS and our objectivity is not compromised.
Fees	The expected fee for 2025/26, as communicated by Audit Scotland in January 2026 is analysed below: £ Auditor remuneration 47,460 Audit Scotland fixed charges: • Pooled costs 3,560 • Sectoral cap adjustment (7,250) **Total expected fee 43,770** There are no non-audit fees.
Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have not identified any relationships with CS, its directors and senior management, or other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence, together with the related safeguards that are in place.

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