



Annual Audit Report

Scottish Legal Aid Board – year ended 31 March 2025

August 2025

Audit Committee
Scottish Legal Aid Board
Thistle House
91 Haymarket Terrace
Edinburgh
EH12 5HE
1 August 2025

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

Dear Committee Members and the Auditor General for Scotland,

Annual Audit Report – Year ended 31 March 2025

We are pleased to present our Annual Audit Report for the Scottish Legal Aid Board for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland’s Code of Audit Practice (“the Code”). This report is intended solely for the Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. Except where required by law or regulation, it should not be used, quoted or made available to any other parties without our prior written consent.

We appreciate the courtesy and co-operation extended to us by the Scottish Legal Aid Board throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully

Tom Reid (Audit Director)

Forvis Mazars LLP

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Contents

- 01** Executive summary
- 02** Status of our audit
- 03** Audit approach and risk summary
- 04** Significant findings
- 05** Summary of misstatements
- 06** Fraud considerations
- 07** Wider scope and Best Value

Appendix A: Internal control conclusions

Appendix B: Draft management representation letter

Appendix C: Draft audit report

Appendix D: Confirmation of our independence

Appendix E: Other communications

Appendix F: Wider scope ratings

Appendix G: Current year updates, forthcoming accounting & other issues

This document is to be regarded as confidential to the Scottish Legal Aid Board. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance by the Committee members. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

01

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of the Scottish Legal Aid Board for the year ended 31 March 2025 which are prepared in accordance with the Government Financial Reporting Manual 2024-25.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, and the requirements set out in the Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from our appointment by the Auditor General under the Public Finance and Accountability (Scotland) Act 2000.

Audit status

We have concluded on our audit in respect of the financial statements for the year ended 31 March 2025.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to the Audit Committee in our Annual Audit Plan.

Significant control deficiencies

We did not identify any significant deficiencies in internal control.

The non-significant control observations that we have identified to date are set out in 'Appendix A: Internal control conclusions'.

Audit misstatements

We have identified no adjusted or unadjusted misstatements above our reporting threshold to date.

Executive summary (continued)

Audit opinion

We have issued an unqualified opinion, without modification, for the financial statements of the Scottish Legal Aid Fund and the Scottish Legal Aid Board, as set out in Appendix C.

Wider scope

We have identified no significant wider scope risks to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that the Scottish Legal Aid Board has in place. Further details have been provided in *section 'Wider scope and Best Value'* of this report.

Best Value

We have identified no significant risks in arrangements to report in relation to the vision and leadership; governance and accountability; effective use of resources; partnerships and collaborative working; working with communities; sustainability; and fairness and equality arrangements that the Scottish Legal Aid Board has in place.

Further details have been provided in *section 'Wider scope and Best Value'* of this report.

Regularity opinion

We have issued an unqualified regularity opinion, meaning that in our opinion, in all material respects the expenditure and income recognised in the financial statements have been applied or incurred in accordance with any applicable enactments and guidance issued by the Scottish Ministers. Our final regularity opinion is included in the draft auditor's report in Appendix C.

Performance Report and Governance Statement opinion

We have no matters to report in respect of the Governance Statement or the Performance Report preparation as it is consistent with the financial statements and has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers. Our final Performance Report and Governance Statement opinion is included in the draft auditor's report in Appendix C.

Matters on which we report by exception

We are required by the Auditor General for Scotland to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; 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. We have nothing to report in respect of these matters.

Other information

We are required to report on whether the other information (comprising of the Performance Report and the Accountability Report and the unaudited parts of the Remuneration and Staff Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated. No inconsistencies have been identified and we have issued an unmodified opinion in this respect.

Executive summary (continued)

Reporting to the group auditor

We have not yet received the group audit instructions from National Audit Office in respect of our work on the SLAB's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Qualitative aspects of the Scottish Legal Aid Board's accounting practices

We have reviewed the Scottish Legal Aid Board's accounting policies and disclosures and conclude that they comply with the Government Financial Reporting Manual (FReM) 2024/25, appropriately tailored to the Scottish Legal Aid Board's circumstances.

Draft accounts were received from the Scottish Legal Aid Board on 2 June 2025 and were of a good quality.

Significant difficulties during the audit

We have not encountered any significant difficulties, and we have had the full co-operation of management.

Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Audit Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

Status of our audit

Status of our audit

We have concluded on our audit work in respect of the financial statements for the year ended 31 march 2025 and there are no matters outstanding of which we are aware that would require modification of our audit opinion.

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 3 March 2025.

Materiality

Our provisional materiality at the planning stage of the audit for the Scottish Legal Aid Fund accounts was set at £3.392m using a benchmark of 2% of gross operating expenditure as per the Annual Audit Plan. Our performance materiality was set at £2.374m. For the Scottish Legal Aid Board accounts, we set overall materiality at £312k and performance materiality at £250k.

Based on the final financial statement figures and other qualitative factors, the final overall materiality we applied for the Scottish Legal Aid Fund was £3.436m (final performance materiality: £2.405m; final clearly trivial threshold: £0.103m) and the final overall materiality we applied for the Scottish Legal Aid Board was £0.331m (final performance materiality: £0.265m; final clearly trivial threshold: £0.010m).

Use of experts

SLAB's management expert for valuation of the Pension Scheme Liability has been

confirmed to be Gallagher after the release of our Annual Audit Plan.

Service organisations

There have been no changes to SLAB's use of service organisations outlined in our Annual Audit Plan, with no issues arising we are required to report to you.

Audit approach and risk summary (continued)

Significant risks	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Management override of controls	Yes	Yes	No	Yes	No	No	No	Risk satisfactorily addressed.	15
Valuation of Legal Aid Provision	No	Yes	Yes	Yes	No	No	No	Risk satisfactorily addressed.	15
Valuation of Pension Liability	No	Yes	Yes	Yes	No	No	No	Risk satisfactorily addressed	16

Audit approach and risk summary (continued)

Other key areas of judgement, and enhanced risks	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Valuation of Property, Plant and Equipment	No	Yes	Yes	Yes	No	No	No	Risk satisfactorily addressed.	17

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

Significant risks

Management override of controls	Description of the risk
	Management at various levels within an organisation are 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. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits. You should assess this risk as part of your oversight of the financial reporting process.
	How we addressed this risk We addressed this risk by: • Reviewing the key areas within the financial statements where management had used judgement and estimation techniques and considered whether there was evidence of unfair bias; • Examining any accounting policies that vary from the Government Financial Reporting Manual; • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and • Considering and testing any significant transactions outside the normal course of business or otherwise unusual.
	Audit conclusion Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Valuation of legal aid provision	Description of the risk
	The Legal Aid Fund financial statements include a provision for live legal aid cases which remain unbilled at year-end. This is an estimate of the expenditure required to settle any obligation at the end of the reporting period. The legal aid provision was £73.9 million at 31 March 2024. SLAB calculates the provision based on an internally developed model which includes significant estimation in the data used to value cases. This represents an increased risk of misstatement in the financial statements.
	How we addressed this risk We addressed this risk by: • Evaluating the design and implementation of controls SLAB has in place which mitigate the risk of incorrect accounting for the legal aid provision; • Reviewing the process for calculating the provision and assess the reasonableness and accuracy of the assumptions and data used; and • Undertaking substantive procedures to ensure the legal aid provision is recorded appropriately in the financial statements.
	Audit conclusion We have reviewed all assumptions and data used by SLAB to calculate the provision and obtained evidence to support SLAB's judgements.

Significant findings (continued)

Valuation of pension liability	Description of the risk
	SLAB operates a contributory defined benefit pension scheme, the Legal Aid (Scotland) Pension Scheme. The scheme had a liability of £93.5 million at 31 March 2024. Estimation of the pension liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. Due to the high degree of estimation uncertainty associated with the valuations, we have determined there is a significant risk in this area.
	How we addressed this risk We addressed this risk by: • Reviewing the controls that SLAB has in place over the information sent to the scheme actuary by the scheme administrators, the Scottish Public Pensions Agency; • Assessing the skill, competence and experience of the Fund’s actuary; • Challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation; • Carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation; and • Performing substantive analytical review procedures on benefits paid.
	Audit conclusion We obtained the assurances sought and there are no significant issues to bring to your attention.

Significant findings (continued)

Other key areas of management judgement/ enhanced risks

Valuation of property, plant and equipment

Description of the management judgement

SLAB held land and buildings with a net book value of £8.98 million as at 31 March 2024. Land and buildings are fully revalued by an external valuer at least every five years, with an interim valuation in year three. The last full valuation was carried out at 31 March 2024.

There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. There is also the risk, for those assets that have not been subject to revaluation in year, that the carrying value does not reflect current value.

How we addressed the management judgement

We addressed this risk by:

- Evaluating the competence, capabilities and objectivity of SLAB’s valuer, District Valuers of the Valuation Office Agency;
- Assessing the scope and terms of engagement with the Valuer;
- Assessing how management utilises the Valuer’s report for the valuation of Thistle House included in the financial statements;
- Testing the accuracy of the data used in valuation;
- Challenging SLAB and the Valuer’s assumptions and judgements applied in the valuations;
- Reviewing the valuation methodology used, including the appropriateness of the valuation basis;
- Ensuring any changes in asset values are correctly accounted for in the annual accounts and reflected in the fixed asset register; and
- Considering the reasonableness of the valuation by comparing the valuation output with market intelligence.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Wider responsibilities – statutory reporting

We are required to notify the Auditor General when circumstances indicate that a statutory report may be required.

Section 22 of the Public Finance and Accountability (Scotland) Act 2000 allows us to prepare a report to bring to the attention of the Scottish Parliament and the public, matters of public interest arising during the audit of the Scottish Legal Aid Board.

We confirm no such reports have been prepared.

Section 23 of the Public Finance and Accountability (Scotland) Act 2000 allows us to initiate an examination into the economy, efficiency and effectiveness with which the Scottish Legal Aid Board and their officeholders have used their resources in discharging their functions.

We confirm no such examinations have been initiated.

Summary of misstatements

Summary of misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 3 March 2025. Any subsequent changes to those figures are set out in the 'Executive summary' section of this report.

Adjusted misstatements

We identified no misstatements above our reporting threshold, or that we deem to be material by nature, as at the date of this report.

Unadjusted misstatements

We identified no misstatements above our reporting threshold, or that we deem to be material by nature, as at the date of this report.

Summary of misstatements (continued)

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Remuneration and staff report
 - Updating average overall increase for staff members.
 - Updating disclosure note relating to Cash Equivalent Transfer Value (CETV).
- Performance Report
 - Inclusion of additional disclosures to ensure compliance with the FReM.

There were also adjustments to the annual report and accounts for other minor disclosure, page numbers, consistency or presentational matters.

- Scottish Legal Aid Fund Financial statements
 - A £18k adjustment was processed increasing trade and other receivables and decreasing bad debt expenditure due to an error identified in SLAB's bad debt calculations.
 - A £15k adjustment was processed decreasing operating income and decreasing trade and other receivables due to SLAB recognising income within the wrong accounting period.
- Scottish Legal Aid Board Financial statements
 - A £5k adjustment was processed increasing administrative expenses and decreasing trade and other receivables due to an error identified within the commencement period for a prepayment.

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

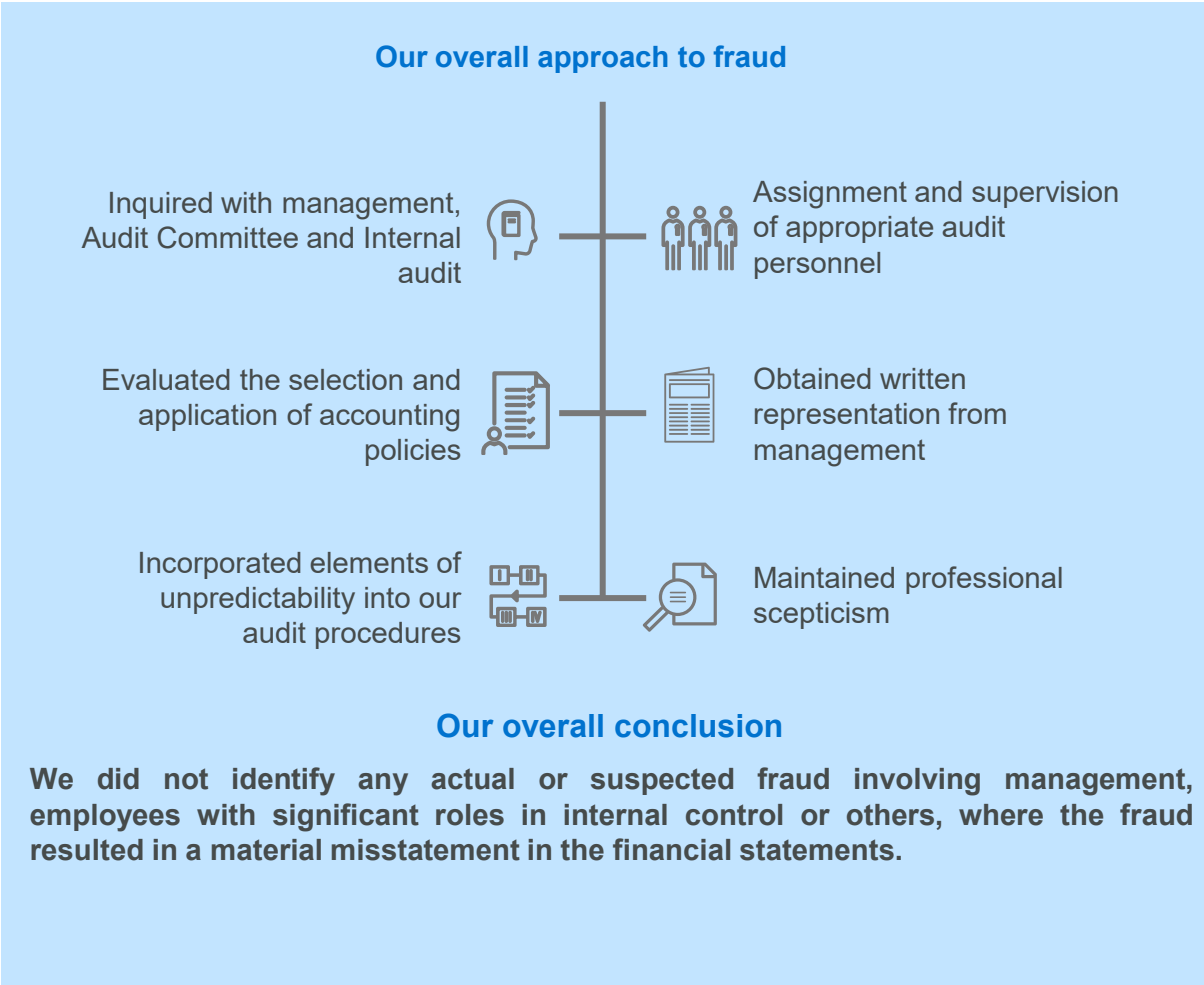
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with your oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by your active oversight.

Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the ‘Audit approach and risk summary’ section, we identified the risk of fraud in management override of controls as a significant risk.



Wider scope and Best Value

Commentary on Wider Scope

Overall Summary



Commentary on Wider Scope

Wider Scope summary

As auditors appointed by the Auditor General of Scotland, our Wider Scope responsibilities are set out in the Code of Audit Practice 2021. The Code requirements broaden the scope of the 2024/25 audit and allow us to use a risk-based approach to report on our consideration of the Scottish Legal Aid Board’s performance and make recommendations for improvement and, where appropriate, conclude on the Scottish Legal Aid Board’s performance.

The Code’s Wider Scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Possible significant risks?	Significant risks identified?	Other recommendations made?
Financial management	28	No	No	No
Financial sustainability	31	No	No	Yes – see previously reported recommendation on page 33
Vision, leadership and governance	34	No	No	No
Use of resources to improve outcomes	38	No	No	Yes – see recommendation 1 on page 40

Commentary on Wider Scope

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Financial management culture	SLAB's system of internal control is based on identification and treatment of risks to the delivery of its aims and objectives. It uses a delegated authority matrix to ensure effective decision making. SLAB reviews its system of internal control on an annual basis.	SLAB has appropriate and effective financial management in place. There are sufficient financial skills, capacity, and capability in SLAB.	No significant issues identified.
Accountability	SLAB has a clear process for budget setting. Cost centre managers submit budgets each December detailing the spend required to deliver business plan objectives. These are approved by Directors and then the Executive Team as a whole, before being submitted to the Board as part of the annual budget. SLAB reports financial performance to the Board and its Executive Team on a regular basis. This includes forecasts for the year. Progress against planned savings is reported to the Executive Team. All savings are required to be approved by the Executive Team along with any resulting budget amendments. SLAB achieved financial balance for its administrative budget with an underspend of £2.635 million. Funding for legal services is demand led and the Scottish Government must make funding available to pay for services covered by the legal aid schemes. This means there is no risk of financial balance not being achieved for the Legal Aid Board.	SLAB has a clear process for budget setting and reports financial performance to the Board and its Executive Team on a regular basis.	No significant issues identified.

Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption	SLAB has an anti-fraud and corruption policy statement which sets out staff responsibilities for the prevention of fraud and corruption. It has a fraud response plan which acts as a checklist of actions and guide to follow in the event of fraud being suspected. It also has a whistleblowing policy which provides guidance for employees. SLAB has a Code of Conduct for Members which covers policies and procedures for general conduct, registration of interests and declaration of interests. SLAB publishes Codes of Practice on its website for solicitors providing legal assistance funded by legal aid.	SLAB has appropriate arrangements for preventing fraud, corruption and whistleblowing. SLAB’s whistleblowing policy was updated in August 2024.	No significant issues identified.

Commentary on Wider Scope

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



Financial sustainability (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Financial planning	SLAB has a clear approach to determine its administration and client legal services budget requirements. It has reasonable arrangements in place for identifying and assessing savings. The finance team is responsible for identifying potential savings. These are considered by officers at an Executive team meeting. Directors are responsible for final sign-off of their budgets so ensure that any savings agreed upon are reflected in budget returns. SLAB has developed a five-year administration budget covering the period to 2028/29. This includes forecasts of future funding gaps. SLAB has a staff establishment (shared with the people team) to better control core staff costs/budgeting across the Board and the staffed areas of the Fund (Public Defence Solicitors' Office (PDSO), Civil Legal Assistance Office (CLAO), Solicitors Contact Line (SCL) and Glasgow Courts (GC)). SLAB has identified the following financial gaps in future years: • 2025-26: potential gap of £34k • 2026-27: potential gap of £614k • 2027-28: potential gap of £652k. Officers have undertaken a savings review. This has identified several savings proposals which SLAB is investigating further. The legal aid fund is a non-cash limited fund and is demand led which makes longer-term financial planning more challenging. Decisions on eligibility and payment are made irrespective of any budgetary provision. The Scottish Government must make funding available if required to pay for services covered by the legal aid schemes, even if this is higher than expected in some years.	SLAB has a clear approach to determine its administration and client legal services budget requirements.	No significant issues identified.

Financial sustainability (continued)

Follow up of previously-reported recommendation

In August 2024 we reported one recommendations to the Scottish Legal Aid Board to address risks identified from our wider scope audit for financial sustainability. As part of our work in 2024/25, we followed up the progress made by the Scottish Legal Aid Board against the recommendations made and determined whether the risk remained during the year.

	Financial sustainability finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2024/25	Conclusions reached
1	Financial Sustainability / Workforce Plan – Level 3 SLAB should develop a medium to long-term workforce plan, including succession planning of key posts, to support the organisation’s strategic objectives in the longer term.	Management Response: In progress Implementation timescale: March 2024	SLAB has made progress in embedding workforce planning across the organisation. SLAB has developed a workforce strategy document, and individual teams are now preparing workforce plans aligned with the annual budget and business planning cycle. Several service areas, including Facilities, Civil Finance, and Finance and Procurement have prepared and are beginning to implement workforce plans. Other developments include: • Ongoing reviews of key dependencies in Client Legal Services and Operations. • Training completed for the People & OD Manager to support workforce strategy. • Introduction of a People Impact Assessment (currently in pilot phase) to assess the workforce implications of organisational change. • A formal establishment process (an internal process for managing and approving staff structures) has been implemented, with oversight from the Executive Team. • Key workforce metrics and activity are monitored through the Annual People Report to the Board.	Conclusions Ongoing. SLAB has made good progress in implementing its new approach to workforce planning across the organisation. Officers expect further progress to be made in 2025/26.

Commentary on Wider Scope

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Clarity of plans to implement the vision	SLAB continues to use its corporate plan for 2023-2026, which sets out how it will achieve its strategic objectives. Work underway to develop the 2027-2030 corporate plan. The corporate plan sets out SLAB's vision – "Our Values, principles and clarity of purpose empower our people to deliver and shape a legal aid system that supports a just, safe and resilient Scotland." Its mission to "Help people access the legal support they need by: • Making timely, clear and consistent decisions on legal aid applications and accounts • Delivering high quality and accessible information, advice and representation • Providing insightful, evidence-based and outcome focused advice to Ministers". The plan includes four strategic objectives: 1. High Quality Administration 2. High Quality Delivery of Client Legal Services & Targeted Funding 3. Investing in Our People 4. Shaping the Future. The plan includes further details on each objective, actions setting out how SLAB will achieve the objective, and the resources which will be allocated to these. It also includes details of how SLAB will measure its success for each objective. SLAB also has an annual business plan which provides a high-level overview of the activity that helps it work towards its strategic objectives.	SLAB's corporate plan sets out a clear vision and strategy for the organisation.	No significant issues identified.

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Significant risks identified
Governance arrangements	SLAB is a non-departmental public body sponsored by the Scottish Government's Justice Directorate. Its broad governance framework and relationship with the Scottish Government are set out in a joint framework agreement. Membership of the Board comes from a range of public and private sector backgrounds, including solicitors and advocates. The Board consists of the Chair and 11 other non-executive members. The role of the Board is to shape and set SLAB's strategic direction. It also sets SLAB's risk appetite and risk management framework and provides oversight and scrutiny of the organisational and financial performance. The Board has four standing committees: - Audit Committee: which advises the Board and Accountable Officer on the effectiveness of the internal control system. - Legal Assistance Policy Committee: which advises the Board on the development and implementation of operational policies. - Legal Services Cases Committee: which considers sensitive, high profile or other specified types of case either at first instance or on review. - Remuneration and Appointments Committee: which considers pay policy and the remuneration and performance of the Chief Executive and Executive Team. Standing Orders set out the arrangements for the management of SLAB's Board and Committees, which are subject to regular review. A Delegated Authority Matrix sets out detailed authorities across the organisation.	The governance framework agreed between SLAB and the Scottish Government appears appropriate. We found evidence of effective scrutiny, challenge and transparency of decision making at the Audit Committee. We have confirmed that the Board provides oversight and scrutiny of SLAB's organisational and financial performance.	No significant issues.

Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Strategy and priorities	SLAB's corporate plan sets out the vision and strategy for the organisation. It also sets out SLAB's contribution to wider Scottish Government outcomes and the National Performance Framework. The Scottish Government published its Legal Aid Reform Discussion Paper in February 2025. Legal aid reform will impact processes for accessing legal aid funding with significant implications for SLAB and its operations. SLAB recognises the delivery of legal aid reform as a key risk in its risk register. It is vital, that as reform progresses, SLAB remains agile and prepared for the operational implications of a reformed legal aid system.	SLAB's strategy and priorities are clearly set out in its corporate plan.	No significant issues.
Financial and performance information	Performance is reported to each meeting of the Board, The reports cover: - Applications performance for the three types of legal aid applications - Accounts performance for the three types of accounts administered - Solicitor satisfaction. The reports contain narrative explanations where benchmarks have not been met. There is a range of indicators for applications and accounts, and performance is recorded on a month-by-month basis (based on three month averages up to and including the month shown). This is shown in tables in the report. The information in the tables is known as SLAB Operational Performance Overview Reports (SOPOR). Quarterly SOPOR reports are also available on SLAB's website along with guidance on how the measures are calculated and interpreted. We discussed the disclosure requirements under the Task Force on Climate-related Financial Disclosures (TCFD) framework with the officers, following the Scottish Government's guidance encouraging public bodies to adopt TCFD reporting. SLAB confirmed that it does not currently meet the thresholds for mandatory disclosure. Specifically, it has less than 500 full-time equivalent (FTE) employees and does not receive £500 million or more in operating income or funding. We recommended that SLAB consider voluntary alignment with TCFD disclosures in future reporting, in line with best practice and guidance from the Scottish Government and Audit Scotland.	The regular performance reports presented to the Board and the SOPOR provide clear information on SLAB's performance against benchmarks and targets for its main operations. Information is provided on a month-by-month basis which allows users to see performance trends over a 12-month period. Narrative explanations are included in the Board reports where performance is below expectations.	No significant issues.

Commentary on Wider Scope

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.



Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Significant risks identified
Resources deployed to improve strategic outcomes	SLAB has continued to prepare a business plan which incorporates the staff budget for each service area and estimates the percentage of time each area is expected to spend on achieving the four strategic objectives.	SLAB has provided information on the resources it expects to use to achieve its corporate objectives within the 2024/25 business plan.	No significant issues.
Needs of service users being met	Solicitor satisfaction is reported in the SOPOR; however, the last satisfaction survey was carried out in November 2023. The surveys are designed to inform SLAB's understanding of the strategic environment it is operating in and help support reports and submissions to its committees, the Scottish Government and Law Society of Scotland. The survey reports include a summary of the results and details of the next steps SLAB will take in response to the findings.	SLAB has stated that the surveys have been paused due to the Customer Insight Strategy being drafted which will be driving changes in the forthcoming months.	Continuation of solicitor satisfaction surveys – Level 2 See page 40 for further information and our recommendations made to the Scottish Legal Aid Board.
Arrangements to deliver continuous improvements in priority services	Operational benchmarks are measured and published via SOPOR, reported quarterly and published on SLAB's website. The Executive Team is informed of operational performance monthly, and performance is reported to each meeting of the Board. These reports provide a short summary of the current position with each project and any issues. There is a quarterly reporting to the Board on progress against the annual business plan. The reports give a snapshot of each of the business plan projects to allow Board members to assess whether projects are on track. The projects are grouped under each strategic priority and the information is clearly displayed in a table.	SLAB provides Board members and the public with clear information on operational performance and progress against business plan improvement projects.	No significant issues identified.

Use of resources to improve outcomes (continued)

Identified risks in use of resources to improve outcomes arrangements and recommendations for improvement

As a result of our work we have identified risks in SLAB’s use of resources to improve outcomes arrangements. These identified risks have been outlined in the table below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action; see Appendix F for further details.

	Use of resources to improve outcomes significant risks identified	Recommendation for improvement	SLAB’s response and implementation timescale
1	Solicitor satisfaction surveys – Level 2 SLAB did not carry out any solicitor satisfaction surveys during the 2024/25 financial year. The last satisfaction survey was carried out in November 2023.	We recommend that SLAB resume regular solicitor satisfaction surveys to ensure continuous feedback is gathered from stakeholders. This will support ongoing service improvement, maintain engagement with the solicitor community, and align with good governance and performance monitoring practices.	Management’s response Board noted in February 2024, work is to be done to improve the type of information which is provided from future surveys, to allow us to use the information to make changes which will help us provide a better service to our customers. This was based on low return rates and survey fatigue. Further, Board, in August 2025, noted that a baseline check will be carried out in the next few months in preparation for a new approach as part of the Customer Insight Strategy. Responsible officer Adam Ford Implementation date March 2026

Commentary on Best Value

Best Value



Best Value

Best Value in central government bodies

The Scottish Public Finance Manual (SPFM) explains that accountable officers have a specific responsibility to ensure that arrangements have been made to meet their Best Value obligations. The duty of Best Value as set out in the SPFM is:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

Ministerial guidance for Accountable Officers in public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

The seven Best Value characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve Best Value:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality.

We have used a risk-based approach that is proportionate to the size and type of the body, to assess whether the Scottish Legal Aid Board has made proper arrangements for securing Best Value. We have also followed up on previously reported Best Value findings, where applicable, and have assessed the pace and depth of improvement implemented by the Scottish Legal Aid Board.

Best Value (continued)

Best Value in central government bodies – overall conclusion

SLAB's internal audit team carried out a review of the controls in operation over Best Value in SLAB in 2022/23 and reported its findings to the June 2023 Audit Committee meeting. Internal audit assessed SLAB's approach against five themes set by Audit Scotland (Vision and Strategic Direction, Partnership Working, Governance and Accountability, Planning and Resource Alignment, and Performance Management). Internal audit found that controls over Best Value were generally operating effectively.

Internal audit made some routine recommendations for the following areas:

- An absence of consideration of costs incurred in achieving performance outcomes.
- A lack of commentary in the SOPOR on the absence of accounts checking results and solicitor satisfaction surveys for extended periods during 2022/23.
- Development of a plan for addressing the backlog of checks on accounts.

The Executive Team and Audit Committee agreed that there is an opportunity to review Best Value arrangements every third year, with the work completed ahead of the drafting of the new corporate plan. The next review is due in 2025/26. This was discussed with SLAB's internal audit team who confirmed this was scheduled for the 2025/26 year.

SLAB published its corporate plan covering 2023-26 in July 2023. The plan sets out further details on each of its strategic objectives and actions setting out how SLAB will achieve the objective. It also includes details of how SLAB will measure its success for each objective. SLAB has an annual business plan which provides a high-level overview of the activity that helps it work towards its strategic objectives. SLAB continued to monitor key performance indicators throughout the year with performance reported to the Board on a regular basis. The Accountable Officer has appropriate assurance over their Best Value obligations from the corporate and business plans, budget monitoring and performance reporting.

Overall, we have concluded that SLAB has appropriate arrangements in place for managing and monitoring performance and reporting on its efforts to secure Best Value.



Appendices

A: Internal control conclusions

B: Draft management representation letter

C: Draft audit report

D: Confirmation of our independence

E: Other communications

F: Wider scope ratings

G: Current year updates, forthcoming accounting & other issues

Appendix A: Internal control conclusions

Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Scottish Legal Aid Board's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scottish Legal Aid Board's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Appendix A: Internal control conclusions (continued)

Deficiencies in internal control

IT General Controls:- Identity Management in Oracle financial reporting system

Description of deficiency

We identified that an employee who left SLAB on 30 September 2024 did not have their access to the Oracle system removed until 4 October 2024.

Potential effects

Users could have inappropriate access to financial systems.

Recommendation

Officers should ensure users have system access removed within one working day of the end of their employment.

Management response

Procedures are in place to remove access within one day, the example noted was actioned within a day but not checked until day 4.

Responsible officer

Linda Ross

Implementation date

September 2025

Appendix A: Internal control conclusions (continued)

IT General Controls:- User Access Reviews for Oracle financial reporting system

Description of deficiency

Some temporary workers were not included in the IT team’s periodic checks for inactive users. These users retained access to the Oracle system until the issue was identified and escalated by the audit team, rather than being proactively detected and removed through standard access review procedures.

Potential effects

Users could have inappropriate access to the system.

Recommendation

SLAB should amend the user access audit process to ensure comprehensive coverage of all Oracle users, including non-permanent workers.

Management response

New procedures in place to ensure temporary workers are managed.

Responsible Officer

Linda Ross

Implementation Date

September 2025

Appendix A: Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in prior periods.

IT General Controls:- User access to ASH System – Level 2

Description of deficiency

There is no formal process for authorising changes in user access to the ASH debtors system.

Current year update:

Potential effects

Users could have inappropriate access to the system.

Recommendation

Changes in access to ASH should only be granted when the user’s access request has been authorised by an appropriate officer. These approvals should be stored for future reference.

2024/25 Update

Management stated that there have been no changes to the ASH system within the year. The system continues to operate under its existing architecture, which does not support traditional privileged access controls. Management has confirmed that the current system will remain in place until it is replaced by a new system, at which point access controls will be reassessed and updated accordingly. In the absence of any new risks or changes to the system environment, we will not carry out any further follow up work on this recommendation.

Management response

Noted.

Appendix A: Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in prior periods.

IT General Controls:- User access review – Level 2

Description of deficiency

Managers are required to authorise the access rights of their team on an annual basis. This involves users reviewing their own system access rights for appropriateness and managers actioning any requested changes and authorising access.

Current year update:

Potential effects

Changes in staff responsibilities in the period between reviews may mean user access is no longer appropriate.

Recommendation

Managers should periodically review and agree the access rights of their team members to ensure they are appropriate.

2024/25 Update

Management stated that there have been no changes to the ASH system within the year. The system continues to operate under its existing architecture, which does not support traditional privileged access controls. Management has confirmed that the current system will remain in place until it is replaced by a new system, at which point access controls will be reassessed and updated accordingly. In the absence of any new risks or changes to the system environment, we will not carry out any further follow up work on this recommendation.

Management response

Noted.

Appendix A: Internal control conclusions (continued)

IT General Controls:- Privileged access – Level 2

Description of deficiency

We have been informed that access to maintain the ASH system (high level parameters and user access rights) is managed through a separate security system that has a single password known to several members of staff.

Current year update:

Potential effects

Unauthorised use of privileged access could allow users to view, modify or delete sensitive data.

Recommendation

Privileged access should be provided through individual user accounts assigned to individual users.

2024/25 Update

Management stated that there have been no changes to the ASH system within the year. The system continues to operate under its existing architecture, which does not support traditional privileged access controls. Management has confirmed that the current system will remain in place until it is replaced by a new system, at which point access controls will be reassessed and updated accordingly. In the absence of any new risks or changes to the system environment, we will not carry out any further follow up work on this recommendation.

Management response

Noted.

Appendix B: Draft management representation letter

Tom Reid
Forvis Mazars LLP
100 Queen Street
Glasgow
G1 3DN
July 2025
Dear Tom

Scottish Legal Aid Board – Audit for the Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Scottish Legal Aid Board (the Board) for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Board you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accountable Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix B: Draft management representation letter

Accounting records

I confirm that all transactions undertaken by the Board have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Board's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Board in making the accounting estimates, including those measured at fair value are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Board have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix B: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Accountable Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Board involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

I have disclosed to you the identity of the Board's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

Charges on assets

All the Board's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Valuation of land, buildings and dwellings

I confirm that I am satisfied that the key assumptions feeding into the assessment of the assets are appropriate based on my review.

Appendix B: Draft management representation letter

Right of Use assets and lease liabilities

I confirm that I have satisfied myself that the key judgments and assumptions made in valuing Right of Use assets and corresponding lease liabilities are reasonable and in accordance with IFRS 16. I am satisfied that assumptions around lease terms of implicit leases are reasonable.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the SLAB, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note to the financial statements fairly reflects that assessment.

Actuarial assumptions

I confirm that I have satisfied myself that the key actuarial assumptions used in valuing the pension scheme liability are reasonable.

Going concern

To the best of my knowledge there is nothing to indicate that the Board will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Performance related allocations

I confirm that I am not aware of any reason why the Board's funding allocation limits would be changed.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM) require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Governance Statement

I am satisfied that the Governance Statement fairly reflects the Board's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the Governance Statement.

Appendix B: Draft management representation letter

Annual Report

The disclosures within the Annual Report and the Remuneration and Staff Report fairly reflect my understanding of the Board's financial and operating performance over the period covered by the financial statements.

Other Representations

I confirm that all provisions required under IAS 37 have been included in the financial statements. This includes the legal aid provision, which has been calculated based on management's best estimates and assumptions. I further confirm that the assumptions used to calculate legal aid provision are reasonable, supportable, and consistent with historical trends and available data.

Unadjusted misstatements

I confirm that there are no uncorrected misstatements.

Yours faithfully

Colin Lancaster

Chief Executive and Accountable Officer

Appendix C: Draft audit report

Independent auditor's report to the members of Scottish Legal Aid Board, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on the Scottish Legal Aid Fund financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Aid Board for the year ended 31 March 2025 under the Legal Aid (Scotland) Act 1986. The financial statements for the Scottish Legal Aid Fund ('the Fund') comprise the Fund's Statement of Comprehensive Net Expenditure, the Fund's Statement of Financial Position, the Fund's Statement of Cash Flows, the Fund's Statement of Changes in Taxpayers' Equity and Notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In our opinion the accompanying financial statements of the Scottish Legal Aid Fund:

- give a true and fair view of the state of the Fund's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Opinion on the Scottish Legal Aid Board financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Aid Board for the year ended 31 March 2025 under the Legal Aid (Scotland) Act 1986. The financial statements for the Scottish Legal Aid Board ('the Board') comprise the Board's Statement of Comprehensive Net Expenditure, the Board's Statement of Financial Position, the Board's Statement of Cash Flows, the Board's Statement of Changes in Taxpayers' Equity and Notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In our opinion the accompanying financial statements of the Scottish Legal Aid Board:

- give a true and fair view of the state of the Board's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Appendix C: Draft audit report

Basis for opinions

We conducted our audits of the Fund and the Board in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audits of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the Fund and Board financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland Website](#).

Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of Fund and Board financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Fund and Board financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Appendix C: Draft audit report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Fund and Board financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the Fund and Board financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Appendix C: Draft audit report

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the Fund and Board financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on the Fund and Board financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

the information given in the Performance Report for the financial year for which the Fund and Board financial statements are prepared is consistent with the Fund and Board financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers; and

the information given in the Governance Statement for the financial year for which the Fund and Board financial statements are prepared is consistent with the Fund and Board financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Appendix C: Draft audit report

Matters on which we are required to 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 parts 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.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid (Audit Director)

For and on behalf of Forvis Mazars LLP

Forvis Mazars LLP

100 Queen Street

Glasgow – G1 3DN

Appendix D: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

Appendix D: Confirmation of our independence (continued)

Fees for work as the Scottish Legal Aid Board’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit Committee in 3 March 2025. Having substantially completed our work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Auditor remuneration	£86,240	£73,170
Pooled costs	(£830)	£780
Sectoral cap adjustment	(£20,370)	(£10,150)
Additional audit procedures to obtain assurance over pension scheme actuarial assumptions and testing of pension benefits and membership data		£4,108
Additional audit procedures to review and test updated legal aid provision model and new assumptions used		£6,455
Total fees	£65,040	£74,363

Fees for other work

We confirm that we have not undertaken any non-audit services for the Scottish Legal Aid Board in the year.

Appendix E: Other communications

Other communication	Response
 Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
 External confirmations	We did not experience any issues with respect to obtaining external confirmations.
 Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 Going Concern	We have not identified any evidence to cause us to disagree with Accountable Officer that the Scottish Legal Aid Board will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix E: Other communications (continued)

Other communication	Response
 Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
 Matters related to fraud	Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled ‘<i>Fraud considerations</i>’ for our fraud considerations and conclusion. We will obtain written representations from management and, where appropriate, Audit Committee, confirming that - they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; - they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; - they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: - management; - employees who have significant roles in internal control; or - others where the fraud could have a material effect on the financial statements; and - they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix E: Other communications (continued)

Other communication	Response
 System of Quality Management	To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including: • Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities • Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) • Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluating responses and remediating control gaps or deficiencies. We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.
 National Fraud Initiative	The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the UK’s Cabinet Office, designed to prevent and detect fraud. The NFI uses data analytics to compare information held on individuals by different public bodies to highlight the existence of fraud or error. The Scottish Legal Aid Board has received matches for investigation in January 2025. We have monitored the Scottish Legal Aid Board’s participation and progress during the 2024/25 audit. During the 2024/25 NFI exercise, the Scottish Legal Aid Board received ten reports containing 261 matches. Using a risk-based approach, the Scottish Legal Aid Board investigated 100% of the matches and found that there were no indications of error or fraud.

Appendix F: Wider scope ratings

We need to gather sufficient evidence to support our commentary on the Scottish Legal Aid Board’s arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to the Scottish Legal Aid Board and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

Appendix G: Current year updates, forthcoming accounting & other issues

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2023

IFRS 17 *Insurance Contracts* (issued May 2017) and Amendments to IFRS 17 *Insurance Contracts* (Issued June 2020)

- IFRS 17 *Insurance Contracts* (IFRS 17) is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities. The amendments, issued subsequently in June 2020, do not change the fundamental principles of IFRS 17 and are aimed at helping companies implement the standard and make it easier for them to explain their financial performance. The EU has endorsed the adoption of IFRS 17, although with some changes to the version issued by the IASB. In May 2022, the UK Endorsement Board (UKEB) adopted the standard and the associated amendments.

Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 (Issued December 2021)

- The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis. The amendments have been UK-adopted and endorsed by the EU.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements: Disclosure of Accounting Policies* (Issued February 2021)

- The amendments set out notable new requirements for accounting policy disclosures that change the requirements for entities to disclose material accounting policy information, rather than significant accounting policies, and not to disclose immaterial accounting policy information, explaining that accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (Issued February 2021)

- The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.

Appendix G: Current year updates, forthcoming accounting & other issues (continued)

Current and forthcoming accounting issues (continued)

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

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