Commissioner for Ethical Standards in Public Life in Scotland

2024/25 Annual Audit Report

Prepared for the Commissioner for Ethical Standards in Public Life in Scotland and the Auditor General for Scotland

October 2025

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2 There are no significant findings or key audit matters to report from the audit. Two matters were identified but are not material to the financial statements and have been reported as unadjusted misstatements.

Financial Sustainability and Best Value audit

3 The Commissioner for Ethical Standards in Public Life in Scotland has appropriate arrangements in place for securing financial sustainability and Best Value.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of the Commissioner for Ethical Standards in Public Life in Scotland's annual report and accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to the Commissioner for Ethical Standards in Public Life in Scotland hereafter referred to as 'the Commissioner' and the Auditor General for Scotland, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. We have been appointed as the Commissioner's auditors for the 5-year period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, we are independent of the Commissioner in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on our continued independence from the Commissioner.

Acknowledgements

4. We would like to thank the Commissioner and his staff, particularly those involved in preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the annual report and accounts, namely the Performance Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Concluding on the Commissioner's arrangements in relation to the wider scope areas: financial sustainability and a review of the Governance Statement.
- Reporting on the Commissioner's arrangements for securing Best Value.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the Commissioner and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and accounts.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the Commissioner from his responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1 setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The Commissioner's responsibilities

10. The Commissioner has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of a body's affairs.
- Preparation of an annual report and accounts, comprising financial statements that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure a body's financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit of the annual report and accounts

Main judgements

Our audit opinions on the annual report and accounts of the Commissioner for Ethical Standards in Public Life in Scotland are unmodified and confirm that the accounts are free from material misstatement.

There are no significant findings or key audit matters to report from the audit. Two matters were identified but are not material to the financial statements and have been reported as unadjusted misstatements.

Audit opinions on the annual report and accounts

11. The annual report and accounts were approved by the Commissioner on 3 October 2025 and signed by the auditor thereafter. As reported in the Independent Auditor's Report, the financial statements give a true and fair view and, in our opinion, are free from material misstatement.

Audit timetable

12. The unaudited annual report and accounts and working papers were received in accordance with the agreed audit timetable.

Audit Fee

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £19,260. There have been no developments that impacted on our planned audit work, therefore the audit fee remains unchanged.

Materiality

14. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

15. Materiality levels for the audit were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan. These were reassessed on receipt of the unaudited annual report and accounts and are set out in Exhibit 1.

Exhibit 1
2024/25 Materiality levels

Materiality	Amount
Overall materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. For the year ended 31 March 2025, our materiality was set at 2% of gross expenditure.	£30,800
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures should be considered. Using our professional judgement, we assessed performance materiality at 75% of overall materiality.	£23,100
Reporting threshold – We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold' amount.	£1,500

Source: Audit Scotland

No significant findings or key audit matters were identified from the audit

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance.

17. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

18. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

19. There are no significant findings or key audit issues to report from the audit of the annual report and accounts.

Audit adjustments

20. No audit adjustments have been made to the financial statements.

21. Two misstatements greater than the reporting threshold of £1,500 were identified and discussed with the Head of Corporate Services. As the amounts involved are not material to the financial statements, no adjustment has been made to correct these misstatements. The details are as follows:

- Each year, a calculation is required to determine an accrual for untaken leave. The calculation was undertaken but was based on the cost of gross salaries when it should have been total staff costs ie gross salary plus employer oncosts.
- The Commissioner's tangible assets largely include IT equipment such as laptops. The policy is to hold equipment on the asset register until they are disposed of. A number of laptops have been fully depreciated. Some of these are however held as 'spares' and can therefore be regarded as still in use while others have been decommissioned and are awaiting disposal. As the decommissioned assets are no longer in use, they should be removed from the notes to the financial statements although they should continue to be held separately on the asset register. There is no impact on the Statement of Financial Position as the decommissioned assets have been fully depreciated but the gross cost and gross depreciation totals disclosed in Note 2.1 are overstated by the same amount.

22. The amounts involved and the impact on the financial statements can be seen in Appendix 2. Associated recommendations are included in Appendix 1.

Qualitative aspects of accounting practices

23. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of a body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

24. The accounting policies adopted by the Commissioner were assessed as part of the audit and considered to be appropriate. There were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

Accounting estimates

25. Accounting estimates are used in a number of areas in the Commissioner's financial statements. Audit work considered the process the management team has in place around making accounting estimates, including the assumptions and data used in making the estimates. Audit work concluded:

- Other than the untaken leave accrual (Refer para 21), there were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit. Other than the IT equipment disclosure (Refer para 21), the quality of disclosures was found to be appropriate and in line with accounting requirements.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 2

Exhibit 2
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	• Assessed the use of journal entries, made inquiries of relevant officers about inappropriate or unusual activity relating to the processing of journal entries and considered the need and extent of detailed journal entry testing. • Assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Focused testing of accounting accruals and prepayments.	Based on the audit work undertaken, there was no evidence of management override of controls.

Source: Audit Scotland

Financial Sustainability and Best Value audit

Conclusion

The Commissioner for Ethical Standards in Public Life in Scotland has appropriate arrangements in place for securing financial sustainability and Best Value.

Audit approach to wider scope and Best Value

Wider scope

28. The Annual Audit Plan reported that the Commissioner's office was considered to be a less complex body and therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the Commissioner's office and a review of the governance statement.

Duty of Best Value

29. The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. Best Value in public services: guidance for Accountable Officers is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

30. Consideration of the arrangements the Commissioner has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on financial sustainability

31. The audit work performed on the arrangements the Commissioner has in place for securing financial sustainability found that these were appropriate. This judgement is evidenced by the Commissioner:

- developing a medium-term financial plan that is linked to the Strategic Plan and priorities.
- having effective arrangements in place for identifying risks to financial sustainability over the medium-term and understanding medium-term challenges that could impact on available resources.
- submitting a budget bid to the Scottish Parliamentary Corporate Body which includes an indicative bid for the coming financial year and following two years and supporting this by meeting with the Corporate Body at their discretion to discuss the bid in more detail.

Conclusion on duty of Best Value

32. The audit work performed on the arrangements the Commissioner has in place for securing Best Value found these to be appropriate. This judgement is evidenced by the:

- Commissioner's office having effective governance arrangements in place, with Best Value being a key aspect of these arrangements.
- arrangements in place to secure financial sustainability which help ensure the effective use of available resources.
- good engagement with the Advisory Audit Board and regular contact with the Scottish Parliamentary Corporate Body and more widely with a range of parliamentary committees.
- progress being made to embed sustainability into strategic and operational plans including a refresh of the scheme of delegation and enhanced performance reporting arrangements.
- reduced waiting lists and time taken to complete investigations through continuous improvement and efficiencies, for example:
  - regularly updating the Investigations Manual and ongoing development of templates.
  - producing a combined workplan and key performance indicator tracker for caseload management.
  - implementing quality assurance arrangements including triage of cases by the Duty Investigations Officer and peer review.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1.Untaken leave accrual The untaken leave accrual was understated as the calculation was based on gross salary only and excluded employer oncosts.	The accrual should be calculated including employer oncosts.	Accepted Head of Corporate Services March 2026
2. Tangible Asset disclosures The Tangible Fixed Asset note includes assets which have been decommissioned.	The Commissioner should review assets to ensure that only assets in use during the year are reflected in the accounts.	Accepted Head of Corporate Services March 2026

Appendix 2

Summary of uncorrected misstatements

Details	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
Uncorrected misstatements in financial statements	**Dr**	**Cr**	**Dr**	**Cr**
	£000	**£000**	**£000**	**£000**
Untaken leave accrual excludes Employer NI and Pension Contributions	11			(11)

Uncorrected misstatements in disclosures
Note 2.1 Tangible Assets Overstatement of IT equipment gross asset values due to the inclusion of decommissioned assets with a value of £39,000 which are fully depreciated. No impact on the Net Book Value or the amount included in the SoFP.

The Commissioner for Ethical Standards in Public Life in Scotland

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