Scottish Biometrics Commissioner

2024/25 Annual Audit Report

Prepared for the Scottish Biometrics Commissioner and the Auditor General for Scotland

October 2025

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Key messages

Audit of the Annual Report and Accounts

1 All audit opinions confirm that the Annual Report and Accounts are free from material misstatement.

2 There are no significant findings or key audit matters to report.

3 Two employees had the incorrect employee pension contribution rate applied for 2023/24 and 2024/25.

Financial Sustainability and Best Value audit

4 The Scottish Biometrics Commissioner has effective and appropriate arrangements in place for securing financial sustainability and Best Value.

5 The monthly budget monitoring process should be improved to ensure projected year-end figures are accurate.

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 Scottish Biometrics Commissioner 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 Scottish Biometrics Commissioner, hereafter referred to as 'SBC', and the Auditor General for Scotland. It will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. We can confirm that the audit team are independent of SBC 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 the continued independence of the engagement lead or the rest of the audit team, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Commissioner, Advisory Audit Board and staff at SBC 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 financial sustainability of SBC and a review of the Governance Statement.
- Reporting on SBC's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of SBC 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, and concluding on SBC's arrangements in place for the wider scope areas and Best Value.

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 SBC from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1. The matters reported in the Annual Audit Report are those that have been identified by the audit team during audit work and may not be all that exist. Communicating these does not absolve SBC from its responsibilities outlined below.

SBC's responsibilities

10. SBC 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 its 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 its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National and performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, some of which may be of interest to SBC. Details of national and performance audit reports published over the last year can be seen in Appendix 3.

Audit of the Annual Report and Accounts

Main judgements

All audit opinions confirm that the Annual Report and Accounts are free from material misstatement.

There are no significant findings or key audit matters to report.

Two employees had the incorrect employee pension contribution rate applied for 2023/24 and 2024/25.

Audit opinions on the Annual Report and Accounts

12. SBCs Annual Report and Accounts were approved by the Commissioner on 7 October 2025 and were signed by the appointed auditor on the same day. The Independent Auditor's Report is included in SBC's Annual Report and Accounts. This reports that, in the appointed auditor's opinion, the Annual Report and Accounts are free from material misstatement.

Audit timetable

13. The unaudited Annual Report and Accounts and all working papers were received on 24 July 2025, in accordance with the agreed audit timetable.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £11,410. There have been no developments that impact on the planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

15. Materiality is applied by auditors in planning and performing an audit. The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the Annual Report and Accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

16. Materiality levels for SBC were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited Annual Report and Accounts. Materiality levels were updated and can be seen in Exhibit 1.

Exhibit 1
2024/25 Materiality levels for SBC

Materiality	Amount
Materiality – set at 2% of gross expenditure.	£10,500
Performance materiality – set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£7,800
Reporting threshold – set at 5% of materiality.	£520

Source: Audit Scotland

No significant findings or key audit matters were identified from our 2024/25 audit work

17. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for SBC is the Commissioner.

18. 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.

19. 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.

20. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

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

Accounting policies

22. The appropriateness of accounting policies adopted by SBC was assessed as part of the audit. These were considered to be appropriate to the circumstances of SBC, and there were no significant departures from the accounting policies set out in the Financial Reporting Manual (FReM).

Accounting estimates

23. Accounting estimates are used in SBC's financial statements, including the useful life of Property, Plant and Equipment. Audit work considered the processes in place, including the assumptions and data used in making the estimates. Audit work concluded:

- 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

24. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was found to be appropriate.

Audit adjustments

25. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £520 are outlined in Exhibit 2 (page 10).

Exhibit 2
Audit adjustments

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
Audit adjustments to financial statements		**Dr**	**Cr**	**Dr**	**Cr**
		£	**£**	**£**	**£**
1. Four mobile phones were purchased in year that were originally included in expenditure. The mobiles were above the capitalisation accounting policy threshold of £500 and as such should have been capitalised. The total cost of the mobile phones was £2,097.60 (with each mobile phone costing £524.40, inclusive of VAT).					
	Other Administrative Costs		2,097.60		
	Property Plant and Equipment			2,097.60	
2. The Commissioner was not originally included in the untaken leave accrual.					
	Staff and Pension Costs	6,427			
	Trade Payables				6,427

Source: Audit Scotland

26. In addition to the corrected misstatements outlined in Exhibit 2, there was one other misstatement identified that was greater than the reporting threshold. The March 2024 credit card statement, totalling £647.69, related to 2023/24 however it had been included in the expenditure for 2024/25. The amount had not been accrued in 2023/24 as the credit card statement was only provided to SBC from the Scottish Parliamentary Corporate Body (SPCB) in late 2024.

27. We carried out additional audit procedures and were able to confirm that the error was isolated, with the March 2025 credit card statement being correctly accrued in 2024/25.

28. The value, nature, and circumstances of the uncorrected misstatement was considered by the audit team and concluded that it is not material to the financial statements. As a result, it does not have any impact on the audit opinions given in the Independent Auditor's Report.

29. Details of the uncorrected misstatement can be seen in Appendix 2.

Two employees had the incorrect employee pension contribution rate applied for 2023/24 and 2024/25

30. Payroll processing services are provided by the Scottish Public Services Ombudsman (SPSO) to SBC as part of the Shared Services agreement. During our substantive testing of staff costs, we identified that for both 2023/24 and 2024/25, the incorrect employee pension contribution rate had been used for two employees.

31. This does not impact on SBC's financial statements. However, it does impact on the affected employee's pension contributions and income tax deductions. The estimated impact of the error is as follows:

- 2023/24: Pension Contributions were £2,337.54 less than what they should have been, which resulted in £1,249.21 income tax overpayments.
- 2024/25: Pension Contributions were £2,492.36 less than what they should have been, which resulted in £772.20 income tax overpayments.

32. SBC is currently engaging with SPSO to rectify these issues and to ensure there is no impact on employee pension entitlements.

Recommendation 1

SBC should engage with SPSO to ensure a robust annual process is in place to confirm the accuracy of all rates used when processing payroll.

Significant risk of material misstatement identified in the Annual Audit Plan

33. Audit work has been performed in response to the significant risk of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit 3, (page 12).

Exhibit 3
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned 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.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing from initiation at SBC to administering the financial transactions at Scottish Public Service Ombudsman (SPSO) (as per the SBC and SPSO Shared Services Agreement). • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	Audit work performed found: • The design of controls over journal processing were appropriate and these were implemented as intended. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. • No errors or issues were identified from our substantive testing of expenditure transactions around the year-end. • No errors were identified from our testing of accruals and prepayments.

Risk of material misstatement	Planned audit response	Outcome of audit work
	• Substantive testing of expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Focussed testing of accounting accruals and prepayments.	**Conclusion**: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Financial Sustainability and Best Value audit

Conclusion

The Scottish Biometrics Commissioner has effective and appropriate arrangements in place for securing financial sustainability and Best Value.

The monthly budget monitoring process should be improved to ensure projected year-end figures are accurate.

Audit approach to wider scope and Best Value

Wider scope

34. The Annual Audit Plan assessed that SBC is considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of SBC.

Duty of Best Value

35. 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.

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

Conclusions on Financial Sustainability

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

- Having a Medium-Term Financial Strategy linked to its Strategic Plan and priorities.
- Having effective arrangements in place for identifying risks to financial sustainability over the medium term, and understanding

medium-term demand pressures that could impact on available resources.

The monthly budget monitoring process should be improved to ensure projected year-end figures are accurate

38. As part of our review of the budget monitoring undertaken at SBC, we reviewed the monthly ‘management accounts’ that SPSO provide to SBC as part of the Shared Services agreement. These monthly reports show the year-to-date position versus the year-to-date budget, as well as the projected year-end position.

39. From our review, we identified that the projected year-end figures detailed in the reports were not correct, and had not been updated from 2023/24. There was also a lack of clarity as to who was responsible for the input of these figures. While there are mitigating controls in place for budget monitoring (for example quarterly SBC reports), there is scope for improvement of the monthly budget monitoring that is undertaken.

Recommendation 2

SBC should review their monthly budget monitoring process to ensure there are clear responsibilities for those involved and also to ensure all figures in the reports are accurate.

Conclusion on duty of Best Value

40. The audit work performed on the arrangements SBC has in place for securing Best Value found that these are effective and appropriate. This judgement is evidenced by:

- SBC having well established and effective governance arrangements in place, with Best Value being a key aspect of the governance arrangements.

- The arrangements SBC has in place to secure financial sustainability which help ensure the effective use of available resources.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Incorrect Employee Pension Contribution Rates We identified that the employee pension contribution rates used for two employees were incorrect for 2023/24 and 2024/25. Risk = deductions taken as part of payroll processing are incorrect.	SBC should engage with SPSO to ensure a robust annual process is in place to confirm the accuracy of all rates used when processing payroll.	**Accepted** SPSO have confirmed that primary and secondary checks are to be carried out to capture inputting errors; internal SPSO payroll processing guidance to be updated along with training and support for SPSO payroll administrators. SBC will request written assurance from SPSO that the checks have been carried out and that the correct deductions will be applied. **Commissioner** **September 2025**
2. Monthly Budget Monitoring Process The 'management accounts' reports used as part of SBC's monthly budget monitoring included the incorrect projected year-end position. There was also a lack of clarity, between SBC and SPSO, as to who was responsible for the input of these figures. **Improvement** – the monthly budget monitoring process can be improved to ensure that monthly reports are accurate.	SBC should review their monthly budget monitoring process to ensure there are clear responsibilities for those involved and also to ensure all figures in the reports are accurate.	**Accepted** Quarterly finance meeting between SBC, SPSO and SPCB agreed **Commissioner** **September 2025**

Appendix 2

Summary of uncorrected misstatements

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Changes in Taxpayer's Equity (SoCTE)	
Uncorrected misstatements		**Dr**	**Cr**	**Dr**	**Cr**
		£000	**£000**	**£000**	**£000**
1. The March 2024 credit card statement was included in 2024/25 expenditure instead of being accrued in 2023/24.					
	2024/25 Other Administrative Costs		647.69		
	2023/24 Other Administrative Costs	647.69			

Appendix 3

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

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