Student Awards Agency Scotland

Report to the Audit and Risk Assurance Committee on the 2024/25 audit

Issued on the 15 October 2025

Contents

Engagement Lead Introduction

The key messages

Introduction

I have pleasure in presenting our final report to the Audit and Risk Assurance Committee (“the Committee”) of Student Awards Agency Scotland (“SAAS”) for the 2024/25 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee on 18 February 2025.

Conclusions from our testing

We have issued an unmodified audit report on 15 October 2025.

The Performance Report and Accountability Report comply with the statutory guidance and proper practice and are consistent with the Annual Report and Accounts and our knowledge of SAAS.

The auditable parts of the Remuneration and Staff report have been prepared in accordance with the relevant regulation. During our testing we did identify that the prior year pay multiple ratios were not disclosed. This information has now been added by management, but this did require additional disclosures to be added to explain to the user of the accounts that this was not included in the 2023/24 Annual Report.

We have no uncorrected misstatements or disclosure deficiencies to report.

Conclusions from our testing (continued)

Significant risk

In our planning report we identified operating within expenditure resource limits and management override of controls as significant risks.

Areas of audit focus

Change in IT system: No issues arose from our data migration testing however some differences arose during the migration process, which management corrected, please refer to page 8 for further details.

Scottish Government Consolidation Opinion

We received confirmation from the Scottish Government on 15 October 2025 that they no longer require us to issue a consistency opinion on the Consolidation Schedules.

Wider Scope

As communicated within our planning report we concluded that it is appropriate to apply the ‘less complex bodies’ exemptions to SAAS and therefore focused on financial sustainability as part of our wider scope.

In terms of financial sustainability, SAAS has achieved financial balance in 2024/25 and has confirmed funding for 2025/26, with additional support via the Lifelong Learning and Skills (LLS) Directorate. Based on this and the historic sound financial management in prior years to achieve consistent underspends, SAAS is financially sustainable in the short term.

Stuart Kenny
Engagement Leader

Quality indicators

Impact on the execution of our audit

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

! Lagging ! Developing Mature

Area	Grading	Reason	Further detail
Timing of key accounting judgements	Mature	Based on the testing performed, no issues have been identified with the timing of key accounting judgements.	N/A
Adherence to deliverables timetable	! Developing	There were some delays in receiving information from SAAS, but the audit team has worked with management to resolve these areas.	N/A
Quality and accuracy of management accounting papers	Mature	In general, documentation provided was of a good standard. However, there were instances where Deloitte had to request further information due to the quality of information initially provided.	N/A
Quality of draft Annual Report and Accounts	Mature	The initial version of the draft Annual Report and Accounts was of good quality. We identified minor disclosure recommendations which have been corrected by management.	N/A
Response to control deficiencies identified	Mature	Limited control recommendations have been identified. These start on the page in the further detail column.	20
Volume and magnitude of identified errors	Mature	No unadjusted errors have been identified.	19

Our Audit Explained

We tailor our audit to your business and your strategy

Identify changes in your business and environment

In our planning report we identified the key changes in your business and articulated how these impacted our audit approach.

Scoping

Our planning report set out the scoping of our audit in line with the Code of Audit Practice. We have completed our audit in line with our audit plan.

Other findings

As well as our conclusions on the significant risks we are required to report to you our observations on the internal control environment as well as any other findings from the audit. We would like to draw to your attention our other findings, detailed further on page 9.

Determine materiality

Materiality has changed since our planning report, as we have updated materiality for the actual year end results. This has seen audit materiality increase to £330,000 (PY: £304,000), performance materiality increase to £247,000 (PY: £228,000) and our clearly trivial threshold increase to £16,500 (PY: £15,000).

Significant risk assessment

In our planning report we explained our risk assessment process and detailed the significant risks we have identified on this engagement. We report our findings and conclusions on these risks in this report.

Conclude on significant risk areas

Our work in relation to the significant audit risks can be viewed on pages 6 to 7.

Our audit report

We have issued an unmodified audit report.

Significant risks

Management override of controls

Risk identified

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

Although management is responsible for safeguarding the assets of the organisation, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the financial statements and accounting records.

Deloitte response and challenge

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

Journals

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

- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and
- We have used our Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest. Our analysis has covered all journals posted in the year.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.

In performing this review, we have evaluated whether the judgments and decisions made by management in making the accounting estimates included in the Annual Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. From our testing we did not identify any indications of bias.

Significant and unusual transactions

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

Deloitte view

Following the completion of our testing, we have no matters to report.

Significant risks (continued)

Operating within the expenditure resource limits

Risk identified

In accordance with Practice Note 10 (Audit of Annual Accounts of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on the basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the resource budget set by the Scottish Government. The risk is that SAAS could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the validity and completeness of accruals and the existence of prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around the year end.

Deloitte response and challenge

Our work in this area included the following:

- Evaluating the design and implementation of controls around the year-end accruals and prepayments process;
- Obtaining an independent confirmation of the resource limits allocated to SAAS by the Scottish Government;
- Testing a sample of accruals and prepayments to supporting documentation to check whether they are valid at year end, and that the amount is supported by appropriate documentation; and
- Performing cut-off testing of a sample of invoices received and payments made around the year-end.

Deloitte view

Following the completion of our testing, we have no matters to report.

Area of audit focus

Change in IT system

Risk identified

In October 2024, SAAS changed its Finance, Procurement and HR systems from SEAS to Oracle Cloud as a result of a Scottish Government wide transformation programme. This has created an increased risk over completeness of data as data was migrated from SEAS to Oracle. Furthermore, because the transition occurred mid-year, SAAS operated on two separate systems during this financial year.

Deloitte response and challenge

Our work in this area included the following:

- We performed walkthroughs of key controls and business processes over both systems (SEAS and Oracle), to ensure in the period both were designed appropriately and implemented correctly;
- We engaged our IT team to review the controls over the implementation process at Scottish Government level; and
- We performed a reconciliation of data transferred, to ensure the transfer of data from SEAS to Oracle is accurate and complete.

Deloitte view

In terms of procedures performed centrally on the review of controls over the implementation at Scottish Government level this was deemed effective.

At SAAS level we concluded that the reconciliation of data transferred from SEAS to Oracle was successful. However, we note that SAAS did experience minor differences in the data migration within the opening balances within ROU lease depreciation which has subsequently been resolved.

Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

SAAS's Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the "FReM"). We provided comments on the draft Annual Report and Accounts and are satisfied that these have been appropriately addressed by management in the revised Annual Report and Accounts.

Significant matters discussed with management:

There have been no significant matters raised with management.

Below are the findings from our audit surrounding your control environment.

Your control environment and findings

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

Please refer to page 20 for details of control recommendations we have identified.

Liaison with internal audit

The audit team has reviewed the findings of the Internal Audit team, which has been used to inform our risk assessment. It should however be noted that we have not placed any reliance on the work of Internal Audit during the year.

We have obtained written representations from SAAS on matters material to the Annual Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.

Our opinion on the Annual Accounts

Our opinion on the financial statements was unmodified.

Going concern

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

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

Emphasis of matter and other matter paragraphs

There were no matters we judged to be of fundamental importance to the financial statements that we considered it necessary to draw attention to in an emphasis of matter paragraph.

There were no matters relevant to users' understanding of the audit that we considered necessary to communicate in any other matter paragraph.

Other reporting responsibilities

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

Our opinion on matters prescribed by the Controller of Audit are discussed further on page 27.

Your Annual Accounts

We are required to provide an opinion on the auditable parts of the Remuneration report, the Annual Governance Statement and whether the Management Commentary is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines SAAS's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by SAAS.	We have assessed whether the Performance Report has been prepared in accordance with the accounts direction. We have also read the Performance Report to ensure it is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading. We provided management with comments and suggested changes which management have updated in the final version of the Annual Report and Accounts.
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. Minor updates were made to the sustainability report and further information added regarding the Oracle transition. We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit and is not otherwise misleading. We provided management with comments and suggested changes which management have updated in the final version of the Annual Report and Accounts. We have also audited the auditable parts of the Remuneration and Staff Report and confirmed that it has been prepared in accordance with the account's direction. We did identify required changes to the Remuneration Report, which management have made. These changes included adding prior year pay multiple ratios, which were not included in 2023/24.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

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

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

The scope of our work

Our observations are developed in the context of our audit of the Annual Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

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

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

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

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

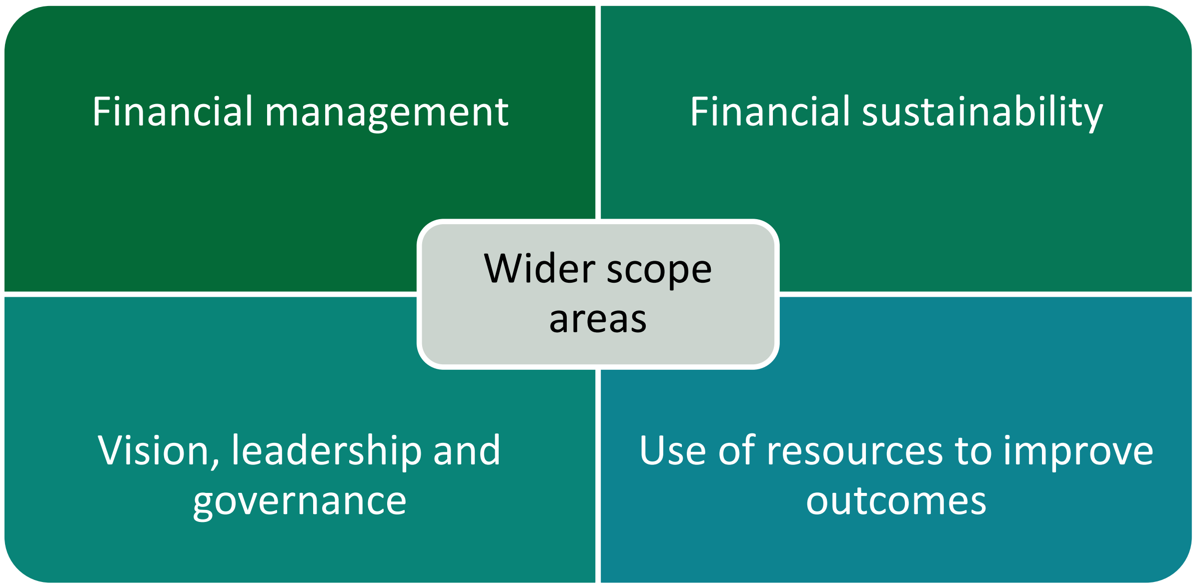
Deloitte LLP

Newcastle upon Tyne| 15 October 2025


Wider scope audit

Wider scope requirements
Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



In the current year, we have identified SAAS to be a less complex audit, therefore have limited our risk to the financial sustainability of SAAS. Our audit work has considered how SAAS are addressing financial sustainability, and our conclusions are set out within this report. We enquired about the other sections and identified no risks that would result in further audit work.

Wider scope requirements (continued)

Financial sustainability

Can short-term (current and next year) financial balance be achieved?

Is there a medium and longer-term plan in place?

Is the body planning effectively to continue to deliver its services or the way in which they should be delivered?

Financial Sustainability

Significant risks identified in Audit Plan

In our audit plan we identified that there was not a Medium Term Financial Plan in place, as the plan for 2025-2030 was still in draft at the time we presented the audit plan. As a result there was therefore a risk that factors impacting on the medium to long term financial sustainability of SAAS were unidentified. This risk also linked to a recommendation we made in our 2023/24, regarding the need for SAAS to develop a Financial Strategy that was compliant with Audit Scotland's important features of a good financial strategy guidance.

Financial performance in 2024/25

SAAS achieved financial balance in 2024/25 through delivery of an underspend of £666k.

Medium-to-long term financial planning

In April 2025, a financial strategy covering 2025-2030 was approved. This strategy outlines the key funding pressures that SAAS will face in the future and allows SAAS to plan accordingly to relieve these pressures.

SAAS receive funding on an annual basis, so can be hard to forecast future funding gaps, however the financial strategy clearly outlines the long-term pressures SAAS, with the most significant being future pay awards.

The financial strategy also includes key costs for the entity over the period of the plan, with scenario-based planning implemented depending on the percentage of pay award that is issued. It clearly details the risks for SAAS and how the financial strategy links to the wider corporate strategy.

However, one area for improvement would be the creation of a formal savings plan, which details predicted cost savings from specific plans, such as the decrease in software maintenance after the completion of the digital transformation programme, and when SAAS expect these savings to occur.

Wider scope requirements (continued)

Financial sustainability (continued)

2025/26 budget setting

As an Executive Agency, the SAAS Board does not approve the budget. The budget derives from the Scottish Government Education and Skills allocation, which is then further allocated for Higher Education agencies. SAAS have received a budget of £21.6m for 2025/2026, which is split between operating costs (£14.7m) and capital costs (£6.9m).

In comparison with the initial funding confirmed via the Scottish Budget Bill, SAAS has identified budget pressures of £4.1m (PY: £3.07m). Historically Lifelong Learning and Skills Directorate (LLS) have helped fund similar gaps. In the current year SAAS have obtained a letter of comfort for funding of £3.5m to be allocated from LLS to reduce the gap, leaving a funding gap of £0.6m.

SAAS are working to reduce the funding gap further, but going forward SAAS should continue to make savings to decrease the reliance on LLS, in case this support is not available in the future.

SAAS are undergoing reform, with the Tertiary Education and Training Bill, which transfers additional responsibilities to provide funding for further education students, from Scottish Funding Council. The impact of this should also be factored in to future financial plans.

Savings target

As part of the Spending Review, the Scottish Government expects bodies to set an annual efficiency target of 3% and expects them to explore the scope to maximise the use of shared services across the public sector landscape.

SAAS offered savings in both 2023/24 and 2024/25, including savings through workforce planning and efficiencies in operations. Looking to the future the main source of these efficiencies will be through the progression and implementation of the digital transformation programme.

The organisation did not need to enter any savings plans during the year as LLS provided the correct level of funding for FY24/25 and have provided a letter of comfort to address £3.5m of the funding gap for FY25/26. The remaining savings of £0.6m will be met through workforce planning and continued minimal non-staff spend.

Between 2025 and 2030, the majority of savings are to result from the digital transformation programme, through efficiencies and reduction in maintenance costs. However, SAAS needs to consider how they will meet cost savings ahead of this implementation, as the development and deployment of the system overhaul will have significant costs associated.

Wider scope requirements (continued)

Financial sustainability

Digital transformation

SAAS has implemented an ambitious programme of digital transformation, to overhaul the core systems in use and improve the user experience.

This project is currently out for tender, which is a critical phase to ensure SAAS are considering best value, as whilst SAAS obtained additional funding for this project, they need to ensure they are spending efficiently and creating the best asset for SAAS operations.

As part of this tender they should ensure they establish milestones and the costs that will be incurred for each of these to be achieved to allow them to budget their capital allowance. This spend should be monitored alongside progress to identify any additional costs that could occur due to potential delays, as this may require additional funding, or cost savings within SAAS.

Regular updates are provided to the Board and status reports are prepared and presented to the Transformation Board, including deep-dives for the board and ARAC to ensure they understand the full process and the costs that will occur.

SAAS should continue to monitor other capital projects that are occurring alongside the digital transformation and prioritise as required. If the core system overhaul needs further capital funding, it could result in other projects being delayed or cancelled.

Deloitte view – Financial sustainability

SAAS has achieved financial balance in 2024/25 and has confirmed funding for 2025/26, with additional support via LLS. This means that SAAS have a forecast funding gap of £0.6m for 2025/26, with plans in place to reduce this amount.

SAAS have developed a financial strategy for the period 2025 to 2030 detailing the key pressures that will impact SAAS's financial sustainability, including future pay awards. This strategy includes details of key costs over the period of the plan. However, one area for improvement would be the creation of a formal savings plan, which details predicted cost savings for specific projects and when SAAS expect these savings to occur.

SAAS are relying on the digital transformation programme to create efficiencies in the future. However, large projects such as this can often be impacted by delays or issues, which result in additional costs being incurred. Therefore, SAAS need to monitor this project closely to ensure they are effectively utilising the funding allocated to this project, and do not need to find additional funding or savings.

SAAS should continue to utilise the transformation board, to assess the spend on other projects that are planned, to ensure they have the right prioritisation.

Appendices

Audit adjustments

Uncorrected misstatements and Disclosures

Uncorrected misstatements

In 2024/25, there has been no uncorrected misstatements to report.

Uncorrected disclosure misstatements

In 2024/25, SAAS have complied with all disclosure requirements satisfactorily.

Action Plan

The following recommendation has arisen from our 2024/25 audit work to the date of writing this report:

Recommendation	Management Response	Priority	Responsible Person	Target Date
1. Capitalisation of purchase invoices During our testing of intangible assets, it was noted that invoices in relation to agency costs, that should be capitalised under IAS 38, were initially recorded as an expense. On a monthly basis the finance team are required to perform an exercise to capitalise these agency costs. This is due to limitations within the Oracle system. Deloitte recommend that SAAS ensure there is an enhanced procedure ensuring that all relevant agency costs is captured and correctly capitalised.	SAAS acknowledges the recommendation and will review current procedures to ensure agency costs are consistently identified and capitalised in line with IAS 38. The finance team will explore options to strengthen controls and mitigate the limitations within the Oracle system.	Low	Head of finance	TBC

Action Plan (continued)

The following recommendations have arisen from our 2024/25 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
2. Assets under construction (AUC) During our testing of intangible assets, we noted that there was instances of delays of AUC assets being transferred to in-house developed software and being amortised from when the project went live. Deloitte recommend that SAAS implement procedures to ensure that AUC are transferred to In-house developed software and amortised from date the project went live.	SAAS acknowledges the delays in transferring AUC to in-house developed software and has finance representation on project governance boards to improve oversight. Procedures will be implemented to ensure timely transfer and amortisation from the project go-live date.	Low	Head of finance	Closed
3. Remuneration Report Our testing of the Remuneration Report in 2024/25 identified some disclosure errors that needed to be corrected by management. The identification of these errors highlights the need for increased management review throughout the Remuneration Report process.	SAAS acknowledges the disclosure errors identified and will strengthen management review procedures to ensure accuracy and completeness throughout the Remuneration Report process.	Low	Head of Finance	

Action Plan (continued)

We have followed up the recommendations made in 2023/24 on subsequent pages:

Recommendation	Management Response	Priority	24/25 management update
1.Performance management framework SAAS should expand on outcome reporting and include KPI's within the performance report. This will allow SAAS to monitor improvements in their outcome delivery and identify areas of improvement. It will also allow for users of the financial statements to see improvement year on year. **Responsible person:** Head of Governance Risk and Corporate Office **Target Date:** 31 March 2025	Management have revised their KPI reporting for the 2024-2025 period, incorporating enhanced metrics and establishing a stronger golden thread across all levels of governance. This initiative ensures a more comprehensive assessment of our performance outcomes, enabling us to track progress and facilitate year-on-year comparisons in our financial statements. Management are committed to further refining their reporting practices to continuously improve transparency and accountability.	Medium	Management have enhanced the KPI framework with improved metrics and clearer governance alignment, supporting quarterly performance monitoring.. **Recommendation Closed**

Action Plan (continued)

Recommendation	Management Response	Priority	24/25 management update
2. Users who post few journal entries - Within our JET testing we identified numerous individuals who only posted 1-3 journals in a year. As per our understanding some of these were inter-entity postings, but we would encourage SAAS to have selected individuals who post these journals. From the list management were not aware of who all of the individuals were or why they were posting, which is an increased fraud risk. It would be proposed that journal posting privileges are restricted or standardise who is the key individual who should be posting journals. SAAS should also review that those posts are expected. **Responsible Person:** Head of Finance and Procurement **Target Date:** 31 March 2025	Management noted that there were two journals posted on the same day which would have usually been automated by the Seas finance system, this failed due to an issue on one of the other lines in the journal (not on our entity). It was initiated to run by the system admin with a privileged account and has been reviewed with the individual who confirmed the reason for posting. There has been a switch from a generic systems admin account to the user who initiated it this year. Going forward on an annual basis SAAS will review posting names within their journals to ensure they are content with all posters of journals.	Low	SAAS has strengthened journal posting controls through annual reviews that confirm entries are made by authorised personnel and access is appropriately managed. As a shared service, some transactions are expected to be posted by Scottish Government Central Finance users as part of standard operations. These entries are system-driven, routinely monitored, and subject to review where necessary to ensure accuracy and accountability. Combined, these measures uphold the integrity of the journal process and demonstrate that appropriate safeguards remain firmly in place. **Recommendation closed**.

Action Plan (continued)

Recommendation	Management Response	Priority	24/25 management update
3. Clear Basis for Notional Cost We noted that there was a historical basis for the notional cost calculation and this was based on an uplift from the prior year amount. However, Management does not understand the historical basis calculations other than that it has been set up in prior years. We recommend that a clear basis and understanding of the notional cost calculations be established including an agreement with the Scottish government showing exactly how the amount can be derived with an appropriate understanding of the components as this is material.	Agree - The notional cost is an accounting adjustment (non-cash) to cover the costs provided by Scottish Government but not recharged. We have compared our costs with another organisation to give a level of confidence and are content we can justify each element as being required. We agree to revisit the calculation methodology in 2023/24. The basis for notional cost has moved from a historic value with an annual uplift to being based on charging agreements in place with other organisations, estimation of costs from departments providing services and a review of systems costs against market rates this will be reviewed annually. SAAS are unable to get agreement on these values with the Scottish Government as elements vary year to year and no charging model is in place to calculate the costs.	Medium	The calculation methodology was reviewed in 2024/25 to ensure it remains reasonable and appropriate. The revised basis now reflects only SAAS agency-related costs, and is informed by charging arrangements with comparable organisations, departmental cost estimates, and market benchmarks for system costs. The notional costs have also been prepared in a manner consistent with the accounts of other public bodies, to support comparability. This approach will continue to be reviewed annually to maintain relevance and accuracy. **Recommendation closed**

Action Plan (continued)

Recommendation	Management Response	Priority	24/25 management update
4. Financial Sustainability Management should progress the development of a benefits realisation tracker to allow SAAS to demonstrate whether the intended outcomes of each project within the transformation programme have been achieved – both from a financial savings perspective but also to the wider improvement in outcomes and impact on the wider Scottish Government systems.	Agree - SAAS is currently developing a robust project benefits realisation tracker. There is now a programme benefits realisation log, this includes the benefits for the programme and a tab for each programme. There is also a benefits realisation tab on SAAS's programme register to track benefits of the programme as they progress through this. Benefits realisation is also included in the closure report of projects such as attendance data and intelligent automation that have now completed. SAAS are continuing their journey to improve benefits realisation tracking, being mindful of the challenges they face as the data they hold is not supported by a MI system. This is something they are looking to implement once they complete core system replacement in the future	Medium	SAAS has strengthened its approach to benefits realisation through enhanced project closure reporting, capturing detailed assessments for completed projects such as attendance data and intelligent automation. Additionally, the creation of the Programme Oversight Board (POB) has reinforced governance across the portfolio, sitting above commissioned projects to provide assurance and structured escalation to the Executive Team. The board plays a critical role in monitoring progress, resolving issues, and ensuring delivery and benefits realisation are safeguarded. In addition, transformation projects including Core Systems Replacement and DSA Online have introduced KPIs as a clear measure of success to ensure progress and outcomes can be tracked against defined performance benchmarks. **Recommendation Closed.**

Action Plan (continued)

Recommendation	Management Response	Priority	24/25 management update
5. Financial sustainability In developing its medium-term financial strategy, SAAS should consider the important features of a financial strategy, as set out in Audit Scotland's report in June 2014 Scotland's public finances – A follow-up audit: Progress in meeting the challenges (audit-scotland.gov.uk).	Agreed - SAAS now have a medium-term financial strategy in place. At the time of the Audit this was subject to approval.	Medium	SAAS has developed a financial strategy that complements the People Strategy and underpins the Corporate Plan. This integrated approach ensures that financial planning aligns with organisational priorities and long-term goals. A draft of the publication has been shared with audit colleagues for review. **Recommendation Closed**

Our other responsibilities explained

Fraud responsibilities and representations

Responsibilities:

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

Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Board.

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

Audit work performed:

In our planning we identified our significant risks to be operating within the expenditure resource limit and management override of controls as a key audit risk.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

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

Concerns:

No issues or concerns have been identified in relation to fraud.

Independence and fees

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

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Board and our objectivity is not compromised.
Fees	The expected fee for 2024/2025, as communicated by Audit Scotland in January 2025 is analysed below:

	£
Auditor remuneration	35,420
Audit Scotland fixed charges:	
• Pooled costs	(2,920)
• Sectoral Cap Adjustment	(6,180)
Total expected fee	**26,320**

*The base fee above does not take into consideration any additional work that the audit team will be required to perform as a result of the change in finance system in year. We will agree any fee variations as a result of this work with management, before reporting this back to the Committee.

Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Board, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

Deloitte.