Quality Meat Scotland

2024/25 Annual Audit Report

Prepared for Quality Meat Scotland and the Auditor General for Scotland

June 2025

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Key messages

Audit of the annual report and accounts

1 All audit opinions stated that the annual report and accounts were free from material misstatement.

2 Our audit did not identify any material misstatements. Management agreed to amend the annual report and accounts for all of our findings and as a result of these, and information received after the accounts were received for audit, net expenditure increased, and net assets and reserves decreased by £42,571. See Appendix 2 for details.

3 Performance Report disclosures have been improved through the inclusion of key performance indicators (KPIs) although these do not include targets against which to judge performance. We identified some instances of non-compliance with the Financial Reporting Manual (FreM) which have been addressed in the audited annual report and accounts.

4 Disclosures in the unaudited annual report and accounts did not fully comply with the Task Force on Climate Related Financial Disclosures (TCFD) aligned disclosures which aim to enhance transparency in terms of how organisations manage climate-related risks and opportunities. A TCFD compliance statement has been included in the audited annual report and accounts which sets out which disclosure requirements have been complied with and which have not together with an explanation for non-compliance.

Financial Sustainability and Best Value

5 QMS has effective and appropriate arrangements in place for securing financial sustainability.

6 Governance Statement disclosures are consistent with the financial statements and comply with the guidance issued by Scottish Ministers.

7 QMS has effective and appropriate arrangements in place for securing 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 Quality Meat Scotland 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 Quality Meat Scotland, hereafter referred to as 'QMS' and the Auditor General for Scotland, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Maggie Bruce, of Audit Scotland, has been appointed as external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Maggie and the audit team are independent of the body 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 from the body, including no provision of non-audit services.

Acknowledgements

4. We would like to thank QMS and its staff, particularly those involved in preparation of the annual report and accounts, for their co-operation 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 QMS and a review of the Governance Statement.
- Reporting on QMS'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 QMS 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 account and concluding on QMS's arrangements 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 QMS from its 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.

QMS's responsibilities

10. QMS 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 give 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 QMS and the Audit and Risk Management Committee. 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

1 All audit opinions stated that the annual report and accounts were free from material misstatement.

2 Our audit did not identify any material misstatements. Management agreed to amend the annual report and accounts for all of our findings and as a result of these, and information received after the accounts were received for audit, net expenditure increased, and net assets and reserves decreased by £42,571. See Appendix 2 for details.

3 Performance Report disclosures have been improved through the inclusion of key performance indicators (KPIs) although these do not include targets against which to judge performance. We identified some instances of non-compliance with the Financial Reporting Manual (FreM) which have been addressed in the audited annual report and accounts.

4 Disclosures in the unaudited annual report and accounts did not fully comply with the Task Force on Climate Related Financial Disclosures (TCFD) aligned disclosures which aim to enhance transparency in terms of how organisations manage climate-related risks and opportunities. A TCFD compliance statement has been included in the audited annual report and accounts which sets out which disclosure requirements have been complied with and which have not together with an explanation for non-compliance.

Audit opinions on the annual report and accounts

12. QMS's annual report and accounts were approved by the Board and signed by the appointed auditor on 26 June 2025. The Independent Auditor's Report is included in the annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Audit timetable

13. The unaudited annual report and accounts and all working papers were received on 1 May 2025 in accordance with the agreed audit timetable, although the financial performance information in the Performance Report was incomplete and the Remuneration and Staff Report was provided separately on 9 May.

14. There were resourcing challenges within the audit team which, together with the additional work required to address the issues identified during the audit, meant the audit took longer to complete than planned. Despite this, we were able to certify the annual report and accounts in accordance with the agreed timetable. We have agreed with management that we will meet to discuss lessons learned and how we can improve the audit process in future years.

Audit Fee

15. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £16,170. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

16. 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.

17. Broadly, 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.

18. Materiality levels for the body 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 these can be seen in Exhibit 1.

Exhibit 1
2024/25 Materiality levels for QMS

Materiality	Amount
Materiality – set at 2% of gross expenditure	£157,000
Performance materiality – set at 65% 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.	£102,000
Reporting threshold – set at 5% of materiality.	£8,000

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which for QMS is the Audit and Risk Management Committee. All significant matters identified during the audit and discussed with management have been reported in the Annual Audit Report.

20. 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.

21. 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.

22. The significant findings and key audit matters to report are outlined in Exhibit 2.

Exhibit 2
Significant findings and key audit matters

Significant findings and key audit matters	Outcome
1. Transactions not accounted for in the correct year Audit testing identified five expenditure transactions, that had not been accounted for in the correct financial year, two of which were above our reporting threshold. As a result, expenditure and trade payables were overstated by £5,650.	These misstatements have been amended in the audited annual report and accounts. **Recommendation 1**
2. Inclusion of prepayment and trade payable for the same transaction. Audit testing identified a transaction that related to 2025/26 and had not been paid until April 2025. This transaction was included as a prepayment and a trade payable in the unaudited annual report and accounts. As a result, prepayments were overstated by £44,714, the VAT recoverable was overstated by £8,914 and trade payables were overstated by £53,656.	These misstatements have been amended in the audited annual report and accounts. **Recommendation 2**
3. Initial measurement of right-of-use (RoU) asset and lease liability for new lease contract. Audit testing identified initial costs and restoration fees had been omitted from the initial measurement of the RoU asset. In addition, the annual indexation of the lease payment had not been included in the calculation of the lease liability. As a result, the net book value of the RoU asset, the lease liability and restoration provision were understated by £8,113, £4,113 and £2,702 respectively in the unaudited accounts. In addition, operating expenditure was overstated by £1,440 and depreciation understated by £1,002 in the unaudited accounts.	These misstatements have been amended in the audited annual report and accounts. **Recommendation 3**

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

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

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. Our key findings are set out below:

26. Performance Report: In previous years we have recommended that QMS review the content and presentation of the Performance Report against the requirements set out in the Financial Reporting Manual (FreM) and Audit Scotland's good practice note on improving the quality of central government performance reports. Our review noted that the 2024/25 Performance Report had been improved through the inclusion of key performance indicators (KPIs) although these do not include targets against which to judge performance. Prior year information has not been provided as 2024/25 is considered the baseline year for evaluating performance against QMS's five-year strategy. Where possible, however, arrows have been used to provide an indication of performance compared to the previous year. Our review identified some instances of non-compliance with the FreM which we discussed with management who agreed to update the narrative in the audited annual report and accounts. We have concluded that the revised narrative meets the requirements of the FreM.

Recommendation 4

QMS should continue to review the content and presentation of its performance report against the requirements set out in the FReM, and Audit Scotland's good practice note.

SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) targets should be developed and reported for its key performance indicators (KPIs).

27. Climate Related Financial Disclosures: The 2024/25 FReM also requires compliance with the Task Force on Climate Related Financial Disclosures (TCFD) aligned disclosures which aim to enhance transparency in terms of how organisations manage climate-related risks and opportunities. As QMS operates within the agricultural sector, which is a significant contributor to global warming, it is expected that it would comply with these climate-related financial disclosures.

28. Our review of these disclosures within the unaudited annual report and accounts identified that some narrative was included on the impact of QMS's operations on the environment and the Board's oversight of climate-related issues. Climate-related KPIs are still being developed and so these could not be included in the 2024/25 annual report and accounts. We have also been advised that QMS are currently unable to disclose metrics such as greenhouse gas emissions due to the scale of their operations, and limited resources. Following discussion with management, a TCFD compliance statement has been added to the Performance Report outlining which disclosure requirements have been complied with and which have not together with an explanation for non-compliance.

Recommendation 5

QMS should review the content and presentation of the 'Sustainability and Climate Change' section within the Performance Report against the requirements of the FReM, Application Guidance issued by the Scottish Government and Audit Scotland's Good Practice Note on climate change disclosures.

29. Notes to the financial statements: Overall, disclosures within the notes to the financial statements were adequate except in relation to the new lease (which did not meet some of the disclosure requirements set out in IFRS16) and the additional provisions note which lacked detail on the nature, timing and uncertainties of the obligations. We discussed these omissions with management who updated the disclosures in the audited annual report and accounts.

Audit adjustments

30. 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 £8,000 are outlined in Appendix 2.

31. It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material. Management agreed to amend the financial statements to reflect all our audit findings, and so there are no uncorrected misstatements to report to those charged with governance. In addition to audit findings, amendments made to the unaudited accounts include a reduction to levy income (£49,556) resulting from information received after the annual report and accounts were provided to audit and to other minor adjustments identified by the accountant during the audit process. As a result of these amendments, net expenditure increased and net assets and reserves decreased by £42,571.

Significant risks of material misstatement identified in the Annual Audit Plan

32. 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 3.

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. • 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 revenue and 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.	Audit work performed found: • The design of controls over journal processing were appropriate. • 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. We did note, however, expenditure on gifts to staff members was included in the ledger which was offset by income collections from other staff. Whilst there is no impact on the net expenditure recorded in the ledger or accounts, we do not consider it appropriate to include these transactions within the QMS ledger and so recommend that the ledger is not used for this purpose. **Recommendation 6** • The controls in place for identifying and disclosing related party relationships and transactions were adequate.

Risk of material misstatement	Planned audit response	Outcome of audit work
	• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. • Substantively test income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Substantively test accruals, prepayments and accrued income to confirm they have been accounted for correctly.	• We did not identify any material accounting estimates. • We identified five expenditure transactions that were not accounted for in the correct financial year and one that had been incorrectly accounted for as a trade payable and prepayment (see Exhibit 2, points 1 & 2) but the nature of these did not indicate management override of controls to impact the year-end position. **Conclusion**: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Other areas of audit focus

33. In addition to the significant risk of material misstatement in Exhibit 3, our 2024/25 Annual Audit Plan also identified two areas that required additional audit focus this year. The results of our audit work in these areas are outlined below:

- **New VAT status -** the VAT status of QMS changed on 1 April 2024 to a 'business/non-business' methodology. We undertook work to gain an understanding of how recoverable VAT is calculated within the general ledger and completed substantive testing which confirmed VAT had been correctly treated and recorded for a sample of non-pay expenditure transactions. As a result, we are satisfied that the processes in place for claiming recoverable VAT are appropriate.

- **Significant variances between actual and budgeted travel and subsistence expenditure to date -** from review of monthly financial reports, we noted significant variances in relation to travel and subsistence costs when compared to budget. In response to this, we substantively tested a sample of expenses to assess the accuracy and regularity of this expenditure. No issues were identified. Management also completed their own investigation of the reasons for the variance and have amended the expenses policy with effect from 1 April 2025. Management also plan to conduct a review of credit card spending following the reintroduction of QMS's central booking system. We will consider the results of this review as part of our 2025/26 audit.

Prior year recommendations

34. QMS has made reasonable progress in implementing the agreed prior year audit recommendations. Three of the five brought forward recommendations are complete, with the remainder replaced by new recommendations in 2024/25.

Financial Sustainability and Best Value

Conclusion

QMS has effective and appropriate arrangements in place for securing financial sustainability.

Governance Statement disclosures are consistent with the financial statements and comply with the guidance issued by Scottish Ministers.

QMS has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

35. The Annual Audit Plan reported that QMS was 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 the body and the adequacy of the disclosures in the Governance Statement.

Duty of Best Value

36. 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.

37. Consideration of the arrangements QMS has in place to secure Best Value has been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

38. The audit work performed on the arrangements QMS has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced as follows:

- QMS is largely funded by a statutory red meat levy paid by all farmers and processing companies in the Scottish red meat industry. During 2023/24 QMS reviewed the levy rate which had not increased since 2010. Following extensive consultation with key stakeholders, the levy was increased by 6.8% with effect from 1 April 2024. Annual increases (based on the Consumer Prices Index including owner occupier housing costs (CPIH index)) will be applied in the following four years. These increases aim to ensure that QMS remains financially sustainable over the medium term. The levy setting mechanism will be reviewed again in 2028 as part of the consultation on the next five-year strategy.

- budgets are prepared and approved on an annual basis and are set to maintain reserves at around the minimum level (currently £1.3 million) set annually by the Board. QMS used the surplus made in 2023/24 (£253,756) to support a deficit budget (£268,800) in 2024/25. Expenditure on marketing and communications was prioritised to ensure brand visibility remains high.

- QMS's main financial objective is to ensure that the financial outturn for the year is within the budget approved by Board members. The 2024/25 annual report and accounts report a deficit of £261,516 compared to the approved revised budget deficit of £268,800.

39. In previous years we have recommended that QMS consider developing a medium-term financial plan that links to its five-year strategy. A medium-term financial plan has not been developed but medium-term financial planning was considered by the Board as part of the development of the 2024/25 annual business plan. Management have advised there are no plans to prepare a formal medium-term financial plan prior to development of the next five-year strategy in 2028.

Conclusion on Governance Statement disclosures

40. We reviewed the disclosures included in the Governance Statement and concluded that they are consistent with the financial statements and comply with the guidance issued by Scottish Ministers. The Accountable Officer has placed reliance on the assurances provided by senior staff who are responsible for the development and maintenance of the internal control framework.

41. Reliance is also placed on internal audit findings reported during the year, and internal audit's overall opinion that "TIAA is satisfied that, for the areas reviewed during the year, Quality Meat Scotland has reasonable and effective risk management, control and governance processes in place."

Conclusion on duty of Best Value

42. The audit work performed on the arrangements QMS has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by the arrangements QMS has in place to secure financial sustainability which helps ensure the effective use of available resources, and its well established and effective governance arrangements.

43. We noted, however, that QMS did not obtain approval from Scottish Government before entering into a new finance lease in December 2024 as required by QMS's framework document agreed with the Scottish Government. This requires QMS to demonstrate that the lease offers better value for money than purchase. Management advised that official approval was not obtained although Scottish Government were aware of the new lease. We have been advised that QMS has requested retrospective approval for this lease and that this has been received.

44. In 2022/23 we reported that QMS was developing a corporate sustainability policy to ensure sustainability was factored into future decision-making. Last year we noted that the policy had not been completed due to increased workloads and personnel changes. Although development work continued during 2024/25, this has not been completed and it is not clear when QMS will be in a position to approve and publish its corporate sustainability policy.

Openness and transparency

45. Openness and transparency in how a body operates and makes decisions is key to supporting understanding and scrutiny. Transparency means that the public has access to understandable, relevant, and timely information about how the Board is taking decisions and how it is using its resources

46. In our 2022/23 Annual Audit report we reported that Board and Audit and Risk Management Committee minutes were not up to date on QMS's website. During 2023/24, minutes were published timeously and the website layout was changed making minutes easier to find and so we closed our recommendation. As part of our 2024/25 audit, we reviewed the website and noted that the latest minutes were from June 2024. We have been unable to confirm, therefore, if our recommendation that QMS makes it clear on its website that commercially sensitive information has been removed from published minutes has been implemented.

Recommendation 7

QMS should ensure that minutes of Board and Audit and Risk Management Committee meetings are published timeously on its website. It should also make clear that commercially sensitive information has been removed from the published minutes.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Cut-off issues Audit testing identified transactions that were not accounted for in the correct financial year. **Risk**: expenditure is recorded in the wrong financial year.	Processes should be reviewed to ensure that transactions are accounted for in the correct financial year.	Accepted. Procedures will be reviewed. **Responsible officer:** Head of Corporate Services. Agreed date: 31 March 2026.
2. Incorrect prepayment Audit testing identified a 2025/26 transaction that was incorrectly included as a prepayment and a trade payable. **Risk:** assets and liabilities are overstated in the accounts.	Processes should be reviewed to ensure that only amounts which have been paid before the good/service is received are included in prepayments.	Accepted. We disagree with this accounting treatment as we believe that it understates the liability due to the supplier at the year end, but amendment has been made and this approach will be adopted in future years. **Responsible officer:** Accountant **Agreed date:** 31 March 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
3. Incorrect initial measurement of right-of-use asset and lease liability. Audit testing identified several costs which had been omitted from the initial measurement of the RoU asset. The lease liability was also not correctly measured in line with IFRS 16 and additional disclosures were required in the notes to the accounts. **Risk:** assets and liabilities are misstated in the accounts.	Accounting standards, FReM disclosure requirements and documents such as lease contracts should be reviewed to ensure these are correctly reflected in the annual report and accounts.	Accepted. Recommendation has been noted and accepted. **Responsible officer:** Accountant **Agreed date:** 31 March 2026
4. Improving the impact of the Performance Report Our review of the Performance Report noted areas that required amendment in order to meet the requirements of the FReM**.** We also noted that the KPIs disclosed do not include targets which would help stakeholders to better assess QMS's performance in delivering its five-year strategy. **Risk:** QMS does not effectively communicate its performance to its stakeholders.	QMS should continue to review the content and presentation of its Performance Report against the requirements set out in the FReM, and Audit Scotland's good practice note. SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) targets should be developed and reported for its key performance indicators (KPIs).	Accepted We will fully review our Performance Report against the requirements of the FreM for the 2025/26 report. **Responsible officer:** Chief Executive **Agreed date:** 31 March 2026

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
5. Non-compliance with TCFD aligned disclosures We identified a number of non-compliances with the guidance including non-disclosure of climate change metrics and targets and limited narrative on the impact of QMS's operations on the environment and the Board's oversight of climate-related issues. **Risk:** QMS is not transparent about how it manages climate-related risks and opportunities.	QMS should review the content and presentation of the 'Sustainability and Climate Change' section within the Performance Report against the requirements of the FReM, Application Guidance issued by the Scottish Government and Audit Scotland's Good Practice Note on climate change disclosures.	Accepted. We are working through 2025/26 to gain baseline metrics, and we will review the reporting style in this section for our 2025/26 report. **Responsible officer:** Head of Corporate Services **Agreed date:** 31 March 2026
6. Use of ledger to record gifts to staff members and the collections to fund them Expenditure on gifts for staff members and the collections used to fund them are included as transactions in the QMS ledger. Whilst there is no impact on net expenditure recorded in the 2024/25 ledger or accounts, we do not consider it appropriate to include these transactions within the QMS ledger. **Risk:** the annual accounts includes expenditure that does not relate to QMS.	The QMS ledger should not be used to record expenditure on gifts for staff members and the collections used to fund them.	Accepted. QMS will stop using the ledger for this purpose. **Responsible officer:** Head of Corporate Services **Agreed date:** 30 June 2025

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
7. Openness and transparency The latest Board and Audit and Risk Management Committee minutes available on QMS's website are from June 2024. **Risk:** QMS is not open and transparent about its decision-making.	QMS should ensure that minutes of Board and Audit and Risk Management Committee meetings are published timeously on its website. It should also make clear that commercially sensitive information has been removed from published minutes.	Accepted. Minutes are now being published timeously on the website. **Responsible officer:** Head of Corporate Services **Agreed date:** 30 June 2025

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
8. Cut-off issues Audit testing identified transactions that were not accounted for in the correct financial year. **Risk**: expenditure is recorded in the wrong financial year.	Processes should be reviewed to ensure that transactions are accounted for in the correct financial year. Procedures will be reviewed. This will include setting a cut-off date for accrual of minor transactions. **Original responsible officer:** Head of Corporate Services. **Original agreed date:** 31 March 2025	Refer to Exhibit 2, points 1 & 2 and Recommendation 1.
9. Classification issues Audit testing identified that expenditure on trademarks had been incorrectly classified in the unaudited accounts. Further investigation revealed that these trademarks commence on 1 April 2024 and so had been included in the wrong financial year. **Risk:** expenditure is incorrectly classified in the 2024/25 accounts.	Expenditure on trademarks should be classified as an intangible asset in the 2024/25 accounts. This has been classified as an intangible asset in 2024/25. **Original responsible officer:** Head of Corporate Services **Original agreed date:** 31 May 2024	**Implemented** Expenditure on trademarks was correctly classified as an intangible asset in the 2024/25 accounts.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
10.Opening balances Last year we reported that we had issues agreeing the opening balances input to the new financial management system to the previous year's signed accounts. This year we had similar problems due to transactions being posted to the 2022/23 ledger after the 2022/23 accounts had been audited and signed. **Risk:** transactions are not recorded in the correct financial year.	Transactions, other than audit adjustments, should not be posted to the ledger after the accounts have been submitted for audit. Once the audit is complete and audit adjustments have been processed, QMS should prepare a working paper that demonstrates that the opening ledger balances agree to the audited prior year accounts. A reconciliation will be carried out between the 2024/25 opening balances and 2023/24 signed accounts prior to the 2024/25 audit. **Original responsible officer:** Accountant **Agreed date:** 30 April 2025	**Implemented** No discrepancies between the 2024/25 opening balances and the 2023/24 signed accounts were identified during our audit.
11.Recording related party transactions Audit testing identified that there were errors in two of the related party disclosures as the amounts included did not agree to the underlying financial records. **Risk:** related party disclosures are not complete and accurate.	QMS should ensure that related party disclosures included in the accounts reflect the underlying records This will be reviewed as part of the 2024/25 accounts preparation. **Original responsible officer:** Head of Corporate Services **Agreed date:** 30 April 2025	**Implemented** No discrepancies were identified when agreeing the related party disclosures in the accounts to the underlying records as part our 2024/25 audit.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
12.Improving the impact of the Performance Report Our review of the Performance Report noted areas that required amendment in order to meet the requirements of the FReM. **Risk:** QMS does not effectively communicate its performance to its stakeholders.	QMS should review the content and presentation of its Performance Report against Annex 5 of the FReM, and Audit Scotland's good practice note. **Original responsible officer:** Chief Executive **Agreed date:** 31 March 2024 During our 2023/24 audit, we were advised that work is ongoing to develop key performance indicators to support the delivery of the five-year strategy published in June 2023. Performance against these will be measured and reported in next year's Performance Report. We will review these disclosures as part of our 2024/25 audit.	Refer to paragraph 29 and Recommendation 4.

Appendix 2

Audit Adjustments

Details	Financial statements lines impacted	Comprehensive Income and Expenditure Statement (CIES)		Statement of Financial Position (SoFP)	
Audit adjustments to financial statements		**Dr**	**Cr**	**Dr**	**Cr**
		£	**£**	**£**	**£**
1. Transactions not accounted for in the correct year (Exhibit 2 No.1)					
	Operating expenditure	13,300	18,950		
	Trade payables			18,950	13,300
2. Inclusion of prepayment and trade payable for the same transaction (Exhibit 2 No.2)					
	Trade payables			53,656	
	Prepayments				44,714
	VAT Recoverable				8,942
3. Incorrect initial measurement of right-of-use asset and lease liability (Exhibit 2 No. 3)					
	Right of use asset			8,113	
	Provision				2,702
	Lease liability				4,973
	Operating expenditure		1,440		
	Depreciation	1,002			
Total Audit Adjustments			**6,088**	**6,088**	

4. Additional information received during the audit process re Q4 Statutory Red meat levy					
	Statutory Red Meat levy	49,556			
	Accrued levy				49,556
5. Amendments below our reporting threshold					
	Net expenditure		897		
	Net assets			897	
Net impact on financial statements		**42,571**			**42,571**

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

Quality Meat Scotland

2024/25 Annual Audit Report

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot

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