

Scottish Courts and Tribunals Service

2024/25 Annual Audit Report



Prepared for the Scottish Courts and Tribunals Service and the Auditor General for
Scotland
August 2025

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Key messages

Audit of the annual report and accounts

- 1 All audit opinions confirmed that the annual report and accounts were free from material misstatement.
- 2 All audit adjustments required to correct the financial statements were processed.
- 3 Challenges were experienced in implementing the new Oracle Fusion Cloud system, but substantive audit testing did not identify any errors.

Wider scope and Best Value audit

- 4 Effective and appropriate arrangements are in place for financial management; financial sustainability, vision, leadership and governance; and use of resources to improve outcomes.
 - 5 Effective and appropriate arrangements are in place for securing Best Value, and for reporting and monitoring performance against key performance indicators that are linked to strategic priorities.
 - 6 The initial budget allocation did not cover SCTS's full funding requirement for the financial year, making effective financial planning challenging.
 - 7 The number of data incidents reported continued to grow, with SCTS due to receive a consensual audit from the Information Commissioner's Office to support improvement.
 - 8 Strategies covering both digital and business continuity need to be refreshed.
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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 Scottish Courts and Tribunals Service (“SCTS”) 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 SCTS and the Auditor General for Scotland, and will be published on [Audit Scotland’s website](#) in due course.

Auditor independence

3. We can confirm that the appointed auditor and the audit team are independent of SCTS 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 appointed auditor or the rest of the audit team, including no provision of non-audit services.

Acknowledgements

4. We would like to thank SCTS and its staff, particularly those involved in the preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment to 2026/27.

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.
- conclusions on SCTS's arrangements in relation to the wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.
- providing assurance on the whole of government accounts (WGA) return and summary financial statements.
- reporting on SCTS's arrangements for securing Best Value.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of SCTS 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 SCTS's arrangements for the wider scope areas and Best Value.

8. The Annual Audit Report includes an agreed action plan at [Appendix 1](#). The matters reported 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 SCTS from its responsibilities outlined below.

SCTS's responsibilities

9. SCTS 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 for SCTS 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

10. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to SCTS and the Audit and Risk Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual report and accounts

Main judgements

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

All audit adjustments required to correct the financial statements were processed by SCTS.

Challenges were experienced in implementing the new Oracle Fusion Cloud system, but substantive audit testing did not identify any errors.

Audit opinions on the annual report and accounts

11. SCTS's annual report and accounts were approved by the Board on 11 August 2025. The Independent Auditor's Report, included in SCTS's annual report and accounts, was signed on 11 August 2025 and reports that these were free from material misstatement with no modifications across each audit opinion.



The audit was delivered in accordance with the agreed timetable

12. The unaudited annual report and accounts and all working papers were received on 16 June 2025 in accordance with the agreed audit timetable.

The audit fee remained unchanged

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £100,910. There were no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remained unchanged.

Materiality was reviewed on receipt of the unaudited annual report and accounts

14. 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.

15. Materiality levels for the audit of SCTS 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 as detailed in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for SCTS

Materiality	
Materiality – set at 2% of gross expenditure.	£4.86 million
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.	£3.64 million
Reporting threshold – set at 5% of materiality.	£245,000

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for SCTS is the Audit and Risk Committee.

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

18. In determining key audit matters, auditors consider:

- areas of higher or significant risk of material misstatement.

- areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation and uncertainty.
- significant events or transactions that occurred during the year.

19. The significant finding to report is outlined in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p>Financial summary in performance overview</p> <p>The annual report and accounts include a performance report, which is split into two sections, an overview and a performance analysis. The required content of these sections is set out in the Financial Reporting Manual (FReM) which includes a financial summary in the analysis section. SCTS's annual report and accounts has included this information in the overview section instead.</p>	<p>Following discussion with management, the audit team agreed that the disclosure in the performance report will remain the same for 2024/25, but the layout will be revised in 2025/26 to ensure that required disclosures are included in the correct section of the report.</p>

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

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

Accounting estimates

22. Accounting estimates are used in number of areas in SCTS's financial statements, including the valuation of non-current assets and provisions. Audit work considered the process management of SCTS has in place around making accounting estimates, including the assumptions and data used in making the estimates and the use of any management experts. 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 reasonable.
- there was no evidence of management bias in making the accounting estimates.

23. Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in [Exhibit 3, \(page 11\)](#).

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 adequate.

Significant matters discussed with management

25. All significant matters identified during the audit and discussed with SCTS's management have been reported in the Annual Audit Report.

There are no uncorrected misstatements to report

26. Two adjustments were required to the financial statements to correct errors relating to bank accounts.

27. Income for Office of the Public Guardian (OPG) fees are paid directly into a non-exchequer bank account, which is then transferred to the SCTS's main bank account. A mismatch in this process resulted in debtors and the fees and fines control account being overstated by £636,000. This was corrected for the final version of the annual report and accounts and did not impact on the overall position reported in the statement of financial position.

28. During 2024 SCTS also identified a historical issue relating to the treatment of cash received in the fees and fines bank account. Money received in this account is meant to be transferred out each month and recognised as income in the financial statements. However, due to a change in personnel as well as review processes not covering all balances, cash had accumulated in this account and had not been recorded as income in the financial statements.

29. This issue relates back several years, with a total adjustment of £1.2 million being identified to correct the error. This adjustment was made in the general fund. As the issue is not material, no additional restatement disclosures were required in the accounts.

30. Management of SCTS processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatement to report. We are satisfied that the action taken by SCTS is appropriate and that it will ensure the accuracy of recording and reporting going forward.

Whole of Government Accounts (WGA) return

31. SCTS is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures that auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. SCTS is below this threshold and only limited audit procedures are therefore required. An assurance statement will be submitted to the NAO to confirm this, in line with the required timetable.

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](#) below.

Exhibit 3

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively. Although we have not identified any specific risks of management override of control at SCTS, Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • 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 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation 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. • 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
	<p>and transactions in the financial statements.</p> <ul style="list-style-type: none"> Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. 	<ul style="list-style-type: none"> 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. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>SCTS held £560.4 million of property, plant, and equipment (PPE) at 31 March 2024, of which £543.8 million was land and building assets.</p> <p>The body is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis.</p> <p>As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.</p> <p>In addition, SCTS are changing their componentisation policy during 2024/25 to reduce the number of components used in the Non-current Asset Register.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over the valuation process. Review the information provided to the valuer and assess this for completeness and accuracy. Evaluate the competence, capabilities, and objectivity of the valuer. Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and challenge these where required. Review management's assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over the valuation process were appropriate. The information provided to the valuer was accurate and complete. The valuer had sufficient competence, capability, and objectivity to perform their work. Management is involved in the valuation process and have an appropriate level of oversight. The data and assumptions used in the 2024/25 valuation process were appropriate. Management's assessment of assets not subject to a valuation process in 2024/25 was reasonable and concluded there was unlikely to be a material difference to the current value at the year-end. <p>Conclusion: the valuation of PPE is not materially misstated.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
	<ul style="list-style-type: none"> Review the revised componentisation policy for appropriateness and confirm that it has been applied correctly. 	
<p>Shared finance system change</p> <p>SCTS use financial systems provided by the Scottish Government (SG), including its general ledger, as part of a shared services arrangement with the SG.</p> <p>The previous financial system, SEAS, was replaced by Oracle Fusion Cloud from 1 October 2024. SCTS finance staff have reported to the Audit and Risk Committee that there have been issues with the implementation of the new system, including the Purchase to Pay module not working as expected, roles and responsibilities being incorrect for a significant number of users, and issues with obtaining budgeting and financial monitoring information from the system.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls within the new system, including workaround arrangements. Assess the adequacy of controls in place for ensuring that balances are brought forward from the old system into the new system correctly. Review the governance arrangements in place for overseeing the implementation of the new system, and the testing carried out in advance of the implementation date. Obtain assurances from the Scottish Government audit team regarding the adequacy of controls and processes in place for the new system. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> While we identified issues in relation to controls within the new system, our substantive testing did not identify any errors. Balances were brought forward to the new system correctly. There were limited opportunities for SCTS to test the new system in advance of the implementation date. Progress with the implementation of the new system was reported regularly to the Audit & Risk Committee. Assurances from the Scottish Government audit team identified a number of control weaknesses as summarised at paragraph 37. <p>Conclusion: while a number of control weaknesses and issues were identified within Oracle, our substantive testing did not identify any errors and we are satisfied that there is no evidence of material misstatement.</p>

Source: Audit Scotland

Challenges were experienced in implementing the new Oracle Fusion Cloud system, but substantive audit testing did not identify any errors

33. On 1 October 2024 the Oracle Fusion Cloud system was rolled out across the Scottish Government and 32 other bodies including SCTS. This replaced the previous finance and purchasing systems used by SCTS. It also replaced the HR and payroll systems at many of the other bodies, however SCTS continue to use separate systems for these functions.

34. While aspects of the system are working well, as reported in SCTS's governance statement, the new system has created significant challenges for the finance team and system users.

35. Issues have included the purchase-to-pay (P2P) module not working as expected; roles and responsibilities being incorrect for a significant number of users; not having access to a test environment; and issues with obtaining accurate budgeting and financial monitoring information. In response SCTS implemented manual processes which have been time consuming and resource intensive for the organisation.

36. As part of our testing of the manual controls implemented in place of the P2P module, we identified some weaknesses in the audit trail for recording the authorisation of purchase orders. We are content that other controls in place, including budget monitoring and reconciliations, would identify any material errors. We notified management of the weaknesses identified and they agreed to strengthen the procedures to record the audit trails ([Recommendation 1](#)).

Recommendation 1

Audit trails for recording manual control processes need to be improved

Due to issues in transitioning to the new Oracle Fusion Cloud system, SCTS implemented a number of manual control processes including the authorisation of approval purchase orders. Our audit testing identified that the audit trail relating to some of these manual processes was incomplete.

Management should ensure that complete audit trails are maintained for all manual control processes.

37. The Scottish Government audit team also identified a number of control weaknesses related to Oracle Fusion Cloud. These issues were communicated in a controls letter to appointed auditors in June 2025.

38. The issues identified included a lack of mandatory training for new system users; no detective controls to confirm leavers; breaches of segregation of duties rules; no clear audit trail of monthly reconciliations between the accounts receivable general ledger systems; reconciliations between the payroll sub-ledger and the general ledger not being complete; and a lack of sample checking for payroll changes and processing.

39. We would encourage SCTS to continue to share knowledge and work alongside the Scottish Government and other bodies to ensure full and proper use of the system going forward.

40. The Scottish Government's external audit team will be undertaking a review of the Scottish Government's implementation of the new system. The review will consider the implementation process and provide insight on the post 'go live' position. It will also assess future plans, including how the assurance landscape will be strengthened. We will monitor progress with this review and update management of its findings in due course.

Prior year recommendations

41. SCTS has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Conclusion

SCTS has effective and appropriate arrangements in place for financial management; financial sustainability, vision, leadership and governance; and use of resources to improve outcomes.

SCTS has effective and appropriate arrangements in place for securing Best Value, and for reporting and monitoring performance against key performance indicators that are linked to strategic priorities.

The initial budget allocation did not cover SCTS' full funding requirement for the financial year, making effective financial planning challenging.

The number of data incidents reported continued to grow, with SCTS due to receive a consensual audit from the Information Commissioner's Office to support improvement.

Strategies covering both digital and business continuity need to be refreshed.

Audit approach to wider scope and Best Value

Wider scope

42. As reported in the Annual Audit Plan, the wider scope audit areas are:

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

43. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of the arrangements SCTS has in place for each of these is reported in this chapter.

Duty of Best Value

44. 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.

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

Conclusions on wider scope audit

Financial management

46. The audit work performed on the arrangements in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by SCTS:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having clear and up-to-date policies and procedures in place, for example, financial regulations and a scheme of delegation, that ensure effective financial management.
- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place to support sound financial management, including regular financial updates to the Board that detail financial results and provide commentary on variances to enable effective oversight and scrutiny.

Financial sustainability

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

- developing arrangements to maintain medium and longer-term financial plans and linking these to its Corporate Plan and priorities.

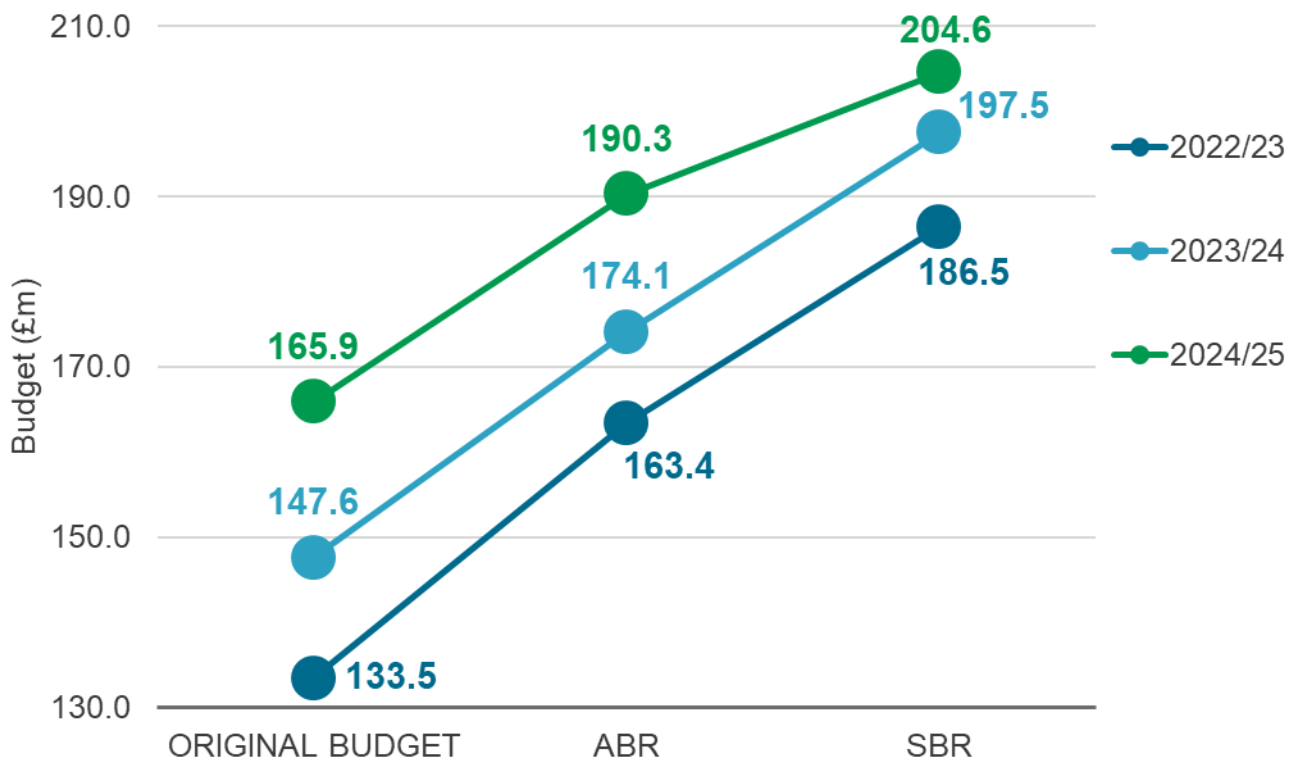
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.

48. While arrangements are reasonable, the overall fiscal context is one of limited funding increases alongside rising staff costs and inflationary pressures.

49. Financial planning is made increasingly challenging at SCTS as the initial baseline budget set by the Scottish Government does not cover the full funding requirement for the year.

50. As detailed in [Exhibit 4](#), a significant proportion of SCTS' core funding is not confirmed until the Autumn (ABR) and Spring (SBR) budget revisions. In 2024/25, this equated to an additional £38.7 million, 18.9 per cent of the final budget.

Exhibit 4 SCTS budget settlements



Source: Scottish Government budgets including Autumn and Spring revisions

51. The absence of a full allocation in the original budget lacks transparency, leads to uncertainty and makes effective budget planning extremely challenging. For example, spending on building maintenance was reported as being greater than budget for most of the year, with budget only increased in the fourth quarter due to reprofiling.

52. Management also advised that the further development of rolling medium-and-longer term financial plans has been delayed. This is due to the late settlement of the final budget as well as challenges relating to the new Oracle Fusion Cloud system. An update on the current position is included against our prior year recommendation in [Appendix 1 \(prior year matter arising 5\)](#).

53. The SCTS Board scrutinised and approved the 2025/26 Business Plan and budget in March 2025. The Business Plan sets out that the baseline budget for SCTS from the Scottish Government has been set at £177 million in 2025/26. In addition to that baseline allocation, in-year funding from the Scottish Government is estimated to be £38 million giving a total net budget of £215 million. As in previous years, a number of assumptions have been used in preparing the budget, including:

- The pay budget will underspend by 7.5 per cent due to vacancies arising in-year.
- A projected growth in Civil Fees of £6 million and an increase in receipts from Office of the Public Guardian of £1.3 million.
- In-year funding transfers are estimated to be £38 million. A proportion of this funding will be allocated to accommodate growth in the operations of the devolved tribunals. The majority of the funding, £20.3 million, comes from Recover, Renew, Transform (RRT) programme.

54. The 2025/26 Business Plan outlines capital expenditure of £19.9 million. This includes work within Airdrie Sheriff and Justice of the Peace Court, the creation of two new Evidence by Commissioner suites, the Edinburgh Justice Campus Project and sustainability enhancements across the estate to reduce carbon output.

Vision, leadership and governance

55. The audit work performed on the arrangements SCTS has in place around its vision, leadership and governance found that these were effective and appropriate. This judgement is evidenced by SCTS:

- having a corporate plan in place, supported by an annual business plan, that clearly set out its vision, strategy and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner.
- having clear financial and performance reporting in place, both internally and externally, that is linked to strategic priorities.
- having effective governance arrangements in place as reflected in the governance statement included in the annual report and accounts.

56. While we are satisfied that the arrangements in place around vision, leadership and governance are appropriate, we do note that a number of reports are presented to ARC for scrutiny and exception reporting only.

57. This means that there is often no formal discussion, challenge or agreement at ARC meetings on internal audit reports (with the exception of the annual plan and associated progress reports); core work plans; most data incident reports; and all fraud, theft and loss reports.

58. From our attendance at ARC meetings and review of minutes we are satisfied that the committee is complying with its terms of reference. There remains a risk, however, that key issues are not duly considered and escalated.

59. We would urge the ARC to gain assurance at each meeting that all documents presented for scrutiny and exception reporting have been given appropriate consideration.

Update to the Digital Strategy is required

60. SCTS had a Digital Strategy in place for 2018-2023. This was due to be refreshed for 2024 following the publication of the Corporate Plan 2023-2026. The revised strategy has not yet been agreed with the board and published. In addition, the Business Continuity Plan Strategy and Guidance available to staff has not been updated since March 2023. SCTS should ensure that the Digital Strategy and guidance to staff is up to date and aligned to the business' needs.

Recommendation 2

Strategies covering both digital and business continuity need to be refreshed

The Digital Strategy was due to be refreshed in 2024. In addition, the Business Continuity Plan Strategy has not been updated since March 2023.

SCTS should ensure that both strategies are updated and communicated to staff at the earliest opportunity.

Use of resources to improve outcomes

61. The audit work performed on the arrangements SCTS has in place around its use of resources to improve outcomes found that these were effective and appropriate. This judgement is evidenced by SCTS:

- being able to demonstrate a clear link between the use of resources and delivery of its priorities.

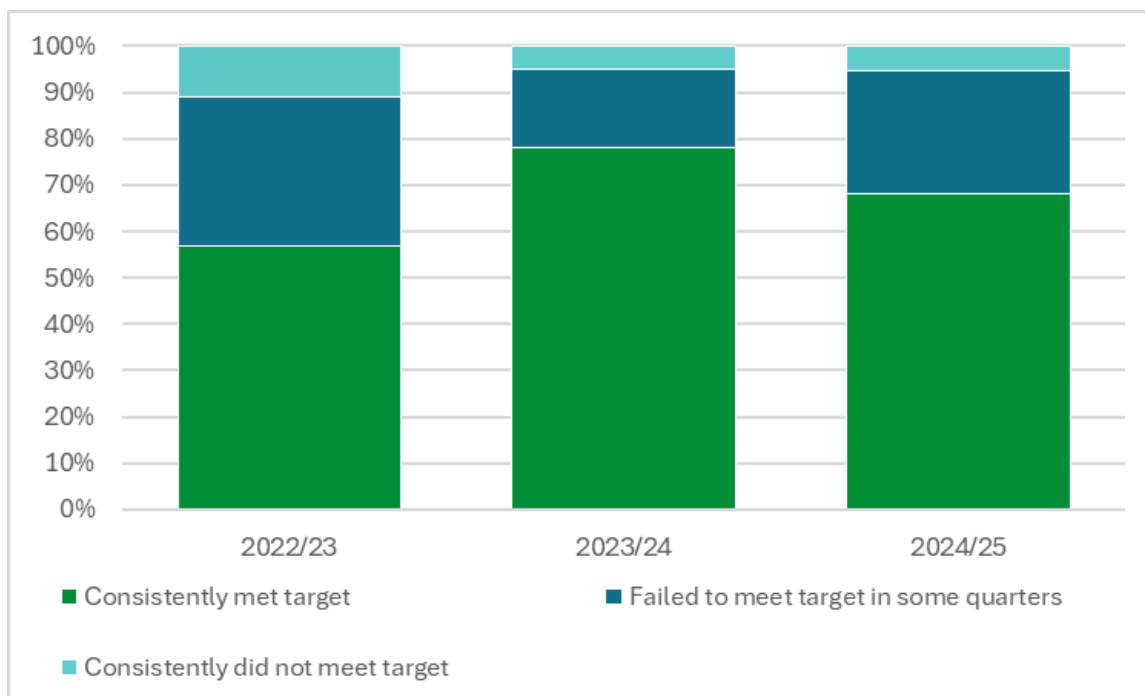
- having arrangements in place to review its performance to identify areas of improvement.
- reporting performance information to the Board each quarter as part of a 'business plan performance and board scorecard update', with the 'business plan delivery report' also detailing progress against SCTS' outcomes.

62. SCTS continued to monitor key performance indicators throughout the year with performance reported to the Board on a quarterly basis. SCTS also reports its performance against KPIs in the annual report and accounts and publishes an annual scorecard on their website.

63. SCTS's performance against its targets was similar to the two previous years, as illustrated in [Exhibit 5](#). The number of KPIs in which SCTS consistently failed to meet its target across the year remained the same at 5 per cent in both 2024/25 and 2023/24, while the number of targets that it sometimes failed to meet increased to 26 per cent from 17 per cent. SCTS consistently met 68 per cent of its targets in 2024/25, down from 78 per cent in 2023/24.

Exhibit 5

Key Performance Indicators – trend analysis



Source: Audit Scotland

64. The only KPI where SCTS consistently failed to meet its target in 2024/25 was 'Office of the Public Guardian Recovery'. This target was reporting as 'Red' for all four quarters of the year on SCTS' Red/Amber/Green (RAG) scoring system. A new case management system has been introduced from January 2025 which SCTS believe will improve performance and efficiency in this area.

The number of data incidents reported continued to grow, with SCTS due to receive a consensual audit from the Information Commissioner's Office to support improvement

65. Data incidents at SCTS are reported quarterly to the Audit and Risk Committee during the year. Personal data breaches are also notified to the Information Commissioner's Office (ICO) where an incident could result in significant detrimental effects on individuals.

66. The number of data incidents reported at SCTS has been increasing in recent years, with a total of 392 identified during the 2024 calendar year. Investigations revealed that no breach or SCTS fault had occurred in 80 of these, leaving 306 personal data breaches. 24 of the breaches required onward reporting to the ICO.

67. SCTS will be receiving a consensual audit from the ICO later in 2025 which will look at arrangements in place for complying with guidance and any risks of non-compliance.

Conclusions on duty of Best Value

68. The audit work performed on the arrangements SCTS has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- SCTS having well established and effective governance arrangements in place, with the 'Assurance and Best Value Framework' clearly mapping Best Value themes against business processes and setting out the sources of assurance.
- the arrangements SCTS has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.
- progress SCTS is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Audit trails for manual control processes</p> <p>Due to issues in transitioning to the new Oracle Fusion Cloud system, SCTS implemented a number of manual control processes including the authorisation of approval purchase orders. Our audit testing identified that the audit trail relating to some of these manual processes was incomplete.</p>	<p>Management should ensure that complete audit trails are maintained for all manual control processes.</p>	<p>Accepted</p> <p>Review and document all manual control processes currently in place. Further, implement additional guidance and training for staff to ensure consistent documentation and retention of PO approval evidence.</p> <p>Director of Finance & Procurement</p> <p>October 2025</p>
<p>2. Digital strategies</p> <p>Digital strategies covering digital and business continuity need to be refreshed</p> <p>The Digital Strategy was due to be refreshed in 2024 and the Business Continuity Plan Strategy has not been updated since March 2023.</p>	<p>SCTS should ensure that both strategies are updated and communicated to staff at the earliest opportunity.</p>	<p>Accepted</p> <p>The Digital Strategy is currently under development. There was initial consultation with the Board in March 2025.</p> <p>The business continuity strategy will be refreshed.</p> <p>Executive Director, CDi for Digital Strategy</p> <p>Corporate secretary for Business Continuity Strategy</p> <p>November 2025 (Digital)</p> <p>September 2025 (Business Continuity)</p>

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Accounts Direction</p> <p>SCTS does not have a copy of the Accounts Direction issued to it by the Scottish Ministers.</p> <p>Risk – There is a risk that the accounts are not prepared in line with the requirements set out by the Scottish Government.</p>	<p>SCTS should engage with the Scottish Government to obtain a copy of the Accounts Direction.</p> <p>SCTS will seek confirmation from the Scottish Government that they have the up-to-date version of the Direction and agree with them a process for annual confirmation.</p> <p>Responsible officer: Interim Director of Finance & Procurement</p> <p>Agreed date: August 2024</p>	<p>Implemented</p> <p>For 2023-24 SCTS approached the Finance Business Partner in the Scottish Government for confirmation that the most up to date version of the Accounts Direction was being used.</p> <p>The process to seek this confirmation is now part of the year end process.</p> <p>This was done in May 2025, and SCTS received confirmation to use the existing Accounts Direction.</p>
<p>2. Framework Document</p> <p>SCTS's Framework Document is required to be updated in consultation with Scottish Ministers at least every five years. The current version of the document is dated April 2015 and is therefore overdue for review and update.</p> <p>Risk – There is a risk that arrangements for the governance, financing and operation of the functions of SCTS lack clarity or are misunderstood.</p>	<p>SCTS should ensure that a review of the Framework Document is carried out to confirm that the content of the document is still relevant.</p> <p>SCTS will review the Framework Document and seek to agree a revised version with Scottish Ministers in the course of this financial year.</p> <p>Present revised draft Framework Document to SCTS Board in August 2024 for approval and then seek Ministerial approval to finalise and publish.</p> <p>Responsible officer: Corporate Secretary</p> <p>Revised date: Revised document agreed and published by October 2024.</p>	<p>Implemented</p> <p>A revised Framework Agreement was published in December 2024.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>3. Estates management plans</p> <p>Whilst SCTS undertake appropriate short-term estates planning, no further analysis has been undertaken to determine the level of investment required over the medium term to ensure that the backlog maintenance is address in a sustainable manner such that the estate remains fit for purpose.</p> <p>Risk – There is a risk that insufficient funding is allocated over the medium term to address critical maintenance.</p>	<p>Management should look to develop medium term maintenance and estates management plans to inform the development of the medium-term financial strategy.</p> <p>The condition surveys of buildings were delayed due to RAAC surveys, however these have now commenced. The estates management plan is not yet complete. Revised date for end of surveys is now September 24 and management plan December 24.</p> <p>Responsible officer: Director – Property & Services Unit</p> <p>Revised date: December 2024</p>	<p>In Progress</p> <p>Condition surveys were completed. The allocation of resources for estates, principally building maintenance, is prioritised and reported via the Executive Team and Executive Change Board.</p> <p>A recent Internal Audit report made a recommendation around creation of a roadmap for the SCTS estates strategy with target of March 2026.</p> <p>This has been agreed by the Estates Committee.</p> <p>Revised date: March 2026 for estates strategy</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>4. Manual journals</p> <p>The Manual Journal Policy states that journals should always be created by a separate individual, but allows for one individual to subsequently approve, upload and post the journal in some circumstances. With manual journals created out with the finance system, there are no systematic controls in place to prevent an individual from creating, approving and posting a journal, or to detect where this has occurred (e.g. system exception reporting).</p> <p>Risk – Given the lack of connectivity between finance and SCTS systems, there is a requirement for a high number of manual journals. There is an increased risk of fraudulent or erroneous journals being posted due to a lack of enforced segregation of duties between those creating and approving journals.</p>	<p>SCTS should explore a system solution to minimise the number of manual journals required, given their increased inherent risk of fraud and error. The reduction of manual journals will be achieved by the introduction of interfaces with key SCTS business systems ICMS. These will be introduced as part of the new ERP to replace SEAS and so action is not expected to be completed until the implementation of the new Oracle Fusion Cloud software. This has been delayed until April 2024.</p> <p>As part of the implementation of Oracle cloud the SCTS will reduce the volume of manual journals and revise the existing policy.</p> <p>Responsible officer: Interim Director of Finance & Procurement</p> <p>Revised date: December 2024</p>	<p>Implemented</p> <p>All journals are now (from October 2024) processed through Oracle Fusion Cloud and there are no 'offline' manual journals. All journal creation and approvals are controlled through workflows in Oracle Fusion Cloud. There is currently no need identified for a separate Journals Policy.</p> <p>Once the system is being fully utilised, a review of user access, roles and responsibilities and the related journal workflows will be completed.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>5. Medium term financial strategy</p> <p>Whilst medium term operational planning is ongoing across the organisation, SCTS have not revised their medium-term financial strategy to reflect the impact of this.</p> <p>Risk – Failure to deliver operational plans in a financially sustainable way.</p>	<p>Management should review their medium-term financial plan to reflect the impact of operational planning across the organisation.</p> <p>A medium-term financial strategy has been prepared for approval by the SCTS Board in August 2024.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Revised date: August 2024</p>	<p>Partially implemented</p> <p>The Medium-Term Financial Strategy for 2024-2028 was approved by the SCTS Board in August 2024. However, an updated Medium-Term Strategy has not been prepared during 2024/25. This is in part due to the introduction of the new Oracle Fusion Cloud system, as well as late agreement of budget settlements from the Scottish Government.</p> <p>Revised date: December 2025</p>

Appendix 2

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

Scottish Courts and Tribunals Service

2024/25 Annual Audit Report



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