



Disclosure Scotland

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

Issued on 17 October 2025

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Partner introduction

The key messages

Introduction

I have pleasure in presenting our paper to the Audit and Risk Committee (“ARC”) of Disclosure Scotland (“DS”) 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 19 February 2025.

Conclusions from our testing

We have issued an unmodified audit report on 17 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 DS.

The auditable parts of the Remuneration and Staff report have been prepared in accordance with the relevant regulation.

There are no uncorrected misstatements or disclosure deficiencies. A summary of the corrected misstatement schedule is detailed on page [39](#).

Significant risk

In our planning report we identified operating within expenditure resource limits and management override of controls as significant risks, a summary of our work is presented on [page 6](#).

Conclusions from our testing (continued)

Areas of audit focus

Change in IT system: No issues arose from our data migration testing however some insights have been raised in relation to the implementation of Oracle refer to page [9](#) 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

Overall effective budget setting and monitoring arrangements are in place. This includes budget holders proactively following up on deviation from budgets when variances occur and setting action plans to and processes to control these risks. Refer to page [15](#) for further details.

Added value

Our aim is to add value to the Board by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Board promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

Stuart Kenny
Engagement Leader ³

Quality indicators

Impact on the execution of our audit

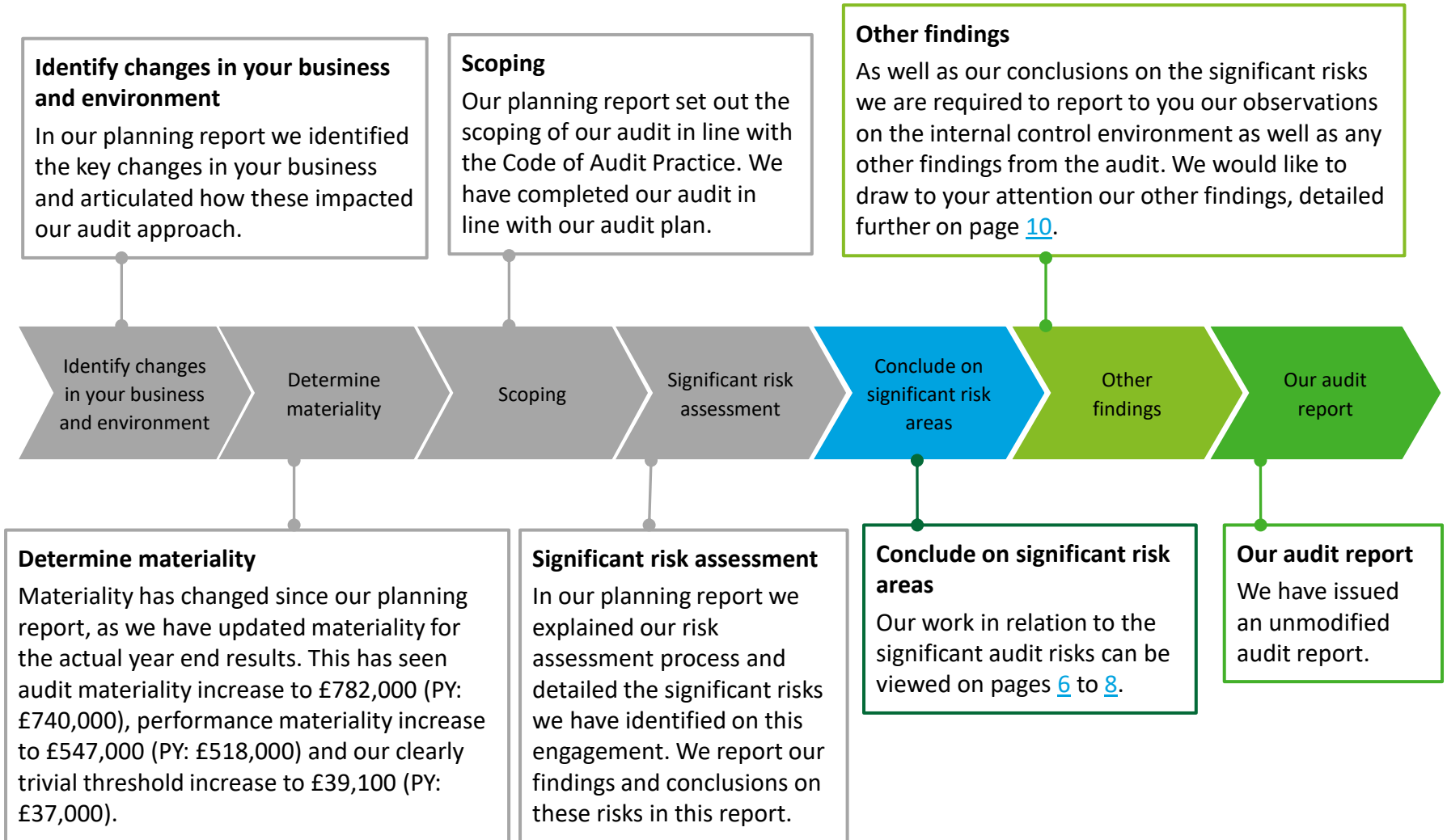
Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to 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	N/A	Not applicable as the Annual Report and Accounts do not contain any key accounting judgements.	N/A
Adherence to deliverables timetable		Management provided deliverables within the agreed timelines. Any follow-up requests were actioned quickly.	N/A
Access to finance team and other key personnel		Throughout the audit, there were no issues in accessing members of the finance team and other key personnel.	N/A
Quality and accuracy of management accounting papers		Documentation provided was of a high standard which enabled an efficient audit. Working papers were clear and reconcilable to the Annual Report and Accounts.	N/A
Quality of draft Annual Report and Accounts		The initial version of the draft Annual Report and Accounts was of good quality.	12
Response to control deficiencies identified		Limited control recommendations have been identified.	40
Volume and magnitude of identified errors		No material misstatements have been identified.	39

Our Audit Explained

We tailor our audit to your business and your strategy



Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			Satisfactory	
Operating within the expenditure resource limit			Satisfactory	

Controls approach adopted

 Assess design & implementation

Consistency of judgements with Deloitte's expectations

-  Consistent
-  Improvement required
-  Inconsistent

Significant risks (continued)

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;
- 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; and
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Accounts of the prior year.

Significant and unusual transactions

We did not identify 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 DS 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

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. 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 DS 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, DS 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 for the 2024/25 audit. Furthermore, because the transition occurred mid-year, DS operated on two separate systems during this financial year.

Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the transition to oracle. 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 DS level we concluded that the reconciliation of data transferred from SEAS to Oracle was successful.

Other significant findings

Financial reporting findings

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

Qualitative aspects of your accounting practices:

DS'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.

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 note one prior year corrected error above our reporting threshold in relation to Intangible Assets disposed of in FY23/24 that were recognised in the correct period. We understand this error was identified and corrected by DS prior to our inquiry as part of our testing. The financial impact of this error is £43k and thus does not warrant a prior year adjustment and has been appropriately adjusted in the current year.

We have obtained written representations from DS 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 [48](#).

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 DS's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by DS.	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. No exceptions were noted. 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. Our audit work in relation to the Remuneration and Staff Report has been completed. We provided management with comments and suggested changes which management have updated.

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 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

Newcastle | 17 October 2025

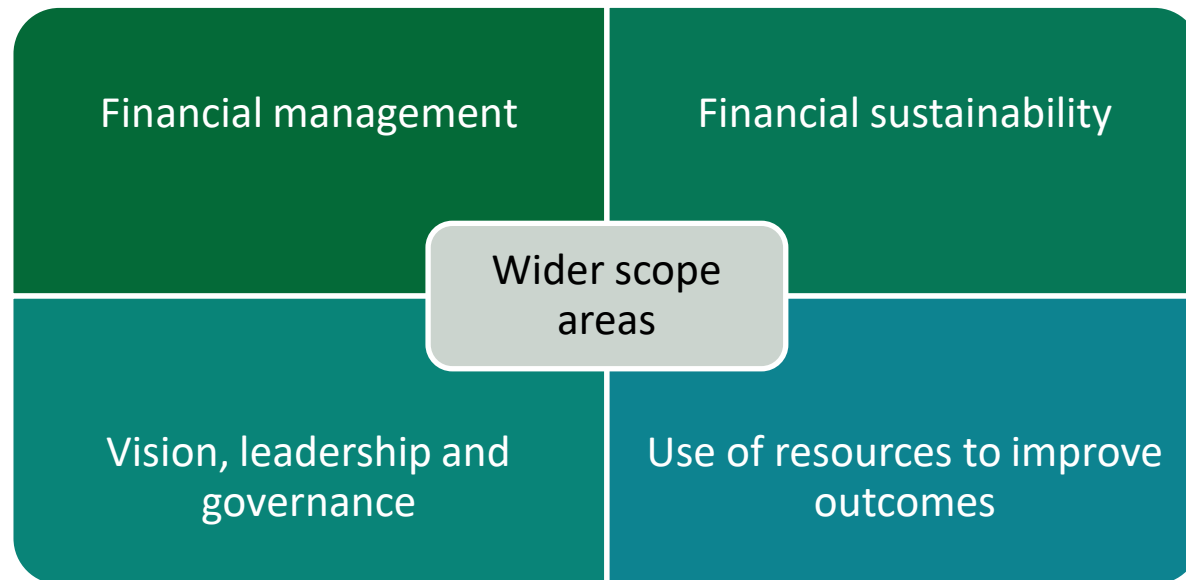
Wider scope audit



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.



Our audit work has considered how DS is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions.

Wider scope requirements (continued)

Financial management

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



Financial Management

Significant risks identified in Audit Plan

In our audit plan, we had not identified any significant risks however we assessed the budget setting and monitoring arrangements that are currently in place.

Current year financial performance

As an Executive Agency of the Scottish Government, budget allocation appears as distinct lines items in the Annual Scottish Budget Bill as part of the DS's Children and Families Spending Plans. The Board, as an Advisory Board, therefore do not approve the budget but instead receive regular reporting from the Leadership Team on how Disclosure Scotland is performing against the budget. The Leadership Team approve the budget which itself is not updated through the year other than to include changes announced at the Autumn and Spring budget reviews.

After receiving the allocation, DS has flexibility to determine how that money is spent and is split at a high-level between staffing costs, non-staffing costs and non-cash. This is offset against the expected income to be received from fees.

A year-end underspend of £3.696m (2023/24 £3.625m) comprised of a Resource DEL (cash) underspend of £2.638 million (2023/24 underspend of £1.664 m), a Resource DEL (non-cash) underspend of £0.545 million (2023/24 underspend of £0.769 million), and a Capital DEL underspend of £0.513m (2023/2024 underspend of £1.808 m).

Wider scope requirements (continued)

Financial management (continued)

Current year financial performance (continued)

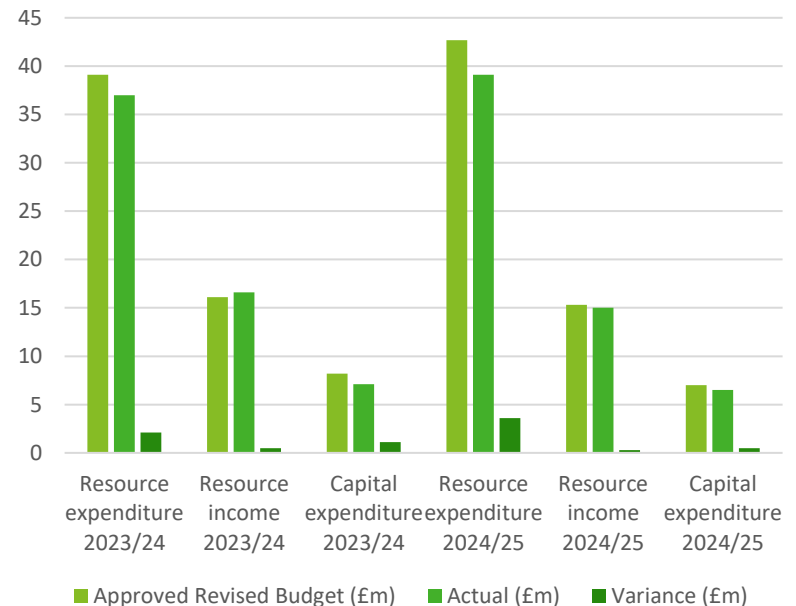
The key reasons for the variances were:

- Despite being on a budget line, £0.7m of the Cash RDEL underspend is ringfenced relating to the Pacific Quay building in Glasgow and is to be transferred back to DCAF before the Spring Budget Revision transfer deadline. Since DS have secured the lease for the entire building, they have decided not to proceed with the planned relocation of departments to the 1st and 2nd floors. This eliminates the need for the allocated £0.7m budget initially set aside for moving expenses.
- The total volume of applications received has been lower than expected throughout the year.
- Staff costs showing a significant underspend during the year, with the majority relating to digital. Furthermore, there has been a recruitment freeze and a reduction in overtime.
- Planned savings of over £2 million in expenditure were realised during the year due to efficiencies with digitisation. Details are provided in the following slides.

- Disclosure Scotland also started realising efficiencies as a result of the digital programme of work, reducing postage costs by almost £0.5 million in 2024/25 and reducing their platform costs significantly despite running two platforms simultaneously.

The underspend has been a continuing trend from the previous year with an underspend of £3.625m in financial year 2023/24.

2023/24 vs 2024/25 Financial Performance



Wider scope requirements (continued)

Financial management (continued)

Financial reporting

Implementation of oracle

During the year, it has been noted that as a result of the implementation of Oracle Cloud on 1 October 2024, the accuracy and timeliness of financial performance communication has been impacted. When reporting financial information to the Board and the ARC, financial information was estimate-based for the period between October 2024 to January 2025 as opposed to actual figures since DS could not extract certain financial reports from the Oracle Cloud system.

During 2024/25 there were issues with the payroll reports, as these were not able to be reconciled to the ledger, as well as other ledger reconciliations and the 10-day payment performance report. However, this raises questions about DS's ability to be able to accurately forecast throughout the year. There therefore exists uncertainty surrounding actual figures being reported. Within the monthly financial reports, there had to be caveats added highlighting the fact that the information provided could not provide a complete or sufficiently clear basis for sound financial decision-making. Deloitte note that any issues with regards to Oracle are being raised to Scottish Government who continue to work on resolving the issues.

As part of the Oracle implementation the Red Team was established in October 2024 of which the Director of Corporate Service is Chair. The team consists of 19 representatives across the Scottish delivery bodies.

This ensures that all agencies and related bodies are able to report issues arising from the implementation of Oracle Cloud system directly to the Scottish Government.

Review of financial information

The Leadership Team (LT), Board and ARC regularly review progress against budget through the year, with quarterly reporting to the Board. Any variances arising during the year are clearly reported and there is a clear link between the financial information reported in the year and the Annual Report and Accounts. Improvements have been made to the reporting during the year, with reports now more focussed on the key messages to aid this scrutiny. We note that should there be any under/overspends, this is flagged at both group's meetings on a regular basis. However due to the implementation of Oracle there was an impact on the reporting and accuracy of the information.

As a standard procedure within DS's operations, the LT present the budget to the ARC for scrutiny before the Board. For the 2025/26 budget, the Board meeting fell before the ARC meeting and as there was no Board meeting till after the year-end, the Head of Finance was only able to provide the Board with a high-level update of the 2025/26 budget, but not a thorough breakdown allowing for scrutiny.

Recommendation - It is therefore recommended by Deloitte that if DS were to be in the same situation in following years, the Board should be presented the Budget through an extraordinary meeting. This conforms to best practise as it allows the Board to receive a thorough breakdown of the Budget and allow for subsequent challenge.

However, it is noted that the risk surrounding the Board not being presented with a thorough breakdown of the 2025/26 budget is offset slightly by the fact that there are only 2 Board members who are not on the ARC.

Wider scope requirements (continued)

Financial management (continued)

Savings plans

During the year, savings plans were considered if funding is not provided but due to the funding being received, savings options were not required. In withholding the organisation's objective of quality service delivery and role of safeguarding, the impact of any potential savings have to be carefully considered to ensure that the aforementioned objective and role is not compromised.

As a result of the work in relation to digital transformation, efficiency savings are beginning to be realised across the body, particularly in relation to savings in the Cash RDEL. The main savings consist of:

- By implementing efficiencies, DS have successfully filled the review posts within Safeguarding Operations without needing to hire additional staff members.
- The shift towards digital delivery of certificates has led to a substantial drop in postage costs as discussed on the previous slide.
- Despite running two systems in parallel during the online accounts product launch, Disclosure Scotland's AWS costs have decreased significantly. DS are now spending only £0.092m per month, compared to a forecasted budget of £0.2m and an actual spend of £0.15m in August 2024. This translates to an estimated annual saving of £0.5m compared to last year.

These savings are reported back to the Scottish Government by DS having monthly budget monitoring calls with SG. SG are provided with a version of the management accounts.

Finance capacity

The finance team has remained consistent throughout the year. We note that at the initial time of the implementation of Oracle Cloud, the finance team were stretched, and the senior members of the team had to absorb workload from the other members of the team. Through discussions with members of the finance team, the additional workload and from the transition to Oracle Cloud has now reduced. However, due to the way modules are released on the system, staff may continue to feel a burden in the coming months.

DS were informed that there would be several 'Sandbox' environment – allowing staff to familiarise themselves with the system before it went live. However, the Scottish Government failed to provide these sessions. Through discussion with staff members, questions were raised as to whether the trainings provided were tailored suitably to DS and may not have been suitable to teach people to effectively use the system.

We note that there were support modules and training platforms provided if system users were finding issues. An example of one is 'iFix'. This is a portal allowing users to raise tickets for any queries they have regarding the system or the system's operational capabilities. Whilst a good initiative, the body felt that the Scottish Government could not effectively handle all the tickets raised. These issues have been fed back to the Scottish Government by DS.

Wider scope requirements (continued)

Financial management (continued)

Internal controls and internal audit

Disclosure Scotland relies upon the financial systems provided by the Scottish Government, in particular the general ledger, purchase ledger and payment of invoices and payroll. A detailed Framework Agreement is in place, which was updated in 2022. As part of this, Disclosure Scotland use the services of the Scottish Government's internal audit team.

The 2024/25 Internal Audit Plan was approved by the Audit Committee in February 2024. The plan comprised 3 projects: Programme/Project Financial Management, Vetting and Barring Services, Organisational Culture and Value.

The plan is reviewed each quarter and regular progress reports are presented to the ARC, highlighting progress since the previous meeting. The capacity of the internal audit team is adequate to deliver their plan.

We have reviewed all internal audit reports published throughout 2024/25. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work.

All agreed actions arising from Internal Audit assignments are monitored during the year, with the Internal Audit team seeking confirmation that agreed actions have been implemented in line with target dates. Verification work is performed on a sample of actions. The Internal Audit annual assurance opinion 2024/25 was a substantial opinion based on the three aforementioned pieces of work. The Internal Audit Annual Assurance Report for 2024/25 is still to be presented to the ARC for consideration.

Standards of conduct for prevention and detection of fraud and error

We have assessed Disclosure Scotland's arrangements for the prevention and detection of fraud and irregularities. This has included specific considerations in response to Audit Scotland's quarterly bulletin which contains a "Fraud and Irregularities" section. All finance and staff members are made aware of the standards relating to fraud and error.

Disclosure Scotland also have a Fraud and Bribery Group. The membership of the Fraud Group has been further extended to include representation from Digital and the Head of IT Service Management during the year. Additionally, the group is developing a Fraud Risk Register which is due to be completed by June 2026. Overall, we found the Disclosure Scotland's arrangements to be designed and implemented appropriately.

Wider scope requirements (continued)

Financial management (continued)

Deloitte view – financial management

Disclosure Scotland report on a monthly basis to the leadership team and on a quarterly basis, but due to the challenges of the oracle implementation there were some balances that required estimation. However, management were determined that the financial position should continue to be reported despite these limitations.

Due to the implementation of Oracle Cloud, there have been months (October 2024 to January 2025) of the year where the monthly financial reporting has not been fully accurate. As embedding progresses, Disclosure Scotland should ensure that there is no ambiguity in financial reporting through Oracle Cloud, and that financial data is accurate. The issues arising from the Oracle Cloud implementation are being fed back to the Scottish Government and this is further evidenced by the Director of Corporate Services within Disclosure Scotland being Chair of the Red Team.

We have provided a recommendation relating to the Head of Finance providing an update of the budget through an extraordinary meeting to the Board before the year end which provides a breakdown of the 2025/26 Budget. This allows the Board to scrutinise the Budget before year-end, consistent with our recommendation following the 2022/23 audit and presented as an action point in that year's ISA 260 presented to the Board and the ARC.

While an underspend was reported at the end of the year, this was largely as a result of savings in expenditure, digital transformation efficiencies, and the ringfenced funding for the potential building move which did not materialise.

We have concluded that there is no significant risks in relation to financial management.

Wider scope requirements (continued)

Financial sustainability

Significant risks identified in Audit Plan

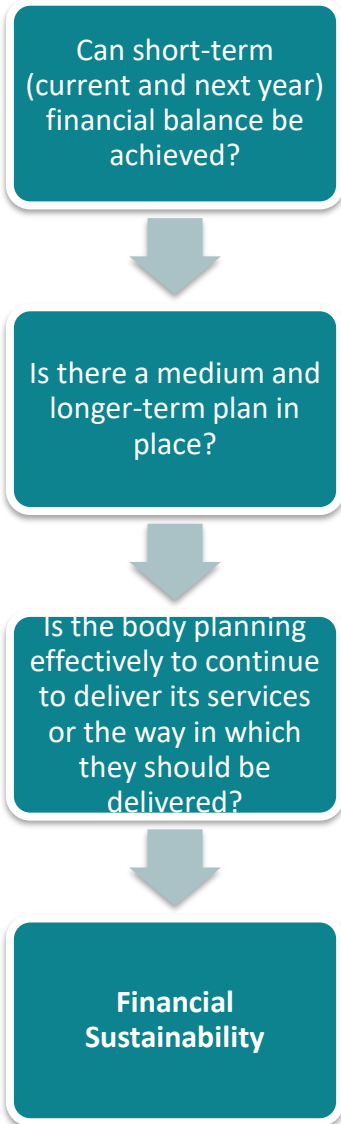
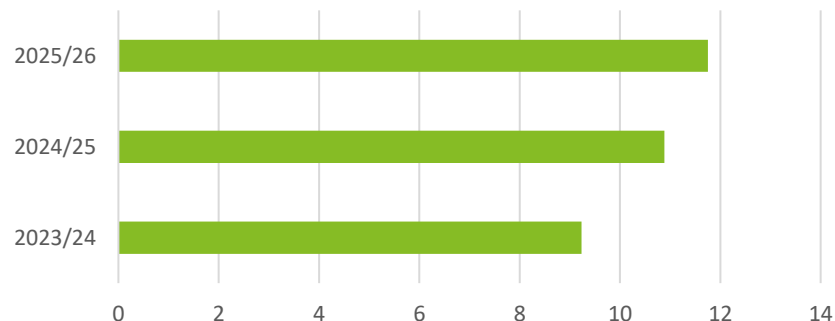
In our audit plan we highlighted that Disclosure Scotland has a medium-term financial planning arrangement in place and is continuing a major organisational and digital transformation journey. There is a risk that Disclosure Scotland may overspend on these projects and not have adequate resources to allow for the transformation to be fully implemented whilst meeting all objectives. We have monitored any developments within the financial strategy and delivery of the change programme, as well as any impact on the future financial sustainability of the organisation.

2025/26 budget setting

As an Executive Agency, the Board does not approve the budget. Based on the budget allocation in the Scottish Budget Bill which is part of the Children and Families Spending Plans, the Leadership Team worked together to identify the expected costs and income in the year and compare with the funding provided, which was agreed by the Scottish Parliament in December 2024.

In comparison with the initial funding confirmed via the Scottish Budget Bill, Disclosure Scotland had identified budget pressures of £11.750m (PY: £10.887m, PPY: £9.233m). The Directorate of Children and Families have provided verbal assurance to fill this funding gap and therefore a potential risk that the funding will not be provided.

Funding Gap (£m)



Wider scope requirements (continued)

Financial sustainability (continued)

2025/26 budget setting (continued)

Disclosure Scotland are working to reduce the funding gap as much as possible. Despite efficiency targets being met, these are being offset by delivering the Disclosure Act due to increased spend in other areas of the organisation, for example in digital. Disclosure Scotland have benefit realisation plans for their projects and are seeing efficiencies being realised through which they are tracking.

Due to the Disclosure Act, Disclosure Scotland have needed to increase their headcount for additional requirements that fall under the Act, for example the Review team and Independent reviewer. Disclosure Scotland have been able to absorb most of these roles without increasing headcount through digital efficiencies and hence are in line with Scottish Government targets as agreed with The Directorate of Children and Families.

Should additional funding not be made available, Disclosure Scotland will need to identify areas of further efficiency to achieve financial balance. This continues to be reported as a cost pressure in the monthly reporting to Scottish Government.

The body recognises that there are risks in terms of wider Scottish Government budgets which will influence Disclosure Scotland as they are the same legal entity. These risks are included in the risk register.

Savings target

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

Disclosure Scotland offered savings in both 2023/24 and 2024/25, including savings to deliver the Act. Budget setting could be enhanced by incorporating specific savings targets to demonstrate that the annual efficiency target of 3% is being met. Furthermore, the progression and implementation of the digital transformation programme is driving efficiencies as discussed on page [24](#).

The organisation did not need to enter into any savings plans during the year as the Directorate of Children and Families provided the correct level of funding and have continued to provide verbal assurances to cover the funding gap in 2025/26. The leadership team have considered high level options as to what they would need to do if all of the funding was not provided but at this stage due to assurances surrounding the funding gap, Disclosure Scotland have not put any of these into practice.

Wider scope requirements (continued)

Financial sustainability

Medium-to-long term financial planning

Disclosure Scotland have a Finance Strategy covering the period 2023-2025 to which there have been no updates to for the current year. Given the limited opportunities to increase income over the short to medium term period in the strategy, the primary focus over the period of it was seek new and innovative ways to control and reduce operational expenditure, eliminate waste and drive efficiencies.

Since the government only provide funding one year in advance, the body are of the opinion that it is not possible to formally budget in advance of this. As a result, there are no financial budgets beyond 2025/26, and it is therefore difficult to visualise the current level of funding gap and efficiency savings required in the medium term. Nevertheless, the DS has prepared an informal 10-year financial forecast outlining its medium- to long-term financial planning to allow them to forecast future funding requirements.

Disclosure Scotland will not update their Finance Strategy until the lifetime membership of the PVG scheme is replaced by the time-limited scheme membership on 1 April 2026 due to new provisions under the Disclosure Act.

The Finance Strategy was aligned with the go-live of the Disclosure Act on 1 April 2025 as this was when the time-limited scheme memberships were initially due to be introduced. However, this was then pushed back a year, and Disclosure Scotland then made the decision to update the Finance Strategy in line with the revised date of time-limited scheme membership introduction.

Area	Important features of a financial strategy
<i>Period</i>	A financial strategy should cover 5-10 years
<i>Cost</i>	A clear understanding of the business model and the cost of individual activities within it
<i>Savings options</i>	Evidence based options for achieving savings
<i>Savings details</i>	Details of one-off and recurring savings
<i>Scenario planning</i>	Scenario planning to outline best, worst and most likely scenarios of the financial position and the assumptions used
<i>Assets/Liabilities and Reserves</i>	Details of assets, liabilities and reserves and how these will change over time
<i>Capital Investment Activity</i>	Details of investment needs and plans and how these will be paid for
<i>Demand</i>	An analysis of levels of service demand and project income
<i>Funding shortfalls</i>	Any income or funding shortfalls and how to deal with these
<i>Strategy links</i>	Clear links to the corporate strategy and other relevant strategies such as workforce and asset management
<i>Risks and timescales</i>	The risks and timescales involved in achieving financial sustainability

Wider scope requirements (continued)

Financial sustainability

Medium-to-long term financial planning (continued)

In our 2022/23 audit, we recommended that the organisation consider Audit Scotland's important features of a good financial strategy. This should be actively considered during the development of the new finance strategy which ensures alignment with good practice.

Disclosure fees are set by Scottish Ministers and during 2024/25, fees remain unchanged and consistent with the fees set by Scottish Ministers in 2011. The Act changes the products that Disclosure Scotland offer to the public and as a result, fee structures have been updated. Furthermore, the time-limited scheme membership is likely to ensure sustainability over a longer time because renewal will be required every 5 years.

Workforce planning

A key element of the medium-to-long term planning is workforce planning, given that a high proportion of DS's costs relate to staff. There continues to be a reliance on agency and temporary staff, although this is part of a conscious strategy to address resource requirements over the short term. The use of agency and temporary staff have increased from £2.756m in 2023/24 to £4.307m in 2024/25, mainly due to the transformation programme and operational delivery as DS transform their organisation through increasing the digital environment.

Work is underway to design a Strategic Workforce Plan which will be finalised during the remainder of the calendar year.

Digital transformation

Disclosure Scotland has implemented an ambitious programme of digital transformation, developing software and tools that are intended to improve internal process, support delivery of the Act and change the way customers interact with the organisation.

Much of the development work was performed in-house by staff and contractors appointed through the Scottish Government framework which required significant capital investment to deliver the functionality. Work is also ongoing to recruit and develop permanent staff to reduce reliance on this expensive resource in the longer term.

Regular updates were provided to the Board and status reports are prepared each reporting period to be presented to the Digital Programme Board. This provided an update on the change portfolio, including the digital transformation work. The information within these reports are data-driven and provided in the form of a dashboard allowing clear communication of progression and risks. Benefit plans are in place for all project, and a benefits register is in place which collates details including benefit themes, financial benefits, benefit summary, measurement and baseline.

For 2024/25, capital funding spend was monitored closely and the year-end actual capital spend was £6.5m.

Wider scope requirements (continued)

Financial sustainability (continued)

Digital transformation (continued)

DS has been allocated £6.9m Capital for 2025/26, representing a reduction of £0.1m from 2024/25. A draft high-level list of digital priorities has been developed, and an initial overall digital resource plan had been created. This will be used for corporate budgeting purposes and indicates that there will be sufficient capital funding available to deliver the key priorities identified in 2025/26. The plan highlights that this will continue to be monitored as planning business cases are updated.

Wider scope requirements (continued)

Financial sustainability

Deloitte view – Financial sustainability

DS has achieved financial balance in 2024/25 and has demonstrated its ability to make savings to support the wider Scottish Government, however, the confirmed funding for 2025/26 does not fully cover the expected costs and a funding gap remains, albeit the Directorate of Children and Families have verbally agreed to cover this gap but there is still a risk that adequate funding levels will not be allocated.

The organisation is going through a period of significant organisational and digital change as it looks to implement the provisions of the Disclosure Act and drive forward strategic vision. While a finance strategy has been prepared covering the period 2023 to 2025, there are currently no financial budgets beyond 2025/26, therefore it is difficult to visualise the level of funding gap and efficiency savings required in the medium term. Nevertheless, DS has prepared an informal 10-year financial forecast outlining its medium- to long-term financial planning.

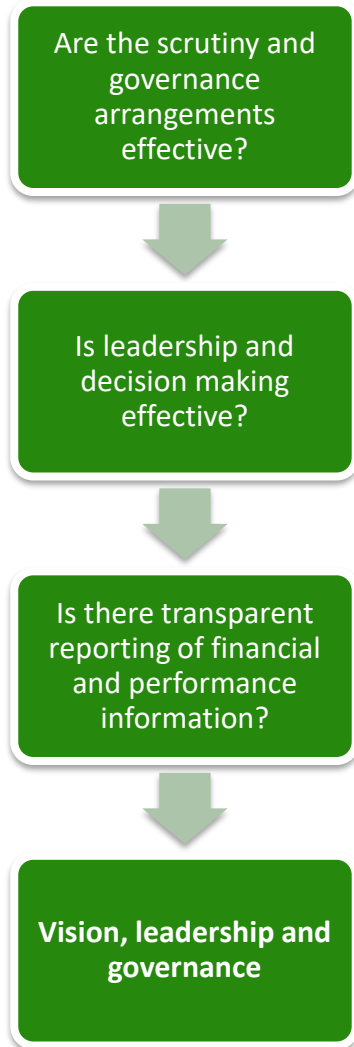
The Finance Strategy, which concluded in 2025, will not be reviewed or updated until the time-limited scheme memberships are introduced on 1 April 2026. Disclosure Scotland feel that this timeline reflects the current uncertainty regarding key elements impacting financial planning including prospective changes to the fee structure/fee levels in line with these new products. DS are of the understanding that postponing the update until these factors are clarified will provide a more accurate and robust strategy. While we recognise that this, alongside the Scottish Government only confirming funding on an annual basis makes forecasting difficult, the strategy could be prepared based on assumptions around expected funding and fee income.

In our 2022/23 audit, we recommended that the organisation consider Audit Scotland's important features of a good financial strategy. This should be actively considered during the development of the new finance strategy which ensures alignment with good practice. Furthermore, the Workforce Plan currently in development should be considered within the Finance Strategy.

It is important that once the Disclosure Act, transformation, and workforce plans are progressed, the financial strategy is further developed and aligned to the corporate strategy due to be updated (DS 30). The delivery of the change programme is critical to the future financial sustainability of the organisation and remains a key area of risk that is being managed. We will continue to monitor the progress with this during our audit appointment.

Wider scope requirements (continued)

Vision, leadership and governance



Significant risks identified in Audit Plan

In our audit plan, we did not identify any significant risk in relation to vision, leadership and governance. As part of our standard procedures, we have assessed any impact from the changes which have taken place over the year. In addition, we have assessed whether governance arrangements meet the requirements of the organisation and that these are operating effectively.

Vision and strategy

Disclosure Scotland's current Corporate Strategy (DS 25) covers the period 2021-2025, and therefore our 2024/25 audit is the final year where this strategy is in place. This sets out the organisations purpose and functions defined in legislation across the follow three functions:

Disclose – provide disclosure certificates;

Protect – manage the Protecting Vulnerable Groups (PVG) scheme; and

Promote – support our customers and stakeholders to use our services.

Disclosure Scotland's target vision for 2025 was to become a better, more streamlined organisation that prioritises people in everything they do. During the life of this strategic plan, DS has brought the new Disclosure (Scotland) Act into force. This has and will continue to fundamentally change disclosure and protection services in Scotland.

The body also has a Business Plan for 2024/25. This is divided into quarterly delivery plans, focusing on digital transformation and the Disclosure Act. It aligns with DS 25 and focuses on their core objectives: Disclose, Protect, Promote, and Digital. Additionally, it also aligns with the overarching service objectives being Finance, and People and ensuring these are integrated into all their activities.

The next Corporate Strategy will be DS 30 and workshops are currently underway to develop this. This will be developed during 2025/26 and will be published at the start of the 2026/27 financial year. Until this time, Disclosure Scotland are issuing a Business Plan for 2025/26 which covers the strategic elements of what Disclosure Scotland is in place to do while they develop the next strategy. This is a live document that is regularly updated .

Wider scope requirements (continued)

Vision, leadership and governance (continued)

Community engagement

DS have a Stakeholder engagement and Communications Team that communicate regularly with bodies and the public. This team works in line with the Communications and Engagement Strategy 2022-2025. This is due to be updated in the 2025/26 financial year and will be aligned to DS 30 to aid in strengthening stakeholder relationships as well as enhancing transparency.

A full consultation was completed for the Disclosure Act 2020. Supporting stakeholders with the implementation of the Disclosure Act was a key focus for the body in 2024/25. As such, DS undertook events and produced guidance on various areas, including:

- Collaborating with agencies and the Independent Reviewer to produce statutory guidance for new Disclosure Act provisions;
- Supporting stakeholders' transition to new regulated roles through guidance, tools, and engagement services; and
- Developing guidance for a new review process allowing individuals to check their disclosure information before release.

Guidance for the Disclosure Act's implementation was directed by feedback from 17 stakeholder events in 2023-24. In 2024-25, DS also delivered free training to representatives from 1,910 organisations across 98 workshops.

Training was also delivered through 62 workshops aimed at educating people on DS's services and regulatory obligations. They collaborated with Volunteer Scotland Disclosure Services to adapt training for the voluntary sector and engaged stakeholders through 404 external meetings and forums. This supports Disclosure Scotland's continuing relationship with Volunteer Scotland.

Since the Disclosure Act made membership of the PVG scheme a legal requirement from 1 April 2025, Disclosure Scotland ran its first ever national public information campaign from March 2025. Through media outlets, the campaign aimed to inform the public of these changes, advising them to become a member if they work or volunteer with children and protected adults in a regulated role.

Wider scope requirements (continued)

Vision, leadership and governance (continued)

Leadership

The Leadership Team has remained relatively consistent during the year. In relation to the Board, Christopher Wroath's term ended in March 2025, as did Martin Gallagher's.

Consideration should also be given to succession planning on non-executive Board members to prevent future changes having a significant impact on the organisation. At a team-level, there is no formal succession plan in place, but it is included as an element within the draft Workforce Plan which is under development. Succession Planning and Skills will continue to be considered by the Strategic Workforce Planning Group. Furthermore, an organisational skills audit will be carried out in 2025. Both the former and the latter will increase capability within the DS workforce.

In line with good practice, an annual self-assessment is carried out by the Board to identify any areas for further support and development. This was carried out in December 2024 and following on from our previous year's recommendation, this is now included in the yearly calendar of business.

The LT requested a Culture and Values audit from Internal Audit to ensure that the LT understood the culture across the organisation. This resulted in a reasonable assurance rating being provided and one medium priority recommendation that the LT set out an action plan with prioritised mitigating activities to address findings from the review. Management accepted the recommendation.

The Civil Service People Survey runs annually and is one of the main ways that colleagues can share their views about how it feels to work for DS. The 2024 results highlighted positive findings including:

- A high percentage of managers reported confidence in managing their teams, supporting wellbeing, and addressing poor performance.
- 61% of respondents expressed a positive outlook on the future of Disclosure Scotland.

Areas for improvement were:

- Only 52% of respondents would recommend DS as a great place to work.
- Issues with learning and development.

Overall, the survey revealed areas of strength and areas for improvement. While changes have been made, particularly regarding pay and leadership, challenges remain in learning and development, employee engagement, and fostering a more inclusive and collaborative work environment. Addressing these issues is crucial for improving employee satisfaction, retention, and overall organisational performance.

Wider scope requirements (continued)

Vision, leadership and governance (continued)

Governance and scrutiny arrangements

The ARC continues to be a key element of the governance arrangements in place. A self-assessment of the Audit and Risk Committee was last carried out in September 2022. A number of non-executives left in 2022 and 2023, and following this, several new non-executives were appointed in October 2023. Therefore, it was agreed by members that the assessment should be postponed until the non-executives had been in post for longer. Resultantly, the self-assessment is scheduled to take place in 2025/26. Since the year end ARC self-assessment was completed in April 2025 and the results are due to be presented at the August 2025 ARC meeting.

The Scottish Government have published an Audit and Assurance Committee Handbook which has guidance on the principles and best practise for the organisation of Audit and Assurance committees. In the handbook, it suggests that an annual self-assessment should take place. In line with best practice, the Committee must ensure this self-assessment of effectiveness is carried out, and an action plan subsequently developed.

The ARC also provide oversight and scrutiny of the risk management activity. An update on the Corporate Risk Register is provided to each meeting, with an update on any movements in risk in the last quarter. We have reviewed meetings attendance from the past year and confirm that these have been well attended.

Transparency of reporting

All Board and ARC minutes are publicly available through DS's website.

The DS website includes a suite of information including links to strategies and policies and annual report and accounts, thereby demonstrating openness and transparency of decision making and performance information.

Wider scope requirements (continued)

Vision, leadership and governance (continued)

Deloitte view – Vision, leadership and governance

DS's Corporate Strategy 2021-2025 clearly sets out the organisations purpose and functions. Over the course of the plan, it has delivered in the strategic aims and objectives it established at the outset, demonstrating progression and impact. The Business Plan 2024/25 includes the key action for the year in the development of the Target Operating Model to allow Disclosure Scotland to plan for the future, recognising the significant period of change.

The 2026-2030 (DS 30) corporate strategy is currently being developed and will outline the body's priorities and direction for the next five years. DS must ensure that it builds on the progress made during DS 25 and set a clear course for the future.

The 2025/26 Business Plan is currently under finalisation. This is a live document that is update on a regular basis due to the number of changes happening as part of the Act and therefore needs to remain fluid.

The leadership and governance arrangements have also seen a period of change, recognising the significant operational changes taking place around digital transformation and the implementation of the Act. However, Disclosure Scotland continue to have effective governance arrangements in place which are appropriate and operating effectively.

An annual self-assessment should continue to be carried out by the Board. Furthermore, In line with best practice the ARC must ensure this self-assessment of effectiveness is carried out, and an action plan subsequently developed.

Consistent with our finding last year, DS do not currently have a formal succession plan in place. Consideration should be given to producing a formal succession plan to prevent future changes having a significant impact on the organisation. We do note that the topic is actively considered by the Strategic Workforce Planning Group.

The results and recommendations of the Internal Audit Culture and Values report, as well as the People Survey, should continue to be addressed.

Wider scope requirements (continued)

Use of resources to improve outcomes



Significant risks identified in Audit Plan

In our audit plan we did not note any significant risks relating to use of resources to improve outcomes.

Statutory performance indicators

DS had historically monitored its performance in accordance with its strategic themes set out within its Corporate Strategy – “Disclose, Protect and Promote” – and also according to enabling objectives where appropriate, “our people, our systems and the way we work”. This allows it to align its performance to its six strategic objectives. Regular reports are provided to the Board as a performance scorecard. These provide the Board with:

- Data to assurance key functions are performant;
- Exceptions narrative for in depth discussion where key functions are performing below target; and
- Proposed actions and recommendations where focus on non-performant areas plan to improve.

The Business Plan for 2024/25 has a revised set of Key Performance Indicators (KPIs) against each strategic theme, with a focus on continuous improvement. As DS update the Business Delivery Plan, the KPI section of the Business Plan changes to show the results of the previous quarters KPIs, allowing readers to assess the performance of DS throughout the year. DS use the KPIs to ensure that they are meeting their objectives as noted in DS25. If at any time a KPI is missed, the department responsible are required to provide a list of actions to correct this and a timeframe for returning the indicator to its target level.

Wider scope requirements (continued)

Use of resources to improve outcomes (continued)

Performance management framework

The KPIs set out within the Business Plan are largely output focussed, rather than outcome focussed. This is understandable given the work that Disclosure Scotland carries out and how it works with other bodies to help Scottish Government to deliver its national outcomes. Consideration should be given to if there are other areas where there are specific outcomes that can be monitored and reported to demonstrate that continuous improvement.

Performance data

A summary of the performance reported to the Board during the year, as at 31 March 2025 is provided below.

Disclosure Scotland continues to perform well, however there are still some KPIs not achieved in the year.

Theme	KPI	
Finance	The percentage of invoices paid within 10 days – target 100%.	
	The percentage of debt older than 60 days – target under 5%.	
Governance and Data Protection	The percentage of adherence to legislative timescales for Subject Access Requests (SAR) – target 100%.	
	The percentage of adherence to legislative timescales for Freedom of Information (FOI) – target 100%.	
	The percentage of data breaches reported within 72 hours – target 100%.	



Strong performance



Performance slightly below target

Wider scope requirements (continued)

Use of resources to improve outcomes (continued)

Theme	KPI	
Disclose	The percentage of Disclosure certificates issued within 14 calendar days	●
	The percentage of Customer Contact Centre calls answered – target 95%.	●
	The percentage of correspondence received at DSResponse@mailbox actioned within 5 working days – target 90%.	●
	Customer Contact Centre average call handling time – target 4.5 minutes	●
Protect	The percentage of notification of consideration for listing letters issued to individuals and organisations within 4 working days – target 90%.	●
	The percentage of automatic listing cases completed within 5 working days – target under review.	●
	The percentage of notifications of barring decisions issued within 3 working days – target 98%.	●
Promote	33% increase of stakeholder reach	●
	The percentage of Stage 1 complaints resolved within 5 days – target 96%.	●
Digital	The percentage of customer service availability – target 99.5%.	●
	The percentage of business service availability – target 99.5%.	●
	Customer satisfaction – target 80%.	●
People	Staff engagement index – target 68%.	●
	Average working days lost – target 10 days	●
	Staff attrition – target 6%.	●



Strong performance



Performance slightly below target

Wider scope requirements (continued)

Use of resources to improve outcomes (continued)

Deloitte view –Use of resources to improve outcomes

Disclosure Scotland has a performance management framework in place. The Business Delivery Plan for 2024/25 has clear KPIs with a focus on continuous improvement.

Regular reporting on performance is provided to the Board. Consideration should be given to if there are other areas where there are specific outcomes that can be monitored and reported to demonstrate that continuous improvement.

Disclosure Scotland has continued to perform well during 2024/25, actively managing its performance and taking appropriate action, including re-allocation of resources, in response to the data collected. However, there are concerns with working days being lost and the percentage of invoices not being paid within the 10-day Scottish Government target. The main reason for this was due to the implementation of Oracle.

As part of The Act readiness work, Disclosure Scotland consulted with customers and considered resourcing needs to set the right timescales for the new products according to the balance of customer needs and value for money. This has been effective.

Deloitte have concluded that there are no significant risks in relation to use of resources to improve outcomes.

Wider scope requirements (continued)

Best value

Requirements

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 (BV).

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we have considered whether there are organisational arrangements in place in this regard.

The duty of BV in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance;
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
- BV characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve best value:
 - Vision and Leadership
 - Governance and Accountability
 - Use of resources
 - Partnership and collaborative working
 - Working with Communities
 - Sustainability
 - Fairness and equality

Conclusions

Disclosure Scotland has a number of arrangements in place to secure best value. As noted elsewhere within this report, the Corporate Strategy provides a clear vision and has specific focus on some of the BV characteristics including partnership and collaboration, fairness and equality and a focus on continuous improvement.

Disclosure Scotland is implementing an extensive Digital Transformation programme, linked closely to the implementation of The Act. This continues to be a key area of focus for management and the Board.

Deloitte view – Best Value

DS has sufficient arrangements in place to secure best value. It has an understanding of areas which require further development.

Appendices



Audit adjustments

Corrected misstatements and Disclosures

The following misstatements have been identified by management which have been corrected. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

		Account Balance	Debit/ (credit) income statement £	Debit/ (credit) in net assets £	Debit/ (credit) prior year retained earnings £	Debit/ (credit) OCI/Equity £
Loss on Disposal in FY23/24 not recognised in the PY	[1]	Fixed Assets – IA	-	(43,407)	-	-
			43,407	-	-	-
		Total	43,407	(43,407)	-	-

Uncorrected Disclosure misstatements

In 2024/25, DS have complied with all disclosure requirements satisfactorily. There have been no recommendations identified by the audit team.

[1] From our inquiry with Head of Finance it was noted that during the financial year as part of a Fixed Asset Register deep dive relating to the PASS assets and the Platform re-engineering project, it was brought to their attention that one asset had been disposed of in the prior year but still remained on our ledger. This was not identified as part of the year end review for 2023/24. As this amount has been deemed immaterial, no prior year adjustment has been made. The £43,407 loss on disposal has been recognised in year.

Action Plan

We have the following recommendation in relation to our finding during the 2024/25 audit :

Insight and recommendation	Management Response	Priority	Responsible Person/Target Date
1. Budget updates As a standard procedure within DS's operations, the LT present the budget to the ARC for scrutiny before the Board. For the 2025/26 budget, the Board meeting fell before the ARC meeting and as there was no Board meeting till after the year-end. We recommend the Head of Finance provides an update on the budget through an extraordinary meeting to the board before the year end which provides a breakdown of the 2025/26 Budget. This allows the Board to scrutinise the Budget before year-end, consistent with our recommendation following the 2022/23 audit and presented as an action point in that year's ISA 260 presented to the Board and the ARC.	We had meetings with both LT and ARC prior to the year end to discuss the budget. Due to timings of the Board meetings we shared an out of committee paper with Board members prior to the start of the financial year and requested any comments by correspondence which we deemed to be acceptable. We will consider the need for an extraordinary meeting going forward.	Low	Person Responsible: Director of Corporate Services Target Date: December 2025
2. Review of Amortisation Policy As part of our review of the Intangible Assets fixed asset register we noted £17.1m of assets that are fully amortised which are still in use. This therefore suggests that the amortisation policy in use may not be appropriate, as assets are still in use after their useful economic life has ended. We recommend DS review their amortisation policy to ensure that it is still appropriate.	We consider our amortisation policy appropriate. The majority of this balance is made up of our legacy system that was capitalised during the financial year ending 31 March 2020. This is likely to be fully decommissioned early 2026 as part of our ongoing Platform Re-engineering project.	N/A	N/A

Action Plan (continued)

We have followed up the recommendations made in 2023/24. We are pleased to note that all recommendations are closed:

Recommendation	Management Response	Priority	Responsible Person/Target Date	FY 24/25 update
1. Vision, leadership and governance It was noted that the board did not perform an annual self assessment in 2023. Last self assessment was performed in July 2022. The Audit and Risk Committee should carry out an annual self-assessment, with the results published as part of its annual report. Reference should be made to the CIPFA Position Statement: Audit Committees in Local Authorities and Police published in 2022, along with the associated self-assessment of good practice checklist Support for audit committees (cipfa.org). This would allow the Committee to identify any training needs or changes to operation of the Committee.	The board did not perform a self assessment in 2023 due to the board just being established the next one will be performed as part of the next Board Away day scheduled for 11 September 2024.	Low	Director of Corporate Services Target date: September 2024	07/02/2025 - The ARC self-assessment is being reviewed and will be added to the ARC calendar of business The board self assessment was completed in December and will be added to the calendar of business going forward. 25/04/2025: ARC self assessment responses being reviewed and report will be shared with members out of committee. Recommendation closed

Action Plan (continued)

Recommendation	Management Response	Priority	Responsible Person/Target date	FY24/25 update
2. Vision, leadership and governance Disclosure Scotland currently do not have a formal succession plan in place. Consideration should be given to succession planning to prevent future changes having a significant impact on the organisation.	Succession planning is managed at a team level and strategically we consider this at the Strategic Workforce Planning Group. There is no formal 'succession plan' in place, however this will be included an element of Disclosure Scotland's draft workforce plan under development, and the Workforce Planning Group will continue to drive this forward.	Low	Director of Corporate Services Target date: March 2025	Disclosure Scotland follows Scottish Government HR policies, including those related to succession planning, which is influenced by current recruitment policies. While there is no standalone Succession Planning Policy in place, the topic is actively considered by the Strategic Workforce Planning Group. As Oracle HR reporting capabilities improve in the coming months, we will use this data to identify areas of risk and prioritise succession planning accordingly. People Services will continue to support business areas in addressing these needs.

Recommendation: Closed

Action Plan (continued)

Recommendation	Management Response	Priority	Responsible Person/Target date	FY24/25 update
3. Financial sustainability In developing and updating its medium term financial strategy, planned for April 2025 we Disclosure Scotland 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) .	We do have a medium term financial strategy. As part of our review process which is planned for April 2025 we will consider these points.	Medium	Director of Corporate Services Target Date: April 2025	DS has set out its intentions on the governance artifacts that will cover a 'medium term finance strategy'. Audit Scotland guidance will be considered in producing these. Target dates are currently flexible - as the priority remains the new Corporate Strategy and these documents will link to this. As we are currently in our transition year relating to the Disclosure (Scotland) Act 2020 it was agreed that the refresh of the Medium Term Financial Strategy will not be updated until 2026 as the priority remains the new Corporate Strategy. This in turn allow us to develop the Medium Term Financial Strategy.
Recommendation : Closed				

Action Plan (continued)

Recommendation	Management Response	Priority	Responsible Person/Target date	FY24/25 update
4. Climate change A Climate Change Strategy or Action Plan should be developed to set out how the organisation plans to contribute to the Scottish Government targets.	Disclosure Scotland will seek to review its approach to climate change and consider the development of a strategy or action plan. This will take into account best practice and Scottish Government guidance.	Low	Director of Corporate Services Target Date: March 2024 Revised target date: March 2026	Climate initiatives and targets continue to be considered by DS, with People Services Team taking on a lead role. We will continue to develop our approach, taking account that we now lease entire building.

Action plan (continued)

We have followed up the recommendations made by the previous auditors. We note that these have now been closed.

Recommendation	Management Response	Management update 2023/24	Management update 2024/25
1. Workforce Plan Whilst it has been noted that work is going to develop this, we would recommend that taken forward and a detailed workforce plan is established.	A key theme of our planned People Strategy and output from our new Strategic Workforce Planning Group will be the development of Workforce Plans. We will be using a recognised six step workforce planning toolkit. This will help us analyse current workforce composition, determine future demand and support, identify the environmental factors and carry out a gap analysis between present and future. Responsible Person: Director of Chief Executive Office Target Date: March 2023	Workforce plan is still being developed and has been considered by the Leadership Team.	Disclosure Scotland's Strategic Workforce Planning Group employs a range of tactical and strategic tools to guide workforce planning. A draft workforce plan has been developed and will be revisited following the publication of DS30, incorporating broader feedback. The group will continue to support teams throughout 2025/26. Additionally, the Resourcing Panel reviews all vacancies and temporary promotions, enabling effective headcount management and a strategic approach to recruitment.
Recommendation: Closed			

Action plan (continued)

Recommendation	Management Response	Management update 2023/24	Management update 2024/25
2.Efficiency Opportunities We would recommend that work is carried out to understand the total volume of applications that could be processed while still meeting KPI processing targets in order to fully understand processing capacity and potential efficiency opportunities.	With the implementation of the Disclosure Act the current 4 levels and 2 products will move to 2 levels and 4 products. Therefore as part of the Act readiness work Disclosure Scotland will consult with customers and consider resourcing needs to set the right timescale targets for the new products according to the balance of customer needs and value for money. In preparation we are reviewing current processing performance and targets. The target date is 2024. Responsible Person: Deputy Chief Executive, Operations and Strategic Change Implementation Target Date: 2024	Management noted that they continue to perform well. Due to the demand led nature of Disclosure Scotland have identified that current budgeted resource levels will lead to us running at SLA during peak times, and performing better during quieter periods. This allows DS to re allocate resource into essential training and cross skilling to support workforce and resource planning. Corporately this is monitored by DS Leadership Team, Board and ARC in the manner of the KPI report, which includes Disclosure Service SLA monthly reporting.	We continuously strive to produce efficiency opportunities including understanding the volumes of applications. As a result of the Disclosure (Scotland) Act 2020 we have seen significantly higher volumes in the first quarter of the financial year 2025/26. To ensure we have the right resource at the right time, we have introduced fortnightly volumes groups to track volumes against our service level agreement which has allowed us to flex in terms of our resourcing requirements whilst remaining within our service level agreement. Recommendation: closed

Action plan (continued)

Recommendation	Management Response	Management update 2023/24	Management update 2024/25
3. Capital Delivery Model We would recommend that the current model of delivery of the capital project is assessed.	Consideration of other delivery models – such as outsourcing – has taken place. A process will be carried out to pull together written evidence of this work. Other delivery models are still actively being explored with the aim of reducing both overall cost and risk. The scarcity of specialist technical resource in Scotland and the wider UK means that the cost of large, highly complex Digital programmes such as that being carried out by Disclosure Scotland will be high. However, it should be noted that over the past year, Disclosure Scotland has managed to drive down the average daily rate paid to contractors while increasing the pace of delivery. Responsible Person: Deputy Chief Executive - Digital Target Date: December 2023	DS continue to plan to recruit permanent members of staff to replace contractors. DS have been working with People Services and core Scottish Government to improve how DS target our job advertisements, in the expectation that DS can get more suitable external candidates to apply for permanent roles when they are advertised.	In 2024/25 we continued to recruit into key digital roles. We will continue to recruit permanently into key roles in the future, which we are consistently working to achieve. We introduced new team structures during the year to enhance delivery and have struck a reasonable balance between permanent and contractor staff scaling up and down, as required. 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 the risk of fraud in operating within expenditure resource limits 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 have explained 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.
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Fees	The expected fee for 2024/25, as communicated by Audit Scotland in January 2025 is analysed below:
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	£
Auditor remuneration	51,070
Audit Scotland fixed charges:	
• Pooled costs	(4,220)
• Audit support costs	
• Sectoral Cap Adjustment	(1,630)
Total expected fee	45,220

Note additional fees will be requested due to the work performed in relation to Oracle transition which will be communicated separately.

There are no non-audit fees.

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.
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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.
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