

Scottish Parliamentary Corporate Body

2024/25 Annual Audit Report



Prepared for the Scottish Parliamentary Corporate Body and the Auditor General for
Scotland

September 2025

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Key messages

Audit of the annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Scottish Parliamentary Corporate Body.

Financial management

- 3 The Scottish Parliamentary Corporate Body has sound financial management arrangements in place, including regular reporting to the Board, and operated within its revised 2024/25 budget, reporting an underspend of £2.1 million.
- 4 New financial ledger and payroll systems were implemented in October 2024. We have concluded that, overall, key controls within the main financial systems operated effectively.

Financial sustainability

- 5 The Scottish Parliamentary Corporate Body has effective and appropriate arrangements in place to deliver services in the medium term. Planning is currently underway to ensure delivery of services for the seventh parliamentary session.

Vision, leadership and governance

- 6 The Scottish Parliamentary Corporate Body has clear plans in place to implement its vision, strategy and priorities. A new senior leadership structure was implemented in April 2024 and a formal review of its impact is planned for the end of this parliamentary session.
- 7 There are effective and appropriate governance arrangements in place that ensures scrutiny and support for the delivery of the plans. The remit of the Head of Internal Audit must be kept under review to mitigate any potential conflicts of interest.

Introduction

Purpose of the Annual Audit Report

1. This report details the significant matters identified from the 2024/25 audit of the Scottish Parliamentary Corporate Body's annual report and accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#). The Public Finance and Accountability (Scotland) Act 2000 makes separate provision for appointment of an Accountable Officer for the Scottish Parliamentary Corporate Body and as such, the Scottish Public Finance Manual (SPFM) has no application to the Scottish Parliamentary Corporate Body in respect of Best Value.
2. The Annual Audit Report is addressed to the Scottish Parliamentary Corporate Body and the Auditor General for Scotland and will be published on [Audit Scotland's website](#) in due course.

Scope of the audit

3. 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 the arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; and Vision, Leadership and Governance.

Appointed auditor and independence

4. Stephen Boyle, Auditor General for Scotland, is the auditor of the Scottish Parliamentary Corporate Body and Carole Grant, Audit Director, is the engagement lead responsible for the delivery of the audit. As reported in the Annual Audit Plan, Carole and the audit team are independent of the

Scottish Parliamentary Corporate Body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the audit team, including the provision of non-audit services.

Responsibilities and reporting

5. The Code of Audit Practice sets out the respective responsibilities of the auditor and the Scottish Parliamentary Corporate Body, with a summary outlined below.

Auditor's responsibilities

6. 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 the arrangements in place for the wider scope areas.

7. 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 normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibilities as outlined below.

The Scottish Parliamentary Corporate Body's responsibilities

8. The Scottish Parliamentary Corporate Body 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 and other specified information that gives a true and fair view
- 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
- establishing an internal audit function.

National and performance audit reporting

9. 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 the Scottish Parliamentary Corporate Body and the Advisory Audit Board. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Acknowledgements

10. We would like to thank the Scottish Parliamentary Corporate Body's staff, particularly those involved in 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.

Audit of the annual report and accounts

Main judgements

All audit opinions on the annual report and accounts are unmodified.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Scottish Parliamentary Corporate Body.

We have obtained audit assurances over the significant risks of material misstatement identified in our Annual Audit Plan.

Audit opinions on the annual report and accounts are unmodified

11. The annual report and accounts were approved by the Scottish Parliamentary Corporate Body on 25 September 2025 and signed by the Auditor General on 26 September 2025. The Independent Auditor's Report is included in the annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



The audit has been delivered in accordance with the agreed timetable

12. The unaudited annual report and accounts and all working papers were received on 7 July 2025 in accordance with the agreed audit timetable. The working papers presented to audit were of a good standard. There were delays in receiving some supporting information, working papers and responses to audit requests, however this hasn't impacted on the overall audit timeline. We will continue to work with management to identify ways to improve the efficiency of the audit for future audit years.

The audit fee is unchanged from the level reported at planning

13. The 2024/25 audit fee of £82,730 was reported in the Annual Audit Plan. There have been no developments that impacted on the planned audit work required, therefore the audit fee remains unchanged.

Materiality was reviewed on receipt of the unaudited annual report and accounts and remains at the level set at planning

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 the Scottish Parliamentary Corporate Body were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and accounts. No changes were required to the materiality levels, which are summarised in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for the Scottish Parliamentary Corporate Body

Materiality	Amount
Materiality – set at 1.75 per cent of gross expenditure	£2.3 million
Performance materiality – set at 75 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements exceeds performance materiality, further audit procedures are considered.	£1.7 million
Reporting threshold – set at 5 per cent of materiality.	£0.1 million

Source: Audit Scotland

The audit has identified 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 the Scottish Parliamentary Corporate Body is the Advisory Audit Board.

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. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

Exhibit 2
Significant findings and key audit matters

Significant findings and key audit matters	Outcome
1. Pension surplus The unaudited financial statements included a pension asset of £18 million for the Scottish Parliamentary Pension Scheme as at 31 March 2025 (£6.2 million as at 31 March 2024). IAS 19 requires that bodies only recognise a pension asset where they can access the future economic benefit in terms of reduced contributions or a refund. The pension asset should be assessed and adjusted to reflect any asset ceiling. This is the third year a pension asset has been included in the financial statements. We agreed with the planned approach to request confirmation for the 2024/25 position from the actuary that the recognition of the asset did not require to be capped by an asset ceiling.	The Scottish Parliamentary Corporate Body consulted the actuary who confirmed that the present value of the savings exceeds the full accounting surplus recognised in the 2024/25 accounts. We assessed the calculations and concluded that the total pension surplus should be recognised as an asset. No change was required to the financial statements.

Source: Audit Scotland

18. Our audit also revealed that the following issues, reported as part of our 2023/24 audit and detailed in [Appendix 1](#), have not yet been fully resolved:

- The median salary for the fair pay calculation in the Remuneration and Staff Report has been based on annualised full-time equivalent salaries however this does not include all benefits, such as overtime. We are satisfied that this approach does not result in a material misstatement.
- A formal impairment review, of the non-current assets that were not subject to a full revaluation, has not been undertaken. We are satisfied that there is no material misstatement given the value of associated assets. Formalisation of impairment procedures, capturing all asset categories, will ensure the valuation of non-current assets is appropriate.

19. In relation to MSP expenses we placed reliance on the work of internal audit, including re-performance of a sample of claims, and substantively checked an additional sample of claims. Further we performed a proof in total check and concluded that the variance was consistent with our expectations. Our audit testing confirmed that MSP expenses are appropriately disclosed in the financial statements.

Qualitative aspects of accounting practices

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

21. The accounting policies adopted by the Scottish Parliamentary Corporate Body were assessed as part of the audit and considered to be appropriate. There were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

22. Accounting estimates used in the financial statements, include the valuation of land and buildings assets and the valuation of the pension asset. Details of the audit work performed and the outcome of the work on the valuation of land and buildings are outlined in [Exhibit 3](#). In relation to the estimation in the valuation of pensions, we used an auditor's expert to inform our review of the assumptions. We tested the appropriateness of the controls in place over the provision of information to the actuary and obtained assurances from the auditor of the Scottish Parliament Pension Scheme (SPPS).

23. Overall we concluded that there:

- were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and that these were reasonable
- was no evidence of management bias in making the accounting estimates.

24. The adequacy of disclosures in the financial statements was assessed as part of the audit. The disclosures are appropriate, with additional detail provided for areas of greater sensitivity, such as the valuation of the pension liability.

There were no misstatements identified during the audit process

25. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.1 million, all adjustments have been presentational in nature. There are no uncorrected misstatement to report.

Our audit work responded to the significant risks of material misstatement identified in the Annual Audit Plan

26. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

Exhibit 3**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
Significant risks of material misstatement Fraud caused by management override of controls As set out in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to override controls that otherwise appear to be operating effectively. This is presumed to be a significant risk in all audits.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journal entries and other adjustments during the year, focusing on those that are assessed as higher risk. • Evaluate significant transactions outside the normal course of business. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. • Substantive test income and expenditure transactions around the year end to confirm they are accounted for in the correct financial year. • Focus testing on accounting accruals and prepayments.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity was identified from discussions with individuals involved in financial reporting. • No unusual activity or issues with transactions outside the normal course of business. • No changes to methods and underlying assumptions used to prepare accounting estimates. The assessment of accounting estimates found no evidence of management bias. • No issues with income and expenditure cut-off testing. • No issues identified with accruals and prepayments testing. Conclusion: no evidence of fraud caused by management override of controls.

Risk of material misstatement	Planned audit response	Outcome of audit work
Valuation of land and buildings The SPCB held £392 million of property, plant, and equipment at 31 March 2024, of which £386.6 million related to land and building assets. Land and building assets are valued on a depreciated replacement cost (DRC) basis for specialised buildings. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions. Any changes in the assumptions can have a material impact on the valuation.	The audit team will: • 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.	Audit work performed found: • 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 are 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. Conclusion: the valuation of land and buildings is not materially misstated.

Source: Audit Scotland

Prior year recommendations are being progressed

27. The Scottish Parliamentary Corporate Body has made limited progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed and are outlined in [Appendix 1](#).

Wider scope audit

Audit approach to wider scope

Wider scope

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

- Financial management.
- Financial sustainability.
- Vision, leadership and governance.

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

30. Where a significant risk was identified for a wider scope audit area, and detailed in our Annual Audit Plan, our audit work and conclusions are detailed within the relevant section below.

Financial management

Conclusion

The Scottish Parliamentary Corporate Body has sound financial management arrangements in place. It operated within its 2024/25 budget of £142.5 million, reporting a resource underspend of £2.2 million and a capital overspend of £0.1 million.

A new financial ledger and payroll system were implemented in October 2024. Overall, key controls within the main financial systems operated effectively, while standards for the prevention and detection of fraud remain appropriate.

The Scottish Parliamentary Corporate Body operated within its 2024/25 budget and has a strong financial management culture

31. The main financial objective for the Scottish Parliamentary Corporate Body is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers. The body operated within its overall resource and cash budget allocated for 2024/25. It reported an outturn of £140.4 million against a total budget of £142.5 million. The financial performance against fiscal resource is shown in [Exhibit 4](#).

Exhibit 4**Performance against resource limits in 2024/25**

	Initial Budget £m	Final Budget £m	Outturn £m	Over / (under) spend £m
Resource	141.1	140.9	138.7	(2.2)
Capital	2.0	1.6	1.7	0.1
Total budget	143.1	142.5	140.4	(2.1)
Cash budget	126.5	126.7	126.0	(0.7)

Source: Scottish Budget 2024/25; Spring Budget Revision 2024/25; and SPCB Annual Report and Accounts 2024/25

32. The initial 2024/25 budget was set at £143.1 million and reduced to £142.5 million as part of the Spring Budget Revision. The majority of the budget reduction related to non-cash items such as movements in actuarial assumptions. The resource underspend of £2.2 million mainly relates to an underspend in the members' expenses budget, Commissioner funding, Scottish Parliamentary Service funding and non-cash items, including forecasted depreciation and pension finance costs.

33. The capital overspend of £0.1 million was due to the Scottish Parliamentary Corporate Body bringing forward planned capital expenditure into 2024/25, earlier than originally forecast.

34. From the audit work undertaken we have concluded that the Scottish Parliamentary Corporate Body has effective financial management arrangements in place.

Appropriate internal control arrangements operated throughout 2024/25, including those associated with the prevention and detection of fraud and standards of conduct

35. In the public sector there are specific fraud risks and bodies are required to implement effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

36. We did not identify any significant internal control weaknesses which could affect the Scottish Parliamentary Corporate Body's ability to record, process and report financial and other relevant data to result in a material misstatement in the financial statements. Our work included a review of the design and implementation of systems of internal control, including those relating to IT, relevant to our audit approach.

37. The Scottish Parliamentary Corporate Body's Phase 1a Corporate Systems Programme is a strategic initiative aimed to modernise core financial and payroll/ human resource systems.

38. In October 2024 the Scottish Government implemented a new HR and Finance platform (Oracle Cloud) as a shared service to Scottish Government core and 32 public bodies. The systems are now being embedded to support a stronger overall control environment, but this is taking time to be fully established. The Scottish Parliamentary Corporate Body continues to experience issues with reporting functionality in the finance system. We will monitor progress as part of our 2025/26 audit.

39. In October 2024 the Scottish Parliamentary Corporate Body successfully implemented the iTrent payroll system. Our audit testing of staff costs did not identify any issues. Phase 1a of the Corporate Systems Programme is therefore now complete. Future phases of the programme have yet to be scoped.

40. The Scottish Parliamentary Corporate Body has arrangements in place which are effective and appropriate for ensuring the prevention and detection of fraud and standards of conduct. The Staff Code of Conduct was updated and issued in March 2024. In September 2024, the Board approved new anti-bribery and corruption, and anti-fraud, policies. Mandatory training will be provided to support the implementation of these policies.

41. The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Scottish Parliamentary Corporate Body participates in this biennial exercise. The current NFI exercise began in September 2024 with the final report due to be published in September 2026.

42. The Scottish Parliamentary Corporate Body actively engages in the NFI and regularly reports on progress to the Advisory Audit Board. The process of reviewing NFI matches is currently in progress, with a deadline of December 2025 for completion. We will continue to monitor participation and report on the outcome of the current NFI exercise as part of our 2025/26 audit.

Financial sustainability

Conclusion

The Scottish Parliamentary Corporate Body's arrangements for securing financial sustainability are effective and appropriate.

There are plans in place to support the delivery of services in the medium term. Strategic planning is currently underway for the seventh parliamentary session.

A balanced budget has been set for 2025/26

43. The Finance and Public Administration Committee approved the Scottish Parliamentary Corporate Body's 2025/26 budget in January 2025. The total budget requirement, including capital charges and non-cash items, totalled £153.1 million and is an increase of £10 million compared to the 2024/25 budget. A significant element of the increase relates to staff costs due to changes in national insurance contributions and cost of living awards. There is also significant planned project expenditure on IT operational and digital business projects; facilities management projects; net zero projects and costs relating to the forthcoming Scottish election.

44. The current year-end forecast, as at 30 June 2025, is an underspend of £1.4 million (1 per cent). This forecasted underspend reflects unspent contingency which currently has few reported pressures. There have also been budget surrenders of £0.2 million to contingency due to over-budgeted rates and a transfer from the building maintenance budget which is no longer required due to a change in supplier.

The Scottish Parliamentary Corporate Body's medium-term position looks increasingly challenging

45. In June 2025 the Scottish Government published a new [Public Service Reform Strategy](#) (PSRS), its seventh [Medium-Term Financial Strategy](#) (MTFS) and the first [Fiscal Sustainability Delivery Plan](#) (FSDP). These documents provide a framework for the future of Scottish public sector finance and public service reform.

46. The 2025 MTFS presents a stark picture with gaps in resource projected to grow from a balanced budget in 2025-26, to a gap of £2.6 billion in 2029-30. Similarly capital spending is forecast to exceed the available budget by £1.1 billion in 2026-27, rising to a gap of £2.1 billion in 2029-30. Significant further action is required, for both resource and capital, to deliver a sustainable future for the Scottish public sector.

47. The growth in the number of Parliamentary Officeholders and their associated costs and impact on resources is a challenge for the Scottish Parliamentary Corporate Body. In June 2025 the Scottish Parliamentary Corporate Body Supported Bodies Landscape Review Committee published its report containing a number of conclusions and recommendations, including that:

- the supported body landscape should not be expanded to include new advocacy type SPCB supported bodies
- no changes are made to where the existing SPCB supported bodies sit within the landscape, although targeted improvement opportunities are identified
- as a pilot exercise, a parliamentary committee is given the specific responsibility for the accountability and scrutiny of SPCB supported bodies for a fixed period

48. The next Scottish election is due to take place in 2026 and planning is currently underway for the seventh session of Parliament. Planning and budgeting for 2026/27 is based on the session six strategy and delivery plan which will include the transition to session seven. The new strategy and delivery plan will be agreed post 2026 election and will incorporate a medium-term capital plan. This will be in place for the planning and budgeting deadlines for financial year 2027/28.

49. Preparation for the 2026 election will have an impact on budget and resources in 2025/26 and 2026/27. Following the election, the Scottish Parliamentary Corporate Body will incur additional costs, which will include compensation payments to MSPs for loss of office. The onboarding of new MSPs will also impact on resource capacity.

50. The Scottish Parliamentary Corporate Body implemented its Interim Workforce Plan in 2025/26. The Plan covers the period from April 2025 to March 2027 and recognises that workforce planning is at an early stage. It sets out the actions required to address the impact of new technologies and major demographic changes, in order meet future demand for services.

51. Monthly workforce dashboards are prepared and issued to management to assist with the monitoring of their staff, including flexi balances and sickness absence.

Vision, leadership and governance

Conclusion

The Scottish Parliamentary Corporate Body has clear plans in place to implement its vision, strategy and priorities.

A new senior leadership structure was implemented in April 2024, to support delivery of the Strategic Plan objectives.

Governance arrangements operate effectively, however the remit of the Head of Internal Audit must be kept under review to mitigate any potential conflicts of interest.

The Scottish Parliamentary Corporate Body has a clear vision and strategy

52. The Session 6 Strategic Plan sets out the vision of “making a positive difference to the lives of the people in Scotland”. The Plan is on the website and sets out the strategic priorities for how the Scottish Parliamentary Corporate Body will achieve successful delivery of its purpose, vision and mission. This is supported by an annual Delivery Plan. The Scottish Parliamentary Corporate Body’s 2025/26 Delivery Plan was approved by the Senior Executive Team in April 2025. The Senior

Executive Team will review quarterly corporate reporting processes when the new corporate systems and planned corporate data strategy are in place.

53. The previous Leadership Team reviewed the Session 6 Strategic Plan to ensure the objectives were achievable, and a refreshed Strategic Plan was issued in June 2024. The Scottish Parliamentary Corporate Body has a clear vision supported by effective prioritised corporate and operational planning which is linked into the budgetary control process and to its agreed outcomes.

54. Work is currently underway to develop a new strategy for the seventh session of Parliament and this will be implemented following the 2026 election.

55. Performance against the strategic objectives is reported to the Senior Executive Team and the Scottish Parliamentary Corporate Body on a quarterly basis.

There has been a change in senior leadership structure

56. The Leadership Team was replaced by a new Senior Executive Team from 1 April 2024 and is comprised of the Clerk / Chief Executive, the Deputy Chief Executive and four new Director roles. These roles are broadly aligned with the current Strategic Plan and will include the work of the Strategic Resources Board which has now transitioned to an Investment Advisory Group. The first meeting of this Group took place in October 2024.

57. Recommendations arising from the senior leadership structure review were assigned as performance objectives to the new Senior Executive Team and Head of Operations. A formal review of the delivery of these recommendations, and the impact of the senior leadership team restructure, is planned for the end of the current parliamentary session. This allows time for the new structure to be fully embedded.

58. There are no concerns raised regarding the stability and leadership of the Scottish Parliamentary Corporate Body.

Governance arrangements operate effectively, however the role of the Head of Internal Audit must be kept under review to mitigate any potential conflicts of interest

59. The Scottish Parliamentary Corporate Body has well established governance arrangements in place, involving both the Senior Executive Team and Non-Executive Directors.

60. Two new non-executive directors were appointed in 2024/25 and a new Chair was appointed to the Advisory Audit Board. We attended all Advisory Audit Board meetings during the 2024/25 financial year and can confirm that there is an adequate level of scrutiny and transparency.

61. The Head of Internal Audit was appointed as interim Chief Financial Officer in May 2025 following the departure of the Director of Finance and Resilience. A new Director has now been appointed and the interim arrangements will cease at the end of October 2025. Any outstanding work included in the internal audit plan for 2024/25 has been delivered by Grant Thornton.

62. The Global Internal Audit Standards require that the Head of Internal Audit's responsibilities be transferred to an independent third party for the duration of the temporary assignment and for the subsequent 12 months. This is designed to ensure that there is no compromise of independence when the Head of Internal Audit returns to his previous role. The Scottish Parliamentary Corporate Body has formally adopted these standards and has arrangements in place to mitigate this risk, but these must be kept under review to ensure compliance with the internal audit standards.

63. In addition, the standards stipulate a requirement for all entities to undergo an external assessment of compliance at least once every five years. An external review has not taken place since 2019 as this was postponed to incorporate the new Global Internal Audit Standards which came into effect in January 2025. An assessment has been scheduled for early 2026.

Recommendation 1 - External review of internal audit arrangements

The Scottish Parliamentary Corporate Body needs to complete an external assessment of internal audit arrangements to comply with the requirements of the Global Internal Audit Standards.

Appendix 1 – Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. External review of internal audit arrangements There has been no external assessment of internal audit arrangements in the past five years. There is a risk that arrangements do not comply with Global Internal Audit Standards.	Arrangements should be put in place for an external appropriate review now the new Global Internal Audit Standards have been implemented.	Accepted: This review will be undertaken in the 2025/26 audit year. Head of Internal Audit, Andy Munro 30 June 2026
B/Fwd 1. - Impairment review of non-current assets There has been no formal impairment review of the assets that were not subject to a full revaluation. For broadcasting equipment with a valuation in excess of £10,000, no impairment is required in 2024/25. Formalisation of impairment procedures, capturing all asset categories, will ensure the valuation of non-current assets is appropriate.	We recommend that the annual impairment review is formally documented.	Partially accepted: Impairment enquiries were carried out on £380,231 of broadcasting equipment which covered 29% of the carrying value of assets on the sub-ledger not covered by the revaluation in this financial year. Going forward, we have incorporated bi-annual asset verification and impairment checks into our 2025/26 month-end tasks. Senior Financial Accountant, Anne Hamilton 31 December 2025
B/Fwd 2. - Median Pay Calculation The Scottish Parliamentary Corporate Body's systems did not capture the required information for the 2024/25 median pay calculation. We have been informed that this will be rectified in 2025/26.	The median pay calculation should be in accordance with the guidance which would include all benefits, including overtime.	Accepted: The required data has been captured since April 2025. We will work with our colleagues in Pay and Pensions to ensure that this information can be reported from the new payroll system for the calculation of ratios in the 2025/26 financial statements.

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
		Senior Financial Accountant, Anne Hamilton/ 31 March 2026
B/Fwd 3. - Certificates of Assurance The Senior Executive Team have been directed to the requirements of the internal control checklist as part of this year's year end assurance procedures, but the checklists do not require to be completed. It is proposed that internal audit will undertake a review of these documents as part of their 2025/26 audit plan. The Senior Executive Team will be supported with the completion of these documents. The checklist will then only require to be updated as part of the 2025/26 annual assurance procedures.	Certificates of Assurance should be requested earlier, and consideration given to completing Internal Control Checklists, as part of the accounts preparation.	Accepted: The proposed audit has been included in this year's audit plan and is expected to be carried out by March 2026. Head of Internal Audit, Andy Munro 31 March 2026
B/Fwd 4. - Property, plant and equipment records Data was transferred to the new Oracle asset module during 2024/25. The module does not fully comply with the requirements of the SPFM i.e. initial capital expenditure (purchase price) relating to revalued assets is the revalued amount in the fixed asset register. The varying ways the assets are recorded across the three registers does not allow for easy management of the assets.	A centralised fixed asset register should be established that complies with SPFM guidance. The matter was initially raised in our 2022/23 Annual Audit Report. An internal audit review of the fixed asset register was undertaken in 2023/24. In 2023/24 we reported that we will consider the fixed asset module reports from the new ledger as part of our 2024/25 financial statements audit.	Partially accepted: Detailed historic cost information is held separately and the "original cost" field in the Oracle module can be updated resulting in compliance with SPFM requirements. The purpose of the asset sub-ledger is to maintain a record of capitalised assets for depreciation and financial reporting purposes. Detailed asset registers held by business areas are used for day-to-day asset management. Senior Financial Accountant, Anne Hamilton 31 March 2026

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Impairment review of non-current assets Although consideration had been given to possible impairments of non-current asset classes, no supporting documentation could be provided. The fixed asset sub-ledger provided by SPCB indicates that, as at 31 March 2024, there were thirty-nine assets with a carrying value of greater than £10,000. These assets had a combined value of £1.6 million which is the same as our performance materiality level for the financial statements.	We recommend that the annual impairment review is formally documented. Partially accepted: We regard the risk level around this as acceptable as the assets in question have limited lives of up to 5 years maximum on capitalisation for equipment or 3 years for IT assets. However, we will ask offices to review for impairment at the same time we conduct the retirement of assets review with a target for the 2024-25 accounts. Anne Hamilton, Financial Accountant - May 2025	Work in progress – see B/Fwd 1 above
2. Median Pay Calculation The median pay calculation does not include all benefits, including overtime. There is a risk that this omission could distort the calculation	The median pay calculation should be in accordance with the guidance which would include all benefits, including overtime. Accepted: We do not think this will result in much movement on the ratio but we will revise our approach for the 2024-25 accounts. Anne Hamilton, Financial Accountant - May 2025	Work in progress – see B/Fwd 2 above
3. Certificates of Assurance The preparation of the Governance Statement requires Group Heads to sign a Certificate of Assurance for their areas of responsibility and accountability. These certificates are requested after the annual report and accounts have been prepared for audit. SPCB should request these assurances earlier in the annual report and accounts preparation process to support the disclosure of any matters arising in the unaudited Governance Statement. To strengthen existing processes, the	Certificates of Assurance should be requested earlier, and consideration given to completing Internal Control Checklists, as part of the accounts preparation. Partially accepted: We will work with AS to consider if it is appropriate for our Certificates of Assurance to be produced earlier for SET. For Officeholders our current timetable of end of August ensures these include any issues from their audits and are available to support the signing of the Governance statement by the PAO in September. Our current returns	Work in progress – see B/Fwd 3 above

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
SPCB should consider introducing the completion of Internal Control Checklists to assist with the preparation of Certificates of Assurance	format reference all the areas covered by the checklist. We also have a variety of compensating controls and reporting in place. We will consider this for the 2024-25 Annual Report and accounts exercise. Financial Controller – May 2025	
4. Property, plant and equipment records The current asset accounting includes the use of the SEAS fixed asset module and a range of spreadsheets. There is no 'fixed asset register' that fully comply with the SPFM guidance. In addition audit testing identified that supporting documentation was not retained for all asset transactions. There is a risk that the financial statements are misstated due to asset accounting arrangements.	A centralised fixed asset register should be established that complies with SPFM guidance. The matter was initially raised in our 2022/23 Annual Audit Report. An internal audit review of the fixed asset register was undertaken in 2023/24. In 2023/24 we reported that we will consider the fixed asset module reports from the new ledger as part of our 2024/25 financial statements audit.	Work in progress – see B/Fwd 4 above

Appendix 2 – National 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
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
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Scottish Parliamentary Corporate Body

2024/25 Annual Audit Report



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