

# Creative Scotland / Creative Scotland National Lottery Distribution Fund

2024/25 Annual Audit Report



Prepared for Creative Scotland and the Auditor General for Scotland  
November 2025

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# Contents

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Key messages	3
Introduction	4
Audit scope and responsibilities	5
Audit of the annual report and accounts	7
Wider scope and Best Value audit	13
Appendix 1: Action plan 2024/25	18
Appendix 2: National and performance audit reports	22

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# Key messages

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## Audit of the annual report and accounts

- 1** All audit opinions stated that the annual report and accounts for Creative Scotland and its group were free from material misstatement.
- 2** All audit opinions stated that the annual report and accounts for the Creative Scotland National Lottery Distribution Fund were free from material misstatement.
- 3** There were no significant findings or key audit matters to report for either account.
- 4** No audit adjustments were required to the financial statements greater than the reporting threshold.

## Wider scope and Best Value audit

- 5** Creative Scotland has effective and appropriate arrangements in place for:
    - Financial Management;
    - Financial Sustainability;
    - Vision, Leadership and Governance; and
    - Use of Resources to Improve Outcomes.
    - Securing Best Value.
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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Creative Scotland and its group, and the Creative Scotland National Lottery Distribution Fund's annual reports and accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to the Audit and Risk Committee of Creative Scotland as the corporate body, hereafter referred to as 'the body' and the Auditor General for Scotland. It will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Esther Scoburgh, of Audit Scotland, has been appointed as external auditor of Creative Scotland and its group and the Creative Scotland National Lottery Distribution Fund for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Esther Scoburgh and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the body, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank the staff of Creative Scotland, particularly those involved in preparation of the annual reports and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively for the remaining audit appointment.

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# Audit scope and responsibilities

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## Scope of the audit

**5.** The audits for the body and the Creative Scotland National Lottery Distribution fund are 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 audits which includes:

- Audits of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual reports and accounts, namely the Performance Reports and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Conclusions on the body's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the body's arrangements for securing Best Value.
- Providing assurance on the Whole of Government Accounts return.
- Provision of this Annual Audit Report.

## Responsibilities and reporting

**6.** The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

### Auditor's responsibilities

**7.** The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and accounts, and concluding on the body's arrangements in place for the wider scope areas and Best Value.

**8.** The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

**9.** The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

### **The body's responsibilities**

**10.** The 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 for Creative Scotland and its group and for the Creative Scotland National Lottery Distribution Fund that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

### **National and performance audit reporting**

**11.** 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 officers of Creative Scotland and the Audit and Risk Committee. Publications from the last year have been included in [Appendix 2](#).

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# Audit of the annual report and accounts

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## Main judgements

All audit opinions stated that the annual report and accounts for Creative Scotland and its group were free from material misstatement.

All audit opinions stated that the annual report and accounts for the Creative Scotland National Lottery Distribution Fund were free from material misstatement.

There were no significant findings or key audit matters to report for either account. All audit adjustments required to correct the financial statements were processed by the body.

## Audit opinions on the annual report and accounts

**12.** The Board approved the annual report and accounts of Creative Scotland and its group and the Creative Scotland National Lottery Distribution on 20 November 2025. The Independent Auditor's Reports are included in the annual report and accounts, and reports that, in the appointed auditor's opinion, these were free from material misstatement.

## Audit timetable

**13.** The unaudited annual report and accounts were received on 25 August 2025 in accordance with the agreed audit timetable. Working papers were received in the following days and were of good quality. The provision of working papers after the agreed target date did not impact progress on the audit.

## Audit Fee

**14.** The audit fees for the 2024/25 audits were reported in the Annual Audit Plan and were set at:

- £67,150: Creative Scotland and its group
- £35,270: Creative Scotland National Lottery Distribution Fund

**15.** There have been no developments that impacted on planned audit work required, therefore the audit fees reported in the Annual Audit Plan remain unchanged.

## Materiality

**16.** Materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

**17.** 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. Materiality is ultimately a matter of the auditor's professional judgement.

**18.** Materiality levels for the audit of Creative Scotland and its group and the Creative Scotland National Lottery Distribution Fund were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan. These were reassessed on receipt of the unaudited annual report and accounts and summarised in [Exhibit 1](#).

### Exhibit 1

2024/25 Materiality levels for Creative Scotland (CS) and its group, and Creative Scotland National Lottery Distribution Fund (CSNLDF)

Materiality	CS £000	CS Group £000	CSNLDF £000
<b>Materiality:</b> Set at 2% of gross expenditure	1,445	1,438	610
<b>Performance materiality:</b> Set at 75% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	1,083	1,078	457
<b>Reporting threshold:</b> Set at 5% of materiality.	72	71	30

Source: Audit Scotland

## Significant findings and key audit matters

**19.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the body is Audit and Risk Committee.



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

**21.** In determining key audit matters, auditors consider:

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

**22.** There are no significant findings or key audit matters to report.

### **Qualitative aspects of accounting practices**

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

### **Accounting policies**

**24.** The appropriateness of accounting policies adopted for both accounts were assessed as part of the audit. These were considered to be appropriate to the circumstances of Creative Scotland and the Creative Scotland National Lottery Distribution Fund, and there were no significant departures from the accounting policies set out in the 2024/25 Government Financial Reporting Manual (the 24/25 FReM).

### **Accounting estimates**

**25.** Accounting estimates are used in number of areas in the financial statements, including the valuation of the pension asset/liability, provisions for dilapidations in rented buildings, and the recharge to the Creative Scotland National Lottery Distribution Fund.

**26.** Audit work considered the processes management has in place around making accounting estimates, including the assumptions and data used, and the use of any management experts. Audit work concluded:

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

## Disclosures in the financial statements

**27.** The adequacy of disclosures in both sets of financial statements were assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as the valuation of the pension asset/liability and the National Lottery Fund.

## Group audit

**28.** The body is part of a group and prepares group financial statements. The group is made up of two components, including the body which is the parent of the group. The audit work performed on the group's components is summarised in [Exhibit 2](#).

### Exhibit 2

Summary of audit work on the group's components

Group component	Auditor and audit work required	Summary of audit work performed
Creative Scotland	<b>Audit Scotland</b> Fully scope audit of the body's annual report and accounts.	The outcome of audit work performed is reported within this Annual Audit Report.
Shorestage Limited (100% subsidiary)	<b>CT Audit Limited</b> Analytical procedures at the group level.	Group level analytical procedures were carried out. No significant issues were identified.

Source: Audit Scotland

## Significant matters discussed with management

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

## Audit adjustments

**30.** No audit adjustments were required to the financial statements greater than the reporting thresholds.

## Whole of Government Accounts (WGA) return

**31.** The body is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The

threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion.

**32.** Creative Scotland and the Creative Scotland National Lottery Distribution Fund are below this threshold for 2024/25 (same position as 2023/24) and therefore only limited audit procedures are required which includes submission of an assurance statement to the NAO.

## Significant risks of material misstatement identified in the Annual Audit Plan

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

### Exhibit 3

Significant risk of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of controls over journal entry processing.</li> <li>• Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</li> <li>• Tested journals entries, focusing on those that are assessed as higher risk, such as those affecting income and expenditure recognition around the year-end.</li> <li>• Evaluated significant transactions outside the normal course of business.</li> <li>• Assessed the adequacy of controls in place for identifying and disclosing related party relationships</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over journal processing were appropriate.</li> <li>• No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.</li> <li>• No significant issues were identified from testing of journal entries.</li> <li>• No significant issues were identified from transactions outside the normal course of business.</li> <li>• The controls in place for identifying and disclosing related party relationships and transactions were adequate.</li> <li>• No significant issues were identified with changes to</li> </ul>

Risk of material misstatement	Planned audit response	Outcome of audit work
	<p>and transactions in the financial statements.</p> <ul style="list-style-type: none"> <li>Assessed changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> </ul>	<p>methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias.</p> <p><b>Conclusion:</b> Satisfactory. There was no evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

## Prior year recommendations

**34.** The body has made good progress in implementing the agreed prior year audit recommendations, as outlined in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Conclusion

The body has effective and appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

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

## Audit approach to wider scope and Best Value

### Wider scope

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

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

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

### Duty of Best Value

**37.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

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

## Conclusions on wider scope audit

### Financial management and financial sustainability

**39.** Audit work performed on the arrangements the body has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by Creative Scotland:

- having clear and up-to-date policies and procedures, including a framework document and scheme of delegation, in place that ensure effective financial management;
- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI). The results of the current NFI exercise will be reported as part of the 2025/26 audit;
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role;
- having appropriate scrutiny arrangements in place that support sound financial management. We observed effective scrutiny and challenge by the Audit and Risk Committee at each meeting.

**40.** The audit work performed on the arrangements the body has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by Creative Scotland:

- preparing and reporting the updated medium-term financial plan and forecast to 2028/29 as part of the 2025/26 budget setting process;
- having arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources. The Board and the Audit and Risk Committee have regular sight of the risk register and deep dives of risks are conducted to further members' understanding of key issues facing the organisation;
- planning to use the 2024/25 National Lottery Fund balance to fulfil grant commitments in 2025/26 and bridge the projected deficit.

### 2024/25 budget

**41.** The main financial objective for Creative Scotland and the Creative Scotland National Lottery Distribution Fund is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

**42.** Creative Scotland reported net expenditure of £66.9 million for the year. This was a surplus of £0.3 million against the budget. The reserve balance at 31 March 2025 is a surplus of £2 million.

**43.** The Creative Scotland National Lottery Distribution Fund has reported a surplus of £3.2 million for the year. The budgeted deficit was £4.8 million, an £8 million variance. This was due to an increase in income and delays in meeting planned expenditure. The expenditure will now be incurred in 2025/26 rather than 2024/25.

### **2025/26 budget**

**44.** The 2025/26 budget was approved by the Board on 26 March 2025. This set out a balanced budget for Creative Scotland and a deficit of £10.9 million for the Creative Scotland National Lottery Distribution Fund. The deficit will be met through the planned use of the 2024/25 National Lottery Fund Balance carried forward.

**45.** In October 2025, Creative Scotland relocated from its Edinburgh offices to the Waverley Court Partnership Hub within the City of Edinburgh Council headquarters. This move reflects Creative Scotland's commitment to collaborating with other public sector organisations while pursuing cost-efficiency savings as well as Best Value.

### **Vision, Leadership and Governance**

**46.** The audit work performed on the arrangements the body has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by Creative Scotland:

- having a Corporate Plan in place, supported by Operational Plans, that clearly set out its vision, strategy, and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner;
- having clear financial and performance reporting in place, both internally and externally, that is linked to its Operational Plans, and effective scrutiny and challenge of performance provided by the Audit and Risk Committee.
- having effective governance arrangements in place in general, as reflected in the Governance Statement included in the annual report and accounts.

**47.** Creative Scotland has a Strategic Framework which sets out their objectives, priorities and how they plan to achieve these. The Strategic Framework is supported by Annual Plans which outline the key development activity to be carried out in year relating to the strategic priorities.

**48.** Creative Scotland published their Climate Emergency and Sustainability Plan in April 2022. This set out the actions Creative Scotland will take to achieve their target of becoming net zero by 2030 and support the wider culture and creative sectors in Scotland to be net zero by 2045. Creative Scotland continue to monitor progress against the plan, with their second annual review, the Environmental Sustainability Review 2024/25, published in April 2025.

**49.** Creative Scotland's governance arrangements have been set out in the Governance Statement in both sets of annual report and accounts. We have reviewed these arrangements and concluded that they are appropriate. We are satisfied the Governance Statements have been prepared in line with the 24/25 FReM and the SPFM and are consistent with the financial statements.

**50.** Board and committee minutes including details of decisions are made available on the Creative Scotland website however supporting papers are not published.

**51.** The audit team routinely attend Audit and Risk Committee meetings and note these are well attended by members and relevant officers. Papers are circulated in good time and committee members provide effective scrutiny and challenge.

## **Use of Resources to Improve Outcomes**

**52.** The audit work performed on the arrangements the body has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by the body:

- being able to demonstrate a clear link between the use of resources and delivery of its strategic objectives;
- making developments towards being able to demonstrate improvements in performance against benchmarks.

## **Performance Management**

**53.** Creative Scotland has a suite of Key Performance Indicators (KPIs) to monitor performance. In 2023/24 the KPIs were reviewed and reduced from 26 to 12. The streamlined KPIs were first reported in the 2023/24 Annual Review of Performance, with that year serving as the baseline for comparisons in 2024/25 and beyond. The 2024/25 Annual Review of Performance has not yet been published. It is due to be presented to the Board at their November 2025 meeting.

**54.** As part of our 2025/26 audit we will review and comment on progress against the new KPIs and reporting process.



## Review of Creative Scotland

**55.** As part of the Scottish Government's Programme for Government 2024-25, an independent review of Creative Scotland was announced in September 2024. The objectives of the review are to:

- Consider Creative Scotland's functions and remit, as set out in the Public Services Reform (Scotland) Act 2010, to ensure they continue to be relevant for the culture sector and meet Ministers' aspirations.
- Evaluate how Creative Scotland delivers its functions including appropriateness of existing governance arrangements.
- Maximise the impact of the funding Creative Scotland provide to the culture sector by ensuring Creative Scotland use and distribute funding appropriately and effectively.

**56.** The review is nearing completion and due to be completed by the end of November 2025. We will monitor the outcome of this as part of our normal audit work during 2025/26.

## Conclusions on duty of Best Value

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

- established and effective governance arrangements in place, with the Best Value being part of the governance arrangements;
- the arrangements the body has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value;
- progress the body is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

**58.** At the June 2025 Audit and Risk Committee meeting, a paper set out for members how they have complied with Best Value characteristics per the SPFM.

**59.** As reported in the Annual Audit Plan, auditors are required to carry out a review of the 'fairness and equality' characteristic at least once during the audit appointment. We plan to carry out this specific work and report on it as part of the 2025/26 annual audit.

# Appendix 1: Action plan 2024/25

## 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
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There are no 2024/25 recommendations.

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	2024/25 Update
<b>1. Review of Accounts prior to submitted for audit</b> <p>The unaudited annual report and accounts submitted for review to audit and for scrutiny at the Audit and Risk Committee were not subject to a review by relevant officers and senior management.</p>	<p><b>Recommendation:</b> A review process for the unaudited annual report and accounts should be put in place. This should be completed prior to submitting the annual report and accounts to audit and for the Audit and Risk Committee scrutiny.</p> <p><b>Agreed action:</b> Additional review will take place prior to the submission of the draft annual report and accounts which will take place following review by the Audit and Risk Committee.</p> <p><b>Responsible officer:</b> Director of Finance</p> <p><b>Agreed date:</b> end August 2025</p>	<p><b>Completed</b></p> <p>The 2024/25 Annual Report and Accounts for both bodies were reviewed by Audit and Risk Committee members prior to submitting to audit. We found the accounts to be of good quality and there were no significant changes by Creative Scotland during the audit period.</p>
<b>1. Draft Annual Report and Accounts preparations</b> <p>A number of items could be addressed earlier in the year and in preparation for the draft annual report and accounts. These items should ideally be completed prior to the audit commencing.</p>	<p><b>Recommendation:</b> To help ensure comprehensive and complete draft accounts are prepared and submitted to audit, it is recommended that:</p> <ul style="list-style-type: none"> <li>The Internal Control Checklist is completed alongside the Certificate of Assurance exercise and submitted to audit with the</li> </ul>	<p><b>Implemented</b></p> <p>Creative Scotland provided the completed Internal Control Checklist and Disclosure Checklist. The audit team were informed of changes made to the accounts by Creative Scotland during the audit period.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	2024/25 Update
	<p>draft annual report and accounts.</p> <ul style="list-style-type: none"> <li>• The Disclosure Checklist is used as a guide / reference point as part of the accounts preparation process.</li> <li>• Comments and adjustments processed by finance should be communicated to audit at the earliest opportunity. Comments from Board members and senior staff should be included in the draft versions submitted to audit or tracked for audit to follow up.</li> </ul> <p><b>Agreed action:</b> The internal controls checklist will be completed at the same time as the Certificate of Assurance process.</p> <p><b>Responsible officer:</b> Director of Finance / Head of Finance</p> <p><b>Agreed date:</b> end August 2025</p>	
<p><b>2. Best Value</b></p> <p>The SPFM sets out the accountable officer's duty to ensure that arrangements are in place to secure Best Value. The guidance sets out the key characteristics of Best Value and states that compliance with the duty of Best Value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.</p> <p>Elements of Best Value are mentioned within the Framework Document between Scottish</p>	<p><b>Recommendation:</b> As part of compliance with the duty of Best Value, Creative Scotland should develop a process to report how they meet the Best Value characteristics as set out in the SPFM including completing a Best Value self-assessment.</p> <p>Creative Scotland should integrate and signpost within their strategic documents and publications to demonstrate how they will achieve their priorities alongside achieving Best Value.</p>	<p><b>Implemented</b></p> <p>Best Value was directly referred to in the 2023/24 Annual Review of Performance. In addition, a document detailing how Best Value is delivered was taken by Creative Scotland to the June 2025 meeting of the Audit and Risk Committee setting out how they have complied with the best value characteristics.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	2024/25 Update
<p>Government and Creative Scotland however more could be done to demonstrate compliance and thus demonstrating continuous improvement.</p>	<p>Report progress against the Best Value characteristics / Self-Assessment to members.</p> <p><b>Agreed action:</b> The characteristics of Best Value (Vision and Leadership, Governance and Accountability, Use of Resources, Partnership and Collaborative Working, Working with Communities and Sustainability) are all addressed via published strategic documents although Best Value is not directly signposted. This will be incorporated into the Annual Review document for 2023/24.</p> <p><b>Responsible officer:</b> Director of Communications / Marketing Manager</p> <p><b>Agreed date:</b> end February 2025</p>	
<p><b>3. Performance report</b></p> <p>The performance report meets the minimum statutory requirements of the FReM however it could be improved to tell a better story. In particular, the report lacked information on performance against key objectives and key performance indicators Originally raised in 2022/23.</p>	<p><b>2023/24 Update: Work in progress</b></p> <p><b>Revised action:</b> Our initial review of the draft accounts submitted for audit included similar comments to those raised last year with few changes noted. These suggestions have been communicated to officers. There remains scope for further transparency and general improvements overall.</p> <p><b>Responsible officer:</b> Director of Finance</p> <p><b>Revised date:</b> 31 March 2025</p>	<p><b>Closed</b></p> <p>Creative Scotland continues to assess performance reporting requirements with a view of continuing to improve disclosures and enhance the performance analysis, alongside the Annual Review.</p> <p>2025-26 is the first year of a new performance framework which will feed into annual report disclosures in the future.</p>
<p><b>4. Depreciation Annual Charge for CCA Building</b></p>	<p><b>Recommendation:</b> Creative Scotland should discuss and</p>	<p><b>Closed</b></p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	2024/25 Update
<p>Creative Scotland changes the useful life of its building back to 35 years (original useful life) every time the asset is revalued by external valuers. This means that the building will never be fully depreciated.</p> <p>Originally raised in 2021/22.</p>	<p>agree the appropriate useful life for the building with the valuer. This will allow depreciation to be charged appropriately over the useful life of the asset.</p> <p><b>Agreed action:</b> The original agreed action and timing have yet to occur.</p> <p><b>Responsible officer:</b> Finance Manager</p> <p><b>Agreed date:</b> 31 March 2025</p>	<p>Creative Scotland discussed with the valuer options on assessing an appropriate useful life as part of the 2025 valuation exercise.</p> <p>The view was that the current valuation of 35 years remained appropriate based on materiality and impact on the financial statements. Future valuations will continue to assess the useable life used.</p>

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# Appendix 2: National and performance audit reports

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Report name	Date published
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Tackling Digital Exclusion</a>	22 August 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024

Source: Audit Scotland's website

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# Creative Scotland / Creative Scotland National Lottery Distribution Fund

2024/25 Annual Audit Report



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 **Email: [info@audit.scot](mailto:info@audit.scot)**  
**[www.audit.scot](http://www.audit.scot)**