

Police Investigations and Review Commissioner

2024/25 Annual Audit Report



Prepared for Police Investigations and Review Commissioner and the
Auditor General for Scotland
November 2025

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Key messages

Audit of the annual report and accounts

- 1 All audit opinions stated that the annual report and accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Police Investigations and Review Commissioner.

Financial Sustainability

- 3 The Police Investigations and Review Commissioner has effective and appropriate arrangements in place for securing financial sustainability.

Best Value audit

- 4 The Police Investigations and Review Commissioner has effective and appropriate arrangements in place for securing Best Value.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of the Police Investigations and Review Commissioner's annual report and accounts and the wider scope areas specified in the [Code of Audit Practice](#).
2. The Annual Audit Report is addressed to the Police Information and Review Commissioner, hereafter referred to as 'PIRC' and the Auditor General for Scotland and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

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

Acknowledgements

4. We would like to thank PIRC and its 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 scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the annual report and accounts, namely the Performance Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Concluding on the financial sustainability of PIRC and a review of the Governance Statement.
- Reporting on the PIRC's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of PIRC 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 PIRC'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 PIRC 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.

PIRC's responsibilities

10. PIRC has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National and performance audit reporting

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

Audit of the annual report and accounts

Main judgements

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

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

Audit opinions on the annual report and accounts

12. PIRC's annual report and accounts were approved by the Audit and Accountability Committee on 5 November 2025. The Independent Auditor's Report is included in PIRC's annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

13. The unaudited annual report and accounts, along with supporting working papers, were received on 9 September 2025 in line with the agreed audit timetable.

Annual accounts and working papers

14. Over the course of the audit of the annual report and accounts, we noted a number of areas where improvements could be made to enhance the overall quality and accuracy of the financial statements.

15. Several minor inconsistencies were identified, such as missing parliamentary disclosures, outdated lease information, and discrepancies in remuneration bandings and prior year fair pay disclosures. In addition, certain accounting policies had not been reviewed or updated, and a number of presentational changes reflected in the prior year, were present in the current year annual report and accounts. Working papers relating to the holiday pay accrual and fixed asset register, contained inaccuracies or had not been updated for the current year.

16. While individually these issues were predominately minor, their cumulative impact led to additional time being required by both the audit team and PIRC staff to resolve.

Recommendation 1

Enhancing the existing quality assurance process on the annual report and accounts will help minimise the inconsistencies identified and ensure that supporting documentation consistently reconciles with the accounts presented for audit. This will strengthen the overall effectiveness of the audit and contribute to a more efficient audit.

Audit Fee

17. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £19,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

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

19. 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.

20. Materiality levels for PIRC were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and accounts. Materiality levels were updated, and these can be seen in [Exhibit 1](#).

Exhibit 1**2024/25 Materiality levels for PIRC**

Materiality	Amount
Materiality – set at 2% of expenditure	£143,000
Performance materiality – set at 65% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£92,000
Reporting threshold – set at 5% of materiality.	£7,000

Source: Audit Scotland

Significant findings and key audit matters

21. ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which for PIRC is the Audit and Accountability Committee.

22. 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.

23. In determining key audit matters, auditors consider:

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

Qualitative aspects of accounting practices

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

Accounting policies

25. The appropriateness of accounting policies adopted by PIRC was assessed as part of the audit. These were considered to be appropriate to the circumstances of PIRC, and there were no significant departures from the accounting policies set out in the applicable accounting framework.

Accounting estimates

26. Accounting estimates are used in number of areas in PIRC's financial statements. Audit work considered the process management has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts.

Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were 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 the financial statements was assessed as part of the audit. The quality of disclosures was adequate.

Significant matters discussed with management

28. All significant matters identified during the audit and discussed with management have been reported in the Annual Audit Report.

Audit adjustments

29. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £7,000 are outlined in [Exhibit 2](#).

Exhibit 2

Audit adjustments

Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
	Dr	Cr	Dr	Cr
Audit adjustments in financial statements				
	£000	£000	£000	£000
Lease liabilities < 1 year	-	-	12	-
Lease liabilities > 1 year	-	-	33	-
Expenditure	-	45	-	-

Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
Adjustment in lease liabilities <> 1 year to reflect the amounts calculated in supporting working papers.				
Prepayments	-	-	101	-
Expenditure	-	101	-	-
Prepayment for software that had not been included in the accounts.				
Debtor – other receivables	-	-	19	-
Other payables	-	-	-	19
Grossing up both the debtor and creditor to recognise the debt due on the face of the SoFP. NIL net effect on the SoFP.				
Net impact on financial statements	-	146	165	19

Source: Audit Scotland

Significant risks of material misstatement identified in the Annual Audit Plan

30. 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 annual report and accounts

Risk of material misstatement	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to	Controls <ul style="list-style-type: none"> Assessed the design and implementation of controls over journal entry processing. Assessed the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. Methodology and assumptions <ul style="list-style-type: none"> Assessed any changes to the methods and underlying assumptions used by management to prepare accounting estimates compared to the prior year.

Risk of material misstatement	Outcome of audit work
be operating effectively.	<p>Testing</p> <ul style="list-style-type: none"> • Made inquiries of relevant officers about inappropriate or unusual activity relating to the processing of journal entries and other adjustments and substantively testing journal entries throughout the year. • Tested sample of journals at the year end and post-closing entries with focus on significant risk areas. • Evaluated any significant transactions outside the normal course of business. • Confirmed through substantive testing that income and expenditure transactions around the year-end have been accounted for in the correct financial year. • Tested samples of accruals and prepayments. • Confirmed related party disclosures were appropriate. <p>Results: We are satisfied that there is no material misstatement due to management override of controls.</p>

Source: Audit Scotland

Prior year recommendations

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

Financial Sustainability and Best Value audit

Conclusion

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

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

Audit approach to wider scope and Best Value

Wider scope

32. The Annual Audit Plan reported defines PIRC as a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the PIRC.

Duty of Best Value

33. 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.

34. Consideration of the arrangements PIRC has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

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

- making appropriate arrangement to develop medium and longer-term financial plans and linking these to its Corporate Plan and priorities.
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and

understanding medium and longer-term demand pressures that could impact on available resources.

36. Scottish Government (SG) budgetary allocations and ministerial policy decisions significantly influence PIRC's financial decisions. The detailed budgets are therefore set on an annual basis in line with the SG budget announcements. PIRC has formalised arrangements with a rolling 3-year financial plan which is reviewed and agreed by the Senior Leadership Team when their budget allocation has been received and there is a clear understanding of supplier costs for the year ahead.

37. We conclude that PIRC continues to take a prudent approach when considering and planning their future funding allocations.

Conclusion on duty of Best Value

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

- PIRC having well established and effective governance arrangements in place, with the Best Value being a key aspect of the governance arrangements.
- the arrangements PIRC has in place to secure financial sustainability which help ensure the effective use of available resources.

39. In 2023/24, we recommended that an annual self-assessment would further strengthen PIRC's Best Value arrangements and be a point of good practice. An update on this recommendation is included in [Appendix 1](#).

Appendix 1

Action plan 2024/25

2024/25 recommendation

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>Annual accounts and working papers</p> <p>Over the course of the audit of the annual report and accounts, we noted a number of areas where improvements could be made to enhance the overall quality and accuracy of the financial statements.</p> <p>Several minor inconsistencies were identified, such as missing parliamentary disclosures, outdated lease information, and discrepancies in remuneration bandings and prior year fair pay disclosures. In addition, certain accounting policies had not been reviewed or updated, and a number of presentational changes reflected in the prior year, were present in the current year annual report and accounts.</p> <p>Working papers relating to the holiday pay accrual and fixed asset register, contained inaccuracies or had not been updated for the current year.</p> <p>While individually these issues were predominately minor, their cumulative impact led to additional time being required by both the audit team and PIRC staff to resolve.</p>	<p>Enhancing the existing quality assurance process on the annual report and accounts will help minimise the inconsistencies identified and ensure that supporting documentation consistently reconciles with the accounts presented for audit. This will strengthen the overall effectiveness of the audit and contribute to a more efficient audit.</p>	<p>Agreed</p> <p>PIRC are committed to producing high quality accounts and documentation and are keen to add to our quality assurance process where possible. The implementation of Oracle Cloud mid-way through the financial year has added a level of complexity that we will not face moving forward. Keen to work with Audit Scotland on this point to ensure a smooth audit of 2025-26.</p> <p>Responsible Officer: Accountable Officer</p> <p>Date: September 2026</p>

Follow-up of prior year recommendation

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>Best Value Self-assessment</p> <p>Ministerial guidance for Accountable Officers for public bodies and the Scottish Public Finance Manual (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value. The Commission's arrangements for securing Best Value have been assessed as part of the 2023/24 audit and judged to be appropriate. An annual self-assessment will further strengthen these arrangements and be a point of good practice.</p>	<p>Arrangements for securing Best Value could be further strengthened by incorporating an annual self-assessment in the Commission's governance procedures as a point of good practice.</p> <p>Partially accepted While current arrangements are appropriate, PIRC will consider conducting a self-assessment to enhance them.</p> <p>Responsible officer: Accountable Officer</p> <p>Agreed date: May 2025</p>	<p>Complete</p> <p>A best value assessment was undertaken, however in doing this assessment, it became clear that all 7 themes were being considered as part of the Strategic Review. This review will be concluded early 2026 and will form our strategic objectives and ensure that PIRC are making arrangements to secure continuous improvement in performance which will be reported to the public via our Strategic Plan.</p>

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

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