

Redress Scotland

2024/25 Annual Audit Report



Prepared for Redress Scotland 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 account 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 Redress Scotland.

Financial Sustainability and Best Value audit

- 3 Redress Scotland has effective and appropriate arrangements in place for securing financial sustainability.
- 4 Redress Scotland has effective and appropriate arrangements in place for securing Best Value.

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 Redress Scotland's annual report and accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Redress Scotland and the Auditor General for Scotland and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Gillian McCreadie, of Audit Scotland, has been appointed as external auditor of Redress Scotland for the period from 2024/25 until 2026/27. As reported in the Annual Audit Plan, Gillian McCreadie and the audit team are independent of Redress Scotland 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 Redress Scotland, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Redress Scotland 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.
- 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 Redress Scotland and a review of the Governance Statement.
- Reporting on Redress Scotland'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 Redress Scotland 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 Redress Scotland'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 Redress Scotland 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.

Redress Scotland's responsibilities

10. Redress Scotland 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 Redress Scotland and Audit, Risk and Assurance 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 Redress Scotland.

Audit opinions on the annual report and accounts

12. Redress Scotland's annual report and accounts were approved by the Oversight Board on 10 November 2025 and signed by Redress Scotland and the appointed auditor on 17 November 2025. The Independent Auditor's Report is included in Redress Scotland'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 were received in line with the agreed timetable on 8 September 2025. The working papers to support the audit process were of a good standard with additional information being provided as and when required.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £30,330. 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

15. 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.

16. Broadly, 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.

17. Materiality levels for Redress Scotland 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 outlined in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for Redress Scotland

Materiality	Amount
Materiality – set at 2% of gross expenditure	£90 thousand
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.	£58 thousand
Reporting threshold – set at 5% of materiality.	£5 thousand

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which for Redress Scotland is Audit, Risk and Assurance Committee.

19. 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.

20. 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.

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

Qualitative aspects of accounting practices

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

Accounting policies

23. The appropriateness of accounting policies adopted by Redress Scotland was assessed as part of the audit. These were considered to be appropriate to the circumstances of Redress Scotland, and there were no significant departures from the accounting policies set out in the Government Financial Reporting Manual.

Accounting estimates

24. Accounting estimates are used in Redress Scotland's financial statements, specifically in relation to short term employee benefits. Audit work considered the process that management of Redress Scotland 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

25. 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

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

Audit adjustments

27. No audit adjustments were required to the financial statements.

Significant risks of material misstatement identified in the Annual Audit Plan

28. 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 , \(page 11\)](#).

Exhibit 2**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. Evaluate significant transactions outside the normal course of business. Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design of controls over journal processing were appropriate and these were implemented as intended. No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. No significant issues were identified from testing of journal entries. No significant issues were identified from transactions outside the normal course of business. The controls in place for identifying and disclosing related party relationships and transactions were adequate. No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>

Prior year recommendations

29. Redress Scotland has made good progress in implementing the agreed prior year audit recommendations with all now considered complete as set out at [Appendix 1](#).

Financial Sustainability and Best Value audit

Conclusion

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

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

Audit approach to wider scope and Best Value

Wider scope

30. The Annual Audit Plan reported Redress Scotland was considered to be 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 Redress Scotland.

Financial Sustainability

31. The audit work performed on the arrangements Redress Scotland has in place for securing financial sustainability found that these were effective and appropriate.

32. Redress Scotland has reported an outturn of £4.507 million in 2024/25 against its overall revised budget of £4.600 million, resulting in an underspend of £0.093 million as shown in [Exhibit 3](#)

Exhibit 3

Significant wider scope and Best Value risks

Performance	Initial budget	Final budget	Outturn	Over/(under) spend
	£m	£m	£m	£m
Revenue	5.0	4.6	4.507	(0.093)

Source: 2024/25 Redress Scotland Annual Report and Accounts

33. Redress Scotland was allocated an initial budget of £5 million Grant-in-Aid for 2024/25. This was in line with the initial budget allocated in the previous year. An in-year adjustment was made to reduce the budget to £4.6 million and the £0.4 million of Grant-in-Aid was not drawn down.

34. The £0.093 million underspend against the adjusted budget was due to the planned recruitment of expert panel members taking longer than expected. This resulted in fewer than anticipated monthly panel sitting days and therefore the associated revenue costs were lower. We recognise that the process for the recruitment of panel members is outwith the control of Redress Scotland.

35. We have concluded that Redress Scotland has appropriate financial planning and monitoring in processes in place.

Redress Scotland has agreed a financial plan for 2025/26

36. Redress Scotland has been allocated a budget of £5.046 million of Grant-in-Aid for the 2025/26 financial year from the Scottish Government, which is a slight increase from the previous year of £0.046 million from 2024/25. The initial budget for 2025/26 was presented to the Oversight Board in January 2025 with an updated budget presented in March 2025.

37. Initial budget proposals included requests to the Scottish Government for funding of £2.758 million to cover additional staffing requirements to address the backlog of applications and the number of forecast applications. The agreed budget of £5.046 million includes funding for existing staffing levels only.

38. The service provided by Redress Scotland is demand led and dependent on applications coming through as expected from the Scottish Government Redress Unit. Increased pressures will arise from backlogged claims needing assessed and the anticipated receipt of a large volume of new claims. Redress Scotland is recruiting new panel members to assess these claims, but the onboarding of these members will take time and resources. With the increases to staff costs there is a need for careful monitoring and control of expenditure to ensure it is maintained within budget.

Duty of Best Value

39. 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.

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

- Redress Scotland now has established and effective governance arrangements in place. The programme of work for both the Oversight Board and the Audit, Risk and Assurance Committee have become more standardised during the year. The range of information considered and decision making undertaken by those charged with governance is in line with our expectations.
- The Oversight Board approved a Corporate Plan covering the period 2023-26, which outlines the vision and strategic direction of the organisation over the medium term. Underpinning the Corporate Plan are a robust framework of policies and procedures which ensure that the key activities necessary for the delivery of their objectives are in place. Appropriate arrangements for the robust monitoring of performance and reporting have also been established.
- During the year the Oversight Board held a strategic session to review the efficiency of Redress Scotland and created an Efficiencies and Effectiveness action plan for 2025/26. This will contribute to the effective use of available resources.

41. While we have concluded that these arrangements are appropriate and there is evidence of meeting the Best Value characteristics set out in the SPF, the Best Value process could be enhanced by producing a document that is updated annually detailing the arrangements that support the Best Value characteristics.

Recommendation 1

Development of annual plan to support the Best Value Characteristics.

Redress Scotland should look to develop a plan to detail the arrangements that best support the Best Value characteristics. This should be reviewed and updated annually.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Best Value Characteristics</p> <p>The arrangements Redress Scotland has in place for securing Best Value were found to be effective and appropriate but could be further enhanced.</p>	<p>Redress Scotland should look to develop a plan to detail the arrangements that best support the Best Value characteristics. This should be reviewed and updated annually.</p>	<p>Accepted – Redress Scotland will develop a plan to detail the arrangements for achieving best value. An annual review and report will be made to the Oversight Board within the financial 2026/27</p> <p>Responsible officer – Head of Finance and Resources</p> <p>Agreed date – March 2027</p>

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Register of Interests</p> <p>A formal Register of Interests for Redress Scotland has not yet been developed.</p> <p><i>Risk – Redress Scotland are not aware of conflicts of interests or potential related parties that exist.</i></p>	<p>A formal Register of Interests should be developed and maintained for all members of the Oversight Board and Audit, Risk and Assurance Committee, as well as the Senior Management Team which is made publicly available on the Redress Scotland website.</p> <p>Responsible officer: Chief Executive</p> <p>Agreed date: 31 March 2025</p>	<p>Completed</p> <p>A Register of Interests for Senior Management Team has now been implemented.</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

Redress Scotland

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