



Scottish Social Services Council

**Report to the Audit & Assurance Committee, the Council and the Auditor General for
Scotland on the 2024/25 External Audit**

Issued on the 21st November 2025

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Partner introduction

The key messages in this report

I have pleasure in presenting our final report to the Audit & Assurance Committee (“the Committee”) of Scottish Social Services Council (“SSSC”) for the 2024/25 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in February 2025.

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing

Based on our audit work, we have issued an unmodified audit report.

The Performance Report and Accountability Report comply with the statutory guidance and proper practice and are consistent with the Annual Report and Accounts and our knowledge of SSSC.

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

Significant risk

In our planning report we identified operating within expenditure resource limits and management override of controls as significant risks, a summary of our work is presented on page 6. The Council met its financial targets for 2024/25, achieving a financial surplus of £3.721m.

Conclusions from our testing (continued)

Misstatements and control findings

We have identified one uncorrected misstatement and uncorrected disclosure misstatement, refer to pages 24 and 25 for details. We have not identified any control findings.

Areas of audit focus

Change in Finance system: No issues arose from our data migration testing.

Wider scope

SSSC exhibits robust financial management with accurate budgeting and timely reporting, supported by a competent finance team. While 2024/25 balance was achieved and 2025/26 funding secured, an ongoing funding gap and reliance on Scottish Government support pose a long-term financial sustainability risk. SSSC maintains a clear vision, adaptive leadership, and effective governance. Performance management is effective, with strong 2024/25 outcomes and active risk management.

Added value

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








Sarah McGavin
Partner

Quality indicators

Impact on the execution of our audit

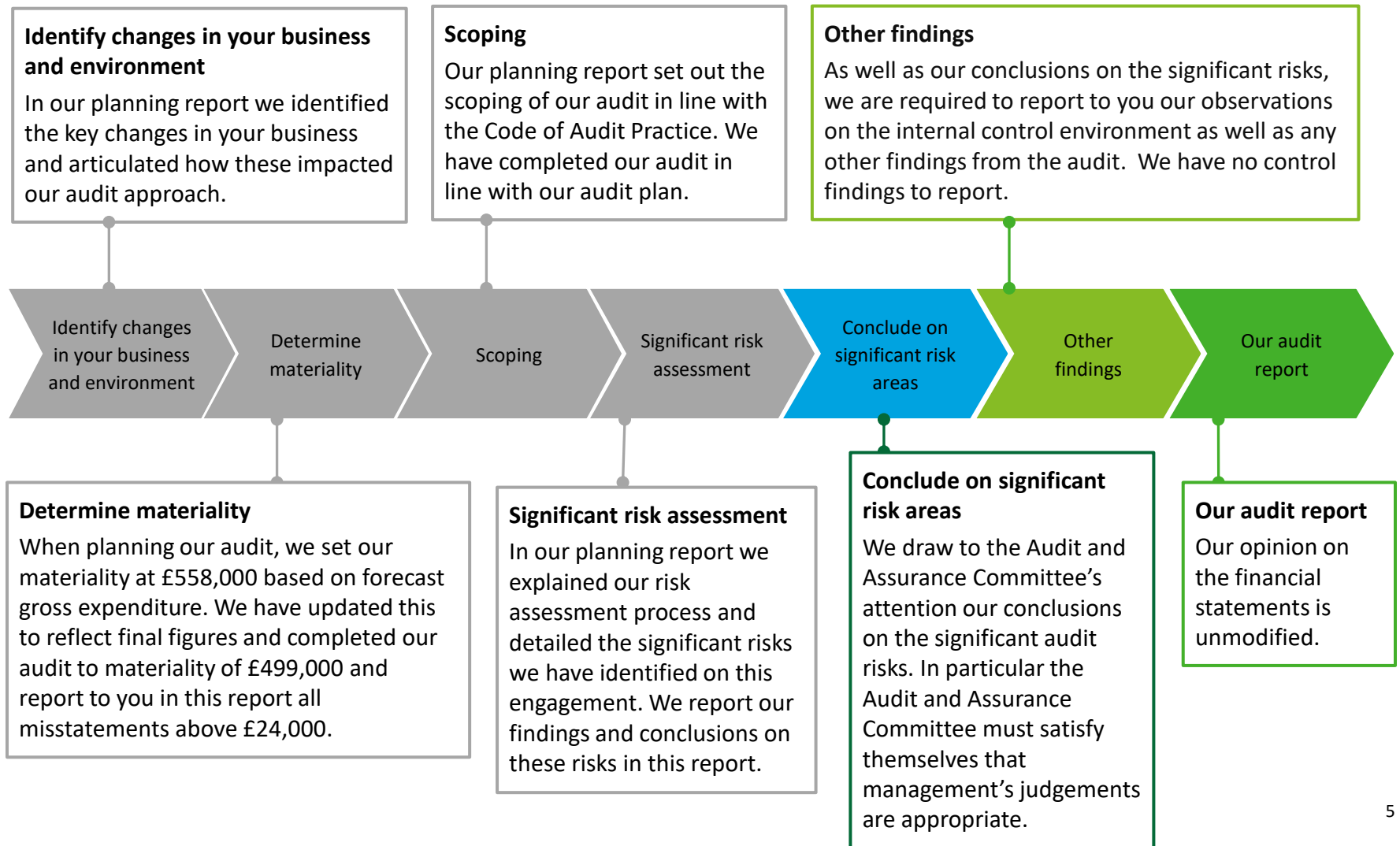
 Lagging  Developing  Mature

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason	Further detail
Timing of key accounting judgements		Deliverables and responses to follow ups provided promptly.	N/A
Adherence to deliverables timetable		Management provided deliverables within agreed timelines.	N/A
Access to finance team and other key personnel		Finance team have been accessible throughout, with the audit team informed of holidays in advance of audit fieldwork.	N/A
Quality and accuracy of management accounting papers		The majority of working papers provided were of a good quality. Some areas however required resubmission following clarification of exact requirements, but this did not impact on audit quality or timelines of the audit.	N/A
Quality of draft Annual Report and Accounts		Quality of the first draft was generally of a high standard. Review comments were addressed promptly and change logs provided.	N/A
Response to control deficiencies identified		No control deficiencies have been noted.	N/A
Volume and magnitude of identified errors		We have identified one uncorrected misstatement concerning pension liability and one disclosure misstatement.	Page 24 and 25







Our audit explained

We tailor our audit to your business and your strategy




Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			Refer to page 7 for our observation in relation to the approval of journals.	
Operating within the expenditure resource limit			Satisfactory	

Controls approach adopted

 Assess design & implementation



Level of management judgement

Limited management judgement

Moderate management judgement

Significant risks (continued)

Management override of controls

Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Annual Report and Accounts and accounting records.

Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

We have tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for such tests, we have:

- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Selected journal entries and other adjustments made at the end of a reporting period; and
- Considered the need to test journal entries and other adjustments throughout the period.

Accounting estimates and judgements.

The defined benefit pension scheme represents a significant accounting estimate, characterised by inherent complexity and the need for considerable judgement in determining the pension asset or liability. Management responded to this by engaging an independent third-party actuary to provide the valuation.

Our audit procedures included a specific focus on management's judgements and the potential for bias. We have confirmed that the pension figures recorded by management are consistent with the independent actuary's valuation. We found no evidence of unjustified alterations or indicators of management bias in their adoption of the actuarial report. Our specialists have completed their audit of the key assumptions. We consider the actuarial assumptions and methodology used in determining the defined benefit obligation to be reasonable, and the estimate to be appropriately accounted for in the financial statements with the exception of finding raised.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

We have not identified any instances of management override of controls from our testing.

During design and implementation testing, we identified a journal entry without attached backup documentation. Management stated that the backup was reviewed as part of the journal approval process; however, we were unable to independently validate this. Our subsequent journal entry testing did not reveal further similar instances. We would remind management of the importance of ensuring journals are supported by back-up.

Significant risks (continued)

Operating within the expenditure resource limits



Risk identified and key judgements

In accordance with Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom), in addition to the presumed risk of fraud in revenue recognition set out in ISA (UK) 240, auditors of public sector bodies should also consider the risk of fraud and error on expenditure. This is on basis that most public bodies are net spending bodies, therefore the risk of material misstatement due to fraud related expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition.

We consider this fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. The risk is that SSSC could materially misstate expenditure in relation to year end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year end.



Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Evaluated the design and implementation of controls around monthly monitoring of financial performance;
- Confirmed the resource limits allocated to SSSC by the Scottish Government by reference to the Budget Act and letter;
- Performed focused testing of accruals and prepayments made at the year end; and
- Performed focused cut-off testing of a sample of invoices received and paid around the year end.

Deloitte view

We have concluded that expenditure and receipts were incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Ministers.

Based on our testing, we confirm that SSSC has performed within the limits set by Scottish Government as the final outturn was a surplus of £3.721m.

Other significant findings

Financial reporting findings

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

Qualitative aspects of your accounting practices:

SSSC's Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the "FReM"). Following our audit work, we are satisfied that the accounting policies are appropriate and continue to close financial reporting observations.

Significant matters discussed with management:

Matters relating to our significant risks have been assessed and we have identified no issues.

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. In response to the significant risks identified, no reliance was placed on the work of internal audit and we performed all work ourselves.

Below are the findings from our audit surrounding your control environment.

Your control environment and findings

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

The audit team did not identify any control deficiencies. We noted the ongoing importance of ensuring that all journals are adequately supported by appropriate backup documentation, a point further elaborated on page 7.

We have obtained written representations from the Council on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the Annual Report and Accounts

Our opinion on the financial statements is unmodified.



Going concern

We have not identified a material uncertainty related to going concern and report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in another matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the Annual Report and Accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page 11.

Your Annual Report and Accounts

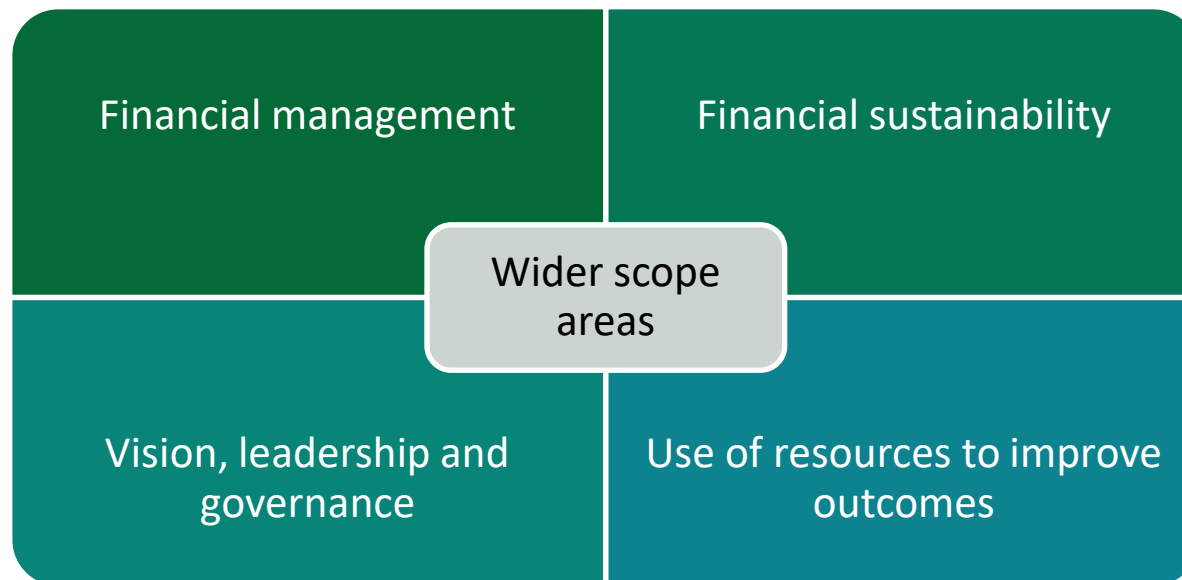
We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines SSSC's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by SSSC.	<p>We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We have concluded that The Performance Report complies with the statutory guidance and is consistent with the Annual Report and Accounts and our knowledge of the Council.</p>
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	<p>We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. No exceptions noted.</p> <p>We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We have concluded that The Accountability Report complies with the statutory guidance and is consistent with the Annual Report and Accounts and our knowledge of the Council.</p> <p>Review of the Remuneration and Staff report is complete.</p>
Regularity of Expenditure and Income	We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.	The expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Wider scope requirements

Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



Our audit work has considered how the Council is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions. Our responsibilities in relation to Best Value (“BV”) have all been incorporated into this audit work.

Wider scope requirements (continued)

Financial management

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



Financial Management

Significant risks identified in Audit Plan

In our audit plan we did not identify a significant risk in relation to financial management. Following the appointment of key senior positions, we planned to monitor the financial management and budget setting and monitoring arrangements at SSSC over the course of the year with the new structure in place.

Current year financial performance

The 2024/25 budget was approved by the Council in March 2024. The approved budget was a deficit position of £1.098m, which the Scottish Government agreed to fund as an “unfunded pressure” in the year, recognising that the Grant in Aid budget allocated was not sufficient to meet the needs of SSSC.

SSSC reported a surplus in the year of £3.721m which was transferred to General Reserve. The key reasons was throughout the year, due to reductions in discretionary expenditure and staff related savings (vacancies), SSSC was able to bring its expenditure down to £24,769k. SSSC also obtained additional funding (including fee and other income) to increase its income to £28,490k.

Budgeting processes

The Executive Management Team, Audit and Assurance Committee and Council regularly review progress against budget through the year, with quarterly reporting to the Council. Any variances arising during the year are clearly reported and there continues to be a clear link between the financial information reported in the year and the Annual Report and Accounts.

Finance capacity

A permanent Head of Finance was appointed during the year, and with the support of the Director of Strategy and Performance has resulted in stability in SSSC’s finance function. Training and development has taken place and will continue during 2025 to build the capability within the team.

While there have been several changes in the year, we have not identified any risks with the team's capacity that has impact on the operational financial management of SSSC. Following a restructuring of roles, the Director of Strategy and Performance now oversees the finance team. We will continue to monitor this during our audit appointment.

Wider scope requirements (continued)

Financial management (continued)

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



Financial Management

Control environment

During the year SSSC transitioned to Oracle Fusion. Management has determined that Oracle Fusion is not fit for purpose and intend to replace it with Microsoft Business Central in the current financial year, noting a financial benefit to this also.

We have considered the internal audit function, including its nature, organisational status and activities performed. We have reviewed all internal audit reports published throughout 2024/25. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work.

The 2024/25 Internal Audit Plan comprised seven planned reports, covering complaints, travel and expenses audit, compliance with legislation, future proofing programme system controls, qualification assessment and IRISR audit reports and follow up reviews. Detailed reports were provided to the Committee for each project. SSSC continue to address findings, implementing the recommendations timely.

Standards of conduct for prevention and detection of fraud and error

Consistent with the prior year we have assessed the policies and procedures in place to address the prevention and detection of fraud and error.

Deloitte view – Financial management

Based on our understanding of the budget setting process, SSSC provides adequate time for review and challenge of budgets, improving quality and accuracy. The process allows the identification of financial benefits and to understand financial drivers.

SSSC provide accurate and timely financial reporting, with sufficient explanation of variances to budget.

We have concluded that SSSC's finance function is suitably led and staffed, having appropriate knowledge and experience. The Internal Audit function is well embedded, with recommendations being implemented. Appropriate arrangements are in place for the prevention and detection of fraud and error.

Wider scope requirements (continued)

Financial sustainability

Can short-term
(current and next year)
financial balance be
achieved?



Is there a medium and
longer-term plan in
place?



Is the body planning
effectively to continue
to deliver its services
or the way in which
they should be
delivered?



**Financial
Sustainability**

Significant risks identified in Audit Plan

In our audit plan we highlighted that SSSC's assurance report to the Council identified an overspend against budget was expected to be met using reserves. There are also significant budget gaps expected over the next three years as per SSSC's Medium Term Financial Plan (MTFP).

In line with previous years and across the Central Government sector, there is significant pressures facing organisations due to limited flexibility in expenditure and a challenging operating environment resulting in cost increases. Budget gaps have historically been met via use of reserves or additional grant in aid.

There is therefore a significant risk relating to financial sustainability in the medium to long term.

2025/26 budget setting and medium-to-long term financial planning

A detailed timetable is in place to ensure sufficient time is dedicated across the organisation to develop a robust budget. The budget papers clearly set out the assumptions that have been applied in developing the budget and the EMT is given several opportunities to review, challenge and prioritise, before a first draft being considered by the Council in February. The 2025/26 budget was approved by the Council in March 2025. In a similar approach to 2024/25, the Council approved a deficit budget based on confirmation that the Scottish Government has agreed to fund the spending gap in the year.

Medium term plans have been updated, maintaining the Trusted, Skilled, Confident and Valued themes, without any formal confirmation of an increase in funding, management estimate there will remain an annual budget deficit of approximately £4m. To cover this deficit, SSSC has identified several efficiencies and savings options within its financial strategy, including:

- Workforce planning: SSSC is carrying out work to understand its current staff profile and how they are deployed.
- Fees: uplift to fee structure.

Wider scope requirements (continued)

Financial sustainability

Can short-term
(current and next year)
financial balance be
achieved?



Is there a medium and
longer-term plan in
place?



Is the body planning
effectively to continue
to deliver its services
or the way in which
they should be
delivered?



**Financial
Sustainability**

2025/26 budget setting (continued)

- Future proofing programme: Initiatives are underway to future-proof the register. Digital technologies will be leveraged to enhance system and process efficiency, and data will be used to more effectively influence the sector.
- Benefits realisation and efficiency targets: Efficiency targets remain relevant, serving as a component of Best Value reviews, EFQM assessments, Lean Business Process reviews, efficiency plans, and procurement savings.
- Business and digital transformation: Ongoing reviews of all processes and their associated timescales ensure robustness and public protection.
- Stakeholder engagement and focus on customer service: These cross-cutting themes influence process improvements, best value, efficiencies, and digital transformation, contributing to many of the initiatives previously described.

A new strategic plan is expected from 2025/26, which we expect will continue analysis and responses to the financial sustainability challenges.

Reserves

The level of reserves held are considered as part of the budget setting process each year and any use, including carry forward, is agreed with Scottish Government.

The SSSC policy is to maintain a target of 2% to 2.5% of gross expenditure as a general reserve, which applies to operating Grant in Aid. The remaining balance is allowable for use following specific approval by the Scottish Government.

Wider scope requirements (continued)

Financial sustainability

Can short-term
(current and next year)
financial balance be
achieved?



Is there a medium and
longer-term plan in
place?



Is the body planning
effectively to continue
to deliver its services
or the way in which
they should be
delivered?



**Financial
Sustainability**

Deloitte view – financial Sustainability

SSSC achieved financial balance in 2024/25, and funding for 2025/26 has been confirmed. However, a funding gap exists between the confirmed allocation and the expected costs for service delivery in 2025/26, which the Scottish Government has agreed to cover for the year. Critically, medium-term projections indicate a deficit position beyond 2025/26, raising concerns regarding SSSC's long-term financial sustainability.

Management has a financial strategy in place and demonstrates a clear understanding of its cost pressures and associated risks. Good progress has been made in identifying and implementing efficiency savings. The 'Future Proofing Programme' is a key initiative, expected to deliver longer-term savings by modernising and improving statutory functions. Regular monitoring is in place to track project benefits, with work progressing to establish baseline information.

Despite these efforts, the financial outlook remains challenging. Over 80% of SSSC's costs relate to staff, and the Scottish Government's policy of no compulsory redundancies significantly constrains options for cost reduction. While various efficiency and savings options have been identified, including the planned increases of fees from April 2025 to help support sustainability the medium- to long-term financial projections continue to show an increasingly challenging position.

Wider scope requirements (continued)

Vision, leadership and governance

Are the scrutiny and governance arrangements effective?



Is leadership and decision making effective?



Is there transparent reporting of financial and performance information?



Vision, leadership and governance

Significant risks identified in Audit Plan

We did not identify any significant risks in relation to vision, leadership and governance during our planning work. We therefore restricted our audit work to reviewing the work of the Council and its Committees to assess whether the arrangements continue to operate effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.

Vision and strategy

SSSC have a Strategic Plan, implemented in the prior year and covering 2023-2026. The plan clearly sets out the vision of the organisation, its strategic outcomes and priorities that support the delivery of the plan. The plan utilises established strategies and frameworks to deliver on key themes. SSSC measures its impact over the lifetime of the strategic plan through a series of measures and KPIs. The Strategic Plan also sets out how SSSC contributes to the Scottish Government National Performance Framework.

Leadership

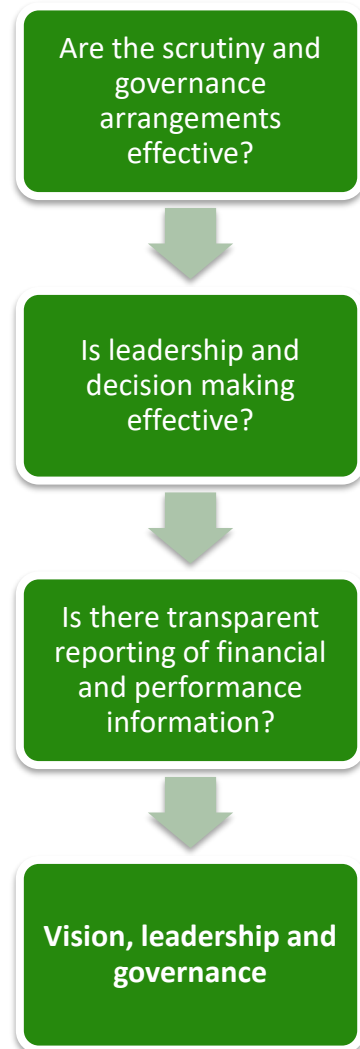
SSSC has successfully navigated recent changes within its finance function, with a new Head of Finance appointed in early 2024/25 and two experienced team members joining in February 2025. All new appointments are reported to be performing to an appropriate standard. Similarly, new Council members joining in 2024/25 have received appropriate training, fostering a relationship characterised by respectful challenge.

Governance and scrutiny arrangements

Performance is subject to a multi-layered scrutiny process, commencing with the finance team collating data, which is then reviewed by the Director of Strategy and Performance, the Executive Management Team (EMT), and finally the Council. The Audit and Assurance Committee has delegated authority to monitor performance and report to the Council. Each level applies appropriate challenge, with the EMT focusing on operational detail and the Council on strategic movements. In response to ongoing public sector spending pressures, SSSC leadership has proactively identified savings, advocated for additional funding, and implemented reserve management strategies, all in line with its financial strategy.

Wider scope requirements (continued)

Vision, leadership and governance (continued)



Governance and scrutiny arrangements

Internal audit services operates under an annual plan that covers new areas each year. Assurance reports are shared with management and leadership.

The organisation demonstrates openness and transparency through the public availability of Council minutes, corporate plans, and annual reports on its website. Internally, key governance meetings, including Council, Audit Committee, and EMT meetings, are formally minuted and documented, ensuring clear accountability for decisions made.

We have reviewed meetings attendance from the past year and confirm that they have been generally well attended. In addition, from review of the minutes and observation at meetings, we can confirm that there is sufficient scrutiny and challenge exercised by members during the meetings.

Transparency of reporting

All Council and AAC minutes and papers are publicly available through the SSSC website. Council meetings also continue to be held in public in line with good practice.

The SSSC website includes a comprehensive suite of information including links to strategies and plans, annual report and accounts and key statistics, thereby demonstrating openness and transparency of decision making and performance information.

Deloitte view – Vision, leadership and governance

SSSC continues to adopt the 2023-26 Strategic Plan.

We have not identified any downward trends in relation to risk management, control, or governance, or any areas operating above the risk appetite. We are satisfied with the arrangements in place and shall continue to review the work of the entity and its Committees, in particular through attendance at the Audit and Assurance Committee, to assess whether the arrangements are continuing to work effectively.

Wider scope requirements (continued)

Use of resources to improve outcomes



Significant risks identified in Audit Plan

Our audit plan noted the Council approved its 2023-2026 Strategic Plan. Delivery hinges on unconfirmed Grant-in-Aid increases; without this, SSSC risks failing objectives. The Plan also acknowledges significant uncertainties from the National Care Service and Independent Review impacting SSSC. Furthermore, SSSC restructured, reducing directorates from four to three and reassigning key personnel responsibilities

We have not identified a significant risk in relation to the Use of Resources to Improve Outcomes.

Performance management framework

SSSC monitors and reports on its performance against the strategic performance indicators linked to its Strategic Plan. A regular “Assurance Report” is provided to each Council meeting which includes a comprehensive suite of performance information including areas such as: Risk register; Strategic performance indicators, HR performance and Legal and corporate governance.

The anticipated inclusion of additional groups on SSSC's registers is expected to intensify existing resource and spending pressures, SSSC have notified the Scottish Government that in order to address the public protection risk identified additional investment will be required.

Deloitte view –Use of resources to improve outcomes

SSSC has a clear performance management framework in place. Regular reporting on performance is provided to the Council as part of the quarterly Assurance Reports. The Strategic Plan also sets out how SSSC contribute to the Scottish Government National Performance Framework. Consideration should be given to if there are other areas where there are specific outcomes that can be monitored and reported to demonstrate that continuous improvement.

SSSC has continued to perform well during 2024/25, actively managing its performance and taking appropriate action and recognising the risks that remain.

Wider scope requirements (continued)

Best value

Requirements

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value (BV).

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

The duty of BV in Public Services is as follows:

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

Deloitte view – Best Value

SSSC has sufficient arrangements in place to secure best value. It has a clear understanding of areas which require further development. Financial sustainability remains a key risk, as is the case across the public sector. The Future Proofing Programme has progressed with robust monitoring in place to track the benefits across projects, with work progressing to develop baseline information.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit and Assurance Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for SSSC, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to SSSC.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

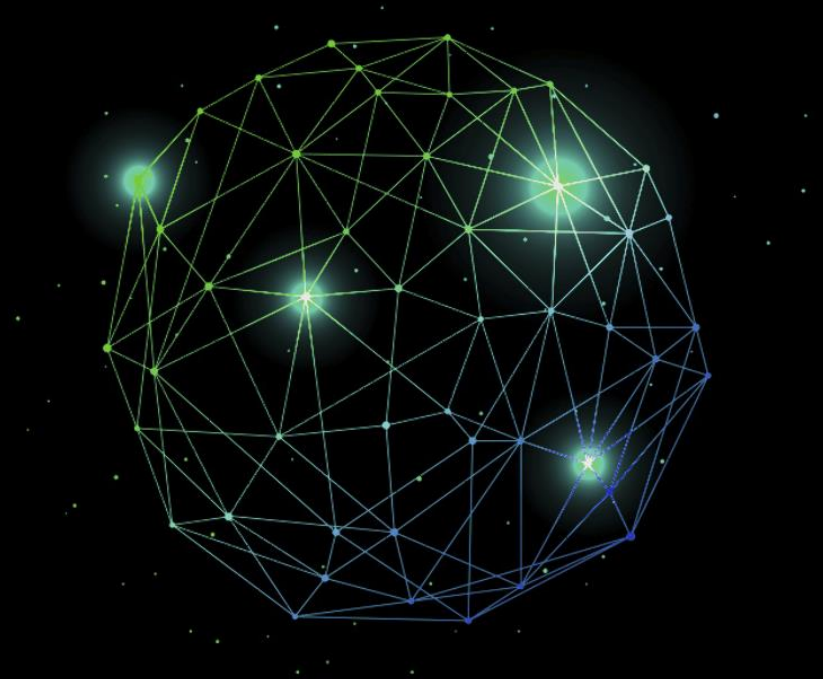
Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Aberdeen | 21 November 2025

Appendices



Audit adjustments

Uncorrected misstatements

Uncorrected misstatement increases costs in 2024/25 by £45,000 and increase pension liability in 2024/25 by £45,000.

	Debit/(credit) SOCNE £	Debit/(credit) in net assets £	Debit/(credit) prior year reserves £	Debit/(credit) Equity £
Misstatements identified in current year				
Pension liability – Goodwin ruling provision	45,000	(45,000)		

Audit adjustments

Disclosures

Disclosure misstatements

The following uncorrected disclosure misstatement has been identified which we request that you ask management to correct as required by ISAs (UK).

Disclosure	Quantitative or qualitative consideration
<p>We have identified two disclosure misstatements arising from our review of the pension fund auditor's (Audit Scotland) work, specifically relating to the pension scheme assets and contributions.</p> <p>There is no impact on the primary financial statements. This is because the pension scheme is in a surplus, and the asset ceiling covers the total surplus. Consequently, the errors in contributions and investment assets would result in offsetting debit and credit postings within total actuarial re-measurements, specifically affecting the impact of the asset ceiling line. Therefore, these adjustments are classified as disclosure misstatements, impacting only the notes to the financial statements.</p>	<p>Employee Contributions Overstatement: Audit Scotland's findings indicate an overstatement of employee contributions by £38,251.</p> <p>Pension Asset Overstatement: Audit Scotland reported an uncorrected £4.3 million overstatement of investment assets. Our apportionment to SSSC results in an overstatement of £56,330</p>

Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked SSSC to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked SSSC to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of fraud in management override of controls and operating within expenditure resource limits as key audit risks.

During the course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We re-confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of SSSC, and our objectivity is not compromised.	
Fees	The expected fee for 2024/25 is analysed below:	
		£
	Auditor remuneration	34,630
	Audit Scotland fixed charges:	
	• Pooled costs	(330)
	• Sectoral cap adjustment	(5,080)
	Total expected fee	29,220
	There are no non-audit fees.	
Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.	
Relationships	We have no other relationships with SSSC, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.	



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