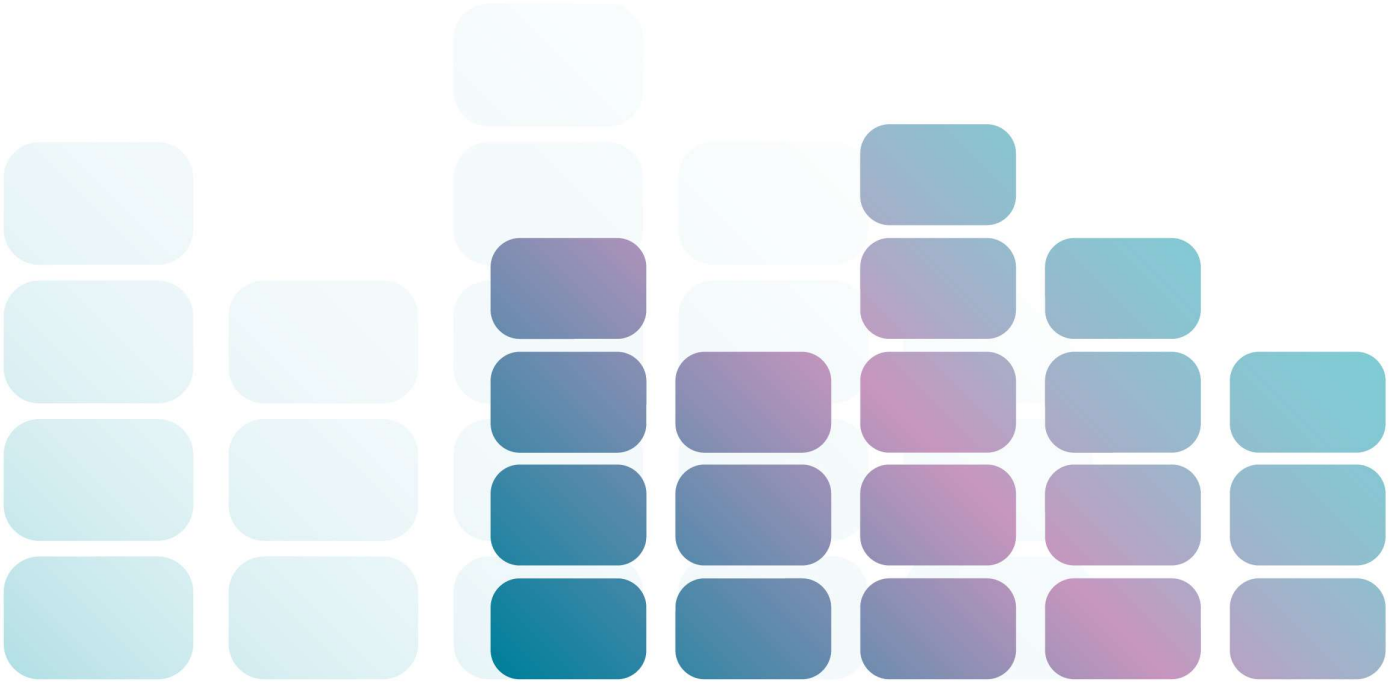
Scottish Biometrics Commissioner

2025/26 Annual Audit Report



AUDIT SCOTLAND

Prepared for the Scottish Biometrics Commissioner and the Auditor General for Scotland
September 2026

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Summary of audit opinions and conclusions

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 Scottish Biometrics Commissioner.

3 The Scottish Biometrics Commissioner has made good progress in implementing the agreed prior year audit recommendations.

Financial Sustainability and Best Value audit

4 The Scottish Biometrics Commissioner has effective and appropriate arrangements in place for securing financial sustainability and Best Value.

5 Effective and established arrangements are in place for securing the Best Value characteristic of ‘Fairness and Equality’.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of the Scottish Biometrics Commissioner'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 the Scottish Biometrics Commissioner ('SBC') and the Auditor General for Scotland and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. We can confirm that the audit team are independent of the SBC 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, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Commissioner, Advisory Audit Board and staff at the SBC, 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 during the final year of the five-year audit appointment.

Audit scope, responsibilities, and fee

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 the SBC and a review of the Governance Statement.
- Reporting on the SBC'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 the SBC 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 SBC'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 SBC 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 SBC's responsibilities

10. The SBC 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 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.

Audit Fee

11. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £11,900. There have been no developments that impacted on the planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National and performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the SBC. 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.

The SBC has made good progress in implementing the agreed prior year audit recommendations.

Audit opinions on the Annual Report and Accounts

13. The SBC's Annual Report and Accounts were approved by the Commissioner on 8 September 2026 and were signed by the appointed auditor on 10 September 2026. The Independent Auditor's Report is included in the SBC's Annual Report and Accounts, and reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

14. The unaudited Annual Report and Accounts and all working papers were received on 14 July 2026 in accordance with the agreed audit timetable.

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 the SBC 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, and updated as can be seen in Exhibit 1.

Exhibit 1
2025/26 Materiality levels for the SBC

Materiality	Amount
Materiality – set at 2% of gross expenditure	£10,200
Performance materiality – 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.	£7,650
Reporting threshold – set at 5% of materiality.	£510

Source: Audit Scotland

No significant findings or key audit matters were identified from our 2025/26 audit work.

18. ISA (UK) requires auditors to communicate significant findings from the audit to those charged with governance, which for the SBC is the Commissioner.

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 the SBC's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

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

Accounting estimates

24. Accounting estimates are used in the SBC's financial statements, including the useful life of Property, Plant and Equipment. Audit work considered the process management of the SBC 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 found to be appropriate.

Significant matters discussed with management

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

27. While there are no significant matters to report, as a result of our audit work changes were made to the format of the 'Financing from the Scottish Parliamentary Corporate Body (SPCB)' table in note 2 of the Annual Report and Accounts. Additional senior management disclosures were also included in the Remuneration and Staff Report following our audit work

Audit adjustments

28. No audit adjustments were required to the financial statements greater than the reporting threshold of £510.

Significant risks of material misstatement identified in the Annual Audit Plan

29. 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 2, (page 10).

Exhibit 2
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	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 be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing from initiation at the SBC to administering the financial transactions at Scottish Public Service Ombudsman (SPSO) (as per the SBC and SPSO Shared Services Agreement). • 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	Audit work performed found: • 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.

	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. • Substantive testing of expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Focussed testing of accounting accruals and prepayments.	• No errors or issues were identified from our substantive testing or expenditure transactions around the year-end. • No errors were identified from our testing of accruals and prepayments. **Conclusion:** no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Prior year recommendations

30. The SBC has made good progress in implementing the agreed prior year audit recommendations, with all recommendations confirmed as implemented. Further details are outlined in Appendix 1 under follow-up of prior year recommendations.

Financial Sustainability and Best Value audit

Conclusion

The SBC has effective and appropriate arrangements in place for securing financial sustainability and Best Value.

Effective and established arrangements are in place for securing the Best Value characteristic of 'Fairness and Equality'

Audit approach to wider scope and Best Value

Wider scope

31. The Annual Audit Plan reported that the SBC was considered to be a less complex body for the wider scope audit. The wider scope audit does not therefore cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the SBC.

Duty of Best Value

32. 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.

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

34. As reported in the Annual Audit Plan, specific work covering the 'fairness and equality' Best Value characteristic was carried out as part of the 2025/26 audit.

Conclusions on Financial Sustainability

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

- making appropriate arrangement to develop medium-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-term, and understanding medium-term demand pressures that could impact on available resources.

36. From our review we noted that the budget for 2026/27 includes an increase in staff costs to £456,000 from £422,000 in 2025/26. However, the SBC is currently operating below establishment. A recruitment exercise is due to be completed in quarter 4 of 2026/27 to bring the SBC back to a full staffing complement. The timing in recruitment is likely to place a strain on the workforce capacity of the SBC during 2026/27 and will have an impact on the forecast budget position.

Conclusion on Duty of Best Value

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

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

Fairness and Equality

38. As reported in the Annual Audit Plan, specific work covering the 'fairness and equality' Best Value characteristic was carried out as part of the 2025/26 audit. Our work found that the SBC has an appropriate and established approach to fairness and equalities, including:

- publishing gender pay gap data and employee information including fair pay information.
- all corporate policies being developed in accordance with the requirements of the Equality Act 2010, to ensure equal pay and fairness in recruitment and promotion.
- external operations are informed by a professional Advisory Group. Membership of this group includes the Scottish Human Rights Commission (SHRC) who maintain strong working relationships with The Equality and Human Rights Commission (EHRC) who oversee the Equality Act 2010. The Children and Young People's Commissioner for Scotland is also a member of this group.

Appendix 1

Action plan 2025/26

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Incorrect Employee Pension Contribution Rates. We identified that the employee pension contribution rates used for two employees were incorrect for 2023/24 and 2024/25. Risk = deductions taken as part of payroll processing are incorrect.	**Recommendation** The SBC should engage with SPSO to ensure a robust annual process is in place to confirm the accuracy of all rates used when processing payroll. **Agreed Action** SPSO have confirmed that primary and secondary checks are to be carried out to capture inputting errors; internal SPSO payroll processing guidance to be updated along with training and support for SPSO payroll administrators. The SBC will request written assurance from SPSO that the checks have been carried out and that the correct deductions will be applied. **Commissioner** **September 2025**	**Implemented**

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
2. Monthly Budget Monitoring Process The 'management accounts' reports used as part of the SBC's monthly budget monitoring included the incorrect projected year-end position. There was also a lack of clarity, between the SBC and SPSO, as to who was responsible for the input of these figures. **Improvement** – the monthly budget monitoring process can be improved to ensure that monthly reports are accurate.	**Recommendation** The SBC should review their monthly budget monitoring process to ensure there are clear responsibilities for those involved and also to ensure all figures in the reports are accurate. **Agreed Action** Quarterly finance meeting between the SBC, SPSO and SPCB agreed **Commissioner** **September 2025**	**Implemented**

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

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