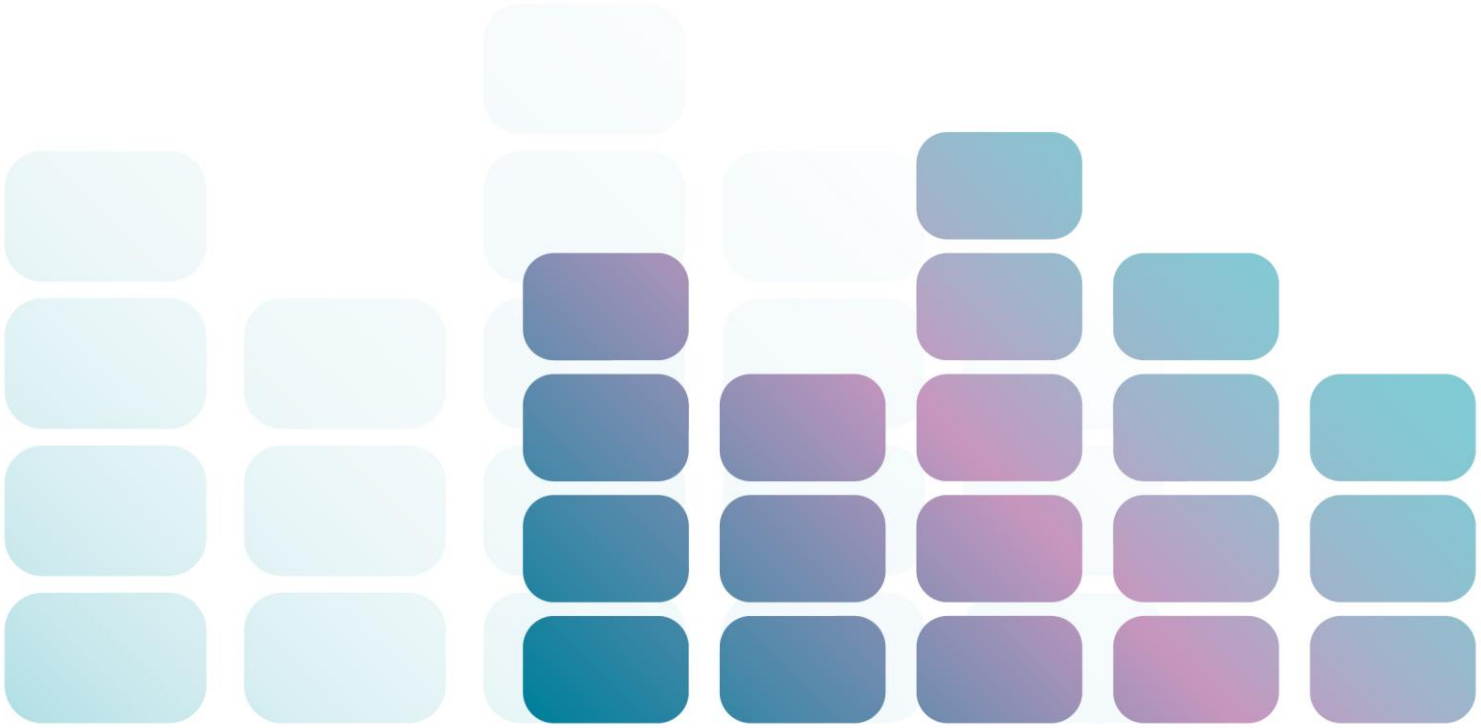
Scottish Courts and Tribunals Service

2025/26 Annual Audit Report



AUDIT SCOTLAND

Prepared for Scottish Courts and Tribunals Service and the Auditor General for Scotland
July 2026

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Accessibility

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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 SCTS.

3 Limited progress has been made with implementing prior year recommendations.

Wider scope and Best Value audit

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

5 Effective and appropriate arrangements are in place for securing Best Value, and for reporting and monitoring performance against key performance indicators that are linked to strategic priorities.

6 SCTS has continued to experience challenges with Oracle Fusion Cloud.

7 SCTS is making progress in responding to recommendations from an audit from the Information Commissioner's Office.

8 Good progress has been made with recommendations from the Criminal Courts Backlog audit report. The overall criminal courts backlog has reduced considerably to 13,268 outstanding scheduled trials at the end of 2025/26 – around a third of the number seen at the peak in 2022.

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 Scottish Courts and Tribunals Service's ("SCTS") 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 SCTS 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 appointed auditor and the audit team are independent of SCTS 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 SCTS, including no provision of non-audit services.

Acknowledgements

4. We would like to thank SCTS 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 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.
- Conclusions on SCTS's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on SCTS's arrangements for securing Best Value.
- Providing assurance on the Whole of Government Accounts return.

Responsibilities and reporting

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

SCTS's responsibilities

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

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements for SCTS 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 £105,280. There have been no developments that impact on 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 SCTS and the Audit and Risk 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 SCTS.

Limited progress has been made with implementing prior year recommendations.

Audit opinions on the annual report and accounts

13. SCTS's annual report and accounts were approved by the Board on 10 August 2026 and signed by the appointed auditor on 10 August 2026. The Independent Auditor's Report is included in SCTS's annual report and accounts, and this 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 5 June 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 audit of SCTS were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan. These were reassessed on receipt of the unaudited annual report and accounts as detailed in Exhibit 1.

Exhibit 1
2025/26 Materiality levels for the audit of SCTS

Materiality	
Materiality – set at 2% of gross expenditure.	£5.12 million
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.	£3.84 million
Reporting threshold – set at 5% of materiality.	£256,000

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for SCTS is the Audit and Risk 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 the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

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

Accounting estimates

24. Accounting estimates are used in a number of areas in SCTS's financial statements, including the valuation of land and buildings assets. Audit work considered the process management of SCTS 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 reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

25. The quality of disclosures in the financial statements was assessed as part of the audit and found to be adequate.

Significant matters discussed with management

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

Audit adjustments

27. No audit adjustments were required to the financial statements greater than the reporting threshold of £256,000.

The assurance for the Whole of Government Accounts (WGA) return will be submitted in September 2026

28. SCTS is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. SCTS was below this threshold and therefore only limited audit procedures will be required.

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 11).

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. • 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.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • 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. **Conclusion:** no evidence of fraud caused by management override of controls.

Risk of material misstatement	Planned audit response	Outcome of audit work
Valuation of property, plant and equipment SCTS held £566 million of property, plant, and equipment (PPE) at 31 March 2025, of which £544 million was land and building assets. SCTS is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions. Changes in the assumptions could have a material impact on valuations.	The audit team will: • Review the information provided to the external valuer to assess for completeness. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Consider whether the valuation frequency is appropriate. Critically assess the approach SCTS has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. • Critically assess the adequacy of the disclosures regarding the assumptions in relation to the valuation of land and buildings.	Audit work performed found: • The design and implementation of controls over the valuation process were appropriate. • The information provided to the valuer was accurate and complete. • The valuer had sufficient competence, capability, and objectivity to perform their work. • Management is involved in the valuation process and have an appropriate level of oversight. • The data and assumptions used in the 2025/26 valuation process were appropriate. • The indices applied by management to assets not subject to valuation in 2025/26 were reasonable and had been correctly applied. **Conclusion:** the valuation of PPE is not materially misstated.

Source: Audit Scotland

Limited progress has been made with implementing prior year recommendations

30. SCTS has made limited progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in Appendix 1.

Wider scope and Best Value audit

Conclusion

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

Effective and appropriate arrangements are in place for securing Best Value, and for reporting and monitoring performance against key performance indicators that are linked to strategic priorities.

SCTS has continued to experience challenges with Oracle Fusion Cloud

SCTS is making progress in responding to recommendations from an audit from the Information Commissioner's Office.

Good progress has been made with recommendations from the Criminal Courts Backlog audit report. The overall criminal courts backlog has reduced considerably to 13,268 outstanding scheduled trials at the end of 2025/26 – around a third of the number seen at the peak in 2022.

Audit approach to wider scope and Best Value

Wider scope

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

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

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 SCTS has in place to secure Best Value has 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 wider scope audit

Financial Management

SCTS operated within its 2025/26 budget, reporting an underspend of £4.1 million

35. The main financial objective for SCTS is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers. As demonstrated in Exhibit 3, in 2025/26, SCTS reported an overall underspend of £4.1 million (1.9 per cent).

36. SCTS management has advised that the underspend is attributed to rebates on rates paid by the organisation; underspends in judicial costs; and higher than anticipated income from civil court fees. These were partially offset by an overspend on building maintenance work.

Exhibit 3
Performance against budget in 2025/26

	Initial Budget £m	Final Budget £m	Outturn £m	Over / (under) spend £m
Resource	157.4	200.1	196.0	(4.1)
Capital	19.6	19.7	19.7	0.0
Total budget	**177.0**	**219.8**	**215.7**	**(4.1)**

Source: Scottish Courts and Tribunals Service annual report and accounts 2025/26; Scottish Government budget supporting documentation 2025/26 (including Autumn and Spring Budget Revisions)

37. We reviewed the design and implementation of systems of internal control, including those relating to IT, relevant to our audit approach. We did not identify any significant internal control weaknesses which could affect SCTS's ability to record, process and report financial and other relevant data to result in a material misstatement in the financial statements.

38. The audit work performed on the arrangements SCTS has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by SCTS:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.
- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by the Audit and Risk Committee.

SCTS has continued to experience challenges with Oracle Fusion Cloud

39. On 1 October 2024, the Oracle Fusion Cloud (OFC) system was rolled out across the Scottish Government (SG) and 32 other bodies including SCTS. This replaced the previous finance and purchasing systems used by SCTS. As part of our 2024/25 Annual Audit Report, we reported that SCTS had experienced difficulties including the purchase-to-pay (P2P) module not working as expected; roles and responsibilities being incorrect for a significant number of users; and issues with obtaining accurate budgeting and financial monitoring information. However, SCTS had implemented manual processes that mitigated the risks from these issues.

40. We reviewed the internal controls in place as part of our interim work and confirmed that arrangements are appropriate for detecting errors or misstatements. However, elements of the OFC, including budget monitoring and P2P modules, are still not fully in use. SCTS are continuing to work with the SG to improve the use of the system but it remains time consuming and resource intensive for the organisation. Work is also in progress to review all users with access to the system and remove users who do not require access.

Financial Sustainability

SCTS has not updated its medium-term financial strategy, which could undermine its ability to demonstrate effective and appropriate arrangements over its financial sustainability

41. The 2026/27 Scottish Budget was accompanied by the Scottish Spending Review. This sets out the Scottish Government's multi-year spending plans from 2026/27 to 2028/29 (2029/30 for capital funding) and notes the uncertain fiscal context, including identifying £1.5 billion in public sector efficiencies and reforms to help address the gap between demand and available resources.

42. Over the spending review period, total resource funding is projected to grow steadily, from £51.1 billion in 2026/27 to £57 billion in 2028/29, representing a 5.3 per cent cash terms increase, or a 1.4 per cent real terms increase. Over the period to 2029/30, capital expenditure is expected to fall by one per cent in cash terms, from £7.32 billion in 2026/27 to £7.25 billion in 2029/30. This amounts to a six per cent real terms reduction.

43. The SCTS 2026/27 budget shows the resource allocation is £193.2 million, an increase of £5.2 million from the final 2025/26 settlement. The capital budget for 2026/27 is £18.7 million, a reduction of £0.9 million.

44. As highlighted in our 2024/25 Annual Audit Report, a significant proportion of SCTS's core budget funding was not confirmed until the Autumn (ABR) and Spring (SBR) budget revisions. In 2024/25 this equated 18.9 per cent of the final budget.

45. In 2025/26 an additional £42.8 million of funding was not confirmed until the ABR and SBR revisions, 19.5 per cent of SCTS' final budget.

46. The absence of a full allocation in the original budget lacks transparency, leads to uncertainty and makes effective budget planning extremely challenging. We do, however, note that for 2026/27 around £23.5 million of in-year funding has been baselined into the SCTS budget. This should allow improved budgeting and monitoring going forward.

47. A deep-dive session on the Medium-Term Financial Strategy (MTFS) 2024-2028 was undertaken with the SCTS Board in August 2024. The MTFS sets out the financial outlook; information on financial pressures and funding gaps; areas where potential savings could be identified; and scenario planning for 2024-2028.

48. The MTFS indicates that SCTS are aware of the challenging economic climate noting factors including inflation, the reduction in the SG capital budget and high debt levels. The impact of population changes and demand on services is also considered.

49. We note that while the MTFS was approved by the SCTS Board in August 2024, an updated Medium-Term Strategy was not prepared during 2024/25 or 2025/26. This is in part due to the introduction of the new Oracle Fusion Cloud system, as well as late agreement of budget settlements from the Scottish Government. SCTS management has agreed to update the MTFS by October 2026. See Appendix 1, recommendation brought forward 4.

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

- 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.
- having savings plans in place to manage forecast budget deficits, and a reserves strategy in place to manage the use of reserves if the required level of savings cannot be met.

Vision, Leadership and Governance

SCTS has strong governance arrangements to support delivery of the 2026-29 Corporate Plan

51. SCTS's updated Corporate Plan was approved by the Board in March 2026. The plan is supported by annual business plans and sets out the work of SCTS under four key reform areas – criminal justice; civil justice; tribunals and Office of the Public Guardian (OPG); and Corporate. The plan also outlines four key delivery themes (sustainability; open justice; people, skills and wellbeing; and digital). The annual business plans are aligned to these priorities, with planned outcomes for the year matched to them.

52. Our 2024/25 Annual Audit Report identified that the Digital Strategy (which ran from 2018-2023) had not been refreshed (prior year recommendation 2). While SCTS has advised that progress has been made in preparing a revised document, the Digital Strategy has not been finalised or approved.

53. Work is ongoing to develop and validate Business Impact Assessments across the organisation. These will identify critical services, key dependencies, recovery priorities and tolerances. They will also help define Recovery Time Objectives and Recovery Point Objectives. These requirements will provide the basis for Disaster Recovery planning, including the level of technical resilience, backup, restoration, testing and assurance required for different systems and services.

54. SCTS is governed by the Board chaired by the Lord President, the Audit and Risk Committee (ARC) and the Executive Team (ET). Minutes for the Board and ARC meetings, including financial and performance information and details of decisions made, are available on the SCTS website.

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

- having a corporate plan in place, supported by an annual business plan, that clearly set out its vision, strategy and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner.
- having clear financial and performance reporting in place, both internally and externally, that is linked to strategic priorities.
- having effective governance arrangements in place as reflected in the governance statement included in the annual report and accounts.

Information Commissioner Office audit

56. During 2025, SCTS received a consensual audit from the Information Commissioner's Office (ICO) of its processing of personal data. The ICO concluded that the SCTS demonstrated "limited assurance" in both the governance and accountability and records management audit scope areas. The audit made 73 recommendations, of which 15 were urgent, 45 were high and 13 were medium priority.

57. The ICO carried out an interim follow-up assessment in February 2026 to measure the extent to which SCTS had progressed against the agreed actions. The follow up found that SCTS had made significant progress against the urgent and high priority and good progress in addressing some medium priority recommendations. Sixteen recommendations were found to be complete and four partially complete. A final follow up audit will take place in August 2026 and will assess how all of the recommendations have progressed.

Use of Resources to Improve Outcomes

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

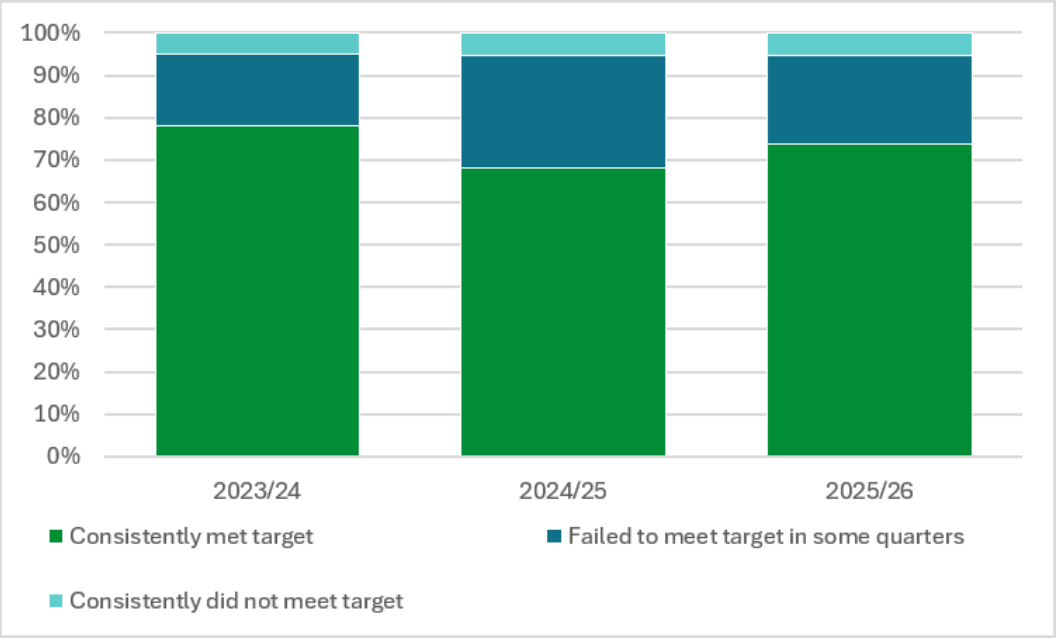
- being able to demonstrate a clear link between the use of resources and delivery of its priorities.
- having arrangements in place to benchmark its performance to identify areas of improvement.
- being able to demonstrate improvements in performance against benchmarks and relative to other comparable organisations.

59. SCTS continued to monitor key performance indicators throughout the year with performance reported to the Board on a quarterly basis. SCTS also reports its performance against KPIs in the annual report and accounts and publishes an annual scorecard on their website.

60. SCTS's performance against its targets was similar to the two previous years, as illustrated in Exhibit 4. The number of KPIs in which SCTS consistently met its target increased to 74 per cent in 2025/26, up from 68 per cent in 2024/25. The number in which SCTS consistently failed to meet its target across the year remained the same at 5 per cent in the last three years, while the number of targets that it sometimes failed to meet decreased to 21 per cent from 26 per cent.

Exhibit 4

Key performance indicators – trend analysis



Source: Audit Scotland from SCTS's Business Scorecard 2025/26 Q4 report

Courts Backlog follow-up

61. Audit Scotland published a report on the Criminal Courts Backlog in 2023, which reported on the criminal trial backlog that built up during the Covid-19 pandemic. The report made several recommendations for the Scottish Government and SCTS. In May 2026, a follow-up report was published which provided an update on progress with the recommendations.

62. The May 2026 report found that good progress has been made with some recommendations, including publishing a delivery plan for modernising services, and consulting with stakeholders on priorities and changes in legislation. The overall criminal courts backlog has reduced considerably to 13,268 outstanding scheduled trials at the end of 2025/26 – around a third of the number seen at the peak in 2022 and lower than pre-pandemic levels. However, the nature of the backlog has changed significantly over that period, due primarily to changes in court business, with high backlogs in the courts dealing with the most serious cases. Outstanding scheduled High Court trials have risen to 1,002 – almost three times pre-pandemic levels.

63. While outstanding scheduled High Court trials remain significantly above pre-pandemic levels, this reflects a material increase in incoming serious criminal business alongside the residual backlog. High Court indictments increased by 26 per cent in 2025–26, and incoming volumes now exceed the capacity currently available to process them.

64. It was reported that there has been mixed progress with projects designed to improve criminal justice system efficiency and some have still to start. Evaluation activity and public reporting on progress have been limited. Increasing pressures across the criminal justice system mean that service reform is urgent and must be supported by robust delivery and governance arrangements, as well as partners determining the resources required. Engagement with people who use court services has improved. The Scottish Government and SCTS have not carried out equality impact assessments for the criminal justice efficiency change projects they are leading.

65. The report made four recommendations to the Scottish Government and one recommendation for SCTS – that they should work with Criminal Justice Board partners, the third sector, victim support organisations, organisations representing the accused's interests and other relevant stakeholders to develop equality impact assessments for all change projects.

Conclusions on duty of Best Value

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

- SCTS having well established and effective governance arrangements in place, with the 'Assurance and Best Value Framework' clearly mapping Best Value themes against business processes and setting out the sources of assurance.
- the arrangements SCTS has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.
- progress SCTS is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Fairness and Equality

67. 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 SCTS has an appropriate and well-established approach to fairness and equalities, including:

- SCTS publishes a mainstreaming equality report every 4 years and reports progress every 2 years. The latest mainstreaming report was published in 2023 and the latest progress report in 2025.
- SCTS has an Employee Equality Group (EEG) that is chaired by the Senior Manager for HR Policy, Employee Relations, and EDI. The group plays an important role in ensuring Equality, Diversity and Inclusion (EDI) outcomes are embedded in SCTS's work. The group meets quarterly and provides the Equality Team with valuable feedback and direction that informs EDI initiatives, policy development, and SCTS's approach to mainstreaming equality.
- SCTS engages staff on equality objectives through quarterly Corporate Induction events delivered by the Equality Team, mandatory Equality, Diversity, Inclusion and Belonging e-learning, and the employee handbook.
- Equality is embedded into strategic planning through alignment with the SCTS Corporate Plans 2026-2029 and the SCTS People Strategy 2024–2028, and use of Equality Impact Assessments (EQIAs) in policy and project development.

Good practice

68. The audit team identified examples of good practice from the audit work performed. Details of the good practice identified are outlined below:

- SCTS have a strong approach to the preparation of the annual report and accounts and positively engaged with the audit team throughout the process.
- SCTS have an 'Assurance and Best Value Framework' in place that maps Best Value themes against each business process and sets out the sources of assurance.

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. Audit trails for manual control processes Due to issues in transitioning to the new Oracle Fusion Cloud system, SCTS implemented a number of manual control processes including the authorisation of approval purchase orders. Our audit testing identified that the audit trail relating to some of these manual processes was incomplete.	Management should ensure that complete audit trails are maintained for all manual control processes. Review and document all manual control processes currently in place. Further, implement additional guidance and training for staff to ensure consistent documentation and retention of PO approval evidence. **Director of Finance & Procurement** **October 2025**	**Work in progress** Oracle use for POs has been extended as far as possible. A review of controls in place for manual Purchase Orders, Invoice on Hold report and invoice register is ongoing with meeting scheduled for August 2026. Head of Financial Governance to be involved in evaluation and providing assurance. **Revised date: December 2026.**
2. Digital strategies Digital strategies covering digital and business continuity need to be refreshed The Digital Strategy was due to be refreshed in 2024 and the Business Continuity Plan Strategy has not been updated since March 2023.	SCTS should ensure that both strategies are updated and communicated to staff at the earliest opportunity. The Digital Strategy is currently under development. There was initial consultation with the Board in March 2025. The business continuity strategy will be refreshed. **Executive Director, CDi for Digital Strategy** **Corporate secretary for Business Continuity Strategy** **November 2025 (Digital)** **September 2025 (Business Continuity)**	**Work in progress** The Business Continuity Strategy was updated in September 2025 Consultants Deloitte's provided a Digital Strategy report in March 2026 which was presented to the Executive Change Board (ECB) and at a Senior Managers' conference in April 2026. The next step is to turn the Deloitte report into a formal Digital Strategy for the next few years, with clearer priorities, delivery actions, governance, investment assumptions and measures of progress. **Revised date: September 2026.**

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
3. Estates management plans Whilst SCTS undertake appropriate short-term estates planning, no further analysis has been undertaken to determine the level of investment required over the medium term to ensure that the backlog maintenance is address in a sustainable manner such that the estate remains fit for purpose. Risk – There is a risk that insufficient funding is allocated over the medium term to address critical maintenance.	Management should look to develop medium term maintenance and estates management plans to inform the development of the medium-term financial strategy. Condition surveys were completed. The allocation of resources for estates, principally building maintenance, is prioritised and reported via the Executive Team and Executive Change Board. A recent Internal Audit report made a recommendation around creation of a roadmap for the SCTS estates strategy with target of March 2026. This has been agreed by the Estates Committee. **Director of Property Services** **Revised date: March 2026 for estates strategy (revised from December 2024)**	**Work in progress** Revised SCTS Corporate Plan 2026-29 approved at March 2026 Board and yet to be approved by Scottish Ministers. Estates Strategy (2026- 2031) update was considered at Executive Team on 31st March 2026. The Estates Strategy is scheduled for final approval processes. Executive Team in July, Estates Committee in August and the Board meeting in October for final sign-off. **Revised date: October 2026.**

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
4. Medium term financial strategy Whilst medium term operational planning is ongoing across the organisation, SCTS has not revised their medium-term financial strategy to reflect the impact of this. Risk – Failure to deliver operational plans in a financially sustainable way.	Management should review their medium-term financial plan to reflect the impact of operational planning across the organisation. The Medium-Term Financial Strategy for 2024-2028 was approved by the SCTS Board in August 2024. However, an updated Medium-Term Strategy has not been prepared during 2024/25. This is in part due to the introduction of the new Oracle Fusion Cloud system, as well as late agreement of budget settlements from the Scottish Government. **Director of Finance & Procurement** **Revised date: December 2025 (revised from August 2024)**	**Work in progress** The refreshed MTFS will be completed by 30 October 2026 and will cover the period FY 2027/28 to FY 2029/30. The timing of this refresh has been aligned to support the Scottish Government's budget-setting process, enabling the latest financial modelling and planning assumptions to inform both the pre-budget scrutiny submissions and supporting documentation. This integrated approach will ensure a consistent evidence base is used across medium-term financial planning and budget engagement activity. **Revised date: October 2026.**

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

Scottish Courts and Tribunals Service

2025/26 Annual Audit Report

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