

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF THE
PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000**THE 2006/07 AUDIT OF THE MENTAL HEALTH TRIBUNAL FOR SCOTLAND ADMINISTRATION**

1. I have received the audited accounts of the Mental Health Tribunal for Scotland Administration (MHTSA) for the year ended 31 March 2007. The auditor has given a clear audit certificate on the accounts. However I have decided to report to Parliament on the need for MHTSA to improve to meet good governance standards.
2. I submit these accounts and the auditor's report in terms of sub-section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under sub-section 22(3) of the Act.
3. MHTSA is an executive agency of the Scottish Government. It administers and supports the judicial work of the Mental Health Tribunal for Scotland. Both bodies were created under the Mental Health (Care and Treatment) (Scotland) Act 2003. MHTSA was established during 2005/06, and became fully operational in October 2005. It now employs some 80 staff with annual operating costs of some £8.4 million in 2006/07.
4. The 2005/06 audit of MHTSA included a review of its governance and accountability framework. This review concluded in August 2006 that appropriate governance¹ was not in place for MHTSA and it needed to be developed as a priority.
5. In August 2007, the auditor completed follow-up work on governance as part of the 2006/07 audit. The overall conclusion was that although MHTSA had made progress in some areas, there remained a need to improve to meet good governance standards.
 - The framework document setting out the responsibilities and accountabilities of the agency had not been finalised and remained in draft form only.
 - The auditor recommended MHTSA should consider options including permanent recruitment to strengthen its financial management and leadership.
 - Throughout the financial year 2006/07 and as at August 2007 there was no formal Board in place to direct and control the agency.
 - No independent non-executive directors had been appointed to the Agency, and no audit committee to provide assurance on risk management, governance and internal control was in place.
6. The MHTSA Chief Executive and Accountable Officer has agreed with the auditor actions to respond to these and other findings. The intention was that the framework document for the Agency would be agreed as final by 30 September 2007; that a review of options for recruiting additional financial expertise would be completed by the same date; that the MHTSA Board will be in place by 31 December 2007; and that an audit committee will be established by 31 January 2008. I have asked the auditor to inform me of progress towards these important commitments early next year.



ROBERT W BLACK
Auditor General for Scotland

25 October 2007

¹ As defined by the Scottish Public Finance Manual and by the HM Treasury Code of Good Practice Relating to Corporate Governance in Central Government Departments