Scottish Commission for the Regulation of Care

Report on the 2008/09 Audit

October 2009

AUDIT SCOTLAND

Scottish Commission for the Regulation of Care

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Contents

Use of Resources 8

Key messages

In 2008/09 we looked at the key strategic and financial risks being faced by the Scottish Commission for the Regulation of Care (Care Commission). We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

Financial statements

We have given an unqualified opinion on the financial statements of the Care Commission for 2008/09. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

Financial position and use of resources

The Care Commission recorded a surplus of £0.2 million in 2008/09. This is the difference between the net operating costs for the year of £18.9 million and the funding received from the Scottish Government of £19.1 million. The Care Commission operated within the budget limits set by the Scottish Government.

Scottish Ministers have approved a budget for the Care Commission of £32.5 million for 2009/10, with £13.8 million of this funded from income from fees received from care providers and other income, and the remaining £18.7 million funded by the Scottish Government. Current projections forecast expenditure to be in excess of budget in 2009/10, however, the Care Commission are currently looking to achieve further efficiencies in operating costs to fund front line services.

Budgets for 2009/10 and the immediate future will need to be managed within a tighter funding regime. These will be expected to support delivery of reforms arising from the Crerar review and the provisions of the Public Sector Reform Bill, in addition to supporting the Care Commission's normal business. The Care Commission will also be expected to achieve 2% year on year efficiency savings. Effective budget monitoring arrangements remain crucial to the Care Commission achieving its financial targets and delivering its objectives within tighter financial settlements.

Governance and accountability

Corporate Governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall the corporate governance and control arrangements for the Care Commission operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems which underpin the organisation's control environment. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.

Performance

The Care Commission's annual Corporate Plan sets out the objectives for the following three years, including a set of Key Performance Indicators (KPIs) which are approved by Ministers. The 2008/09 Corporate Plan set the Care Commission 41 objectives and 11 KPIs to measure the achievement of these. Of the 41 objectives set, 39 either met or exceeded the objective and two mainly met the objective. Those that did not meet the objective were as a result of the bedding down of the new inspection and reporting methodology.

The Scottish Government has announced plans to merge the Care Commission with other public sector bodies, to form two new organisations as part of structural changes in service delivery arising from the Public Sector Reform Bill which was introduced to Parliament on 28 May 2009.

This period of significant change for the Care Commission may present risks to staff morale and retention, which will need to be managed to ensure business continuity. The Care Commission has put in place robust systems for the identification and management of risk.

Looking forward

The final part of our report notes some key risk areas and issues for the Care Commission going forward, including the impact of the provisions within the Public Sector Reform Bill and the impending merger of the Care Commission with other public sector bodies**.** We also highlight a number of national issues which affect all public sector bodies including the Care Commission, such as the National Performance Framework; the impact of international financial reporting standards; and the review of data handling arrangements in public bodies across Scotland. The Care Commission faces significant challenges in the year ahead in managing the changes arising from Public Sector Reform and the Scottish Government's response to the Crerar Review. At the same time it will not only have to manage business as usual but also continue to improve the way services are regulated in Scotland while achieving financial balance. We will continue to monitor the Care Commission's progress in these areas.

The assistance and co-operation given to us by Board members and staff during our audit is gratefully acknowledged.

Audit Scotland

October 2009

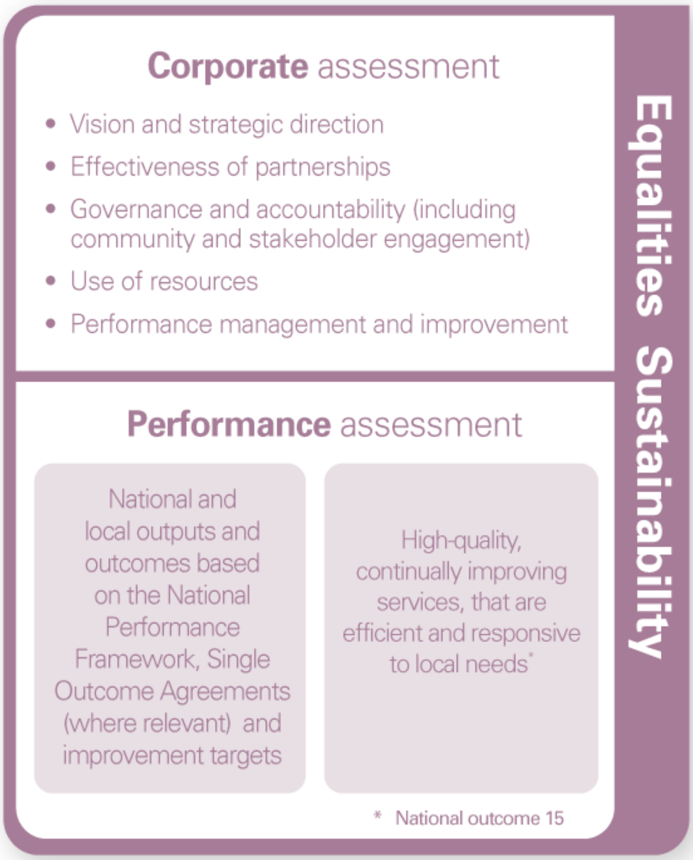
Introduction

1. This report summarises the findings from our 2008/09 audit of the Care Commission. The scope of the audit was set out in our Audit Plan, which was presented to the Audit Committee on 27 April 2009. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.

2. This report completes our audit by giving an overview of the work we carried out and a summary of the key findings.

3. Best value duties apply across the public sector and, in central government, best value is a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and throughout this report we comment on aspects of the Care Commission's arrangements.

Exhibit 1: Framework for a best value audit of a public body



4. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report is the first step towards that goal.

5. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. We mention the key findings from all relevant reports, and the implications for the Care Commission, throughout this report. Full copies of the study reports can be obtained from Audit Scotland's website, www.audit-scotland.gov.uk.

6. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by management and Board members of the Care Commission during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.

Financial Statements

7. In this section we summarise key outcomes from our audit of the Care Commission's financial statements for 2008/09 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

Our responsibilities

8. We audit the financial statements and give an opinion on:

   - whether they give a true and fair view of the financial position of the Care Commission and its expenditure and income for the period in question
   - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
   - the consistency of the information which comprises the Management Commentary and the unaudited part of the Remuneration Report, included in the Annual Report with the financial statements
   - the regularity of the expenditure and receipts.

9. We also review the statement on internal control by:

   - considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
   - assessing whether disclosures in the statement are consistent with our knowledge of the Care Commission.

Overall conclusion

10. We have given an unqualified opinion on the financial statements of the Care Commission for 2008/09.

11. The unaudited accounts were provided to us on 28 July 2009, supported by a comprehensive working paper package. We concluded our audit within the agreed timetable and provided our opinion to the Audit Committee on 19 October 2009 as planned.

Issues arising from the audit

12. As required by auditing standards we reported to the audit committee on 19 October 2009 the main issues arising from our audit of the financial statements. There were no significant issues that needed to be brought to the attention of the Audit Committee.

Regularity

13. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to her view on adherence to enactments and guidance. No significant issues were identified for disclosure.

International financial reporting standards (IFRS)

14. As announced by the Chancellor in the 2008 Budget report on 12 March 2008 (Budget report paragraph C103), Government departments and other public sector bodies will report using International Financial Reporting Standards (IFRS) from 2009/10. The Scottish Government announced on 25 April 2008 that all Scottish Government Departments, Executive Agencies, Health Bodies and Non-Departmental Public Bodies would be required to produce shadow IFRS based accounts for financial year 2008/09. This was to include a restated balance sheet as at 1 April 2008.

15. In terms of the audit of the IFRS opening balance sheet at 1 April 2008, there were two key dates to achieve as outlined below:

   - **28 November 2008 –** opening 2008 IFRS-based balance sheets were to be presented to auditors for dry-run audit
   - **28 February 2009** – dry-run audit of opening balances was to be completed, resulting in a letter to management highlighting the work done, auditors' findings and areas for further work.

16. The restated opening balance sheet and supporting documentation were submitted by the Care Commission for audit review by the deadline date of 28 November 2008. The supporting working papers were comprehensive and of good quality.

17. We made some recommendations for the delivery of the next stage of IFRS reporting –the production of the shadow accounts for 2008/09, and will consider progress on these when we review the shadow accounts later in 2009. These included:

- **Intangible assets**– in accordance with current guidance the Care Commission have written off all intangible assets, however recent developments indicate that de-recognition of intangible assets is likely to be reversed for the shadow accounts. The Care Commission have agreed to review all de-recognised intangible assets in line with the new guidance to establish those that require reversal for the shadow accounts.
- **Operating leases** –during the course of our review of leases we identified that there were Service Level Agreements in place between the Care Commission and other bodies for shared use of premises, equipment and staff, which were not disclosed in their financial statements in 2007/08. The Care Commission have agreed to review these agreements for appropriate treatment.

Use of Resources

18. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of the Care Commission's

- financial position
- financial management.

Financial Position

Outturn 2008/09

19. In 2008/09 the Care Commission's net operating costs were £18.9 million against funding from the Scottish Government of £19.1 million (£18.9 million grant in aid and £0.2 million other Government grants) resulting in an under spend of £0.2 million.

20. The Care Commission is required to work within the resource budget set by the Scottish Government. For 2008/09 the budget allocated to the Care Commission from the Scottish Government was £32.3 million, comprising £18.9 million from grant in aid and £13.4 million from fees, other income and Government grants. The budget was subsequently increased to £32.6 million to take account of additional fee income of £0.3 million. The Care Commission's expenditure for the year totalled £32.6 million which comprised staff costs of £24.5 million and operating expenditure of £8.1 million.

21. During 2008/09 the Care Commission received grant in aid of £18.9 million and income from fees, other income and Government grants of £13.7 million enabling the Care Commission to operate within the budget limits set by the Scottish Government – see exhibit 2 below:

Exhibit 2 – Performance against resource budget 2008/09 (£ million)

Limits	Revised Budget	Actual Outturn	Difference
Operating expenditure	32.6	32.6	nil
Capital expenditure	nil	nil	nil
Total	**32.6**	**32.6**	**nil**

Financial sustainability and the 2009/10 budget

22. Scottish Ministers have agreed a resource budget for the Care Commission of £32.5 million for 2009/10, as set out below:

Exhibit 3 – 2009/10 Resource Plan (£ million)

Limits	Budget
Grant in Aid	18.7
Other Operating income	13.8
Total	**32.5**

23. Current projections forecast expenditure to be over budget in 2009/10, however, the Care Commission are currently looking to achieve further efficiencies in operating costs to fund front line services. Under the current tighter funding regime the Care Commission will be expected to support delivery of reforms arising from the Crerar review and the provisions of the Public Sector Reform Bill. At the same time it will have to manage business as usual while achieving financial balance. The Care Commission will also be expected to achieve 2% year on year efficiency savings. Effective budget monitoring arrangements remain crucial to the Care Commission achieving its financial targets and delivering its objectives within tighter financial settlements.

National Studies

24. Audit Scotland published two national studies relevant to the Care Commission's use of resources. These were use of consultancy services and improving energy efficiency. A summary of the reports is provided below. Copies of the full reports can be downloaded from our web site at www.audit-scotland.gov.uk.

Use of consultancy services

25. The overall aim of the study was to review central government's use of consultancy services and to make recommendations to improve the public sector's use of consultants' knowledge, skills and resources to help deliver new services and initiatives quickly and expertly. The key findings were:

- The public sector is strengthening the way it buys goods and services.
- Central government does not have a clear strategy for its use of consultants or for linking use to its priorities or financial and workforce plans.
- In most cases, central government buys consultancy services well but some improvements can be made.
- Central government could improve how it manages consultancy projects through more consistent and formal evaluation of consultants' work and learning more from them.
- Central government could make savings of up to £13 million a year through better planning and buying of consultancy services.

26. The report made specific recommendations for public bodies to:

- confirm they have clear processes for approving and recording the use of consultants and monitoring progress, and reinforce these as required
- plan their use of consultancy services when developing their forward work programme to ensure that consultants are used where their knowledge and skills bring greatest value for money
- always evaluate the option to use consultants against the option to use their own staff
- gather and share consistent information on the consultancy skills bought and why consultants are used
- improve the quality of their invitations to tender through better and earlier discussion with consultants about their consultancy needs
- increase the use of framework agreements where possible by ensuring that existing agreements are used and new ones developed as appropriate
- select and use the most economical competition routes by using framework agreements, restricted competitions and closed tendering approaches when appropriate
- evaluate the work of consultants more systematically and share findings from these reviews
- work closely with consultants to increase assurance on quality and make use of opportunities to learn from consultants and ensure knowledge transfer, where appropriate.

27. The Care Commission currently has limited need for consultants, but where it does engage consultants, it uses the procurement procedures operated by the Scottish Government.

Improving energy efficiency

28. Audit Scotland assessed how councils, NHS bodies and central government bodies were improving energy efficiency in relation to buildings and transport use. This included examination of a range of issues including whether public bodies demonstrate commitment to improving energy efficiency; how public bodies are performing against their objectives and targets for improving energy efficiency; and if public bodies are delivering continuous improvement in this area. Key findings included:

    - funding has been made available by the Scottish Government and public bodies to improve energy efficiency
    - while energy consumption in buildings has fallen, spending on energy increased in the three years to 2006/07
    - there is a need for stronger leadership by the Scottish Government and within public bodies to improve energy efficiency and ensure that the necessary cultural and behavioural changes are made
    - a robust strategy is central to the coordination of activities to improve energy efficiency, however, there are inconsistencies in the quality of strategies being implemented
    - there is a lack of formal monitoring and reporting of progress in improving energy efficiency by public bodies and the Scottish Government.

29. The Care Commission follows guidance from the Scottish Government on improving energy efficiency, and has a policy in place for controlling heating and lighting energy consumption. Energy Performance Certificates were prepared for Compass House and Quadrant House in Dundee and the report made a number of recommendations to improve the rating of each building. In addition, the heating control systems at Quadrant House have been improved and will result in reduced gas consumption.

Governance and Accountability

30. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our findings arising from a review of the Care Commission's arrangements.

31. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

Overview of arrangements

32. This year we reviewed:

- key systems of internal control
- internal audit
- arrangements for the prevention and detection of fraud and irregularity, including standards of conduct.

33. Our overall conclusion is that arrangements within the Care Commission are sound and have operated throughout 2008/09.

Systems of internal control

34. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2008/09 Scott-Moncrieff, the internal auditors, provided their opinion that based on the internal audit work undertaken during the year, the Care Commission has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of the Commission's objectives and the management of key risks.

35. As part of our audit we reviewed and tested the high level controls in a number of the Care Commission's systems that impact on the financial statements. This audit work covered a number of areas including staff costs (starters and leavers), non-payroll expenditure, income and cash and bank. Our overall conclusion was that key controls were operating effectively and that the Care Commission has adequate systems of internal control in place.

36. We also rely on assurances received from the auditor of the Scottish Government on work performed on shared systems that operate at the Care Commission, hosted by the Scottish Government. This approach ensures we are delivering an efficient co-ordinated audit that avoids unnecessary duplication and expense.

37. The shared systems assurance letter provided by the auditor of the Scottish Government concluded that there was adequate assurance for all systems relevant to the Care Commission. Adequate assurance is where key controls and procedures are operating to enable reliance to be placed on the system.

Statement on Internal Control

38. The Statement on Internal Control (SIC) provided by the Care Commission's Accountable Officer reflected the main findings from both external and internal audit work. This recorded management's responsibility for maintaining a sound system of internal control and set out the Care Commission's approach to this. The SIC identifies one particular area of weakness in relation to controls in relation to data security.

39. During 2008/09 internal audit carried out an audit of Data Security within the Care Commission which concluded that controls in relation to data security require improvement before they can be considered to be adequate. A management action plan has been agreed to address the recommendations made by internal audit. We will monitor the Care Commission's progress in this area as part of the 2009/10 audit.

Internal Audit

40. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2008/09 audit we assessed whether we could place reliance on the Care Commission's internal audit function. We concluded that Scott-Moncrieff operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in a number of areas during 2008/09, as we anticipated in our annual audit plan. This included reliance on aspects of internal audit's systems work to avoid duplication of effort.

Prevention and detection of fraud and irregularities

41. The Care Commission has adopted the relevant procedures and guidance contained in the Scottish Public Finance Manual. It has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members covering gifts and hospitality.

Performance

42. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. Key features of best value include:

- setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery
- a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes.

43. In this section we comment on:

- the Care Commission's vision and strategic direction
- performance against targets
- performance management arrangements
- the Care Commission's efficiency programme.

Vision and strategic direction

Corporate Plan

44. The Care Commissions' primary responsibility is to improve the quality of care services across Scotland. The Care Commission publish an annual Corporate Plan which is approved by Scottish Ministers. Ministers have announced that the current responsibilities of the Care Commission will transfer to two new bodies from April 2011 and the Corporate Plan for 2009-11 covers the period up to when the new scrutiny bodies are established. The Care Commission faces significant challenges during this period in managing the changes arising from Public Sector Reform. At the same time it will not only have to manage business as usual but also continue to improve the way services are regulated in Scotland.

45. The Corporate Plan focuses on three strategic aims:

- being an effective regulator for improvement
- providing people with the right information at the right time
- contributing to and influencing social and healthcare policy.

46. The Corporate Plan also sets out how the strategic aims will directly contribute to six of the national outcomes set by the Scottish Government under the National Performance Framework and describes how the Care Commission will indirectly contribute to the remaining national outcomes. For 2009/10, 13 Key Performance Indicators have been agreed by the Board, and included in the Corporate Plan, to monitor overall performance against the strategic aims and the Scottish Government's national outcomes.

Public Sector Reform

47. The Public Sector Reform Bill is a collection of measures to reform the public sector landscape in Scotland including some proposals arising from the Crerar Report. The Bill proposes to abolish a number of bodies, merge some and create new bodies. It also has provisions aimed at improving scrutiny co-ordination and involving users in scrutiny. There are also proposals to enable future reforms to be undertaken using statutory instruments rather than requiring primary legislation.

48. The Bill contains provisions requiring listed bodies (including the Care Commission) to co-operate and co-ordinate activity with each other and, where appropriate, the Scottish Ministers with a view to improving the exercise of scrutiny functions in relation to local authorities, social services and health services having regard to economy, efficiency and effectiveness.

49. The Bill also contains provisions which will transfer the Care Commission's existing responsibilities to two of the newly formed scrutiny bodies. Clearly these changes will impact on the Care Commission's future strategy and plans, which we will continue to monitor as part of our audit.

Scrutiny Co-ordination

50. Following the publication of the Crerar Report in September 2007, the Scottish Government's response stated its aim of establishing a simplified and coherent approach to delivering local government scrutiny. A key aspect of this agenda is to better coordinate and streamline scrutiny and achieve greater effectiveness, whilst at the same time protecting the independence of scrutiny bodies.

51. In February 2008, the Accounts Commission was asked to take on the transitional gate keeping role in respect of the scrutiny of local government. The local government scrutiny coordination strategic group was established to set priorities and oversee development activity. The following key priorities were subsequently agreed:

- improving the planning and scheduling of scrutiny activity
- developing a single corporate assessment
- implementing a shared risk assessment framework.

52. The strategic group established an operational group to carry out the necessary detailed work in respect of these priorities. The group is made up of representatives from the Care Commission and other scrutiny bodies including HMIE, NHS QIS, SWIA, Scottish Housing Regulator, COSLA and Audit Scotland.

53. The recent update on progress of the group has noted that:

- The first joint scrutiny plan for local government in Scotland has been published and covers the period from April 2009 until March 2010. This is a key milestone in the transitional arrangements set out for 2009.
- The joint scrutiny schedule also sets out the various ways in which local government audit, inspection and regulatory bodies in Scotland have already adopted more proportionate and risk-based approaches to scrutiny when exercising their statutory functions. The group's analysis indicates that taken together these developments should lead to a significant reduction in the overall level of scrutiny experienced by local government – estimated to be in the region of 25%.
- The implementation of shared risk assessment arrangements are progressing and current activity aims to establish an earlier joint local scrutiny presence from which shared risk assessment work will be led and further developed for the future.

54. We will continue to monitor the impact of these developments on the Care Commission.

Performance overview

55. As part of the development of the Corporate Plan each year a set of Key Performance Indicators (KPIs) are approved by the Board for inclusion in the Plan. The Corporate Plan for 2008/09 set the Care Commission 41 objectives and identified 11 KPIs to measure the achievement of these. Of the 41 objectives set, 39 either met or exceeded the objective and two mainly met the objective. Those that did not meet the objective were as a result of the bedding down of the new inspection and reporting methodology.

56. As recorded in their annual report, the Care Commission achieved a high degree of success in meeting corporate targets. The Care Commission regularly reviews performance against the Corporate Plan through quarterly performance reports. The reports are discussed in Care Commission meetings and action taken and reported to resolve any issues.

Risk management

57. The Board is responsible for identifying, managing and reviewing corporate risks and the effectiveness of actions identified to control these risks. The Board has put in place robust systems for the identification and management of risk, which includes the establishment of a Risk Management Group with responsibility for overseeing risk management processes across the Care Commission.

58. The main risk affecting the Care Commission relates to change management issues, arising from the impending transfer of the Care Commission's functions to two new bodies with effect from 1 April 2011 under proposals contained in the Public Sector Reform Bill. The Care Commission is currently in discussion with the Scottish Government and other bodies affected by this on how to take forward these changes.

59. The Care Commission also faces the risk that it will not have the capacity to deliver the level of inspections and reports required to achieve its targets in 2009/10.

60. We will continue to monitor these risks as part of our audit plan for 2009/10.

Efficiency

61. The Care Commission is required to deliver a recurring 2% efficiency saving against it's financial settlement within the Scottish Government's Primary and Community Care Directorate efficiency delivery plan. There are no other specific efficiency targets set for the Care Commission.

Looking Forward

62. The Care Commission faces a number of challenges in 2009/10, which include:

- **Public Sector Reform** – The Public Sector Reform Bill proposes to abolish a number of bodies, merge some and create new bodies. It also has provisions aimed at improving scrutiny co-ordination and involving users in scrutiny. These provisions will impact on the Care Commission's future strategy, plans and people management. We will continue to monitor the impact of these as part of our 2009/2010 audit.
- **Financial management and affordability** - The Scottish Parliament's Finance Committee recently published its report on the Scottish Government budget. The report noted that Scottish Government spending is set to decline in the next few years as UK public finances come under increasing pressure. Effective budget monitoring and reporting arrangements will be crucial to the Care Commission achieving its financial targets within tighter funding settlements. We will consider the Care Commission's financial management arrangements as part of our 2009/10 audit.
- **National Performance Framework** - The Scottish Government is continuing to develop its approach to performance management based on the National Performance Framework and local authority single outcome agreements. The National Performance Framework is an outcome-based approach that is publically reported on the Scottish Government's web site in the 'Virginia-style' model of performance measurement and reporting. This will include progress on overall delivery of the administration's purpose for Government, the five strategic objectives for Scotland and other aspects of the outcomes based National Performance Framework. We will consider how the Care Commission is addressing this developing area as part of the 2009/10 audit.
- **Efficiencies and future funding** - Budgets for 2009/10 and the immediate future will need to be managed within a tighter funding regime. This includes no scope for the application of end of year flexibility for the Government with HM Treasury until the next Spending Review; no option to transfer funds from capital to revenue; and the impact of the introduction of International Financial Reporting Standards (IFRS), particularly on PFI, leases and infrastructure accounting. The Care Commission will come under increasing pressure to prioritise spending, identify efficiencies, deliver reforms arising from the Public Sector Reform Bill and review future commitments to ensure delivery of key targets and objectives.

- **Data handling** – The Scottish Government carried out a review of data handling arrangements in Scotland during 2007. The review considered current policies and procedures on data protection, consistency with government standards and local arrangements for implementation of procedures. A report published in June 2008 made recommendations for a higher level of oversight and guidance from the Scottish Government and improved security of sensitive information. We will monitor the Care Commission's progress against recommendations due to be implemented during 2009/10.
- **IFRS-** The timetable for IFRS implementation requires central government accounts in Scotland to become IFRS compliant with effect from the 2009/10 financial year. As part of the timetable for the implementation for IFRS, shadow accounts will require to be produced for 2008/09 for audit review by November 2009. These processes will require significant resource to complete and it will be important that these issues are addressed early in 2009/10.