

Scottish Qualifications Authority

Report on the 2008-09 Audit

October 2009

The logo for Audit Scotland, featuring a stylized blue checkmark inside a circle.

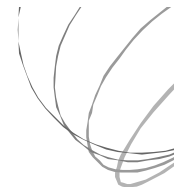
AUDIT SCOTLAND

Scottish Qualifications Authority

Report on the 2008/09 Audit

Contents

Key messages	1	Governance and Accountability	11
Introduction	3	Performance	14
Financial Statements	5	Looking Forward	17
Use of Resources	7		



Key messages

In 2008/09 we looked at the key strategic and financial risks being faced by the Scottish Qualifications Authority (SQA). 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 SQA 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

SQA is required to work within the resource budget set by the Scottish Government. SQA achieved a surplus of £1.053 million in 2008/09. This is the difference between the net operating expenditure for the year of £12.778 million and the funding received from the Scottish Government of £13.831 million.

Scottish Ministers have agreed a resource budget for SQA of £64.4 million for 2009/10 with £47.2 million of this funded from income and the remaining £17.2 million funded by the Scottish Government. The report on financial performance to 31 August 2009 for SQA which has been submitted to the Board of Management, indicates that financial targets will be achieved for 2009/10. The report also records however that there are a number of risks attached to achieving the full year financial plan; these risks relate to a reduction in income from core qualifications and delays in payment of forecast cash receipts for significant projects.

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 SQA 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

SQA's balanced scorecard has twenty-two performance measures which monitor progress against indicators and targets agreed with the Scottish Government. SQA met 17 out of 22 key targets for 2008/09 and achieved 100% or more of target performance in 13 out of the 22 key targets. Two performance measures were unable to be produced at the time of the financial statements being prepared due to results not yet being available, and two performance measures fell marginally short of reaching 95% achievement. SQA failed to achieve only one target (environmental) on which they were able to report, by not achieving at least 90% of target performance level.

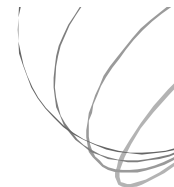
Looking forward

The final part of our report notes some key risk areas and issues for SQA going forward. We have highlighted a number of issues including the impact of international financial reporting standards. SQA also faces future challenges in managing the proposed relocation from their current Dalkeith premises and development of the Curriculum for Excellence Programme whilst operating within budget constraints.

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



October 2009



Introduction

1. This report summarises the findings from our 2008/09 audit of SQA. The scope of the audit was set out in our Audit Plan, which was presented to the Audit Committee on 25 March 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. We have issued several reports this year, and we briefly touch on the key issues we raised in these reports. Each report set out our detailed findings and recommendations and SQA's agreed response.
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 SQA'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 SQA, 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 members of SQA 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

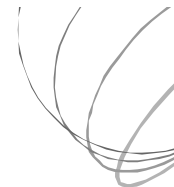
7. In this section we summarise key outcomes from our audit of SQA financial statements for 2008/09 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in 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 SQA 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 sections Who We Are And What We Do, Our Operating Environment, How We Operate, SQA's Objectives For 2008-09, Management Commentary section on People, Performance and The Future, within 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 SQA.

Overall conclusion

10. We have given an unqualified opinion on the financial statements of SQA for 2008/09.
11. As agreed the unaudited accounts were provided to us on 11 May 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 21 July 2009 as timetabled.



Issues arising from the audit

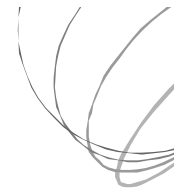
12. As required by auditing standards we reported to the audit committee on 21 July 2009 the main issues arising from our audit of the financial statements. There were no significant issues arising from the audit which we considered necessary to draw to the attention of the Audit Committee.

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 sheet 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 opening balance sheet and supporting documentation were submitted by SQA for audit for review by the deadline date of 28 November 2008.
17. We made one recommendation for the delivery of the next stage of IFRS reporting (the production of the shadow accounts for 2008/09) and will consider progress on this issue when we review the shadow accounts later in 2009. The recommendation related to the formal adoption of IFRS compliant accounting policies for the shadow IFRS accounts.



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 SQA.
- financial position
 - national studies.

Financial Position

Outturn 2008/09

19. SQA is required to work within the resource budget set by the Scottish Government. SQA achieved a surplus of £1.053 million in 2008/09. This is the difference between the net operating expenditure for the year of £12.778 million and the funding received from the Scottish Government of £13.831 million.

Financial sustainability and the 2009/10 budget

20. Scottish Ministers have agreed a resource budget for SQA of £64.4 million for 2009/010 with £47.2 million of this funded from income and the remaining £17.2 million funded by the Scottish Government. The income total of £47.2 million represents income from the National Qualification Exam Diet of £27.0 million and income from other sources of £20.2 million. SQA has requested the same level of grant-in-aid as 2008/09 (£8.4 million) but will provide additional activity as outlined in the 2009-12 Corporate Plan, and will absorb the impact of inflation. In addition, staff costs are expected to rise in 2009/10 as a result of the pay award and support for additional activities in areas such as CfE and additional commercial ventures. A break-even position is to be achieved through increasing income from commercial ventures and increased efficiency savings.
21. Clearly there is a risk that this objective is not achieved. The risk is managed by SQA through a system of monthly financial reporting and quarterly forecasting on both an accruals and a cash basis. Any potential cash shortfall or surplus is identified through these mechanisms and remedial action is identified to address any imbalance. The report on financial performance to 31 August 2009 which was submitted to the Board of Management on 30 September 2009 indicates that financial targets will be achieved for 2009/10. The report also records however that there are a number of risks attached to achieving the full year financial plan; these risks relate to a reduction in income from core qualifications and delays in payment of forecast cash receipts for significant projects.
22. In the event that the SQA identifies an unmanageable cash shortfall they would consult with the Scottish Government on a financial resolution. We will continue to monitor the financial position of SQA and the actions taken to manage any financial challenges that arise.



Business Strategy

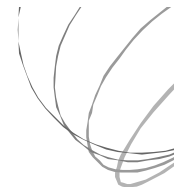
23. SQA currently operates on a break-even model of income generation however they recognise that increasing pressure on public finances, together with changes in demographics and increased competition requires that they adopt a strategy for growth to meet estimated future revenue shortfalls.
24. SQA's Business Development Strategy sets out their proposals for business development across all of their key markets up to the year 2020. The trading subsidiary would help to support this Strategy and we understand that SQA have addressed the latest queries from the Scottish Government in relation to the trading subsidiary. It is expected that the business case will shortly be resubmitted to Ministers.
25. We intend to keep this topic under review and will continue to monitor progress in implementing the Strategy and managing the associated risks.

National Studies

26. Audit Scotland published three national studies relevant to SQA's use of resources. These were use of consultancy services, improving energy efficiency and improving public sector purchasing.

Use of consultancy services

27. 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 as follows:
 - 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.



28. The report made specific recommendations for public bodies:
- 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.
29. The report has been reviewed by SQA senior management who have concluded that the current procurement processes and procedures in place are sufficient to ensure that the use of consultants within SQA is appropriate and provides value for money.

Improving energy efficiency

30. 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.
- 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.
31. SQA has adopted an Environmental Management Policy which includes the objective to manage energy efficiently and use renewable energy where possible. The Policy Statement describes a number of the arrangements in place to meet to manage energy efficiently, including use of the Scottish Government's energy contract, installation of sensor controlled lighting in appropriate areas and maintenance of all plant and equipment.
32. Targets for environmental improvement under each of the policy objectives (including managing energy efficiently) are set on an annual basis. Targets require to be consistent with Ministerial environmental policies/initiatives and are included within corporate business objectives and performance monitoring.

Improving public sector purchasing

33. Audit Scotland assessed the impact of the Public Procurement Reform Programme (the Programme) which aimed at improving purchasing practice and making savings of about three per cent a year. This included examination of the savings from the Programme and the wider benefits of the Programme. The report noted the following:
- The Programme which is ambitious and challenging has made significant progress but some changes are taking longer than planned to implement and performance measures are largely incomplete.
 - Around £327 million has been saved in the first two years of the Programme which is in line with the Programme target however some savings have been delayed and because of limited data it is unclear how progress towards the third year target of £400 million will be monitored.
 - Overall the impact of the Programme appears positive however the scale of improvement is difficult to quantify and there are variable levels of engagement by public bodies.
 - Key risks to the Programme include maintaining momentum, programme management, availability of information and shortages of skilled staff. These need to be addressed to help accelerate the Programme.
34. The report is currently being reviewed by SQA senior management to assess procurement arrangements. We are aware that the SQA procurement team liaise with Scottish Government Procurement to assist in delivery of best value from spending.



Governance and Accountability

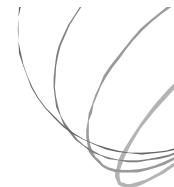
35. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our findings arising from a review of SQA arrangements.
36. Increasingly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

37. This year we reviewed:
- systems of internal control
 - internal audit
 - arrangements for the prevention and detection of fraud and irregularity, including standards of conduct.
38. Our overall conclusion is that arrangements within SQA are sound and have operated throughout 2008/09.

Systems of internal control

39. 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 the internal auditors stated that the internal audit work undertaken during the year did not identify any significant control weaknesses that were considered to be pervasive in their effect on the system of internal control.
40. As part of our audit we reviewed the high level controls in a number of SQA's systems that impact on the financial statements. This audit work covered a number of areas including creditor payments, capital accounting, budgetary control and China income collection. Our overall conclusion was that key controls were operating effectively and that SQA has adequate systems of internal control in place. We did identify a number of areas within the creditor payments and China income collection systems where controls could be strengthened and have agreed an action plan of improvements with



relevant officers. This will be followed up as part of our 2009/10 work to confirm that agreed improvements have been made.

Statement on Internal Control

41. The Statement on Internal Control provided by SQA'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 SQA's approach to this.

Internal Audit

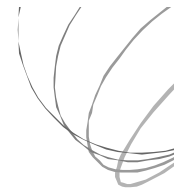
42. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2008/09 audit we assessed whether we could place reliance on SQA's internal audit function. We concluded that the outsourced internal audit provider, PriceWaterhouseCoopers LLP, operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in 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.
43. In July 2008, the Audit and Performance Committee (APC) agreed that a single combined plan for internal audit, covering both the SQA Audit Support Team and the outsourced internal audit provider, should be prepared covering a rolling three-year period. The main aim was to achieve greater consistency and use of best practice across the various strands of internal audit.
44. The Draft Joint Internal Audit Plan 2009/12 was agreed by the APC in March 2009 and will be updated every six months. The Plan includes a broadly similar level of audit activity to 2008/09, applied more consistently across the organisation and based on consideration of strategic goals, opportunities and risks. This is an important development and one which we will keep under review during our appointment.

Prevention and detection of fraud and irregularities

45. SQA 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.

National Studies

46. Audit Scotland published one national study relevant to SQA's governance and accountability. This was a review of major capital projects.

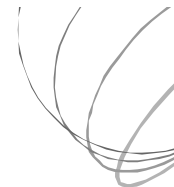


Major capital projects

47. This report was the first systematic review of major capital projects in Scotland. It considered the progress of all 43 projects completed in the five years between April 2002 and March 2007, and a sample of current major projects. It looked at progress against cost and time estimates, quality specifications and project management in general. The main findings from the report were as follows:

- In general, the achievement of cost and time targets improved significantly as projects progressed.
- Early cost and time estimates at project approval stage were too optimistic for many major projects.
- Performance against cost and time estimates is better after contracts are awarded, as plans are more certain and risks clearer.
- Most completed projects have successfully delivered the required roads, hospitals and other assets, and all current projects are forecast to do so. However, few projects have been evaluated to demonstrate that they have delivered the expected wider benefits which originally justified the investment.
- Nine current projects examined had awarded the main construction contract, which should increase cost certainty. However, four projects had significant increases in estimated cost before reaching this stage.
- Project management and governance arrangements within individual projects are broadly effective, although room for improvement remains. A more strategic approach to managing the programme of capital projects could improve value for money.

48. This report has been reviewed by SQA senior management who have concluded that the current project management and governance arrangements in place are sufficient to ensure that value for money is achieved in all capital projects.

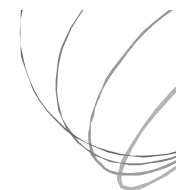


Performance

49. 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.
50. In this section we comment on:
- SQA's corporate plan
 - performance against targets
 - risk management
 - SQA's efficiency programme.

Vision and strategic direction

51. The Board of Management approved the SQA corporate plan for 2009 – 2012 in December 2008. The Plan sets the strategic direction for the period covering both the SQA's Accreditation and Awarding functions. The plan focuses on eight key strategic goals:
- Develop, deliver and maintain a portfolio of qualifications and services to support the needs and aspirations of Scotland and its people.
 - Provide a qualification and achievement record for learners.
 - Be regarded as a leader in assessment and quality enhancement of learning in Scotland, and recognised worldwide.
 - Ensure SQA activities support Scottish Government agenda to maximise the benefits to Scotland of international engagement.
 - Develop ways to recognise individuals' learning, skills and experience and capture their wider achievements, and provide quality assurance for these mechanisms.
 - Accredite and assure quality of qualifications, subject to demand, delivered in Scotland, other than those conferred by Higher Education Institutions.
 - Ensure high quality, continually improving, efficient and responsive service delivery.
 - Continue to develop and establish SQA as a benchmark public body.



52. These strategic goals were mapped to the fifteen National Outcomes in the Scottish Government's National Performance Framework. Performance measures were also established as part of the Corporate Plan. These are reviewed by the Board of Management through quarterly business performance reports. Performance against operational plans and budgets are reviewed monthly by the Management Team.

Performance

53. SQA uses a balanced scorecard to measure performance. The balanced scorecard has twenty-two performance measures which monitor progress against indicators and targets agreed with the Scottish Government. SQA aligns these performance measures into the following four broad areas, reflecting their corporate objectives:

- Portfolio
- Partnership
- People, and
- Process.

54. The scorecard records progress against objectives as 'on target' if more than 95% of agreed target performance has been achieved. SQA achieved an 'on target' rating for seventeen out of the twenty two performance measures for 2008/09. Two performance measures were unable to be produced at the time of the financial statements being prepared due to results not yet being available, and two performance measures fell marginally short of reaching 95% achievement. SQA failed to achieve only one target on which they were able to report, by not achieving at least 90% of target performance level.

55. SQA achieved 100% or more of target performance in 13 out of the 22 key targets. The Portfolio targets in particular record that 100% or more of target performance was achieved in 7 out of 8 key targets. In addition, SQA achieved 100% or more of target performance for both its financial targets and efficiency savings.

56. The target where less than 90% achievement has been recorded relates to environmental targets. Officers attribute the lack of achievement to energy consumption increasing by 1%, consumption of paper increasing by 4% and travel costs increasing by 9% when a 5% reduction was targeted.

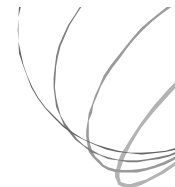


Risk management

57. The Board adopted a risk management framework in August 2005 and risks are identified, reported on and monitored according to this framework. The Board of Management reviews its register of key strategic risks and mitigating actions on a quarterly basis. Operational risk registers exist within each business areas of SQA. These are reviewed each month and in depth on a quarterly basis to determine if any risks require to be escalated to the Board. There are also a number of other risk registers in place including one for CfE and one for Business Development.
58. The main risk areas within the Corporate Risk Register include:
- **SQA Enterprises** – SQA perceive that there is a risk that the Scottish Government will not approve the SQA (enterprises) business case before resulting constraints emerge which will impact on their commercial activity. As outlined at paragraph 24, SQA are progressing discussions with their sponsor department in preparation for a submission for Ministerial approval.
 - **Dalkeith premises** – SQA are currently in discussions with the Scottish Government regarding options for the Dalkeith premises. These discussions are time sensitive and if no option is agreed before April 2010 then any move would require to be delayed until after the 2011 exam diet.
59. We will continue to monitor the actions taken by SQA to manage these risks.

Efficiency

60. The Scottish Qualifications Authority target for the Efficient Government Plan for the three years to 2010/11 is £1 million of cash-releasing savings. The savings required to be delivered by SQA for 2009/10 and 2010/11 are £0.3 million per annum and are to be achieved through savings on operational costs equivalent to the absorption of the effect of inflation across each of the years.
61. For 2008/09, efficiency measures included:
- Reduction in staff travel and subsistence expenses
 - Better management of temporary staff
 - External venue costs.
62. SQA reported £0.418 million of cash releasing savings in 2008/09 (104.6% of target). For 2009/10, additional efficiency measures will include improvements in control of office supplies, a move towards central modernisation and procurement efficiencies in assessment materials. We will continue to monitor progress against efficiency targets during 2009/10.



Looking Forward

63. SQA faces a number of challenges in 2009/10, which include:

- **Dalkeith relocation** – In August 2008, SQA submitted a full business case to Scottish Government which identified the options for relocation of SQA operations from their Dalkeith premises. Following submission of an updated business case in November 2008, approval was given by the Scottish Government in April 2009 to progress negotiations with the preferred bidder. However, due to the economic conditions, the preferred bidder was unable to hold to the terms agreed in principal in October 2008 and negotiations broke down. A revised business case is currently being prepared which revisits a number of the options for relocation. We will continue to monitor SQA's progress in relocating from their current Dalkeith premises.
- **Curriculum for Excellence Programme** – New National Qualifications are being developed as part of the overall Scottish Government Curriculum for Excellence (CfE) Programme. SQA will lead on the design, development, testing and implementation of the new qualifications. SQA is accountable to its own Board for this function but is also accountable to the CfE Management Board which has responsibility for the overall CfE Programme. We will consider how SQA is addressing this developing area as part of the 2009/10 audit.
- **Efficiencies and future funding** – In addition to the proposed Dalkeith relocation and the CfE Programme, SQA will provide additional activity as outlined in the 2009-12 Corporate Plan, and will absorb the impact of inflation. This is to be achieved through increasing income from commercial ventures and increased efficiency savings. However the economic downturn might impact on the uptake of existing awards and on levels of new business. Any shortfall in income that cannot be compensated by other income would restrict SQA's ability to implement CfE and meet its statutory obligations. SQA will be required to continue to prioritise spending, identify efficiencies and review future commitments to ensure delivery of key targets and objectives whilst operating within budget constraints.
- **IFRS** - The timetable for IFRS implementation requires that 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 30 November 2009. These processes will require significant resource to complete and it will be important that these issues are addressed early in 2009/2010.