

Police Complaints Commissioner for Scotland

Annual report on the 2011/12 audit



Prepared for the Police Complaints Commissioner for Scotland and the Auditor General for Scotland

October 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2011/12 audit findings

The financial challenges facing the Scottish public sector are well documented, with public bodies facing deep and prolonged cuts in funding. In 2011/12 we assessed the key strategic and financial risks being faced by the Police Complaints Commissioner for Scotland (PCCS). 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 audit report on the financial statements of the PCCS for 2011/12. We also concluded that in all material respects, the expenditure and income 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 cash budget approved by Scottish Ministers for 2011/12 was £930,000, a reduction of approximately 10% from the budget set for the previous year. During the year there was a cash drawdown of £889,000.

In 2011/12 the net operating costs for PCCS were £936,000 (2010/11: £1,075,000) and capital expenditure was £2,000 (2010/11: £10,000). Net operating costs were met by utilising funding carried forward from prior years together with cash drawn down. Cash balances have decreased from £333,000 to £195,000 during the year.

Governance and accountability

In 2011/12 PCCS had sound corporate governance structures in place. We examined the organisation's key financial systems underpinning the organisation's control environment and concluded that they operated sufficiently well for us to place reliance on them.

As recorded in the Governance Statement within the 2011/12 financial statements, the PCCS has developed appropriate procedures relating to internal control and risk management, including oversight arrangements. We were able to conclude that the PCCS's governance arrangements in 2011/12 were soundly based and operated effectively.

Performance and best value

PCCS has established arrangements for recording and managing performance in complaints handling and business operations. In addition, PCCS are developing their approach to applying the best value principles and have incorporated the principles into their corporate objectives. The monitoring of progress against these objectives has helped to demonstrate business effectiveness and continuous improvement.

Outlook

The PCCS's budget for 2012/13 has reduced by 4.2% when compared to the 2011/12 budget. In anticipation of this reduction PCCS have prepared a savings framework for 2012/13 and plan for a cash saving of 1% against budget to be achieved over the year.

The Police and Fire Reform (Scotland) Act 2012 received Royal Assent on 7 August 2012. As a consequence, PCCS will be renamed the Police Investigations and Review Commissioner (PIRC) and will be given additional functions in relation to investigations into incidents involving the police. This will take effect from April 2013.

The challenge to PCCS will be to ensure service delivery is maintained during a period of reducing budgets whilst preparing to take on the enlarged responsibilities envisaged in the new legislation.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of the Police Complaints Commissioner for Scotland (PCCS). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and conclusions and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. A number of reports were issued in the course of the year which are listed in Appendix A. We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of PCCS.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that PCCS understands its risks and has arrangements in place to manage these risks. The Accountable Officer and Audit & Accountability Committee should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to PCCS and the Auditor General, and should form a key part of discussions with the Audit & Accountability Committee, as soon as possible after the formal completion of the audit of the financial statements. Reports should be available to stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the Audit & Accountability Committee.
6. The management of PCCS is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to our attention during our normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of internal control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. We are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements
 - the regularity of the expenditure and income.
9. We review and report on, as appropriate, other information published with the financial statements, including the management commentary, annual governance statement, and the remuneration report. This section summarises the results of our audit on the financial statements.

Audit opinion

10. We have given an unqualified opinion that the financial statements of PCCS for 2011/12 give a true and fair view of the state of its affairs and its net operating cost for the year.
11. The PCCS is required to follow the 2011/12 Government Financial Reporting Manual (the FReM), and we confirmed that the financial statements have been properly prepared in accordance with the FReM. We also confirmed that the relevant parts of the remuneration report had been properly prepared and that information given in the management commentary was consistent with the financial statements.
12. We have also reviewed the PCCS's governance statement and concluded that it complies with Scottish Government guidance.

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 income shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by Scottish Ministers. We have been able to confirm through a range of procedures and testing that the expenditure and income in the financial statements was in accordance with applicable legislation and Ministerial guidance.

Going concern

14. Under paragraph 25 of International Accounting Standards 1 *Presentation of Financial Statements*, 'management are to make an assessment of an entity's ability to continue as a

going concern [and] when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entities shall disclose those uncertainties'.

15. In 2010/11, while there was uncertainty on the future of PCCS, the accounts were prepared on a going concern basis on the understanding that any rights and liabilities to which PCCS was entitled, or subject to, would transfer to its successor or that net liabilities would be funded by the Scottish Government. The accounting policies were expanded to explain this position.
16. For 2011/12, it is also appropriate to prepare the accounts on a going concern basis. The financial statements note that on 17 January 2012 the Bill setting out the provisions to establish a single police service for Scotland, the Police and Fire Reform (Scotland) Bill, was introduced to the Scottish Parliament.
17. As at 31 March, there remained an element of uncertainty until the legislation completed due process. The Police and Fire Reform (Scotland) Bill received Royal Assent on 7 August 2012. The Act sets out the provisions to establish a single police service for Scotland and also provides for the PCCS to be given additional investigatory functions. These additional functions take effect from 1 April 2013 at which point the PCCS will be renamed the Police Investigations and Review Commissioner (PIRC).
18. Although responsibilities will increase and the name will change, in essence the legal status and operational capability will be maintained and carried forward to future years; there is no reason to believe that the organisation will not continue to be appropriately supported by Scottish Ministers through the Justice Portfolio.

Accounting issues

Accounts preparation

19. In line with established practice, PCCS staff prepared the accounts with support from the Scottish Government Accountancy Services Unit. In previous years we have identified mis-statements in the draft accounts presented for audit. We are pleased to record that there were no mis-statements of this nature in 2011/12.

Bank and cash balances

20. We have previously commented on the level of monies retained in the bank by PCCS. While we welcome the reduction in the year-end balance from £333,000 to £195,000 over 2011/12, we consider that the level of retained monies remains high when compared to the level of annual funding received (at 22% of 2011/12 funding). Guidance suggests bank balances should be kept to the minimum necessary, but also recognises that funding arrangements must be practical, particularly for relatively small bodies. We welcome management's commitment to liaise with the Scottish Government on future cash flow forecasts, with a view to agreeing an appropriate level of cash funding for 2012/13.

Refer Action Plan no. 1

Outlook

21. There are no significant changes to the 2012/13 FReM that are expected to have an impact on the PCCS.
22. The Director of PCCS, who was also the Accountable Officer, retired at the end of September 2012 with the Head of Corporate Services appointed as the replacement Accountable Officer. We are aware that the role of Director will be split between the Directors for Reviews, Investigations and Corporate Services going forward. Furthermore, we have been informed that the newly appointed Accountable Officer has recently announced her intention to relocate and will leave PCCS by the end of the year. It is important that a successor is appointed as soon as possible. There is a risk that at this time of transition to PIRC, with the change of senior personnel and any resultant vacancy which may arise, there may be an adverse effect on the financial management of the organisation.

Refer Action Plan no. 2

Financial position

23. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
24. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
25. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Annual outturn

26. Net operating costs during 2011/12 were £936,000 (2010/11: £1,075,000) and capital expenditure was £2,000 (2010/11: £10,000). Net operating costs were met by utilising funding carried forward from prior years together with cash drawn down during 2011/12 of £889,000. Cash balances have decreased from £333,000 to £195,000 during the year.
27. The cash budget approved by Scottish Ministers for 2011/12 was £930,000, a reduction of approximately 10% from the budget set for the previous year. The reduction reflects Scottish Government's aim to reduce the government wide budget deficit.

Budgetary control

28. PCCS has a sound system of budgetary control which operated throughout the year with regular reports being considered by the senior management team. PCCS operates within very tight financial constraints with a high proportion of fixed costs e.g. staff salaries, accommodation rental and utility costs. Also, as the volume of investigations into the complaints handling process is demand led there is limited flexibility in controlling the associated variable costs.
29. Costs have been reduced through the rationalising of the management team in 2010/11, reductions in the level of training and conference expenditure as well as the achievement of efficiency savings targets. Research and consultancy expenditure and printing and publication costs have also decreased. Further savings were made in 2011/12 relating to posts remaining vacant through the year.

Financial position

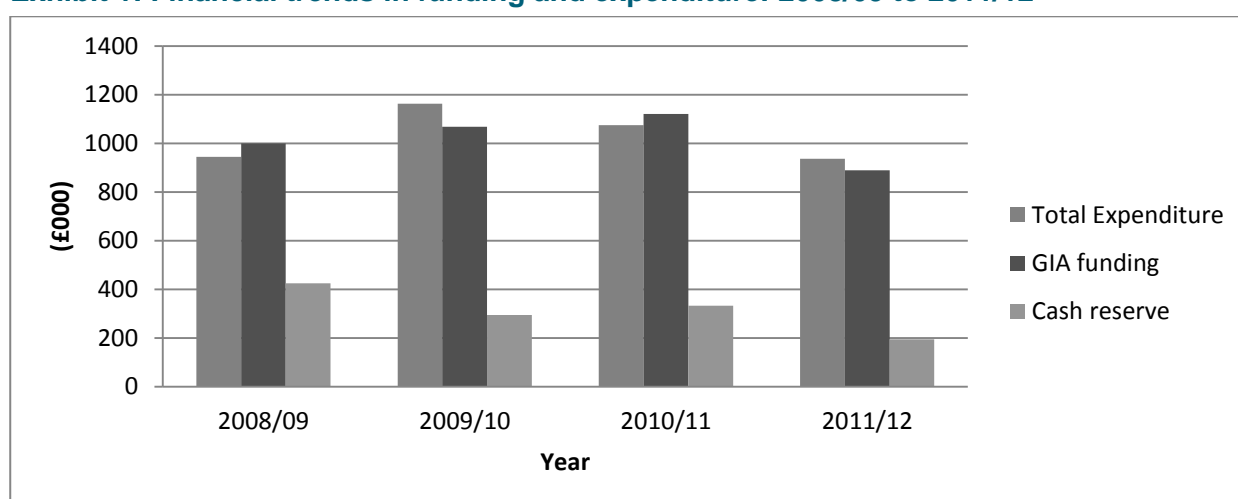
30. The Statement of Financial Position shows a net asset position of £295,000 at 31 March 2012 (31/3/2011: £339,000). We have commented above on the extent to which they are represented by monies retained in the bank by PCCS (see paragraph 20).

Financial planning to support priority setting and cost reductions

31. Exhibit 1 (below) shows the changing expenditure profile of PCCS over the period 2008/09-2011/12. Overall the level of funding has remained relatively stable over the years in line with expenditure. However, as stated previously, there is limited flexibility on costs when the fixed costs, such as, staff, Commissioner and accommodation related expenditure, represent approximately 70% of costs. Although savings have been achieved in recent years, with tighter Grant in Aid allocations a likely feature in future years, there is a challenge for management to continue to deliver services within available funding.

Refer Action Plan no. 3

Exhibit 1: Financial trends in funding and expenditure: 2008/09 to 2011/12



Source: PCCS financial statements: 2008/09 - 2011/12

32. Exhibit 1 also shows the amount of cash reserves held by PCCS. The level of cash reserves has fallen from 45% of total expenditure in 2008/09 to 21% in 2011/12. As noted above, management intend to reduce the level of cash held going forward.

Workforce reduction

33. A voluntary early release scheme was offered during 2010/11 which resulted in 1 staff member leaving the organisation at a cost of £25,000. There were no payments made relating to this scheme in 2011/12. As stated previously, during 2011/12 there were a number of unfilled vacancies. In addition a number of staff members have been on temporary contracts as a result of the previous uncertainty regarding the future of PCCS.

Partnership Working

34. PCCS liaise with the Irish and UK police oversight group on an annual basis as well as maintaining links with key stakeholders e.g. Citizens Advice Bureau, Crown Office, and Scottish Human Rights Commission. Such partnership working helps to align working practices across the United Kingdom, provides access to differing levels of expertise and contributes towards promoting better complaints handling processes.

Outlook

2012/13 budget

35. The Sponsor Department has approved a budget of £890,713 for the financial year 2012/13; this equates to a budget reduction of 4.2% from the 2011/12 settlement.
36. In anticipation of reduced funding levels, management have renegotiated procurement contracts and rationalised operational expenditure. In addition PCCS have also prepared a savings framework for 2012/13 and plan for a cash saving of 1% against budget to be achieved over the year. Progress against this will be monitored on a monthly basis.
37. The largest area of expenditure at PCCS is staff costs; the organisation has been able to reduce its costs over the past year through a voluntary early release scheme and vacancy management. However, it will be difficult for the organisation to reduce these costs further without it having a significant impact on the delivery of its services. This presents a major challenge for the organisation going forward.
38. PCCS will incur additional costs in relation to the transition to PIRC. An establishment budget of £570,000 has been set to cover start-up, capital and some revenue costs. This budget is being managed centrally by a reform team at the Scottish Government.

Financial forecasts beyond 2012/13

39. The transition to PIRC will require careful management as officers consider how best to deliver the organisation's new objectives. There will be associated costs in relation to the transition which will need to be controlled to ensure there is no negative impact on the new PIRC.

Governance and accountability

40. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual Accountable Officer.
41. Through its Accountable Officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
42. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
43. In this part of the report we comment on key areas of governance.

Corporate governance

Overall effectiveness

44. PCCS has a range of policies and procedures which govern its activities and behaviours to ensure that it complies with best practice. A review of these policies is conducted each year as part of the activities supporting the review of systems of internal control which forms part of the annual financial statements process. We found that corporate governance arrangements operated effectively during 2011/12.

Processes and committees

45. Primary legislation established PCCS as an independent Commissioner with no Board and therefore no Audit Committee. However the current Commissioner established an Audit and Accountability Committee in August 2010. This is an advisory committee to provide a challenge mechanism to PCCS and follows the principles set out in the Scottish Government Audit Committee handbook. The Audit and Accountability Committee met on a regular basis during 2011/12 and we consider that it operated effectively.
46. The current Police Complaints Commissioner has been appointed to the post of the new Police Investigations and Review Commissioner. This will ensure continuity and consistency during the transition period. This appointment will last for two years up until August 2014.

Internal control

47. While we concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities require us to consider the financial systems and controls of audited bodies as a whole. The extent of this work should also be informed by our assessment of risk and the activities of internal audit.
48. As part of our risk assessment and planning process we assessed the work of PCCS internal auditors (RSM Tenon), and concluded that they operate in accordance with the Government Internal Audit Standards. We were therefore able to place reliance on their work in a number of areas enabling us to reduce sample sizes and concentrate our audit effort on areas considered to be of greater risk. This approach helps to ensure that we are delivering an efficient co-ordinated audit that avoids unnecessary duplication.
49. Our audit approach includes a review of the high level controls operating within PCCS key financial systems. Our overall conclusion from the 2011/12 review was that key controls were operating effectively and that PCCS has adequate systems of internal control in place. However, we identified a small number of control weakness where improvements could be made to existing arrangements.
50. Our interim audit work identified no material weaknesses in the accounting and internal control systems that would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.
51. The central systems assurance letter provided by the auditor of the Scottish Government together with our own work has allowed us to conclude that there was adequate assurance for the systems used by PCCS. Adequate assurance is where key controls and procedures are operating effectively allowing reliance to be placed on the system.

Governance statement

52. In 2011/12 PCCS included a Governance Statement in its annual accounts for the first time. In accordance with Scottish Government guidance, this included a description and assessment of the essential components of corporate governance and details of any significant risk-related matters arising during the period.
53. The Governance Statement records the management's responsibility for maintaining a sound system of internal control and summarises the process by which the Accountable Officer obtains assurances on the contents of the Statement. It also records any further developments in these arrangements. With regards to the 2011/12 Governance Statement we consider that it has been fairly stated and reflects management's responsibilities and processes by which the assurances on the system of internal control are obtained.

Prevention and detection of fraud and irregularities

54. The Commissioner is responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.

55. Within PCCS these arrangements include fraud and whistleblowing policies as well as a code of conduct for staff. These policies are reviewed on a regular basis and amended when necessary. There were no instances of fraud or corruption reported by Police Complaints Commissioner for Scotland in 2011/12.

Standards of conduct and arrangements for the prevention and detection of bribery and corruption

56. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. We consider whether bodies have adequate arrangements in place.
57. We have concluded that appropriate procedures are in place to help ensure appropriate standards of conduct and to prevent and detect bribery and corruption.

Outlook

58. With the Police and Fire Reform (Scotland) Act 2012 receiving Royal Assent on 7th August 2012, and the need to incorporate additional functions, there is a risk that systems of good governance will become difficult to maintain during this transition period.
59. This will be particularly challenging given the retirement of the Director and the planned resignation of the current Accountable Officer.

Refer Action Plan no. 4

Best value, use of resources and performance

60. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure best value. The Auditor General may require that we consider whether Accountable Officers have put in place appropriate arrangements to satisfy their corresponding duty of best value.
61. As part of their statutory responsibilities, the Auditor General may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
 - a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
62. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
63. This section includes a commentary on the best value and performance management arrangements within PCCS. We also note any headline performance outcomes / measures used by PCCS and any comment on relevant national reports and the body's response to these.

Management arrangements

Best value

64. The Scottish Government guidance for Accountable Officers on best value in public services requires a systematic approach to self-evaluation and continuous improvement. The guidance identifies the themes which an organisation needs to focus on in order to deliver the duty of best value, but notes that implementation should be appropriate and proportionate to the priorities, operating environment, scale and nature of the body's business.
65. The principles of best value have been integrated into the PCCS Corporate Plan 2010-13 objectives and the annual Business Plan. Performance against these corporate objectives is monitored on a quarterly basis through Business Plan updates presented to the Audit & Accountability Committee.

Performance management

66. No statutory performance targets are in place for PCCS. However, internal monitoring against corporate objectives operated throughout the year using the balanced scorecard method.

These objectives are derived from the legislation that set up PCCS and the Scottish Government's National Performance Outcomes.

67. The Audit & Accountability Committee receive regular performance updates which highlight the organisation's position against 25 key measures split over 4 main areas. The regular performance reports, along with the up to date risk register, are key for the organisation in enabling it to appropriately manage performance.

Overview of reported performance in 2011/12

68. The PCCS annual report provides an overview of performance. The organisation has performed well during the year against the performance measures and there is alignment between operational activities and overall corporate objects. As at 31 March 2012, PCCS had achieved or exceeded 16 performance targets while 4 were not achieved (5 measures do not have associated targets).
69. Exhibit 2 below gives an indication of a selection of performance targets compared to actual performance.

Exhibit 2: Performance against target as at year end 2011/12

Description	2011/12 Target	2011/12 Actual	Actual as % of target
Business Effectiveness			
Number of complaint handling reviews (CHRs) finalised	120	172	143%
Percentage of CHR recommendations implemented	100%	87%	87%
Improvement and Development			
Percentage of quality audits/follow-up assessment recommendations implemented	100%	64%	64%
Percentage employee attendance	95%	99%	104%
PCCS Operations			
Percentage of supplier payments made within 10 day timescales	95%	97%	102%
Percentage of FOI/DPA requests responded to within statutory timescales	100%	100%	100%
PCCS Relationships			
Number of articles/press releases issued	24	27	113%

70. It is encouraging that the vast majority of recommendations for both CHRs and quality audits/follow-up assessments have been implemented, however, it is important that PCCS engages with the new single police force in closing the gap between the actual and aspirational target level of implemented recommendations.
71. We will continue to monitor the performance of PCCS against their targets throughout 2012/13.

National performance reports

72. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 3.

Exhibit 3: A selection of national performance reports 2011/12, and 2012/13

- | | |
|---|---|
| <ul style="list-style-type: none">• Scotland's public finances - addressing the challenges (Aug 2011) | <ul style="list-style-type: none">• Learning the lessons of public body mergers (June 2012) |
|---|---|

Source: www.audit-scotland.gov.uk

Scotland's public finances - addressing the challenges

73. The report highlights that all parts of the public sector have less to spend in 2011/12 than in 2010/11, although the level of budget reduction varies significantly with central government funding experiencing the biggest reduction of 12 per cent. Although most bodies were able to agree a balanced budget for 2011/12 the report highlights the risk that savings may not be realised and that unforeseen pressures may emerge which reduce the ability to generate future savings. The report also notes that public bodies are finding it difficult to plan beyond 2011/12 as they do not have a clear view of their future budgets. It highlights the importance of long-term financial sustainability when looking to reduce costs including consideration of key areas such as reducing workforce levels and identifying opportunities to share services.
74. This report was considered by the Audit and Accountability Committee at its January 2012 meeting.

Learning the lessons of public body mergers - review of recent mergers

75. The report looked at nine mergers that took place between 2008 and 2011 under the Scottish Government's programme to reduce the number of national public sector bodies by 25 per cent.
76. The report examined how well these mergers were planned and implemented, and assessed available information on estimated and actual costs and savings. The report found that most recent mergers happened on time, but that permanent leaders were not always in place early enough. Some organisations were operating for too long without a clear vision and plan, and other important decisions were delayed.

77. This report provides an insight into the issues being faced by Scottish police forces in the lead up to the formation of the single force and highlights a number of general issues on organisational change and transition arrangements.

Outlook

78. Ensuring that PCCS performs well, and meets its key business objectives during this period of change, within financial constraints will be the main challenge going forward. The Board needs to ensure that its management and governance structures are operating effectively to monitor and scrutinise performance effectively.

Community/user engagement

79. It is important that PCCS continues to engage, not only with its staff, but with other stakeholders especially during this time of organisational change. This will ensure that the high profile of the organisation will not be lost and that the new functions will be fully understood by key stakeholders and the wider public.
80. In April 2011, the Equality Act 2010 introduced a new public sector 'General Duty' which encourages equality to be mainstreamed into public bodies' core work so that it is not a marginal activity but part and parcel of how public bodies operate. Following on from this the Scottish Government consulted on a set of 'Specific Duties' which came into force in May 2012. There are nine specific duties listed which aim to support public bodies to perform better against the 'General Duty,' including the duty to assess the impact of equalities in all policies and decisions as well as the requirement to publish a set of equality outcomes (and reporting requirements) no later than 30 April 2013.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual Audit Plan	11 January 2012	17 January 2012
Key financial controls assurance report	1 May 2012	8 May 2012
Report on financial statements to those charged with governance	13 August 2012	24 July 2012 (Draft)
Audit opinion on the 2011/12 financial statements	17 August 2012	24 July 2012
Annual Audit Report	31 October 2012	Presented in draft 16 October 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	20	<p>The year end cash balance was £195,000 at the year end.</p> <p>There is a risk that the retention and accumulation of cash balances may not offer value for money.</p>	<p>As the balance cannot be spent without sponsor department approval, PCCS will raise the matter with them to establish how best to manage the balance. It should be noted that this cash balance also includes sums due to be paid for various costs accrued at 31 March (£76k) as well as funding agreed with the sponsor department to be paid out in 2012/13 (£27k).</p>	Director of Corporate Services	By 31 Mar 2013
2	22	<p>The Director retired at the end of September 2012 and the newly appointed Accountable Officer (formerly the Head of Corporate Services) is leaving at the end of 2012.</p> <p>There is a risk that financial management and governance arrangements are adversely affected particularly during the transition of PCCS into PIRC.</p>	<p>The post of Director is not being replaced; instead, the roles and responsibilities have been split among the three operational Directors (Corporate Services, Reviews and Investigations).</p> <p>Recruitment is underway for a replacement Director of Corporate Services. Interviews have taken place and a conditional offer made and accepted. References are being taken up and</p>	Director of Corporate Services	New Director of Corporate Services due to start 17 Dec 2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			vetting and security clearance are in progress to allow an unconditional offer to be made. The planned start date in December will allow a one week handover with the present post holder to allow a smooth transition.		
3	31	There is a risk that PCCS will not contain expenditure within reduced funding levels.	The 2013/14 PCCS budget (excluding the additional budget required for PIRC) is likely to be reduced by around 5.6%. Staff restructuring such as not replacing the Director post will allow expenditure to be reduced to meet the budget. The proposed additional budget for PIRC for 2013/14 was agreed in conjunction with PCCS and we are confident that it will be sufficient to establish the new functions required.	Director of Corporate Services	Budget expenditure and funding will be agreed with Sponsor Dept by 31 Mar 2013.
4	58 & 59	There is a risk that systems of good governance will become increasingly difficult to maintain during the transition of PCCS to PIRC due to the additional workload that this will present.	The Commissioner and his Senior Management Team (comprising the three operational Directors) will meet fortnightly to ensure that both business as usual and	Commissioner and Senior Management Team	Fortnightly SMT meetings commencing Nov 2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
			transition workloads are meeting targets and remain on schedule. Maintaining robust governance processes will be an integral part of this.		