

Education Scotland

Annual report on the 2012/13 audit



Prepared for Education Scotland and the Auditor General for Scotland
August 2013

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.

Contents

Key Messages	4
2012/13.....	4
Outlook.....	4
Introduction.....	5
Financial statements	6
Conduct and scope of the audit.....	6
Audit opinion & accounting issues	6
Significant findings (ISA260)	6
Scottish Government accounts consolidation pack and Whole of Government accounts information.	7
Financial position	8
Corporate governance and systems of internal control.....	10
Best value	13
Appendix A: Action Plan	16
Key Risk Areas and Planned Management Action	16

Key Messages

2012/13

We have given an unqualified opinion that the financial statements of Education Scotland for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

Education Scotland achieved a net underspend of £2.5m, having previously declared savings of £2m to the Scottish Government's Education and Lifelong Learning Portfolio earlier in the year, against a budget of £34.3m. A large factor in this underspend was the delay in recruiting new staff to senior roles within the organisation.

A net liability position of £3.4m was recorded in 2012/13 compared to £1.1m in 2011/12. This has arisen as a result of the requirement to account for activities on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Net current liabilities will be funded by the Scottish Government as they arise. The financial statements have been prepared on a going concern basis, and we are satisfied with this assessment.

2012/13 was the first full year of operation for Education Scotland. The organisation has undergone an organisational restructure during the year to ensure that it remains fit for purpose and has fully integrated its financial systems with the Scottish Government systems. A three year corporate plan and some key strategies and policies have been set out but are yet to be formally agreed, and we would encourage the organisation to formalise these as soon as possible.

Overall, Education Scotland's arrangements for the prevention and detection of fraud were satisfactory during 2012/13. From our review of the key controls within the main financial systems, we concluded that Education Scotland's systems of internal control were operating effectively.

Outlook

We have considered the financial sustainability of the Education Scotland on the basis of its financial position and budget over the remainder of the current spending review period. The financial position going forward will be more challenging with decreases in baseline budgets coupled with increasing cost pressures. This represents a major challenge for Education Scotland and expenditure during the year will require to be closely monitored to identify and address any emerging budget pressures or projected overspends at an early stage. The significant financial challenges will make maintaining or improving on the performance targets set by the Scottish Government even more challenging.

Introduction

1. This report is the summary of our findings from the 2012/13 audit of Education Scotland. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance.
3. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management. The management of the audited body 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 their attention during their normal audit work, and may not be all that exist.
4. This report has been prepared for the use of Education Scotland and no responsibility to any third party is accepted.
5. Appendix A 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 Education Scotland understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
6. This report is also addressed to the Auditor General for Scotland and will be published on our website after consideration by the Audit and Risk Committee.

Financial statements

Conduct and scope of the audit

7. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Audit and Risk Committee on 27 March 2013, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
8. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the financial statement audit was disclosed in the Annual Audit Plan and as we did not have to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

9. We have given an unqualified opinion that the financial statements of Education Scotland for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on 6 August 2013.
10. We received the unaudited financial statements on 19 April 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team. We completed our on-site field work on 10 May 2013. Education Scotland is required to follow the 2012/13 FReM and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings (ISA260)

11. During the course of the audit we identified a number of significant issues regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
12. **Going concern** - As at 31 March 2013, Education Scotland had a net liability position of £3.4m (31 March 2012 £1.1m), and as a result this requires an assessment of going concern. An appropriate disclosure has been made in the financial statements.

Resolution - We considered the basis on which the financial statements have been prepared and were satisfied that the going concern basis is applicable.

13. **Treatment of VAT payable** - We identified a payables balance of £232,240 relating to VAT in respect of staff secondments to Learning and Teaching Scotland (LTS) prior to the creation of Education Scotland. In some instances local authorities had failed to charge VAT on secondments and LTS had accrued the sums considered to be due should the authorities

correct their error. As there is uncertainty as to when any payments may crystallise, a reclassification to a provision was deemed appropriate.

Resolution: Management has amended the financial statements and disclosed the item as a provision. It has also been agreed that this balance will be investigated during 2013/14 with a view to re-assessing the extent of the provision necessary.

14. **Invoice accruals** - We identified some typographical errors within a spread sheet used to calculate the payables and accruals at year end. An amount of £99,900 was accrued for one invoice when only £9,900 should have been accrued. In addition, some errors were identified whereby the gross invoice amount had been accrued when only the net amount should have been accrued as the VAT element was classified as being recoverable. There errors related only to the calculation of the amount to be accrued; invoices were processed appropriately and the correct payments had been made.

Resolution: All the errors were adjusted for, resulting in a decrease in expenditure of £89,065 and decrease in liabilities to the same value. Management has agreed that the spread sheet used to calculate the payables and accruals should be reviewed to include formulae which should mitigate the risk of these types of errors occurring in future years.

15. **Overstatement of the Non-Current Asset Register (NCAR)** - Sample testing of the NCAR identified assets to the value of £4,184 which had been duplicated on the register. This caused the non-current assets to be overstated in the statement of financial position.

Resolution: An adjustment was made to the register and statement of financial position, thereby reducing non-current assets by £3,835, and increasing net expenditure by the same amount. We have suggested some changes to the process of adding non-current assets to the register which should mitigate the risk of such an error recurring.

16. **Understatement of early exit costs** - Sample testing of early exit costs provided by the Scottish Government found that one person's package had been understated in the accounts by £43,213. This error was found to have been caused by the wrong information being used by the Scottish Government to populate the summary spread sheet sent to Education Scotland.

Resolution: An adjustment was made to increase expenditure by £43,213. The Scottish Government was informed of the error.

Scottish Government accounts consolidation pack and Whole of Government accounts information.

17. Education Scotland is required to complete a Scottish Government Consolidation pack which we are required to audit. This pack includes a section to provide information for the whole of government accounts (WGA), which are the consolidated financial statements for all branches of government in the UK. We are not required to audit this section of the pack as Education Scotland falls below the de-minimis level for audit of £100m of expenditure.

18. Education Scotland submitted its consolidation pack for audit on 10 June 2013, and we completed our audit of this on 4 July 2013.

Financial position

2012/13 Outturn

19. The main financial objective for Education Scotland is to ensure that the financial outturn for the year is within the resource budget allocated by Scottish Ministers. The Scottish Government sets a resource budget for the year which originates from the spending review settlement and is subsequently approved in the Budget Bill. During the year, revisions are approved in the autumn and spring budget revisions. Education Scotland is expected to manage its budget in accordance with its framework document and the Scottish Public Finance Manual (SPFM).
20. Education Scotland operated within the resource budget for 2012/13 of £34.3m as detailed in Table 1 below.

Table 1: Resource Budget

	Initial Budget (£'m)	Final Budget (£'m)	Actual Outturn (£'m)	Under / (Over) spend
Resource DEL	24.7	34.3	29.8	4.5

Source: Education Scotland Annual Accounts 2012-13, and Scottish Budget documents for 2012-13

21. Education Scotland declared that it could make savings of £2m to its sponsor portfolio, Education and Lifelong Learning, during the year. In effect, this meant Education Scotland was working to a reduced budget of £32.3m to ensure that this savings target was met.
22. As shown in Table 1, the overall underspend was £4.5m, a further £2.6m underspend in addition to that already declared. The net outturn of £29.8m was funded by £27.8m cash funding from the Scottish Government and the utilisation of £94,000 from the former LTS's bank balance, the remainder of which was paid across to the Scottish Government during the year.
23. Capital outturn was £0.26m against a budget of £0.04m. This overspend was funded by utilising some of the resource budget to purchase new IT systems, and laptops. Spending resource budget for capital expenditure is acceptable under the FReM, and SPFM.
24. The total underspend represents 13 per cent of Education Scotland's budget for the year. However, much of this underspend was caused by a delay in the planned recruitment of 20 members of staff. The 2012/13 budget was based on these people being in post during the year.

2012/13 Financial position

25. The statement of financial position shows a net liability position of £3.4m at 31 March 2013. The comparative position as at 31 March 2012 was a net liability position of £1.1m. This increase in the liability has been caused by a number of factors:
- an increase in money due to be paid (payables) at year end, mainly caused by delays in invoicing by local authorities
 - payments of grants due to be paid to local authorities for physical education activities on behalf of the Scottish Government.
 - a £358,000 bank balance being returned to the Scottish Government, reducing current asset values
 - a reduction in the amount of money due from other organisations at year end
26. In previous years the finance team has been proactive in requesting invoices from local authorities prior to the year end; this enabled these invoices to be settled prior to 31 March. However, this process was not carried out this year, and this has contributed to the liability position.
27. The financial statements were prepared on a going concern basis as Education Scotland has no reason to believe that the support of the sponsor, the Education and Lifelong Learning Portfolio, will not be forthcoming. We are satisfied that the financial statements have been prepared on a going concern basis, and that an appropriate disclosure has been made in the financial statements.
28. A net liability position is likely to remain for the foreseeable future due to the cash basis of Scottish Government Agency funding.

Financial planning

29. The Spending Review of 2011 set Education Scotland's baseline budget for the following three years up until 2014-15 as set out in Table 2.

Table 2: Baseline budget

	2012/13 £'m	2013/14 £'m	2014/15 £'m	Average decrease %
Baseline budget	24.7	23.3	22.0	5.6

Source: Scottish Spending Review 2011 and Draft Budget 2012/13

30. Education Scotland's baseline budget will decrease by 5.6% each year for the remainder of the spending review period. However, the Scottish Government is still to allocate additional funds for specific areas of work such as GLOW (Scotland's national intranet for schools), Community Learning and Development (CLD), and other key education policy areas for 2013/14.

31. Education Scotland will have to continue to manage its resources very carefully going forward. In the past year, significant savings have been achieved in staff costs with overall staff numbers reducing by over 30%. Therefore, it will become increasingly difficult to reduce costs further without impacting on the services that Education Scotland provides. Savings will have to be sought in other areas of the business.
32. Budgets and performance against strategic objectives will have to be carefully monitored, as well as assessing how staff are coping in this environment.
33. Phase 2 of the Organisational Development Programme was implemented during the year, with a new organisation structure taking shape from July 2012 onwards. An evaluation of Education Scotland's estate was also undertaken as part of this review to assess whether any savings could be made. This will achieve notional savings of £262,000 from the rationalisation of offices in Glasgow and Aberdeen during 2013/14.

Corporate governance and systems of internal control

Overall governance arrangements

34. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found that Education Scotland had sound governance arrangements in place which included a number of standing committees overseeing key aspects of governance.

Governance Statement

35. The 2012/13 Governance Statement has been enhanced by the inclusion of a section documenting an assessment of risks to the internal control environment and how these have been addressed. As part of this process Strategic Directors contributed to the completion of the Scottish Public Finance Manual (SPFM) internal controls checklist. This is essentially the certificate of assurance for the Accountable Officer to consider. Each of the Strategic Directors signed a sheet to acknowledge that they had contributed to this document. This process could be further enhanced by each Strategic Director sending a formal letter to the Accountable Officer to record that they are satisfied that the final document reflects all the relevant the issues relating to their area of responsibility.

Refer action plan no 1

36. We have previously reported that we would expect Internal Audit to feed into this process at an earlier stage. Whilst Internal Audit did provide advice on the completion of the statement, they did not issue any reports prior to the statement being prepared. We acknowledge that Internal Audit have experienced resourcing issues during 2012/13. However, we would expect Internal Audit reports to be available earlier in the process so that any issues identified can be considered by the Audit and Risk Committee prior to approving the Governance Statement.

Refer action point no 2

Framework Document and Corporate Plan

37. Two key features of the organisation's governance framework are its Framework Document and Corporate Plan. Education Scotland's Framework Document was formally approved by the Scottish Government in December 2012, 18 months after the formation of the organisation.
38. Audit Scotland's *Learning the lessons of public body mergers* (June 2012) recommended that organisations should aim to have their corporate plan in place within 12 months of merging. Education Scotland took the decision to focus on the appointment of the new strategic management team and the implementation of the revised organisational structure. This was to ensure that the vision and new strategic objectives were in place to inform the Corporate Plan. It also meant that key stakeholders could be consulted and involved in the process, to ensure that the plan was fit for purpose.
39. The Corporate Plan, covering the period 2013/14 to 2015/16, was approved in principle by the Management Board on 29 May 2013. It will be formally launched at the Scottish Learning Festival in September 2013.

Risk Management

40. Education Scotland has continued to develop its corporate risk register during 2012/13. Our Annual Audit plan identified that there was a risk that it was not clear how operational risks aligned to the corporate objectives, and that this may hinder the non-executive director's ability to fully scrutinise the corporate risk register.
41. As a result of an away day that was held for senior executives and non-executive directors in February, each non-executive director is now aligned to an executive director. This means that they will have a good understanding of the risks facing each directorate and how these may affect the achievement of corporate objectives.
42. Internal Audit was involved in this process, and has made some recommendations in respect of the risk register. We would encourage Education Scotland to finalise the new format of the risk register, along with the new risk policy, and strategy, as soon as possible.

ICT strategy

43. IT plays a critical role in both the day to day running of Education Scotland and the projects and policies that it helps to deliver, such as GLOW and Curriculum for Excellence.
44. Education Scotland has continued to use a mixed IT infrastructure
 - SCOTS- Scottish Government IT platform upon which the financial systems sit
 - Former LTS IT platform
 - GLOW- used by staff as an intranet
45. This means that throughout 2012/13 there were at least three environments upon which information could be stored. This is potentially confusing for staff and may have

consequences in terms of how quickly Education Scotland can respond to external enquiries, such as those made under Freedom of Information legislation.

46. For this reason, Education Scotland is investing in a new corporate IT platform. This will still have to be compatible with Scottish Government IT policies, and systems. Audit Scotland's *Managing ICT contracts* (August 2012) included a number of recommendations and key questions to consider throughout the process to ensure that the new system is fit for purpose.
47. The corporate IT platform project has been designed, developed and managed through the overall Organisational Development Programme to reflect an urgent need. Whilst the strategic view of how IT supports Scottish education is the responsibility of the Scottish Government, there remains a need for Education Scotland to have in place an organisational IT strategy to ensure service delivery is appropriately supported.

Refer action plan no 3

Accounting and internal control systems

48. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
49. No material weaknesses in the accounting and internal control systems were identified during the audit which could 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 financial statements.
50. Internal audit is an important element of Education Scotland's governance structure. Our review established that the work of internal audit is of a good quality allowing us to place reliance on a number of areas including:
 - Governance arrangements
 - Risk and performance management
 - Procurement
 - Payroll
51. This not only avoided duplication of effort but also enabled us to focus on other key risk areas.
52. In the interests of an efficient audit approach we also rely on assurances received from the auditor of the Scottish Government on work performed on the Scottish Government Central systems that are used by Education Scotland. This approach ensures we are delivering an efficient co-ordinated audit that avoids unnecessary duplication and expense.
53. The central systems assurance letter provided by the auditor of the Scottish Government provided unqualified audit opinions on both the payroll and financial services assurance reports. However, the key findings section relating to payroll drew attention to weaknesses in segregation of duties where staff had access rights to both the HR and Payroll systems.

Other weaknesses were identified in relation to Travel and Subsistence. Management have agreed to take action on the points raised, and Education Scotland had mitigating controls in place during 2012/13.

Prevention and detection of fraud and irregularity

54. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion Education Scotland's overall arrangements for the prevention of fraud are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

NFI in Scotland

55. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in October 2012 but is not due to report until May 2014.
56. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate.
57. As Education Scotland uses Scottish Government financial systems, any matches identified would be sent to Scottish Government Human Resources Shared Services to investigate in the first instance. We will report to Education Scotland's Audit and Risk Committee in due course should any issues be identified through this process.

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

58. 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. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Best value

Best value

59. Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily. 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. Where such requirements are not specified we may, in conjunction with Education Scotland agree to undertake local work in this area.

60. We did not undertake any specific work in this area during 2012/13. However, we did provide access to the Best Value toolkits for risk management and corporate governance to be used by the organisation during the year to help inform a review of risk management, and governance processes.

Performance management

61. Internal performance monitoring against corporate targets and milestones using the Business Planning Tool (BPT) continued to operate throughout the year. Performance reporting to the core governance committees changed from quarterly corporate performance reports using the traffic light (RAG) matrix reporting methodology, to reporting by exception only.
62. The new reporting format is currently being formalised so that it is consistent with the Corporate Plan.
63. Education Scotland's 2012/13 annual business plan was approved by the MAB in June 2012. This document provided details of what outcomes were expected for each programme of work. Throughout the year the Business Planning Tool (BPT) was used to monitor the outcomes and key milestones achieved from Education Scotland's activities; however, there is need to identify and publish forward looking performance measures through which performance can be measured on an ongoing basis. Publishing such information from the outset is important as it allows the organisation to demonstrate whether continuous improvement is being achieved and allows stakeholders to scrutinise performance.
64. The *Learning the lessons of public body mergers* report recommended that newly formed organisations:
- develop performance reporting systems and key performance indicators that measure the benefits expected from the merged body and aim to publicly report performance information no more than two years after the formation of the new body
 - ensure that baseline data is identified during the planning phase and collected and used to report on performance and delivery in year one of the new body
 - collect views from users, staff and stakeholders on performance and use this to measure improvement and influence service delivery.

Refer action plan no 4

Sustainability Reporting

65. Education Scotland included a sustainability report within the management commentary that accompanies the financial statements. This requirement was introduced in 2011/12, and Education Scotland has continued to refine reporting in this area.

66. This report could be further enhanced by the inclusion of more financial and non-financial information, for example the volume of the CO2 emissions could be included.

Refer action plan no 5

Acknowledgements

67. We would like to express our thanks to the staff of Education Scotland for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	35.	<p>Governance Statement</p> <p>Each of the Strategic Directors signed a sheet to acknowledge that they had contributed to this document. This process could be further enhanced by each Strategic Director sending a formal letter to the Accountable Officer to record that they are satisfied that the final document reflects all the relevant issues relating to their area of responsibility.</p> <p><i>Risk: the Accountable Officer may not receive the full assurances needed to support the Governance Statement.</i></p>	<p>Agree that the signing sheet should be updated and expanded to full letter format. The governance statement has been updated to reflect a single certificate of assurance. The current procedures comply with the SPFM and the single certificate of assurance was introduced following a recommendation from the Audit and Risk Committee.</p>	S Robinson	Sep 2013
2	36.	<p>Governance Statement</p> <p>We would expect Internal Audit reports to be available earlier in the process so that any issues identified can be considered by the Audit and Risk Committee prior to approving the Governance Statement.</p> <p><i>Risk: the Audit and Risk Committee may not be able to give due consideration to matters raised by Internal Audit when reviewing the</i></p>	<p>We will review the internal audit programme timeline to identify how this can be avoided in future.</p>	S Robinson	Oct 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>Governance Statement.</i>			
3	47.	<p>ICT Strategy</p> <p>We note that whilst the use of ICT is key to the delivery of strategic objectives, the organisation does not yet have a formalised ICT strategy in place.</p> <p><i>Risk: the organisation's ICT resources may not be properly aligned to supporting the delivery of key strategic objectives.</i></p>	The OD Programme Board oversaw a rigorous process of appraising immediate ICT needs for the Agency and the investment required to support effective corporate working. A formal IS/IT strategy will be taken forward during 2013-14	S Robinson	Feb/Mar 2014
4	63.	<p>Performance management and reporting</p> <p>Education Scotland's 2012/13 annual business plan was approved by the MAB in June 2012. This provided details of outcomes to be achieved from Education Scotland's activities; however, there is need to identify and publish forward looking performance measures through which performance can be measured on an ongoing basis. Publishing such information from the outset is important as it allows the organisation to demonstrate whether continuous improvement is being achieved and allows stakeholders to scrutinise performance.</p>	The Corporate Plan and an annual Business Plan will be published.	C Munro/S Robinson	Sep 2013 Jun 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>Risk: Education Scotland may not be able to demonstrate that it is achieving continuous improvement.</i>			
5	66	<p>Sustainability Reporting</p> <p>This report could be further enhanced by the inclusion of more financial and non-financial information, for example the volume of the CO2 emissions could be included.</p> <p><i>Risk: Education Scotland may not be complying fully with Scottish Government sustainability reporting guidance.</i></p>	The Agency's approach to sustainability will be the subject of significant review during 2013-14 and this will be picked up as part of that. In the interim we will ensure that we are compliant with SG requirements.	S Robinson	