

Scotland's Commissioner for Children and Young People

Annual report on the 2013/14 audit



Prepared for Scotland's Commissioner for Children and Young People, and the Auditor General for
Scotland

October 2014

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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Introduction

1. This report is the summary of our findings arising from the 2013/14 audit of Scotland's Commissioner for Children and Young People (SCCYP). 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. 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; however this does not relieve management of their responsibilities in this respect.
3. This report has been prepared for the use of SCCYP and no responsibility to any third party is accepted. This report is also addressed to the Auditor General for Scotland and will be published on our website after consideration by the Advisory Audit Board (AAB).

Background Information

4. Scotland's Commissioner for Children and Young People (the Commissioner) was constituted under Section 1 of the Commissioner for Children and Young People (Scotland) Act 2003 which was passed by Parliament on 26 March 2003 and received Royal assent on 1 May 2003.
5. The Commissioner's general function is to promote and safeguard the rights of children and young people in Scotland, up to age 18, or up to 21 if they have ever been in care or looked after by a local authority. In particular, the Commissioner is required to:
 - promote awareness and understanding of the rights of children and young people;
 - review law, policy and practice to assess their adequacy and effectiveness as regards those rights;
 - promote best practice by service providers; and
 - promote, commission, undertake and publish relevant research.
6. On 27 March 2014 the Children and Young People (Scotland) Act received Royal Assent. This legislation, which will significantly change the overall function of the office, has the following implications in terms of children's rights:
 - duties relating to the United Nations Convention on the Rights of the Child (UNCRC), on Ministers including raising awareness and understanding
 - duties on public bodies in respect of reporting on the UNCRC
 - extended powers of the Commissioner to include individual cases.

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7. The Commissioner is Tam Baillie. Tam was appointed as the Commissioner on 18 May 2009. Tam is based in Edinburgh and has an approved full time equivalent staff complement of 14.

Financial statements

Conduct and scope of the audit

8. 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 Commissioner in February 2014, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
9. 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 2013/14 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not carry out any work additional to our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

10. We have given an unqualified opinion that the financial statements of SCCYP for 2013/14 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 24 September 2014.
11. We received the unaudited financial statements on 20 June 2014 in accordance with the agreed timetable. The working papers were of a high standard and staff provided good support to the audit team.
12. SCCYP is required to follow the 2013/14 FReM and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Financial position

13. The main financial objective for SCCYP is to ensure that the cash drawn down for the year is within the budget allocated by the Scottish Parliamentary Corporate Body (SPCB). In 2013/14 SCCYP recorded cash expenditure of £1,202,000. Cash drawn down from the SPCB totalled £1,224,000 which was £2,000 less than the original budget.
14. A net assets position of £37,000 was recorded in 2013/14 compared to £1,000 in 2012/13. The increase has arisen as a result of the requirement to account for activities on an accruals basis, whilst recording funding from the SPCB on a cash basis. This has led to a balance in trade payables and cash and cash equivalents at 31 March 2014.

Corporate governance and systems of internal control

Overall governance arrangements

15. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Commissioner had satisfactory governance arrangements in place and is supported by an AAB.
16. The Commissioner's governance arrangements are detailed in the governance statement included in the annual accounts. There is no set format of the governance statement but guidance has been published highlighting essential features which should be included.
17. The Commissioner's governance statement has been assessed as complying with good practice. The governance statement includes:
 - details of the governance framework of the organisation
 - an assessment of corporate governance with reference to compliance with generally accepted best practice principles and relevant guidance
 - an assessment of the organisation's risk management arrangements and risk profile, including, details of significant risk-related matters arising during the period.

Accounting and internal control systems

18. 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.
19. Based on an assessment of risk by SCCYP, it was not considered necessary to employ any internal audit service during the year. SCCYP will consider whether employing an internal audit service will provide value for money during 2014/15.
20. For 2013/14 the Commissioner informed his assessment of the effectiveness of SCCYP's scheme of control by:
 - the work of the AAB in its consideration of risk and internal control measures
 - reports and comments made by the external auditors
 - the work of the Management Team
 - the strategic direction of the organisation
 - a review of the systems and procedures in place to manage staff, finance and risks.
21. No material weaknesses in the accounting and internal control systems were identified during our 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.

Risk Management

22. During 2012/13 we worked closely with SCCYP to ensure the risk register complies with best practice and is effective in ensuring that organisational risks and audit issues are identified, regularly reviewed and managed in order to help achieve business plan objectives.
23. During 2013/14 SCCYP continued to refine the risk register, develop its risk management policy, and worked to fully embed risk management across the organisation.

Prevention and detection of fraud, irregularity, and corruption

24. 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.
25. In our Annual Audit Plan we also highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the SCCYP's overall arrangements for the prevention of fraud, irregularity and corruption are satisfactory, although it should be noted that no system can eliminate the risk of fraud, irregularity or corruption entirely.

Best Value

26. 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 SCCYP agree to undertake local work in this area.
27. From our audits of numerous Commissioner and Commission bodies we note the considerable time investment made to ensure effective risk management and governance arrangements, and also for the preparation of financial accounts. At a time of reducing budgets we would encourage public bodies of a similar nature and size to work supportively with each other, sharing skills and strengths and internal developments which demonstrate best practice in these areas, in the pursuit of best value.

Outlook

28. We note that the SCCYP has a projected financial summary for 2014/15 in place, and that net expenditure is contained within the agreed budget from the SPCB.
29. We note however that SCCYP have highlighted the possibility of insufficient funding made available in respect of additional staff, costs of new accommodation and improved IT systems as key risks in 2014/15 and have put measures in place to mitigate these risks.

Acknowledgements

30. We would like to express our thanks to the staff of SCCYP 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.