

# VisitScotland

Management Report 2017/18



 AUDIT SCOTLAND

Prepared for VisitScotland

March 2018

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Audit findings

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## Introduction

1. This report summarises the key issues identified during our interim audit work at VisitScotland. We will use the results of this work to inform our approach during the 2017/18 financial statements audit later this year.

2. Our responsibilities under the [Code of Audit Practice](#) require us to assess the system of internal control put in place by management. We seek to gain assurance that VisitScotland:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

3. Under the [Code of Audit Practice](#), we have also carried out work on aspects of our wider dimension audit approach, including financial management, governance and transparency and cyber resilience.

## Conclusion

4. No significant key control weaknesses or issues were identified from our interim audit work.

## Work summary

5. Our 2017/18 interim work included walkthrough testing of the core financial systems - general ledger, payroll, payables, receivables, income, and cash and banking. This involved reviewing the key controls and processes in these systems to confirm that they were operating as expected in a number of areas including bank reconciliations, feeder system reconciliations, payroll validation and exception reporting, authorisation of journals, change of supplier bank details and IT access controls. In doing this work, we took into account the findings of internal audit's reviews of the payroll system (December 2017) and the main financial systems (February 2018).



Bank reconciliations



Payroll controls



IT access



Budgets

6. We also carried out substantive testing of income and expenditure, and staff expenses.
7. As part of our work on the wider dimension aspects of public audit, we reviewed VisitScotland's budget monitoring arrangements, the refreshed publication policy and the approach to cyber resilience.
8. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.
9. Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to VisitScotland.
10. All our outputs and any matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

## Audit findings and risks identified

### Review of key controls in the core financial systems

11. Our walkthrough testing of the core financial systems confirmed that the key controls were operating as expected.

### Interim substantive testing

12. Our interim substantive testing did not identify any issues. We will confirm that these items have been classified correctly in the accounts at year end. We will carry out further substantive testing during our financial statements work, focusing on transactions in the latter part of the financial year. This is part of our normal audit process and will build upon the work reported here.

### Financial management

13. We concluded that VisitScotland has effective budget monitoring and control arrangements in place. Financial information provided to the Board includes finance and performance measures reports, which provide an appropriate level of information and support effective scrutiny of VisitScotland's finances.
14. In September 2017 the Board approved the business case and application to tender for a fully integrated finance, HR & procurement Enterprise Resource Planning (ERP) system. VisitScotland is establishing the project team, and we will continue to monitor its arrangements for managing this important project.

### Governance and transparency

15. In view of increasing public expectations for more openness in the conduct of public business, we recommended in our 2016/17 annual audit report that VisitScotland considers the scope to enhance transparency.
16. In response to this recommendation, in January 2018 the Board considered a refreshed publication policy. After consideration, it resolved not to publish its papers, nor hold meetings in public, in order to allow full and open debate within the Board. VisitScotland has, however, widened its publication policy to include additional documents, such as its risk management strategy and its data security and fraud policies. VisitScotland may wish to keep their publication policy under review, and consider if there is scope to enhance transparency. We will continue to assess the arrangements VisitScotland has put in place in this area.

### Cyber resilience

17. We reviewed the steps VisitScotland has taken to manage cyber security risks, and its related governance and risk management arrangements.

**18.** VisitScotland is a member of the Scottish Government's Public Sector Cyber Catalyst scheme, which involves it working towards exemplar status in cyber resilience. It has established a Cyber Resilience Group and developed an action plan which mirrors the 11 key actions set out in the Scottish Government's Cyber Resilience Action Plan. Progress on the plan, and cyber-security issues, are regularly reported to the Board.

**19.** VisitScotland is developing cyber-specific disaster recovery plans, and has taken action to promote a culture of cyber-resilience across the organisation. We conclude that VisitScotland has a structured approach to managing cyber security risks.

# VisitScotland

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