

Scottish Legal Aid Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Scottish Legal Aid Board and the Auditor General for Scotland

26 September 2022

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Key messages

2021/22 annual report and accounts

- 1 Our audit opinions on the annual report and accounts are unmodified.
- 2 The Covid-19 pandemic had a limited impact on the auditing timetable for the 2021/22 financial statements. The audit was brought forward by two months as part of returning to pre-pandemic timings.

Financial management

- 3 Scottish Legal Aid Board operated within its revised budget with a reported underspend of £2.1 million
- 4 SLAB have appropriate and effective financial management in place with regular budget monitoring reports provided to the Board.
- 5 Controls within the main financial systems were operating effectively while standards for the prevention and detection of fraud remain appropriate.

Financial sustainability

- 6 SLAB should develop a medium to long term workforce plan including succession planning of key posts, to support the organisation's strategic objectives in the longer term.
- 7 SLAB have continued to evolve in response to the Covid-19 pandemic and maintained their provision of services to the legal profession and public.

Governance and transparency

- 8 SLAB has appropriate and effective governance arrangements in place and these were operational during Covid-19 with no significant impact on the organisation, decision making or scrutiny.

Value for money

- 9 SLAB has an appropriate best value framework in place.
- 10 Performance monitoring has continued throughout 2021/22. SLAB have continued to provide services to the legal community despite the restrictions imposed with the pandemic.

Introduction

1. This report summarises the findings from our 2021/22 audit of the Scottish Legal Aid Board (SLAB).
2. The scope of our audit was set out in our 2021/22 Annual Audit Plan presented to the March 2022 meeting of the Audit Committee. This report comprises the findings from:
 - an audit of the SLAB's annual report and accounts
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).
3. The main elements of our audit work in 2021/22 have been:
 - an audit of SLAB's 2021/22 annual report and accounts including the issue of an independent auditor's report setting out our opinions
 - a review of the key financial systems used by SLAB
 - consideration of the four audit dimensions.

Adding value through the audit

4. We add value to the body through the audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations
 - sharing intelligence and good practice through our national reports ([Appendix 2](#)) and good practice guides
 - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Responsibilities and reporting

5. SLAB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the accounts direction from the Scottish Ministers.
6. SLAB is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.
7. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice 2016, and supplementary guidance and International Standards on Auditing in

the UK. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position, and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice 2016 and supplementary guidance.

8. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

9. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation. It also includes any outstanding actions from last year and progress against these.

Auditor Independence

10. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and the 2021/22 audit fee of £46,080 as set out in our 2021/22 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

12. This report is addressed to both SLAB and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

13. We would like to thank management and the staff who have been involved in our work for their cooperation and assistance during the audit.

Audit appointment from 2022/23

14. The Auditor General for Scotland is responsible for the appointment of external auditors to central government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year. Therefore 2021/22 is the last year of the current appointment round.

15. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 SLAB's appointed auditors will be Mazars and we will work with them to ensure a smooth handover.

16. A new [Code of Audit Practice 2021](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

17. We would like to thank Board members, Audit Committee members, Executive Directors, and other staff, particularly those in Finance for their co-operation and assistance over the last six years.

1. Audit of 2021/22 annual report and accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual report and accounts are unmodified.

The Covid-19 pandemic had a limited impact on the auditing timetable for the 2021/22 financial statements. The audit was brought forward by two months as part of returning to pre-pandemic timings.

Our audit opinions on the annual report and accounts are unmodified

18. The annual report and accounts for the year ended 31 March 2022 were approved by the Audit Committee on 26 September 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were regular and in accordance with applicable enactments and guidance
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The Covid-19 pandemic had minimal impact on the audit process

19. The working papers provided to support the accounts were of a good standard and the audit team received support from finance staff which helped ensure the final accounts audit process ran smoothly.

There annual audit report and accounts were submitted in line with our agreed audit timetable

20. Submission dates for the audited annual report and reports and accounts for 2019/20 and 2020/21 were deferred in line with the later dates for producing the annual accounts because of the impact of Covid-19.

21. The unaudited annual report and accounts were received in line with our agreed audit timetable on 1 August 2022. SLAB have continued to supply good quality working papers and explanations and answers to audit queries.

Whole of Government Accounts

22. In accordance with the WGA (Whole of Government Accounts) guidance recently issued the deadline for the 2020/21 WGA assurance statement is 30 September 2022. We will complete the required assurance statement and submit it to the National Audit Office (NAO) in due course. The 2021/22 WGA exercise has yet to be confirmed by the NAO and Treasury.

Materiality

23. We set two materiality levels, one for the Scottish Legal Aid Fund and one for the Scottish Legal Aid Board. Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#). This did not have an impact on our planned audit approach.

Exhibit 1

Materiality values

Materiality level	Scottish Legal Aid Fund	Scottish Legal Aid Board
Overall materiality	£1.8 million	£267,000
Performance materiality	£1.3 million	£200,000
Reporting threshold	£90,000	£13,000

Source: Audit Scotland

We have no significant findings to report on the annual report and accounts

24. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit

25. We have obtained audit assurances over the identified significant risks of material misstatement to the financial statements and [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2

Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Assess the design and implementation of controls over journal entry processing.</p> <p>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals at the year-end and post-closing entries and focus on significant risk areas.</p> <p>Consider the need to test journal entries and other adjustments during the period. Evaluate significant transactions outside the normal course of business.</p> <p>Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</p> <p>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p> <p>Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</p> <p>Focussed testing of accounting accruals and prepayments.</p>	<p>Results: Detailed testing completed on journal entries and accounting estimates and no issues were identified.</p> <p>Our testing of accruals and prepayments did not identify any errors. Our work on income and expenditure did not identify any significant transactions outwith the normal course of business.</p> <p>Conclusion: Satisfactory</p> <p>We did not identify any issues which would indicate management override of controls.</p>
<p>2. Risk of material misstatement caused by estimate and judgements in</p>	<p>A review of the process for calculating the provision.</p>	<p>Results: Detailed testing of the legal aid provision and the supporting disclosures did not identify any issues.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>the valuation of the Legal Aid provision</p> <p>The financial statements include a provision (estimate) for live legal aid cases which remain unbilled at the year-end. The calculation of the provision is based on an internally developed model which includes a significant degree of estimation in the range of data used in valuing cases.</p> <p>The value of the provision is material and as such represents an increased risk of misstatement in the financial statements.</p>	<p>Assess the reasonableness and accuracy of the assumptions and data used.</p> <p>A review of all key variables within the model and agreement to supporting documentation.</p> <p>Focused substantive testing of key areas.</p> <p>A review of the disclosures made to support the provision.</p> <p>A review of payments made in 2021/22 compared to the provision to provide assurance over the accuracy of the assumptions.</p>	<p>The work done to assess the accuracy of the data and assumptions underlying the provisions model appeared robust and had been subject to annual review of key variables.</p> <p>Conclusion: Satisfactory</p> <p>The value of the legal aid provision at 31 March 2022 is modelled on robust data and a range of well-established assumptions which are evidence based and subject to regular review for accuracy.</p> <p>We are satisfied with the estimation and judgements applied to provisions and contingent liabilities.</p>

Other areas of audit focus

26. We identified in our 2021/22 Annual Audit Plan areas where we considered there to be other risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we did not consider these to represent significant risks. The areas of specific audit focus were:

- Pension liability – SLAB operates a contributory defined benefit pension scheme for all staff which had a liability of £182 million at 31 March 2022 (Board: £152 million; Fund: £30 million). An external actuary provides an annual actuarial valuation. The liability is based on a range of specialist assumptions and estimates which are subjective and, changes to the assumptions and estimates can result in material changes to the liability figure.
- Property, plant and equipment - SLAB held land and buildings with a NBV in excess of £9 million as at 31 March 2022, with land and buildings revalued on a five-year rolling basis. An external valuer carries out valuations of land and buildings with the last full valuation carried out on 31 March 2022. There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. There is also the risk, for those assets that have not been subject to revaluation in year, that the carrying value does not reflect current value.

27. We kept these areas under review throughout our audit based on the findings of the audit procedures performed, there are no matters which we need to bring to your attention.

There were no identified misstatements

28. There were no misstatements identified.

Progress has been made on prior year recommendations

29. SLAB has made some progress in implementing our prior year audit recommendations regarding the development of workforce plans and transparency of reporting. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

Scottish Legal Aid Board operated within its revised budget with a reported underspend of £2.1 million

SLAB have appropriate and effective financial management in place with regular budget monitoring reports provided to the Board.

Controls within the main financial systems were operating effectively while standards for the prevention and detection of fraud remain appropriate.

Scottish Legal Aid Board operated within its revised budget with a reported underspend of £2.1 million

30. The main financial objective for SLAB is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

31. SLAB has reported total outturn of £17.8 million against its overall budget for 2021/22 with an underspend of £2.1 million. The financial performance against fiscal resources is shown in [Exhibit 4](#). The main reason for the underspend as shown below relates to the payment of pension costs which are included in the Budget but not in the resource outturn but are shown separately in the Statement of Cash Flows.

Exhibit 4

Performance against fiscal resource in 2021/22

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource	12.1	19.8	17.7	(2.1)
Capital	0.1	0.1	0.1	-
Total	12.2	19.9	17.8	(2.1)

Source: SLAB 2021/22 Annual Report and Accounts

Scottish Legal Aid Fund (SLAF)

32. The Scottish Legal Aid Fund is a non-cash limited fund. The Scottish Government has a statutory obligation to provide funding for the amounts paid to solicitors or legal counsel out of the fund. Therefore, while the Scottish Government sets an annual budget which it monitors throughout the year, the level of funding for the payments of legal aid is demand led.

33. The SLAF has continued to be impacted by the ongoing Covid-19 pandemic. The number of applications for assistance increased in 2021-22 from 2020-21 levels but have yet to return to pre-pandemic levels, the system has yet to fully recover. The cash spend of the SLAF in [Exhibit 5](#) demonstrates that whilst cash spend on Legal Aid is increasing it has not returned to pre pandemic levels.

Exhibit 5

Scottish Legal Aid Fund (SLAF) Outturn

Scottish Legal Aid Fund	2019/20 £m	2020/21 £m	2021/22 £m
Cash spend on SLAF in year	139.9	99.4	118.2

Source: SLAB Annual Reports and Accounts

Budget processes were appropriate

34. SLAB's budget has not been significantly impacted by the Covid-19 pandemic. Staff are continuing to work remotely where required and IT systems continue to be developed to facilitate the new digital environment and the continued hybrid working. The 2021/22 budget included a planned increase of £500k to allow SLAB to continue to respond to increased workloads and additional responsibilities.

35. We observed that senior management and the Board continued to receive regular and accurate financial information on SLAB's financial position.

Financial systems of internal control are operating effectively

36. Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that SLAB:

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests;
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulation.

37. We have reviewed and tested the following key systems during 2021/22: Trade Payables; Trade Receivables; Cash Receipting and Banking; General Ledger; Income and Grants; and the legal aid provision.

38. On the basis of the work we have undertaken no significant internal control weaknesses were identified during the audit which could affect SLAB's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

Internal audit

39. The body's internal audit function is carried out by an in-house team. We reviewed the body's internal audit function in terms of International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent to which we could use the work of internal audit. We have placed reliance on the work of internal audit in the following areas for our 2021/22 financial statements and wider dimensions audit responsibilities:

- Payroll
- Accounts Assessment.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

40. There are appropriate arrangements for the prevention and detection of fraud, error, and irregularities. SLAB is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. Furthermore, the board is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

41. We have reviewed the arrangements in place to maintain standards of conduct including the Staff and Members' Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

3. Financial sustainability

Financial Sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services

Main judgements

SLAB should develop a medium to long term workforce plan including succession planning of key posts, to support the organisation's strategic objectives in the longer term.

SLAB have continued to evolve in response to the Covid-19 pandemic and maintained their provision of services to the legal profession and public.

We have obtained audit assurances over the wider audit dimension risks relating to financial sustainability identified in our 2021/22 Annual Audit Plan

42. [Exhibit 6](#) sets out the significant risks of material misstatement we identified in our 2021/22 Annual Audit Plan, our assurance procedures and the results and conclusions from our work. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and informed where the efforts of the team were directed.

Exhibit 6

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>Financial Sustainability / Workforce Plan</p> <p>The review of the Scottish Legal Aid system and introduction of the new Legal Aid Bill is ongoing.</p> <p>The outcomes of the discussions will impact how SLAB will work going forward. As such SLAB need to have medium to long term plans in place that are fully integrated with their workforce plans. This will minimise the risk that SLAB are unable to respond</p>	<p>Review of the progress of SLAB to develop workforce/longer term financial plans.</p>	<p>Results: SLAB were not able to progress their workforce plans during 2021/22 due to the prioritisation of work and increased resources required for their review of the people policies.</p> <p>This was reported to the Board during the year and included in the May 2022 annual Business Plan update. It has also been included in the 2021/22 Performance Report.</p>

Audit risk	Assurance procedure	Results and conclusions
to changes adequately and promptly.		<p>A methodology has been developed which will see the planning carried out in stages. Data requirements have been identified. First stage will reflect the potential changes in Legal Aid Act to enable a high level gap analysis to be done.</p> <p>First Executive Team workshop is scheduled for 4 October 2022. The Board will consider the output in December 2022.</p> <p>SLAB have committed to completing this work in 2022/23 and it is included in their 2022-23 Business Plans.</p> <p>Conclusion: Outstanding</p> <p>Refer action plan at Appendix 1.</p>

The Board's 2022/23 budget has been increased by £380k

43. The Board is funded by Grant in Aid (GiA) from the Scottish Government. The 2022/23 draft budget was approved in March 2022 with a resource allocation of £13.6 million. This is an increase of approximately £1.4 million on the prior year. The additional budget relates to £1 million of pension budget being allowed for at the beginning of the year. The additional £400k is being used to fund an increase in staff costs as SLAB respond to increases in applications and respond to the proposed changes in legal aid as well as overall recovery from the pandemic.

Legal Aid Fund

44. As noted in [paragraph 32](#) the SLAF is a non-cash limited fund and demand led. SLAB provide regular updates on the Fund forecasts to both the Scottish Government and the Board. This typically provides a review of the funding for the following three years. The full impact of Covid-19 on the legal system remains uncertain, and will have an impact on fund spend in the future. The regular reports on the Legal Aid Fund prepared by Finance are linked to the Board's role in monitoring and advising on SLAB expenditure. The papers sets out the cash expenditure, forecasts, risks and main changes in any reforecasting and assumption for the year ahead.

45. The latest report provided to the Board in June 2022 indicates a positive picture in term of legal aid expenditure with regards to recovery despite the on-going impact of the pandemic in 2021-22. The June 2022 shows an increase in

legal aid expenditure of £2.7 million compared to the same period in 2021-22. The report highlights several key risks in the forecast including:

- Further increases to fees for the profession above what has already been agreed. The cabinet secretary has been in discussions with the profession regarding these and it is unknown if, or when, any changes will be made.
- No allowance is made for any future pandemic restrictions. Given the recent increase and the new variants this will continue to be kept under review for the forecast.
- There is no impact of the Permanency Bill included within the forecast. Whilst most of the parts relating to Legal Aid are likely to be of nil cost to the Fund the changes to interim payments might create a pulling forward of expenditure which might increase this year's expenditure and subsequently reduce following years.
- No provision has been made for any potential further disruptive action being taken by the profession.
- Changes to how Scottish Courts and Tribunals Service (SCTS) deliver Remote Jury Centres (e.g. where juries were accommodated at cinema venues). The current forecast uses the assumption that business levels will remain similar to those going through the courts in recent months.

46. SLAB continue to work with their justice partners in taking forward their financial forecasts and planning for the future.

Legal Aid Review

47. It is noted that an independent review of criminal legal aid was completed in 2018/19 by the Scottish Government. The review focussed on ensuring the long-term sustainability of the criminal legal aid system. The short term outcomes of the review have been implemented, however some of the longer term issues have yet to be finalised. SLAB need robust workforce planning to ensure that they are ready to respond to the changes as they are finalised. We have already raised the need for a workforce plan as part of recommendations and SLAB have accepted this and are in the process of working towards one (refer action plan, [Appendix 1](#)).

4. Governance and transparency

The effectiveness of scrutiny and oversight, and transparent reporting of information

Main judgements

SLAB has appropriate and effective governance arrangements in place and these were operational during Covid-19 with no significant impact on the organisation, decision making or scrutiny.

The governance arrangements and controls operating during the Covid-19 pandemic have been appropriate

48. The impact of Covid-19 has been set out in the Governance Statement in the 2021/22 annual report and accounts. SLAB continue to operate revised governance arrangements as a result of the pandemic including:

- Committee meetings being held virtually and there was no disruption to the committee timetable with more face-to-face meeting planned for the future
- Staff continue to work from home, where appropriate
- Key controls have been redesigned to ensure controls remain in place
- Interim payments to solicitors have been paid as required during Covid-19 lockdown periods.

49. We have confirmed that these arrangements have been maintained in 2021/22 and remain appropriate.

The performance report was of a good standard

50. In addition to the opinion on the performance report covered in Part 1 of our Annual Audit Report, we also consider the qualitative aspects of SLAB's performance report. The performance report should provide information on the body, its main objectives and the principal risks faced. Additionally, it should provide a fair, balanced and understandable analysis of SLAB's performance as well as helping stakeholders understand the financial statements clearly.

51. Previous audit reports have highlighted areas of the performance report that could be improved to allow readers to form an opinion on SLAB's performance during the year. We noted that the 2021/22 performance report submitted for audit included key performance indicators and benchmarks along with commentary on SLAB's in-year performance. There is also increased use of

graphics and illustrations and a thorough section on equalities. The performance report is compliant with the FReM and SPFM. However, there remains scope for improving the layout and content to enhance transparency for readers as well as responding annually to the new changing requirements of the FReM and SPFM. These have been discussed with key officers who have agreed to revisit the performance report as part of their annual exercise (refer action plan, [Appendix 1](#)).

5. Value for money

Using resources effectively and continually improving services

Main judgements

SLAB has an appropriate best value framework in place.

Performance monitoring has continued throughout 2021/22. SLAB have continued to provide services to the legal community despite the restrictions imposed with the pandemic.

SLAB developed an appropriate best value framework

52. [Ministerial guidance to Accountable Officers](#) for public bodies and the [Scottish Public Finance Manual](#) (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

53. Internal audit undertake an annual assessment of the processes in place to meet the key theme of best value, the results of which were reported to the June 2022 Audit Committee. The results of the 2021/22 exercise was graded as satisfactory across the following themes: Vision and Strategic Direction, Partnership Working, Governance and Accountability, Planning and Resource Alignment and Performance Management.

54. A review of the current benchmarks was also completed during 2021/22 and reported to the Board in March 2022. The aim of the review was to ensure that given the continuing challenging environment (e.g. uncertainty over the future volumes of cases / accounts; the impact of the court backlog; changes in the case mix; internal resourcing pressures; and incoming new directors), that the benchmarks remain relevant and appropriate. In most cases the benchmarks did not require amendment. For those updated, the changes were not significant.

55. During 2021/22 SLAB published an evidence review to determine if legal aid had been significantly impacted by the pandemic. The review was informed by data collected and analysed during 2021/22 including solicitor surveys undertaken by the Law Society of Scotland. The review concluded that to date, the evidence does not suggest that access to legal aid was significantly impacted by the pandemic. Client surveys suggest that most of those whose cases began, or were on-going, during the pandemic had a broadly similar experience to those in pre-pandemic periods. SLAB will continue to monitor and report on trends going forward and to inform future planning.

SLAB were able to maintain service performance levels despite the pandemic

56. SLAB continued to monitor key performance indicators throughout the year with performance reported to the Board on a regular basis. Performance information reports are clearly laid out and provide snapshot of progress across each month for each operational indicator.

57. From our review of the regular operational performance reports submitted to the Board, SLAB have been able to maintain or improve performance in most indicators during 2021/22 despite the pandemic. The Civil indicators had the largest dip in service during the latter part of 2021/22 largely due to resourcing issues and this continues into 2022/23. SLAB anticipate it will take several months before the positive impacts of the new resources will crystallise.

National performance audit reports

58. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2021/22 several reports were published which may be of direct interest to the body. These are outlined in [Appendix 2](#).

Appendix 1. Action plan 2021/22

2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Workforce Plan</p> <p>We raised in our prior year Annual Audit Reports that a medium to long term workforce plan has yet to be developed to inform future strategic and financial planning.</p> <p>The retiral to two Executive Directors and the loss of senior staff in year has highlighted the need for SLAB to produce a medium to long term workforce plan.</p> <p>Risk – In the absence of a workforce plan, there is a risk that the over reliance on vacancy management may have an adverse impact on staff capacity and the quality of services.</p>	<p>SLAB should develop a medium to long term workforce plan, including succession planning of key posts, to support the organisation's strategic objectives in the longer term.</p>	<p>In progress</p> <p>Updated management response: A methodology has been developed which will see the planning carried out in stages. Data requirements have been identified. First stage will reflect the potential changes in Legal Aid Act to enable a high level gap analysis to be done.</p> <p>First Executive Team workshop is scheduled for 4 October 2022.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Revised date: The Board will consider the output in December 2022.</p> <hr/> <p>Original response (Dec 2021):</p> <p>Agreed action: During the year, development of a plan for a Workforce Plan has been undertaken, including the identification of tools required for the Workforce planning. These tools will be developed in readiness for the plan during 2022, and work will progress around medium term planning to ensure that SLAB is suitably</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>positioned organisationally to develop a longer term plan in line with outcomes of the legal Aid Review and a new Bill. Succession planning will form part of that planning process.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Agreed date: Ongoing during 2022</p>

Follow up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>2. Performance Report – transparency of reporting</p> <p>The performance report has developed over the last few years and meets the requirements of the FReM. However we noted there is scope for further improvements.</p> <p>Risk – There is a risk that future performance reports do not provide a full analysis of SLAB’s performance against its corporate objectives and outcomes and operational targets.</p>	<p>The transparency of reporting within the performance report could further be improved including clearly setting out performance against agreed benchmarks/targets with explanations as to any significant variances.</p>	<p>Updated management response: Improvements have been made to the 2021/22 report. The format will continue to evolve on an annual basis.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Revised date: Completed</p> <hr/> <p>Original response (Dec 2021):</p> <p>Agreed action: Continued development of the performance report including more infographics and tables will be introduced for the 2021/22 reporting year. We will look to include a SOPOR table within this revised performance Report.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Agreed date: 31 March 2022</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>3. Controls weaknesses</p> <p>Our review of internal controls identified areas for improvement with payroll reconciliations and we note an issue with payroll access reported by Internal Audit. We are content that mitigating controls have been implemented to address these risks.</p> <p>Risk: There is a risk that the system access rights may be inappropriate, and that systems are not being fully reconciled.</p>	<p>SLAB should continue to work with the software provider to develop appropriate user roles and system reports.</p>	<p>Complete / Closed</p> <p>Access controls: SLAB have worked with Oracle, the software provider to ensure that user access has been segregated far as possible within the constraints of the developer's own system and given the relatively small number of staff impacted in SLAB.</p> <p>As a mitigating control, SLAB review payroll reports of all super-users prior to each payrun to ensure no amendments or unauthorised access. Audit have reviewed this control during 2021/22 and found no issues.</p> <p>Payroll reconciliations: This recommendation arose as part of the implementation of the new Oracle system in April 2019. Since then there have been significant changes to payroll processes and controls. There is now integrated functionality and the monthly payroll reconciliation process has been updated to reflect this. We reviewed the new reconciliation process during 2021/22 and found no issues.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Revised date: Completed</p> <hr/> <p>Original response (December 2021):</p> <p>In Progress - We do not have a report yet but the system is being fully reconciled every month and evidence of this has been provided to Audit Scotland. Payroll access is currently</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>being reviewed; we will look to action any changes the review deems necessary. In the meantime, mitigating controls in payroll continue to operate effectively.</p> <p>Responsible officer: Director of Corporate Services and Accounts</p> <p>Revised date: Reconciliations – March 2022</p>
<p>Financial Sustainability</p> <p>SLAB currently receive one-year grant settlements from the Scottish Government. The approved budget for 2020/21 included indicative figures for 2021/22.</p> <p>Over the past years, SLAB have developed the use of scenario planning to identify opportunities for savings.</p> <p>Risk: There is a risk that there is no formal long-term financial plan which considers long term financial sustainability</p>	<p>SLAB should continue to work on the development of a long-term financial plan that is fully integrated with workforce planning.</p>	<p>Complete / Closed - Longer term five year indicative plans have been presented to the Scottish Government. The next step is progression of the workforce plan and this is recommended in point 1 above.</p>
<p>Ongoing impact of Covid-19</p> <p>The scale and pace of change as a result of Covid-19 represents a risk to SLAB's internal controls and governance arrangements.</p> <p>Risk: There are risks around the operation of key controls within finance and the introduction of changes to accounts within the justice system.</p>	<p>SLAB should ensure that internal controls remain effective during this period of uncertainty with new ways of working and changes to the justice system.</p>	<p>Complete / Closed - We found no issues during our work in 2021/22.</p> <p>Revised controls have been integrated into the Delegated Authority Matrix (DAM) and are subject to review by Internal Audit.</p> <p>SLAB continue to review our controls on a regular basis.</p>

Appendix 2: Summary of 2021/22 national performance reports

May

[Local government in Scotland Overview 2021](#)

June

[Covid 19: Personal protective equipment](#)

July

[Community justice: Sustainable alternatives to custody](#)

September

[Covid 19: Vaccination programme](#)

January

[Planning for skills](#)

[Social care briefing](#)

February

[NHS in Scotland 2021](#)

March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

Scottish Legal Aid Board

2021/22 Annual Audit Report

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