

Scottish Biometrics Commissioner

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Scottish Biometrics Commissioner and the Auditor General for
Scotland

September 2024

Contents

Key messages	3
Introduction	4
Part 1. Audit of 2023/24 annual report and accounts	6
Part 2. Wider Scope	10
Appendix 1. Action plan 2022/24	12

Key messages

2023/24 annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified.
- 2 Expenditure and income are regular and in accordance with applicable enactments and guidance.

Wider-scope

- 3 Effective and appropriate arrangements are in place to continue to deliver services.
- 4 The Scottish Biometrics Commissioner operated within its revised budget for 2023/24.
- 5 Appropriate arrangements are in place for securing Best Value.
- 6 The Scottish Biometrics Commissioner plan to update their suite of KPIs with an increased focus on outcomes.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of the Scottish Biometrics Commissioner (SBC). The scope of the audit was set out in an Annual Audit Plan presented to the 28 March 2024 meeting of the Advisory Audit Board. This Annual Audit Report comprises:

- our audit of SBC's report and accounts
- conclusions on financial sustainability as required by the [Code of Audit Practice 2021](#).

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

Responsibilities and reporting

3. The Scottish Biometrics Commissioner 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 Scottish Ministers. The Scottish Biometrics Commissioner is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity and compliance with legislation.

4. The responsibilities of the independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2021](#) and supplementary guidance and International Standards on Auditing in the UK (ISAs)

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

6. This report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers, and dates for implementation.

Auditor Independence

7. 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 therefore the audit fee of £11,190 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

8. We would like to thank the Commissioner, Advisory Audit Board members and staff at SBC for their cooperation and assistance in delivering the audit.

Part 1. Audit of 2023/24 annual report and accounts

Public bodies are required to prepare annual report and accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship public funds.

Main judgements

Audit opinions on the annual report and accounts are unmodified

Expenditure and income are regular and in accordance with applicable enactments and guidance

Audit opinions on the annual report and are unmodified

9. The Commissioner approved the annual report and accounts for SBC for the year ended 31 March 2024 on 24 September 2024. As reported in the independent auditor's report, the audit opinions were that:

- the financial statements give a true and fair view and were properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM
- expenditure and income are regular and in accordance with applicable enactments and guidance issued by the Scottish Ministers
- the audited part of the Remuneration and Staff Report was prepared in accordance with the Scottish Biometrics Commissioner Act 2020 and directions made by the Scottish Ministers
- the Performance Report and Governance Statement were consistent with the financial statements and properly prepared in accordance with the Scottish Biometrics Commissioner Act 2020 and directions made by the Scottish Ministers.

Overall materiality was assessed on receipt of the annual report and accounts as £8 thousand

10. Our initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£8,000
Performance materiality	£5,920
Reporting threshold	£400

11. The overall materiality threshold was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

12. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 74% of overall materiality, reflecting that we are in year two of our audit appointment and found no significant issues in our 2022/23 audit

13. It is our responsibility to request that all misstatements are corrected, other than those below the reporting threshold. The final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

14. Under ISA (UK) 260, we communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of SBC's accounting practices.

15. The Code of Audit Practice also requires auditors to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters judged to be of most significance in our audit of the financial statements.

16. There are no issues to report from the audit of the financial statements.

Audit work responded to the risk of material misstatement identified in the annual report and accounts

17. We have obtained audit assurances over the identified significant risks of material misstatement to the annual report and accounts. [Exhibit 2](#) sets out the significant risk of material misstatement to the financial statements identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over this risk and the conclusions from the work completed.

Exhibit 2

Identified significant risk of material misstatement in the annual report and accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (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>	<ul style="list-style-type: none"> Assess the design and implementation of controls over journal entry processing, from initiation at SBC to administering the financial transactions at Scottish Public Service Ombudsman (SPSO) (as per the SBC and SPSO Shared Services Agreement). 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. Detailed testing of journal entries Evaluate significant transactions outside the normal course of business. Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments. 	<p>We undertook the assurance procedures and found:</p> <ul style="list-style-type: none"> no issues were identified with our review of the design and implementation of journal entry processing management are not aware of any inappropriate or unusual activity the detailed testing of journal entries and unusual transactions did not identify any issues or errors no significant transactions outside the course of business were identified the detailed testing of income and expenditure around the year-end did not identify any issues or errors detailed testing of accruals and prepayments identified no issues. <p>Conclusion: We did not identify any issues as a result of our audit work that would indicate management override of controls.</p>

There were no identified misstatements within the financial statements

18. The audit team identified no misstatements during the audit.

The unaudited annual report and accounts were received in line with the agreed timetable

19. The unaudited annual report and accounts were received in line with the agreed audit timetable on 19 July 2024.

Good progress was made on prior year recommendations

20. SBC have made good progress in implementing the agreed prior year audit recommendations as set out in [Appendix 1](#).

Part 2. Wider Scope

For less complex bodies wider-scope audit work considers the financial sustainability of the body and the services that it delivers over the medium to longer term

Conclusion

Effective and appropriate arrangements are in place to continue to deliver services

The Scottish Biometrics Commissioner operated within its revised budget for 2023/24

Appropriate arrangements are in place for securing Best Value

The Scottish Biometrics Commissioner plan to update their suite of KPIs with an increased focus on outcomes

SBC operated within its revised budget for 2023/24

21. The main financial objective for SBC is to ensure that the financial outturn for the year is within the budget allocated by the Scottish Government.

22. SBC have reported an outturn of £444,000 (after non-cash adjustments) against its overall budget for 2023/24 of £444,000.

Financial Planning

23. We reviewed the financial planning systems and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

24. SBC is yet to implement a formal medium to long term financial plan. However, the current financial system and budgetary processes are adequate in demonstrating that SBC can manage its resources and deliver services in the future.

25. Medium term financial planning is important for effective decision making as it allows organisations to assess and balance the financial implications of policies against any future funding constraints. As part of our 2024/25 audit we will assess SBC's consideration of medium term financial planning as part of their new four year Strategic Plan.

26. SBC's 2024/25 financial plan was approved by the Scottish Parliament on 30 January 2024. SBC's approved budget for 2024/25 is £494,000 and includes additional funding relating to staff costs and running costs. Forecasts in the

financial plan are based on several assumptions including inflationary costs and pay growth.

Appropriate arrangements are in place for securing Best Value

27. SBC's four-year Strategic Plan 2021-25 sets out how the Commissioner discharges the duties as detailed in the Scottish Biometrics Commissioner Act 2020. In addition to this, SBC have a Governance and Internal Control Policy and Scheme of Delegation. Both these policies help the Commissioner ensure strategic priorities and objectives are managed effectively, efficiently and economically.

28. SBC have monthly management team (MMT) meetings at which corporate and operational matters are considered. Issues relating to finance and risk management are discussed at these meetings on a quarterly basis.

29. A Shared Services Agreement is in place with the Scottish Public Services Ombudsman (SPSO). SPSO provides SBC with finance administration, HR support and payroll processing services, and ICT cyber security advice.

SBC plan to update their suite of KPIs with an increased focus on outcomes

30. Following SBC's inception, a suite of Key Performance Indicators (KPIs) were created. These KPIs serve a purpose in allowing management to review performance. However, we believe that the current suite of KPIs could be improved, with a greater focus on outcomes.

31. From discussions with the Commissioner, we have been advised that in January 2025 consultation will begin for the next strategic plan. As part of this consultation, the suite of KPIs will be reviewed and indicators will be more focussed on outcomes. We will review any updated KPIs as and when they are published.

Appendix 1. Action plan 2022/24

Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p>1. Untaken Holiday Liability</p> <p>The untaken holiday liability did not include employer's national insurance or employer's pension contributions.</p> <p>Risk – the cost of the untaken holiday liability is not in line with IAS 19.</p>	<p>SBC should ensure that the untaken holiday liability includes all costs in line with IAS 19.</p>	<p>Implemented</p>
<p>2. Backdated Pay Award Accrual</p> <p>The backdated pay accrual was incorrectly calculated. The accrual double counted the effect of the pay award.</p> <p>Risk – The backdated pay award is not correctly accounted for in year expenditure.</p>	<p>SBC should ensure that any future back dated pay accruals are calculated correctly.</p>	<p>Implemented</p>

Scottish Biometrics Commissioner

2023/24 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

AS.4.0