



Annual Audit Report

Scottish Legal Aid Board – year ended 31 March 2024

August 2024

Audit Committee
Scottish Legal Aid Board
Thistle House
91 Haymarket Terrace
Edinburgh
EH12 5HE

7 August 2024

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

Dear Committee Members and the Auditor General for Scotland,

Annual Audit Report – Year ended 31 March 2024

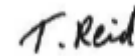
We are pleased to present our Annual Audit Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 20 May 2024. We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of SLAB's team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on +44 7816354994.

Yours faithfully



Tom Reid (Audit Director)

Forvis Mazars LLP

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Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Auditor General for Scotland has appointed us as external auditor of the Scottish Legal Aid Board (SLAB) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to SLAB are prepared for the sole use of SLAB and made available to Audit Scotland and the Auditor General for Scotland. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

Executive summary

Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from our appointment by the Auditor General under the Public Finance and Accountability (Scotland) Act 2000 and as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls;
- Valuation of legal aid provision;
- Valuation of pension liability; and
- Valuation of property, plant and equipment.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on SLAB's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have concluded our audit in respect of the financial statements for the year ended 31 March 2024.

Conclusions from our audit testing and audit opinion

Based on our audit work completed to date we have the following conclusions:



Audit opinion

We issued an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Regularity

We issued an unqualified opinion, without modification, that in all material respects, the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Executive summary (continued)

Conclusions from our audit testing and audit opinion (continued)



Matters on which we report by exception

We are required by the Auditor General for Scotland to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Other information

We are required to report on whether the other information (comprising of the Performance Report and the Accountability Report and the unaudited parts of the Remuneration and Staff Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated.

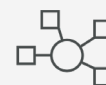
No inconsistencies have been identified and we have issued an unmodified opinion in this respect.



Governance Statement and Performance Report

We are required to report on whether the information given in the Governance Statement and Performance Report is consistent with the financial statements; and has been properly prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

We have no matters to report in respect of the Annual Governance Statement or the Performance Report.



Whole of Government Accounts (WGA)

We have not yet received group instructions from NAO in respect of our work on SLAB's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Executive summary (continued)

Wider Scope conclusions

As auditors appointed by the Auditor General of Scotland, our wider scope responsibilities are set out in Audit Scotland's Code of Audit Practice 2021. The Code requirements broaden the scope of the 2023/24 audit and allows us to use a risk-based approach to report on our consideration of SLAB's performance and make recommendations for improvement and, where appropriate, conclude on SLAB's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

It remains the responsibility of SLAB to ensure proper financial stewardship of public funds, it complies with relevant legislation, and establishes effective governance of their activities. SLAB is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the NDPB, appropriate to the nature of the NDPB and the services and functions that it has been created to deliver.



Wider Scope

We have concluded there are no risks in arrangements to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that SLAB has in place.

Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.

02

Status of the audit

Status of our audit

We have concluded our audit in respect of the financial statements for the year ended 31 March 2024 and there are no outstanding matters of which we are aware that would require modification of our audit opinion.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Annual Audit Plan, issued on 20 May 2024.

Materiality

Our provisional materiality at the planning stage of the audit for Fund accounts was set at £2,885k using a benchmark of 2% of gross operating expenditure. Our Performance materiality was set at £2,020k. For Board accounts, we set overall materiality at £355k and performance materiality at £248k.

Based on the final financial statement figures and other qualitative factors, the final overall materiality for Fund accounts we applied was £3,392k, final performance materiality was £2,374k, and final clearly trivial threshold was £102k. For Board accounts, final overall materiality was £312k, final performance materiality was £218k, and final clearly trivial threshold was £9k.

Use of experts

There have been no changes to our use of experts outlined in our Annual Audit Plan, with no issues arising we are required to report to you.

Service organisations

There have been no changes to SLAB's use of service organisations outlined in our Annual Audit Plan, with no issues arising we are required to report to you.

Significant findings

Significant findings

Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 18 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit.

Significant findings

Management override of controls

Description of the risk

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

How we addressed this risk

We addressed this risk through performing audit work:

- reviewing the key areas within the financial statements where management has used judgement and estimation techniques and consider whether there is evidence of unfair bias;
- examining any accounting policies that vary from the Government Financial Reporting Manual;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and
- considering and testing any significant transactions outside the normal course of business or otherwise unusual.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Significant findings (continued)

Valuation of legal aid provision **Description of the risk**

The Legal Aid Fund financial statements include a provision for live legal aid cases which remain unbilled at year-end. This is an estimate of the expenditure required to settle any obligation at the end of the reporting period. The legal aid provision was £66 million at 31 March 2023.

SLAB calculates the provision based on an internally developed model which includes significant estimation in the data used to value cases. This represents an increased risk of misstatement in the financial statements.

How we addressed this risk

We addressed the risk by:

- evaluating the design and implementation of controls SLAB has in place which mitigate the risk of incorrect accounting for the legal aid provision;
 - reviewing the process for calculating the provision and assess the reasonableness and accuracy of the assumptions and data used;
 - undertaking review of all key variables within the model and agreement to supporting documentation
 - undertaking substantive procedures in key areas to ensure the legal aid provision is recorded appropriately in the financial statements.
 - Reviewing the disclosures made to support the provision.
-

Audit conclusion

We reviewed all assumptions and data used by SLAB to calculate the provision and obtained evidence to support SLAB's judgements.

We identified errors from our sample testing of the data SLAB used to calculate the percentage cases not received assumption. This resulted in an audit adjustment to the provision balance being required. This is set out in section 6 of this report.

We also identified that SLAB used an inconsistent calculation method for the legal aid fund provision between Note 26 (estimate disclosure note for provisions) and the provision amount as stated in balance sheet. This is also set out in the section 6 of this report.

Significant findings (continued)

Valuation of Pension Liability

Description of the risk

SLAB operates a contributory defined benefit pension scheme, the Legal Aid (Scotland) Pension Scheme. The scheme had a liability of £81 million at 31 March 2023 (£69 million for the Legal Aid Board and £12 million for the Legal Aid Fund).

Estimation of the pension liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. Due to the high degree of estimation uncertainty associated with the valuations, we have determined there is a significant risk in this area.

How our audit addressed this risk

We addressed this risk by:

- assessing the skill, competence and experience of the Fund's actuary;
 - challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation
 - carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation; and
 - performing substantive analytical procedures on benefits paid.
-

Audit conclusion

We obtained the assurances sought and there are no significant issues to bring to your attention.

Significant findings (continued)

Valuation of property, plant and equipment

Description of the management judgement

SLAB held land and buildings with a net book value of £9.6 million as at 31 March 2023. Land and buildings are fully revalued by an external valuer at least every five years, with an interim valuation in year three. The last full valuation was carried out at 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.

How our audit addressed this area of management judgement

We addressed this risk by:

- evaluating the competence, capabilities and objectivity of SLAB's valuer, District Valuers of the Valuation Office Agency;
- assessing the scope and terms of engagement with the Valuer;
- assessing how the management use the Valuer's report to be carried out as at 31 March 2024 to value land and buildings included in financial statements;
- testing the accuracy of the data used in valuations;
- challenging the SLAB and Valuer's assumptions and judgements applied in the valuations;
- reviewing the valuation methodology used, including the appropriateness of the valuation basis;
- ensuring any changes in asset values are correctly accounted for in the annual accounts and reflected in the fixed asset register; and
- considering the reasonableness of the valuation by comparing the valuation output with market intelligence.

Audit conclusion

Our work has provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.



Significant findings (continued)

Qualitative aspects of SLAB's accounting practices

We have reviewed SLAB's accounting policies and disclosures and concluded they comply with the Government Financial Reporting Manual (FRoM) 2023/24, appropriately tailored to SLAB's circumstances.

Draft accounts were received from SLAB on 10 June 2024 and were of good quality.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- **Legal aid provision.** SLAB undertakes a retrospective review of the main assumption used to calculate the legal aid provision, the Multiple Duration Day Cut-off calculation (MDDC). This focuses on the actual costs and duration of legal cases billed in the year and assesses the accuracy of the MDDC. SLAB's model includes a cut-off percentile which eliminates cases that take an abnormally long time to conclude. SLAB updated its model for calculating the MDDC in 2023/24 using three years of, what it assessed as, reliable data (2018/19, 2019/20, 2023/24). This resulted in the MDDC reducing from 82.5% to 78.7%. We discussed the reasonableness and accuracy of the assumptions and data used for the MDDC with management.
- We reperformed the linear interpolation calculation SLAB used to ensure the MDDC percentage was accurately calculated.
- To ensure completeness we agreed the source information for the MDDC calculation to underlying records.
- We challenged management on other key assumptions such as average duration, average daily rate, percentage cases not received. We substantively tested the key assumptions and verified the completeness of the data used to calculate them. We

also reviewed a sample of legal aid cases and agreed their effective dates to the legal aid system. This data is the basis for the provision calculation.

- We discussed the process and data SLAB uses to calculate the percentages of cases not received assumption for each legal aid type. We performed substantive testing to verify whether the data used to calculate the assumption was correct and accurate.
- Our testing identified errors in the percentage of cases not received calculation and, after further investigation with SLAB, it was identified a step had been omitted. The correction of which resulted in the audit adjustment as documented in section 6 of this report.
- We carried out further review of different aid types within the provision data to agree them to the legal aid system. This provided assurance that aid types were correctly recorded. Misclassification could result in a significant impact in the value of the provision.
- We performed additional audit procedures to compare post year end expenditure cut off samples for legal cases against data used for the percentage cases not received assumption.
- Apart from the issues set out in Section 6, we have no issues to report regarding the completeness and accuracy of the data used to calculate the legal aid provision. Our audit work indicates that the assumptions used by SLAB to estimate the value of the provision appear reasonable.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Significant findings (continued)

Wider responsibilities – statutory reporting

We are required to notify the Auditor General when circumstances indicate that a statutory report may be required.

- Section 22 of the Public Finance and Accountability (Scotland) Act 2000 allows us to prepare a report to bring to the attention of the Scottish Parliament and the public, matters of public interest arising during the audit of SLAB.

We confirm no such reports have been prepared.

- Section 23 of the Public Finance and Accountability (Scotland) Act 2000 allows us to initiate an examination into the economy, efficiency and effectiveness with which SLAB and their officeholders have used their resources in discharging their functions.

We confirm no such examinations have been initiated.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. At the time of issuing this report we have not yet received guidance from NAO on the 2023/24 WGA exercise.

Since SLAB falls below the £2 billion threshold, statutory reporting is not required however, we are responsible to undertake planning procedures and partially complete Assurance Statement. Therefore, we will submit the Assurant Statement for SLAB to NAO on receipt of Audit Scotland guidance for 2023/24 audit.

05

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of SLAB's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of SLAB's internal controls, we are required to communicate to the Audit Committee any significant deficiencies in internal controls that we identified during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered SLAB's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SLAB's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in SLAB's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit Committee.

We have not identified any significant deficiencies in SLAB's internal controls as at the date of this report.

Other observations

We also record our observations on SLAB's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Internal control conclusions (continued)

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

Exit packages – Level 3

We found no evidence of formal authorisation by SLAB's Accountable Officer for an exit package paid in 2023/24. In addition, the business case was not updated to reflect the agreed settlement and was not signed.

Potential effects

SLAB does not comply with the guidance set out in the Scottish Public Finance Manual.

Recommendation

SLAB should ensure that business cases for exit packages are updated when new proposals are made. SLAB should retain evidence of the Accountable Officer's formal approval of exit packages.

Management response

While verbal agreement was received from the Accountable Officer, there was no written record, this will be put in place for future approvals. A draft business case was shared with Scottish Government to request their advice on the process, they confirmed that (in this instance) a business case was not required which is why the draft was not updated further.

Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

Related parties' transactions – Level 2

SLAB did not disclose related party transactions with one of its Board members in the unaudited 2022/23 annual report and accounts and the prior year audited accounts. SLAB has updated the annual report and accounts to include details of the 2022/23 and 2021/22 related party transactions.

Potential effects

Incorrect or incomplete disclosure of related party transactions.

Recommendation

SLAB should conduct regular reviews to identify transactions with related parties and ensure these are fully disclosed in the annual report and accounts.

2023/24 update

This is now complete.

Internal control conclusions (continued)

Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

IT general controls:- User access to ASH system – Level 2

There is no formal process for authorising changes in user access to the ASH debtors system.

Potential effects

Users could have inappropriate access to the system.

Recommendation

Changes in access to ASH should only be granted when the user's access request has been authorised by an appropriate officer. These approvals should be stored for future reference.

2023/24 update

Outstanding. A process has not been implemented. Officers are considering this as part of a new upgrade to ASH.

Management Response

The three outstanding points from prior year all relate to our ASH debt system. This system is older than other SLAB systems and does not have the same level of controls built in. We are working with the provider to mitigate some risks via an upgrade however, due to limitations within the system, some concerns will remain until we are able to replace the system. A replacement will be dependent on the availability of financial and staff resources. Until then SLAB have some controls which mitigate the risk:

- ASH is a standalone system and is not linked to any of SLAB payment facilitating systems.
- ASH is accessed via a desktop icon. The icon can only be added to devices by a member of the Digital Services team, this ensures only those who legitimately require access are given it.
- Data from the ASH system is extracted and uploaded to the General Ledger and several monthly reconciliations are carried out between the two systems and the bank to ensure the transactions are as expected.

In light of the adjustment to the password attempt control, discussions with all involved have highlighted the importance of not making such adjustments and we will continue to reinforce that point throughout the year.

Internal control conclusions (continued)

Follow up on previous internal control points (continued)

Description of deficiency

IT general controls:- User access review – Level 2

Managers are required to authorise the access rights of their team on an annual basis. This involves users reviewing their own system access rights for appropriateness and managers actioning any requested changes and authorising access.

Potential effects

Changes in staff responsibilities in the period between reviews may mean user access is no longer appropriate.

Recommendation

Managers should periodically review and agree the access rights of their team members to ensure they are appropriate.

2023/24 update

Officers have designed a new application for managers to review staff access and permissions for the Oracle system. This addresses our recommendation for the Oracle system.

The recommendation is still outstanding for the ASH debtors system as a formal process is yet to be implemented.

Management Response

Same as page 24.

Internal control conclusions (continued)

Follow up on previous internal control points (continued)

Description of deficiency

IT general controls:- Privileged access – Level 2

We have been informed that access to maintain the ASH system (high level parameters and user access rights) is managed through a separate security system that has a single password known to several members of staff.

Potential effects

Unauthorised use of privileged access could allow users to view, modify or delete sensitive data.

Recommendation

Privileged access should be provided through individual user accounts assigned to individual users.

2023/24 update

Outstanding. Several staff continue to have privileged access to ASH through a single shared password.

During the year one of the system parameters was altered which removed the control for locking users out after a specified number of failed password attempts. This allowed users to enter unlimited passwords without the system stopping them. Due to the single password and shared account, there was no audit trail for who made this change.

We recommend that privileged access is only granted through accounts allocated to specific individuals. Officers have confirmed that this is to be implemented with new ASH upgrade.

Management Response

Same as page 24.

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £101k.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 20 May 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements

None identified

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit Committee should be made aware of.

Details of adjustment	CIES	CIES	Balance Sheet	Balance Sheet
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Criminal Legal Aid Expenditure	2,051			
Cr: Provision				2,051
Being the provision adjustment due to SLAB correcting the percentage of cases not received assumption after errors were identified from audit testing.				
Aggregate effect of adjusted misstatements	2,051			2,051

Summary of misstatements (continued)

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- **Remuneration and staff report**
 - Updating incorrect salaries and bandings for senior officer.
 - Correction of disclosure notes such as including the staff numbers and costs information to report and payroll notes, updating information to reflect clearly areas that are not subject to audit.
 - Correction of keys in Ethnic origin charts to enhance understanding of the statistics.
- **Cash flow statement:**- Correction of cash flow statement in order to ensure that working capital movements are consistent with the balance sheet CY and PY figures.
- **Provisions:**- We identified an error due to an inconsistent calculation method being used for the legal aid fund provision between Note 26 (disclosure note) and Note 20 – provisions (balance sheet figure). In Note 20, the percentages of cases not received adjustment was rounded to a whole number whereas in the disclosure note, this was calculated using exact figures. To ensure consistency, the disclosures in both notes are now calculated on the same basis.
- **Performance report:**- Inclusion of additional information to cover disclosures required by the FReM.
 - Amendment to Summary Performance section of Performance Report to ensure compliance with FREM requirements
 - Changes to the figures, dates, percentages, prior year information, spelling errors in the report.
- **Director's Report:**- Correction of appointment dates for Board Members
- There were also adjustments to the annual report and accounts for other minor disclosure, page numbers, consistency or presentational matters.

07

Wider scope and Best Value

Commentary on Wider Scope

Overall Summary



Commentary on Wider Scope

Wider scope summary

As auditors appointed by the Auditor General for Scotland, our wider scope responsibilities are set out in the Code of Audit Practice 2021. The Code requirements broaden the scope of the 2023/24 audit and allow us to use a risk-based approach to report on our consideration of SLAB's performance and make recommendations for improvement and, where appropriate, conclude on SLAB's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

Overall summary by reporting criteria

From the satisfactory conclusion of our audit work, we have the following conclusions:

Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
 Financial management	33	No	No	No
 Financial sustainability	37	No	No	Yes - see page 39
 Vision, leadership and governance	40	No	No	No
 Use of resources to improve outcomes	44	No	No	No

Commentary on Wider Scope

Financial management

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



Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial management culture	<p>SLAB's system of internal control is based on identification and treatment of risks to the delivery of its aims and objectives. It uses a delegated authority matrix to ensure effective decision making. SLAB reviews its system of internal control on annual basis.</p>	<p>SLAB has appropriate and effective financial management in place. There are sufficient financial skills, capacity, and capability in SLAB.</p>	<p>No significant issues identified.</p>
Accountability	<p>SLAB has a clear process for budget setting. Cost centre managers submit budgets each December detailing the spend required to deliver business plan objectives. These are approved by Directors and then the Executive Team as a whole, before being submitted to the Board as part of the annual budget.</p> <p>SLAB reports financial performance to the Board and its Executive Team on a regular basis. This includes forecasts for the year. Progress against planned savings is reported to the Executive Team. All savings are required to be approved by the Executive Team along with any resulting budget amendments.</p> <p>SLAB achieved financial balance for its administrative budget with an underspend of £4.721 million. Funding for legal services is demand led and the Scottish Government must make funding available to pay for services covered by the legal aid schemes. This means there is no risk of financial balance not being achieved for the Legal Aid Fund.</p>	<p>SLAB has a clear process for budget setting and reports financial performance to the Board and its Executive Team on a regular basis.</p>	<p>No significant issues identified.</p>

Financial management (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
<p>Arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption</p>	<p>SLAB has an anti-fraud and corruption policy statement which sets out staff responsibilities for the prevention of fraud and corruption. It has a fraud response plan which acts as a checklist of actions and guide to follow in the event of fraud being suspected. It also has a whistleblowing policy which provides a guide for employees to follow.</p> <p>SLAB has a Code of Conduct for Members which covers policies and procedures for general conduct, registration of interests and declaration of interests.</p> <p>It publishes Codes of Practice on its website for solicitors providing legal assistance funded by legal aid.</p>	<p>SLAB has appropriate arrangements for preventing fraud, corruption and whistleblowing. SLAB updated its anti-fraud and corruption policy statement, fraud response plan and whistleblowing policy in June 2024.</p>	<p>No significant issues identified.</p>

Financial management (continued)

Follow up of previously reported recommendations

In August 2023, we reported one recommendation to SLAB to address risks identified from our Wider Scope audit for financial management. As part of our work in 2023/24, we followed up the progress made by the SLAB against the recommendations made, and determined whether the risk(s) remained during the year.

	Financial management finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusions reached
1	<p>Revision of anti-fraud and corruption and whistleblowing policies – Level 2</p> <p>SLAB should update its anti-fraud and corruption and whistleblowing policies.</p>	<p>Management’s response A revised corruption and whistleblowing policy is currently in draft and will be issued alongside an Equality Impact Assessment later in 2023.</p> <p>Responsible officer Director of Corporate Services & Accounts</p> <p>Implementation date October 2023</p>	<p>SLAB updated its anti-fraud and corruption policy statement, fraud response plan and whistleblowing policy in June 2024. The updated policies appear reasonable.</p>	<p>Conclusions This recommendation is now complete.</p>

Commentary on Wider Scope

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



Financial sustainability (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial planning	<p>SLAB has a clear approach to determine its administration and client legal services budget requirements. It has reasonable arrangements in place for identifying and assessing savings.</p> <p>The finance team is responsible for identifying potential savings. These are considered by officers at an Executive team meeting. Directors are responsible for final sign off of their budgets so ensure that any savings agreed upon are reflected in budget returns.</p> <p>SLAB has developed a five-year administration budget covering the period to 2028/29. This includes forecasts of future funding gaps. SLAB has created a staff establishment (shared with the people team) to better control core staff costs/budgeting across the Board and the staffed areas of the Fund (Public Defence Solicitors' Office (PDSO), Civil Legal Assistance Office (CLAO), Solicitors Contact Line (SCL) and Glasgow Courts (GC)).</p> <p>The legal aid fund is a non-cash limited fund and is demand led which makes longer term financial planning more challenging. Decisions on eligibility and payment are made irrespective of any budgetary provision. The Scottish Government must make funding available if required to pay for services covered by the legal aid schemes, even if this is higher than expected in some years.</p>	<p>SLAB has a clear approach to determine its administration and client legal services budget requirements. It has strengthened financial planning by developing longer term financial forecasts.</p>	<p>No significant issues identified.</p>

Financial sustainability (continued)

Follow up of previously reported recommendations

In August 2023, we reported two recommendations to SLAB to address risks identified from our Wider Scope audit for financial sustainability. As part of our work in 2023/24, we followed up the progress made by SLAB against the recommendations made, and determined whether the risk(s) remained during the year.

	Financial management finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusions reached
1	<p>Medium to longer term financial planning – Level 3</p> <p>SLAB prepares financial forecasts for a two-year period for its administration budget, but it does not have a longer-term financial plan. SLAB should develop longer term financial planning.</p>	<p>Management’s response Longer term financial planning/forecasting will be developed for future years.</p> <p>Responsible officer Director of Corporate Services & Accounts</p> <p>Implementation date March 2024</p>	<p>SLAB has developed a five-year administration budget covering the period to 2028/29. This includes forecasts of future funding gaps. SLAB has created a staff establishment (shared with the people team) to better control core staff costs/budgeting across the Board and the staffed areas of the Fund (PDSO, CLAO, SCL, GC).</p>	<p>Conclusions This recommendation is now complete</p>
2	<p>Financial Sustainability / Workforce Plan – Level 3</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>A methodology has been developed and initial workshops held. The work was paused pending development of the 2023-26 Corporate Plan and appointment of the Head of People & OD.</p>	<p>Management’s response In Progress</p> <p>Responsible officer Director of Corporate Services & Accounts</p> <p>Implementation date March 2024</p>	<p>SLAB carried out a comprehensive pay and grade review and salary benchmarking in 2023-24, which consumed significant People & OD resources. SLAB will develop its corporate workforce plan in 2024-25.</p>	<p>Conclusions Ongoing</p>

Commentary on Wider Scope

Vision, leadership and governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
<p>Clarity of plans to implement the vision</p>	<p>SLAB has introduced a new corporate plan for 2023-2026, replacing the previous corporate plan covering 2020-2023.</p> <p>This sets out SLAB's vision - "Our values, principles and clarity of purpose empower our people to deliver and shape a legal aid system that supports a just, safe and resilient Scotland." Its mission to "Help people access the legal support they need by: -Making timely, clear and consistent decisions on legal aid applications and accounts, -Delivering high quality and accessible information, advice and representation, -Providing insightful, evidence-based and outcome focused advice to Ministers". The plan includes four corporate objectives:</p> <ul style="list-style-type: none"> - 1. High Quality Administration - 2. High Quality Delivery of Client Legal Services & Targeted Funding - 3. Investing in Our People - 4. Shaping the Future. <p>The plan sets out further details on each objective and actions setting out how SLAB will achieve the objective. It also includes details of how SLAB will measure its success for each objective.</p> <p>SLAB also has an annual business plan which provides a high-level overview of the activity that helps it work towards its strategic objectives.</p>	<p>SLAB's corporate plan set out a clear vision and strategy for the organisation.</p>	<p>No significant issues identified.</p>

Vision, leadership and governance (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Governance arrangements	<p>SLAB is a non-departmental public body sponsored by the Scottish Government's Justice Directorate. Its broad governance framework and relationship with the Scottish Government are set out in a joint framework agreement. Membership of the Board comes from a range of public and private sector backgrounds, including solicitors and advocates.</p> <p>The Board is the Chair and 11 other non-executive members. The role of the Board is to shape and set SLAB's strategic direction. It also sets SLAB's risk appetite and risk management framework and provides oversight and scrutiny of the organisational and financial performance.</p> <p>The Board has four standing committees:</p> <ul style="list-style-type: none"> - Audit Committee, which advises the Board and Accountable Officer on the effectiveness of the internal control system. - Legal Assistance Policy Committee, which advises the Board on the development and implementation of operational policies. - Legal Services Cases Committee, which considers sensitive, high profile or other specified types of case either at first instance or on review. - Remuneration and Appointments Committee, which considers pay policy and the remuneration and performance of the Chief Executive and Executive Team. <p>Standing Orders set out the arrangements for the management of SLAB's Boards and Committees, which are subject to regular review. A Delegated Authority Matrix sets out detailed authorities across the organisation.</p>	<p>The governance framework agreed between SLAB and the Scottish Government appears appropriate. We found evidence of effective scrutiny, challenge and transparency of decision making at the Audit Committee. We have confirmed that the Board provides oversight and scrutiny of SLAB's organisational and financial performance.</p>	<p>No significant issues.</p>

Vision, leadership and governance (continued)

Our overall assessment (continued)

Area assessed	Our findings	Our judgements	Risks identified
Strategy and priorities	SLAB's corporate plan set out the vision and strategy for the organisation. It also sets out SLAB's contribution to wider Scottish Government outcomes and the National Performance Framework.	SLAB's strategy and priorities are clearly set out in its corporate plan.	No significant issues.
Financial and performance information	<p>Performance is reported to each meeting of the Board. The reports cover:</p> <ul style="list-style-type: none"> - applications performance for the three types of legal aid applications - accounts performance for the three types of accounts administered - solicitor satisfaction. <p>The reports contain narrative explanations where benchmarks have not been met. There is a range of indicators for applications and accounts, and performance is recorded on a month-by-month basis (based on three month averages up to and including the month shown). This is shown in tables in the report.</p> <p>The information in the tables is known as SLAB Operational Performance Overview Reports (SOPOR). Quarterly SOPOR reports are also available on SLAB's website along with guidance on how the measures are calculated and interpreted.</p>	<p>The regular performance reports presented to the Board and the SOPOR provide clear information on SLAB's performance against benchmarks and targets for its main operations.</p> <p>Information is provided on a month-by-month basis which allows users to see performance trends over a 12-month period. Narrative explanations are included in the Board reports where performance is below expectations.</p>	No significant issues.

Commentary on Wider Scope

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.



Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Resources deployed to improve strategic outcomes	<p>SLAB has created a new business plan which incorporates the staff budget for each service area and estimates the percentage of time each area is expected to spend on achieving the four corporate objectives.</p> <p>It has also linked budgets to the business plan and the four main objectives.</p>	<p>SLAB has provided information on the resources it expects to use to achieve its corporate objectives within the 2024/25 business plan. This helps demonstrate how it is linking objectives to budget.</p>	<p>No significant issues.</p>
Needs of service users being met	<p>Solicitor satisfaction is reported in the SOPOR and is covered in the regular performance reports to the Board. The latest position reported in the SOPOR is as at November 2023.</p> <p>SLAB publishes the results of client surveys on its website. The following survey was published during 2023/24:</p> <ul style="list-style-type: none"> - May 2023: Interim research summary - Children's legal assistance. <p>The surveys are designed to inform SLAB's understanding of the strategic environment it is operating in and help support reports and submissions to its committees, the Scottish Government and the Law Society of Scotland. The survey reports include a summary of the results and details of the next steps SLAB will take in response to the findings.</p>	<p>SLAB has appropriate arrangements in place. SLAB carries out a range of surveys of clients to obtain their views on the services it provides. The results are used by SLAB to measure performance and help inform strategic decision making.</p>	<p>No significant issues.</p>

Use of resources to improve outcomes (continued)

Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Arrangements to deliver continuous improvements in priority services	<p>Operational benchmarks are measured and published via SOPOR, reported quarterly and published on SLAB's website. The Executive Team is informed of operational performance on a monthly basis and performance is reported to each meeting of the Board. These reports provide a short summary of the current position with each project and any issues.</p> <p>There is quarterly reporting to the Board on progress against the annual business plan. The reports give a snapshot of each of the business plan projects to allow Board members to assess whether projects are on track. The projects are grouped under each strategic priority and the information is clearly displayed in a table.</p>	SLAB provides Board members and the public with clear information on operational performance and progress against business plan improvement projects.	No significant issues identified.

Use of resources to improve outcomes (continued)

Follow up of previously reported recommendations

In August 2023, we reported one recommendation to SLAB to address risks identified from our Wider Scope audit for use of resources to improve outcomes. As part of our work in 2023/24, we followed up the progress made by the SLAB against the recommendations made, and determined whether the risk(s) remained during the year.

	Financial management finding as previously reported	Management response and implementation timeframe	Work undertaken and judgements made in 2023/24	Conclusions reached
1	<p>Integration of budgeting and resource requirements within corporate and business plans – Level 3</p> <p>SLAB should ensure its corporate and business plans include consideration of the resources required to deliver its planned objectives.</p>	<p>Management’s response Reference to the budget will be included in future Corporate and Business Plans, as a minimum by Directorate. Options to improve the direct linkage from objectives to the budget will be considered as part of the 2024-25 budget process. The business plan will be visible to managerial staff by having access to board and executive team papers which include business plan monitoring information. More use of internal communication will be made. A Communications plan for the Corporate Plan 2023-26 will be agreed which will include a schedule of activity to ensure that the annual business plan and progress against it is well communicated.</p> <p>Responsible officer Corporate Support Manager</p> <p>Implementation date March 2024</p>	<p>SLAB has created a new business plan which incorporates the staff budget for each service area and estimates the percentage of time each area is expected to spend on achieving the four corporate objectives.</p> <p>It has also linked budgets to the business plan and the four main objectives.</p>	<p>Conclusions This recommendation is now complete.</p>

Commentary on Best Value

Best Value



Best Value

Best Value in central government bodies

The Scottish Public Finance Manual (SPFM) explains that accountable officers have a specific responsibility to ensure that arrangements have been made to meet their Best Value obligations. The duty of Best Value as set out in the SPFM is:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance; and
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

Ministerial guidance for Accountable Officers in public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

The seven Best Value characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve best value:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

We have used a risk-based approach that is proportionate to the size and type of the body, to assess whether SLAB has made proper arrangements for securing Best Value. We have also followed up on previously reported Best Value findings, where applicable, and have assessed the pace and depth of improvement implemented by SLAB.

Best Value (continued)

Best Value in central government bodies – overall conclusion

SLAB's internal audit team carried out a review of the controls in operation over Best Value in SLAB in 2022/23 and reported its findings to the June Audit Committee meeting. Internal audit assessed SLAB's approach against the five generic themes set out by Audit Scotland (Vision and Strategic Direction, Partnership Working, Governance and Accountability, Planning and Resource Alignment, and Performance Management). Internal audit found that controls over Best Value were generally operating effectively.

Internal audit made some routine recommendations for the following areas:

- an absence of consideration of costs incurred in achieving performance outcomes
- a lack of commentary in the SOPOR on the absence of accounts checking results and solicitor satisfaction surveys for extended periods during 2022/23
- development of a plan for addressing the backlog of checks on accounts.

The Executive Team and Audit Committee agreed that there is an opportunity to review Best Value arrangements every third year, with the work completed ahead of the drafting of the new corporate plan. The next review is due in 2025/26.

SLAB published its new corporate plan covering 2023-26 in July 2023. The plan sets out further details on each objective and actions setting out how SLAB will achieve the objective. It also includes details of how SLAB will measure its success for each objective. SLAB has an annual business plan which provides a high-level overview of the activity that helps it work towards its strategic objectives. SLAB continued to monitor key performance indicators throughout the year with performance reported to the Board on a regular basis. The Accountable Officer has appropriate assurance over their Best Value obligations from the corporate and business plans, budget monitoring and performance reports.

Overall, we have concluded that SLAB has appropriate arrangements in place for managing and monitoring performance and reporting on its efforts to secure Best Value. The new corporate and business plans will provide SLAB and auditors with a framework to measure its pace and dept of improvement going forward.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope ratings

Appendix A: Draft management representation letter

Tom Reid
Forvis Mazars LLP
100 Queen Street
Glasgow
G1 3DN
August 2024

Dear Tom

Scottish Legal Aid Board - Audit for the Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Scottish Legal Aid Board for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Board you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accountable Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter

Accounting records

I confirm that all transactions undertaken by the Board have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Board's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Board in making the accounting estimates, including those measured at fair value are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Board have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Accountable Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Board involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

I have disclosed to you the identity of the Board's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

Charges on assets

All the Board's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Valuation of land, buildings and dwellings

I confirm that I am satisfied that the key assumptions feeding into the assessment of the assets are appropriate based on my review.

Appendix A: Draft management representation letter

Right of Use assets and lease liabilities

I confirm that I have satisfied myself that the key judgments and assumptions made in valuing Right of Use assets and corresponding lease liabilities are reasonable and in accordance with IFRS 16. I am satisfied that assumptions around lease terms of implicit leases are reasonable.

Ultimate parent company

I confirm that the ultimate parent company for Scottish Legal Aid Board is the Scottish Government.

Other Matters

I confirm in relation to the following matters that:

- COVID-19 – I have assessed the continued impact of the COVID-19 Virus pandemic on the Board and the financial statements, including the impact of mitigation measures and uncertainties, and am satisfied that the financial statements and supporting notes fairly reflect that assessment.

Actuarial assumptions

I confirm that I have satisfied myself that the key actuarial assumptions used in valuing the pension scheme liability are reasonable.

Going concern

To the best of my knowledge there is nothing to indicate that the Board will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Performance related allocations

I confirm that I am not aware of any reason why the Board's funding allocation limits would be changed.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which Legal Aid (Scotland) Act 1986 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM) require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Governance Statement

I am satisfied that the Governance Statement fairly reflects the Board's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the Governance Statement.

Appendix A: Draft management representation letter

Annual Report

The disclosures within the Annual Report and the Remuneration and Staff Report fairly reflect my understanding of the Board's financial and operating performance over the period covered by the financial statements.

Other Representations

I confirm that all provisions required under IAS 37 have been included in the financial statements.

Unadjusted misstatements

I confirm that there are no uncorrected misstatements.

Yours faithfully

Colin Lancaster

Chief Executive and Accountable Officer

Appendix B: Draft audit report

Independent auditor's report to the members of Scottish Legal Aid Board, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on the Scottish Legal Aid Fund financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Aid Board for the year ended 31 March 2024 under the Legal Aid (Scotland) Act 1986. The financial statements for the Scottish Legal Aid Fund ('the Fund') comprise the Fund's Statement of Comprehensive Net Expenditure, the Fund's Statement of Financial Position, the Fund's Statement of Cash Flows, the Fund's Statement of Changes in Taxpayers' Equity and Notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements of the Scottish Legal Aid Fund:

- give a true and fair view of the state of the Fund's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Opinion on the Scottish Legal Aid Board financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Aid Board for the year ended 31 March 2024 under the Legal Aid (Scotland) Act 1986. The financial statements for the Scottish Legal Aid Board ('the Board') comprise the Board's Statement of Comprehensive Net Expenditure, the Board's Statement of Financial Position, the Board's Statement of Cash Flows, the Board's Statement of Changes in Taxpayers' Equity and Notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements of the Scottish Legal Aid Board:

- give a true and fair view of the state of the Board's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Appendix B: Draft audit report

Basis for opinions

We conducted our audits of the Fund and the Board in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audits of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the Fund and Board financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland Website](#).

Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of Fund and Board financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Fund and Board financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Fund and Board financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the Fund and Board financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Appendix B: Draft audit report

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the Fund and Board financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on the Fund and Board financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

the information given in the Performance Report for the financial year for which the Fund and Board financial statements are prepared is consistent with the Fund and Board financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers; and the information given in the Governance Statement for the financial year for which the Fund and Board financial statements are prepared is consistent with the Fund and Board financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Appendix B: Draft audit report

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid (Audit Director)
For and on behalf of Forvis Mazars LLP
Forvis Mazars LLP
100 Queen Street
Glasgow – G1 3DN

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.

Appendix C: Confirmation of our independence (continued)

Fees for work as SLAB's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit Committee in 20 May 2024. Having substantially completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:





Area of work	2023/24 fees	2022/23 fees
Auditor remuneration	£73,170	£69,030
Pooled costs	£780	(£1,090)
Contribution to PABV costs	£0	£0
Audit support costs	£0	£1,960
Sectoral cap adjustment	(£10,150)	(£9,730)
Additional audit procedures to obtain assurance over pension scheme actuarial assumptions and testing of pension benefits and membership data	£4,107	£0
Additional audit procedures to review and test updated legal aid provision model and new assumptions used	£12,911	£0
Total fees	£80,818	£60,170

Our additional fees are subject to approval by Audit Scotland.



Fees for other work

We confirm that we have not undertaken any non-audit services for SLAB in the year.


Appendix D: Other communications

	Other communication	Response
	Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	Going Concern	<p>We have not identified any evidence to cause us to disagree with the Accountable Officer that SLAB will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications (continued)

	Other communication	Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of SLAB's arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented.</p> <p>We will obtain written representations from management, and where appropriate Those Charged With Governance, confirming that:</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix D: Other communications (continued)

	Other communication	Response
	<p>National Fraud Initiative</p>	<p>The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the UK’s Cabinet Office, designed to prevent and detect fraud. The NFI uses data analytics to compare information held on individuals by different public bodies to highlight the existence of fraud or error.</p> <p>NFI exercise runs once every two years, the most recent exercise was completed for financial year 2022/23. We monitored SLAB’s participation and progress during the 2022/23 audit. At the time of preparing our 2022/23 Annual Audit Report (August 2023), work was ongoing on creditors matches with eight very high risk matches yet to be followed up. However, as per the paper presented in November 2023 to the Audit Committee meeting, 133 out of 135 were fully investigated and required no further action. There were two possible matches which related to pensioners being paid by SLAB, which were identified as deceased on the Department of Works and Pensions system. The possible matches were confirmed as actual matches with a resulting overpayments of £1.35k to be recovered.</p> <p>We provided a “Green” rating for SLAB’s NFI arrangements in our NFI checklist submitted to Audit Scotland in March 2024.</p>

Appendix E: Wider scope ratings

We need to gather sufficient evidence to support our commentary on SLAB's arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to SLAB and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
Level 1	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
Level 2	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
Level 3	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

Contact

Forvis Mazars

Tom Reid

Audit Director

Tel: +44 7816 354 994

Tom.reid@mazars.com

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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