



# Scottish Criminal Cases Review Commission

2015/16 Annual Audit  
Report to Members and  
the Auditor General for  
Scotland

June 2016

## Key contacts

Asif A Haseeb, Engagement Lead  
[ahaseeb@audit-scotland.gov.uk](mailto:ahaseeb@audit-scotland.gov.uk)

Richard Smith, Senior Auditor  
[rismith@audit-scotland.gov.uk](mailto:rismith@audit-scotland.gov.uk)

David Docherty, Auditor  
[ddocherty@audit-scotland.gov.uk](mailto:ddocherty@audit-scotland.gov.uk)

Audit Scotland  
4th floor (South Suite)  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Telephone: 0131 625 1500

Website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively ([www.audit-scotland.gov.uk/about](http://www.audit-scotland.gov.uk/about)).

Asif A Haseeb, Engagement Lead – Audit Scotland, is the appointed external auditor of Scottish Criminal Cases Review Commission for the period 2011/12 to 2015/16.

This report has been prepared for the use of Scottish Criminal Cases Review Commission and the Auditor General for Scotland and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in it may be used by the Auditor General for Scotland in support of her wider responsibilities, including reporting to the Scottish Parliament.

## Contents

Key messages.....	3
Introduction.....	4
Audit of the 2015/16 financial statements .....	5
Financial management and sustainability.....	12
Governance and transparency.....	15
Best Value .....	18
Appendix 1: Financial statements risks .....	19
Appendix 2: Summary of local audit reports .....	22
Appendix 3: Summary of national reports .....	23
Appendix 4: Action plan .....	24

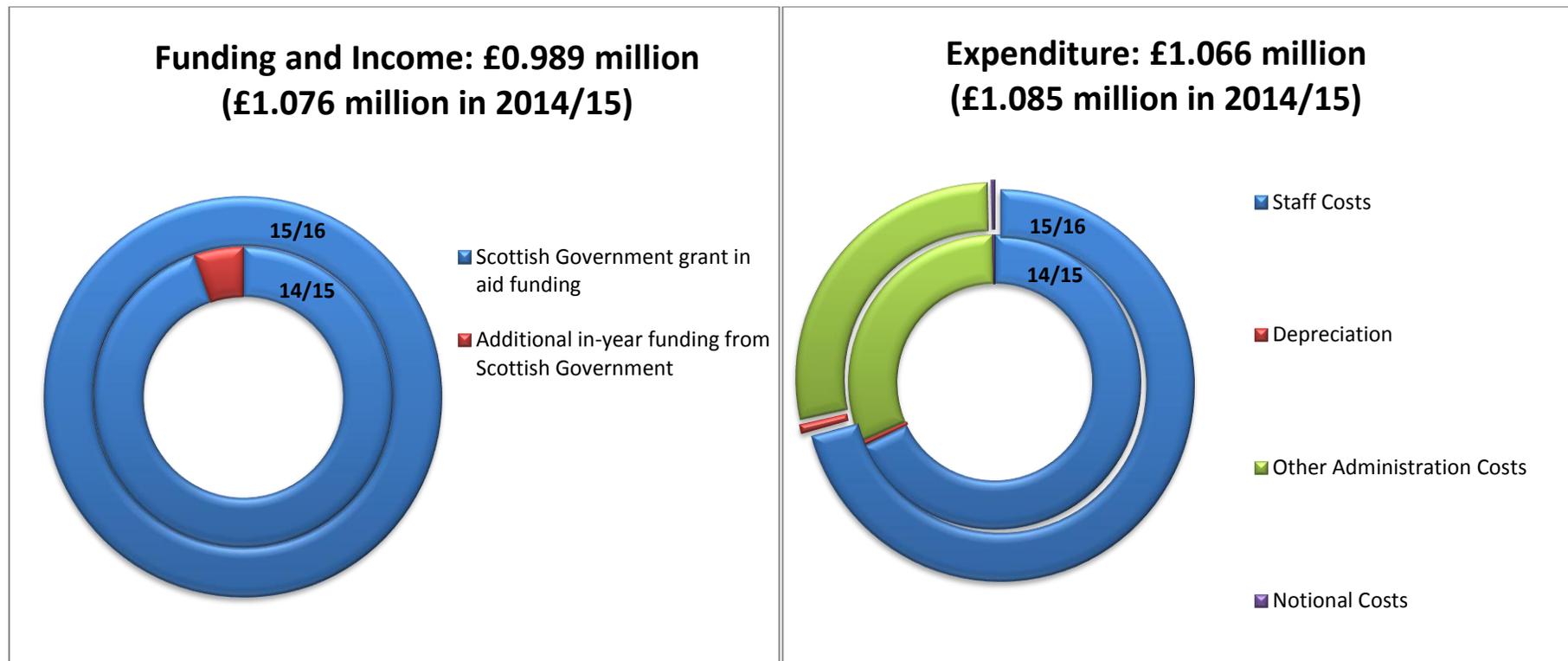
# Key messages

<b>Audit of financial statements</b>	<ul style="list-style-type: none"> <li>• Unqualified independent auditor's report (audit certificate) on the 2015/16 financial statements.</li> <li>• Working papers were of a high standard and officers provided excellent support which enabled the audit team to complete on-site fieldwork by the planned target date.</li> <li>• All monetary errors, and presentation and disclosure issues, identified in the unaudited accounts were corrected by management in the audited financial statements.</li> </ul>
<b>Financial management and sustainability</b>	<ul style="list-style-type: none"> <li>• We are satisfied that the Commission has sufficient financial management arrangements in place.</li> <li>• The annual outturn on a cash basis was £1.056 million against a grant-in-aid allocation of £1.019 million. However, the Commission only drew down £0.989 million of their Scottish Government funding during the year and utilised £0.067 million of their accumulated cash reserves to meet these costs.</li> <li>• The Commission have taken a proactive approach to reduce their cash balance from £0.300 million at 31 March 2015 to £0.233 million at 31 March 2016.</li> </ul>
<b>Governance and transparency</b>	<ul style="list-style-type: none"> <li>• We concluded that the Scottish Criminal Cases Review Commission had sound governance arrangements in place during 2015/16.</li> </ul>
<b>Best Value</b>	<ul style="list-style-type: none"> <li>• The Commission have considered Scottish Government guidance on Best Value and have been proactive in their approach.</li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>• The Commission plan to review their cash and cash equivalents balance again in 2016/17 to identify whether any further cash can be released back to the Scottish Government.</li> <li>• The lease at Portland House expires in February 2017. Management should determine as soon as possible whether they will remain at Portland House beyond this to ensure that the correct accounting treatment can be adopted.</li> <li>• A new chairperson and two new Commission members will be appointed during 2016/17. Management should ensure that the new members receive a comprehensive induction and adequate support to allow them to undertake their roles effectively.</li> </ul>

# Introduction

1. This report summaries our findings arising from the 2015/16 audit of the Scottish Criminal Cases Review Commission (the Commission).
2. The Commission and the Chief Executive, as the Accountable Officer, are responsible for:
  - acting within the law and ensuring the regularity of transactions by putting in place appropriate systems of internal control
  - maintaining proper accounting records
  - preparing financial statements which give a true and fair view of the financial position of the Commission as at 31 March 2016 and its expenditure and income for the year then ended
  - publishing with their financial statements an annual report, comprising a performance report and accountability report.
3. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management with the oversight of those charged with governance. This does not relieve management of their responsibility for the preparation of financial statements.
5. Appendix 1 sets out the financial statements risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.
6. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports are summarised at appendices 2 and 3.
7. Appendix 4 is an action plan setting out our recommendations to address the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action / response". We recognise that not all risks can be eliminated or even minimised. What is important is that the Commission understands its risks and has arrangements in place to manage them. The audit committee should ensure they are satisfied with proposed actions and have a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. 2015/16 is the final year of the current five year audit appointment. Audit Scotland have again been appointed as the Commission's external auditors for the next five year appointment. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming audit team as part of this transition.

# Audit of the 2015/16 financial statements



The financial statements show that the Commission drew down £0.989 million (97%) of their £1.019 million Scottish Government grant in-aid allocation for the year. This was due to the Commission making efforts to reduce their cash and cash equivalents balance at 31 March 2016 by utilising existing cash reserves to meet costs during 205/16 rather than drawing down additional funding. Overall expenditure decreased from £1.085 million in 2014/15 to £1.066 million in 2015/16 with staff Costs (£0.754 million in 2015/16) accounting for the majority (around 71%) of the Commission's expenditure in both years.

# Audit Opinions

## Financial Statements

- The financial statements of the Scottish Criminal Cases Review Commission for 2015/16 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.
- We confirm that the financial statements have been properly prepared in accordance with the 2015/16 FReM and the requirements of the Criminal Procedure (Scotland) Act 1995 and directions made thereunder by the Scottish Ministers.

## Regularity

- 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

## Other prescribed matters

- The part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Criminal Procedure (Scotland) Act 1995 and directions made thereunder by the Scottish Ministers.
- The information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Submission of financial statements for audit

10. We received the unaudited financial statements on 6 May 2016, in accordance with the agreed timetable. However, these did not include pension information for the Chief Executive and Director of Corporate Services as this was not available at that point as discussed at paragraph 27.
11. The working papers in support of the financial statements were of a high standard and staff provided excellent support to the audit team which enabled us to complete our on-site fieldwork by the planned target date of 13 May 2016.

## Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan which was issued on 25 November 2015 and presented to the audit committee on 3 December 2015.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken any non-audit related services. The 2015/16 agreed fee for the audit was £7,300 and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a

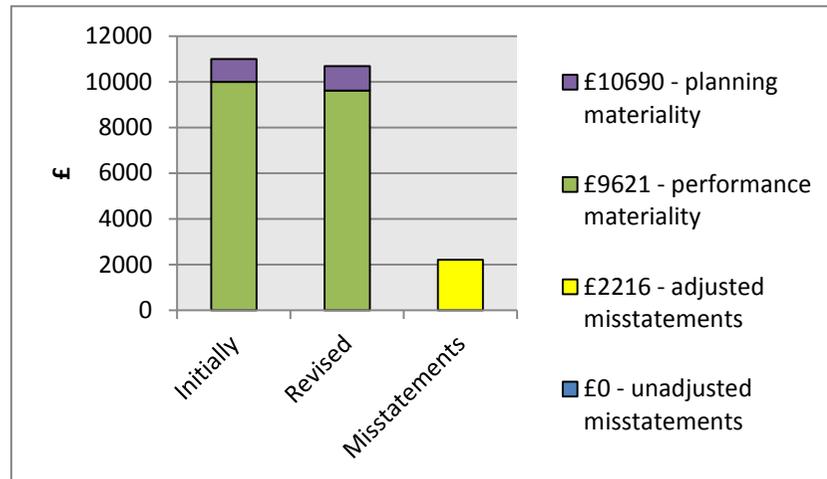
number of key audit risks which had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance.

15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

## Materiality

16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
17. We summarised our approach to materiality in our Annual Audit Plan. On receipt of the unaudited financial statements, we revised materiality for 2015/16 to £10,690 based on actual expenditure for the year.
18. We also set a lower level, known as performance materiality, when defining our audit procedures. This is determined to ensure that uncorrected and undetected audit differences do not exceed our materiality level. Performance materiality was set at £9,621 (i.e. 90% of materiality).
19. We report all misstatements greater than £1,000.

**Exhibit 1: Overall materiality misstatements**



**Evaluation of audit adjustments**

20. We identified two monetary adjustments to the unaudited financial statements. These related to a salary costs accrual (discussed at paragraphs 24/25) and depreciation on Information Technology assets (discussed at paragraph 26). Management made these adjustments in the audited accounts which reduced expenditure by £2,216 and increased net assets in the Statement of Financial Position by the same value. There are no unadjusted errors to report.

**Significant findings from the audit**

21. International Standard on Auditing 260 (ISA 260) requires us to communicate to you significant findings from the audit as detailed below:
- The auditor’s views about significant qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and disclosures.
  - Significant difficulties encountered during the audit.
  - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
  - Written representations requested by the auditor.
  - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
22. A number of minor presentational and disclosure adjustments were identified during the course of the audit. These were discussed with management who agreed to amend the financial statements. We do not deem any of those amendments significant enough to report separately.
23. The following table details those issues or audit judgements that, in our view, do require to be communicated to those charged with governance in accordance with ISA 260.

**Table 1: Significant findings from the audit in accordance with ISA260**

**For consideration by those charged with governance**

**Year-end payables balance**

- 24. The accruals balance at 31 March 2016 was shown as £97,000 in the unaudited financial statements. During the audit we identified that the supporting schedule listed year-end accruals totalling only £92,000. Following investigation management identified that the difference was due to a prior year accrual that had not been reversed in 2015/16. This has been corrected in the audited accounts by reversing the accrual which reduced accruals by £4,635 and salary and fees by the same value.
- 25. During the 2014/15 audit, similar issues were identified with prepayments which had not been reversed. To ensure this does not reoccur in 2016/17, the Commission should obtain confirmation from their Scottish Government finance contact that all accruals and prepayments processed as part of the 2015/16 year end closedown procedures have been reversed during period 1 of 2016/17.

**Appendix 4 – Action Plan No. 1**

**Information Technology assets depreciation charge**

- 26. During 2015/16, the Commission amended its depreciation policy for IT assets so that these are now depreciated over a useful life of 3 years rather than 5 years. To bring the remaining useful life of existing IT assets in line with the new policy backlog depreciation should have been charged on IT assets acquired prior to 2015/16. From review of the asset register we identified that 5 assets had not been charged backlog depreciation to bring their remaining useful life in line with the new accounting policy. This has been corrected in the audited accounts which increased depreciation charged in the year in the Statement of Comprehensive Expenditure by £2,419 and reduced the value of IT assets shown in the Statement of Financial Position by the same value.

## For consideration by those charged with governance

### Pension information

27. Pension information for the remuneration report was not included in the unaudited financial statements as it had not been provided by MyCSP, via the Scottish Government, who administer the Civil Service Pension scheme. This information was not provided and included in the accounts until 26 May 2016. As this information is required to enable the appointed auditor to certify the accounts, and similar issues have been encountered with the provision of the information in prior years, management should liaise with both MyCSP and the Scottish Government to ensure no similar delays are encountered obtaining the pension information in 2016/17.

**Appendix 4 – Action Plan No. 2**

### Future accounting and auditing developments

28. HM Treasury has issued the 2016/17 Government Financial Reporting Manual (FRoM). This applies EU adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2016 (i.e. Scottish Criminal Cases Review Commission's 2016/17 accounts).
29. We have reviewed the 2016/17 FRoM and there are no significant changes from the 2015/16 FRoM.

### Outlook

30. The Commission's lease at Portland House expires in February 2017. Management are currently in discussion with the Scottish Government estates team in order to undertake a full review of future accommodation need and establish the most

appropriate way of meeting this need, including the consideration of an available, appropriate Government stock.

31. The Commission are also in discussion with their existing landlord as part of this review to establish what options are available to them if they choose to extend their lease at Portland House (i.e. length of lease, rental cost, capital improvements, other inducements).
32. When the Commission vacate Portland House they will be required to meet the dilapidation costs of restoring the fifth floor back to its original condition. Therefore, the Commission previously set aside funds to meet these costs by creating a provision of £0.075 million based on an estimation of the likely costs of the required work.
33. If the Commission moves out of Portland House at the end of their current lease then this provision balance should be

released to offset the costs incurred, and any excess in the provision balance over the actual payments made should be released back to the general reserve during the year (i.e. provisions not required written back).

34. Management should determine as soon as possible whether they will remain at Portland House beyond the end of their current lease to ensure that the correct accounting treatment can be adopted.

**Appendix 4 – Action Plan No. 3**

# Financial management and sustainability

35. The main financial objective for the Commission is to ensure that the financial outturn for the year on a cash basis is within the budget allocated by Scottish Ministers, taking one year with another.

## Financial Planning

36. The Scottish Criminal Cases Review Commission, as a Non-Departmental Public Body (NDPB) of the Scottish Government, receives all of its funding directly from the Scottish Government.
37. As funding from the Scottish Government is the Commission's primary source of income there is a greater degree of certainty over future funding streams than for some other public sector organisations who have more reliance on income generating activities. Therefore, the main focus for Scottish Criminal Cases Review Commission is achieving a balanced financial plan to remain within their annual allocation.
38. For planning purposes, the Commission has used the assumption that grant-in-aid funding will remain constant over the next 3 years, adjusting for inflationary pressures. Actual funding is only confirmed by Scottish Government on an annual basis in advance of the start of the new financial year.

## Financial management

39. As auditors we need to consider whether bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the officer responsible for finance has sufficient status to be able to deliver good financial management,
  - standing financial instructions and standing orders are comprehensive, current and promoted within the body,
  - reports monitoring performance against budgets are accurate and provided regularly and timeously to budget holders,
  - monitoring reports do not just contain financial data but are linked to information about performance, and
  - board members provide a good level of challenge and question budget holders on significant variances.
40. Based on our accumulated knowledge, our review of board papers and through our attendance at the audit committee we conclude that the Scottish Criminal Cases Review Commission has sufficient financial management arrangements in place.

## 2015/16 financial position

41. As in 2014/15, the Commission's core Scottish Government grant-in-aid allocation for 2015/16 was £1.019 million.
42. During 2015/16 the Commission's outturn on a cash basis was £1.056 million. This exceeded their grant-in-aid allocation for the year of £1.019 million by £0.037 million. However, the Commission

only drew down £0.989 million of their Scottish Government funding during the year and utilised £0.067 million of their accumulated cash reserves at 31 March 2015 of £0.300 million to meet these costs.

43. The decision to utilise accumulated cash reserves during 2015/16 was taken in response to a recommendation in our 2014/15 Annual Audit Report that the Commission should only retain the level of funds required to meet any relevant liabilities at the year-end. We commend the Commission for taking a proactive approach to reducing these funds to ensure that any money not required is released back to the Scottish Government.
44. On an income and expenditure basis, the financial statements show a deficit of £0.077 million. This is the difference between the net operating cost for the year shown in the Statement of Comprehensive Net Expenditure of £1.066 million and the Scottish Government funding drawn down during the year of £0.989 million. This operating deficit is attributable to the utilisation of cash reserves during the year (discussed at paragraph 43). The difference between this and the outturn on a cash basis, discussed at paragraph 42 above, is attributable to non-cash costs (i.e. notional costs and depreciation) for which the Commission receive separate Scottish Government budget cover.
45. The Commission's Statement of Financial Position shows a net asset position at 31 March 2016 of £0.084 million.

**Table 2: Scottish Government grant-in-aid allocation 2014/15 – 2016/17**

Scottish Government – Grant-In-Aid Allocation	2014/15 (£m)	2015/16 (£m)	2016/17 (£m)
Core Allocation	1.019	1.019	1.019
Additional Allocation	0.061 <sup>1</sup>	0.125 <sup>2</sup>	-
<b>Total</b>	<b>1.076</b>	<b>1.144</b>	<b>1.019</b>

Source: Scottish Government grant-in-aid allocation letters

## 2016/17 budget

46. The Commission's Scottish Government core grant-in-aid allocation for 2016/17 has been set at £1.019 million. This in line with prior

<sup>1</sup> An additional allocation was received in 2014/15 to cover the immediate costs arising from general case investigation expenditure and those associated with the receipt of a second application in respect of Mr Al-Megrahi.

<sup>2</sup> The Scottish Government approved additional funding of up to £125,000 for 2015/16 to cover the anticipated additional costs of reviewing the case of Mr Al-Megrahi. However, the case was not accepted for full review following the completion of the stage 1 review process and no additional funding was drawn down as the costs incurred were met from the Commission's core grant-in-aid funding.

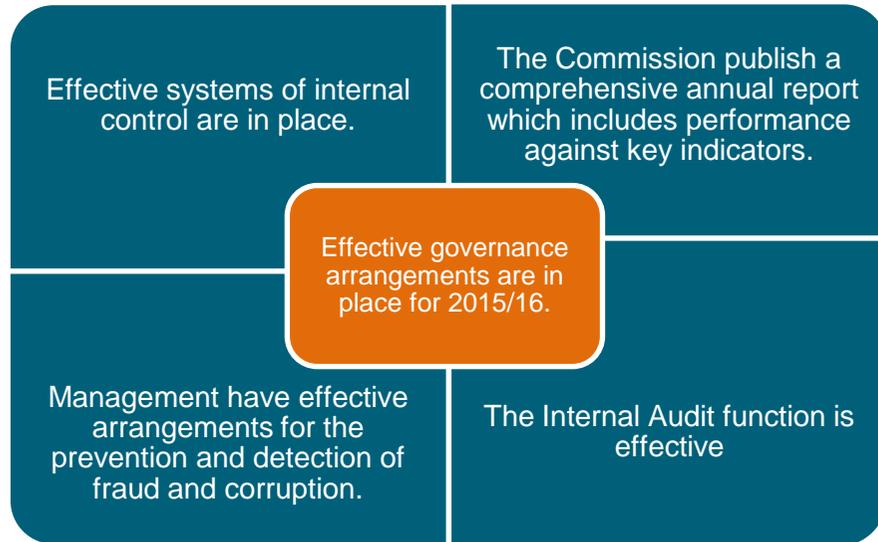
years, as shown in Table 2, and the Commission believe this will be sufficient to meet their resource requirements for the coming year.

## Outlook

47. The Commission held cash and cash equivalents of £0.233 million at 31 March 2016. As discussed at paragraphs 42/43, this was a reduction on the balance of £0.300 million held at 31 March 2015 due to the Commission utilising £0.067 million of their accumulated cash reserves to meet costs, rather than drawing down their full Scottish Government allocation.
48. Management have advised that the Commission will continue to review their cash and cash equivalents balance during 2016/17 to identify whether any further money can be released back to the Scottish Government.

### Appendix 4 – Action Plan No. 4

# Governance and transparency



## Corporate governance

- 49. The Commission and Chief Executive (as Accountable Officer) are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Scottish Criminal Cases Review Commission and for monitoring the adequacy of these arrangements.
- 50. The members of the Commission are appointed by Her Majesty the Queen on the recommendation of Scottish Ministers. Mrs Jean

Couper CBE has served as Chairman of the board since 2009 and the Commission’s Chief Executive, Mr Gerard Sinclair, has been in post since 2003. The Commission has thereby benefited from continuity of leadership over this period.

- 51. The Board is supported in its role by a number of standing committees as illustrated in Exhibit 2. In addition, the full Board sits twice a year as the Policy Group.

**Exhibit 2: Scottish Criminal Cases Review Commission committee structure 2015/16**



52. The committees meet on a regular basis throughout the year to consider relevant matters. We concluded that the Commission has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

## Audit committee

53. The audit committee has direct responsibility for overseeing the Commission's arrangements for corporate governance and provides the Accountable Officer with assurance as to the Commission's compliance. The committee considers all internal and external audit reports and ensures any issues raised are addressed.

54. During 2015/16 Professor Brian Caddy and Mr Stewart Campbell, who were both members of the audit committee, left the Commission after serving as members for eight years. Mr Gerrard Bann took over the role of Chairman of the committee and Professor George Irving CBE and Professor Jim Fraser were appointed as the other committee members.

## Transparency

55. The Scottish Government's "On Board" guidance (<http://www.gov.scot/Publications/2015/04/9736/0>), for board members of public bodies was updated and reissued in April 2015. On Board states that boards should demonstrate high standards of corporate governance at all times including openness and

transparency in decision making. It recommends boards should consider:

- holding an annual open meeting,
- holding board meetings in public unless there is a good reason not to,
- publishing summary reports and/or minutes of meetings,
- inviting evidence from members of the public in relation to matters of public concern,
- consulting stakeholders and users on a wide range of issues, and
- making corporate plans and the annual report widely available.

56. Audit Scotland also believes in transparency of financial reporting within the Annual Report and Accounts including:

- a clear reconciliation between expenditure and the outturn against Scottish Government Resource budgets, and
- identification of, and explanation of, any significant movements in budget during the year.

57. Overall we concluded that the Scottish Criminal Cases Review Commission is open and transparent as while board and committee meetings are held in private, because of the confidential and sensitive nature of their business, minutes are made available to the public via the Commission's website.

## Internal control

58. No material weaknesses in the accounting and internal control systems were identified during the 2015/16 audit which could have adversely affected the organisation's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Internal audit

59. Internal audit provides the audit committee and the Accountable Officer with independent assurance on the overall risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on internal audit work where possible.
60. Our Scottish Government audit team assessed the Scottish Government Internal Audit Division, the Commission's internal auditors, and concluded that they operate in accordance with the Public Sector Internal Audit Standards (PSIAS) and have sound documentation standards and reporting procedures in place. We were therefore able to rely on their work in terms of our wider code of audit practice responsibilities.

## Arrangements for the prevention and detection of fraud

61. Scottish Criminal Cases Review Commission is responsible for establishing arrangements to prevent and detect fraud and other

irregularity. We reviewed and reported on these arrangements and have concluded that there are effective arrangements for the prevention and detection of fraud.

## Arrangements for maintaining standards of conduct and the prevention and detection of corruption

62. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. We consider whether bodies have adequate arrangements in place and have concluded that appropriate arrangements exist within the Commission.

## Outlook

63. Jean Couper CBE (Chairman of the Board), Gerrard Bann (Chairman of the audit committee) and Professor George Irving CBE (audit committee member) will all leave the Commission during 2016/17 after serving as members for eight years, with a new chairperson and Commission members appointed in their place. Management should ensure that the new members receive a comprehensive induction and adequate support to allow them to undertake their roles effectively.

# Best Value

## Arrangements for securing Best Value

64. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.
65. The Commission last undertook a full Best Value Review in 2013-14, producing an appropriate action plan based on key findings which was subsequently incorporated into the annual business plan objectives. All objectives arising from the 2013-14 Review were completed by 31 March 2015. In producing the new 3-year Corporate Plan, the Commission has confirmed that a further Best Value Review will be undertaken during 2016-17.

## Information Technology support expenditure

66. During 2014/15 the Commission entered into a new contract for IT support services with Dacoll Ltd. Under the new contract the Commission are charged based on the actual level of support required, calculated using agreed hourly rates set out within the contract, rather than a flat annual rate. Based on previous activity the Commission anticipated that this would result in cost savings for the organisation.
67. During 2015/16 we reviewed the level of expenditure for the first full year of the new contract (i.e. December 2014 to December 2015) and identified that this was delivering savings over the previous contract. Management advised that as this level of activity was in

line with expectations for a typical year they were confident that the contract would continue to deliver the anticipated savings.

## Workforce Management

68. As part of our 2015/16 audit activity we conducted a review of workforce management arrangements across all our audited bodies. This work was a follow-up to the *Scotland's Public Sector Workforce* report published by Audit Scotland in November 2013.
69. During February 2016 we met with the Director of Corporate Services to discuss the Commission's workforce management arrangements. Through these discussions we established that the Commission do not have a formal workforce plan. However, their Corporate Plan sets out how they ensure staff have appropriate training and skills to perform their roles effectively. This is supported by the Business Plan which details the staffing structure and how the Commission would respond to an increase in case volumes.
70. Though no formal workforce plan is in place, we are satisfied that arrangements are in place that are proportionate for a small audited body to ensure due consideration is given to staffing and recruitment issues.

## Acknowledgements

71. We would like to express our thanks to the staff and members of the Scottish Criminal Cases Review Commission for their help and assistance during the audit of this year's financial statements, and throughout the course of the five year audit appointment.

# Appendix 1: Financial statements risks

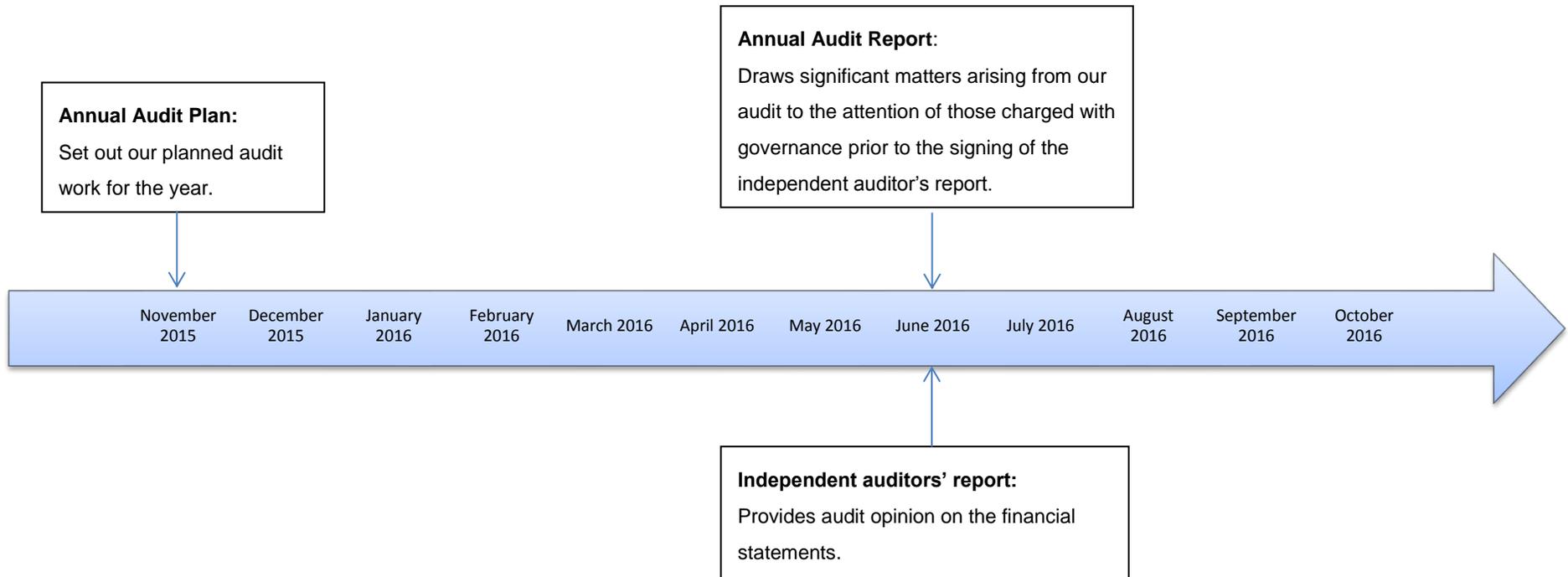
The table below sets out the financial statements risks identified in our 2015/16 Annual Audit Plan, how we addressed each risk and our judgement in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
<b>Risk of material misstatement / opinion risk</b>		
<p><b>Changes to Annual Report disclosure requirements</b></p> <p>The 2015/16 Government Financial Reporting Manual (FReM) has been extensively rewritten to revise the layout and content of the Annual Report.</p> <p><i>There is a risk that the new requirements will not be reflected in the Commission's 2015/16 Annual Report and Accounts.</i></p>	<ul style="list-style-type: none"> <li>• We met with management in February 2016 to discuss the required changes and their proposals for the revised Annual Report layout and content.</li> <li>• We reviewed the Annual Report included within the unaudited financial statements against the requirements of the 2015/16 FReM as part of the financial statements audit.</li> </ul>	<p>Our review did not identify any significant departures from the requirements of the 2015/16 FReM. However, a number of minor presentational and disclosure adjustments to the Annual Report were identified to ensure this reflected the disclosure requirements set out for the new Performance Report and Accountability Report sections. Management reflected the required changes in the final version of the accounts.</p> <p><b>Satisfactory</b></p>

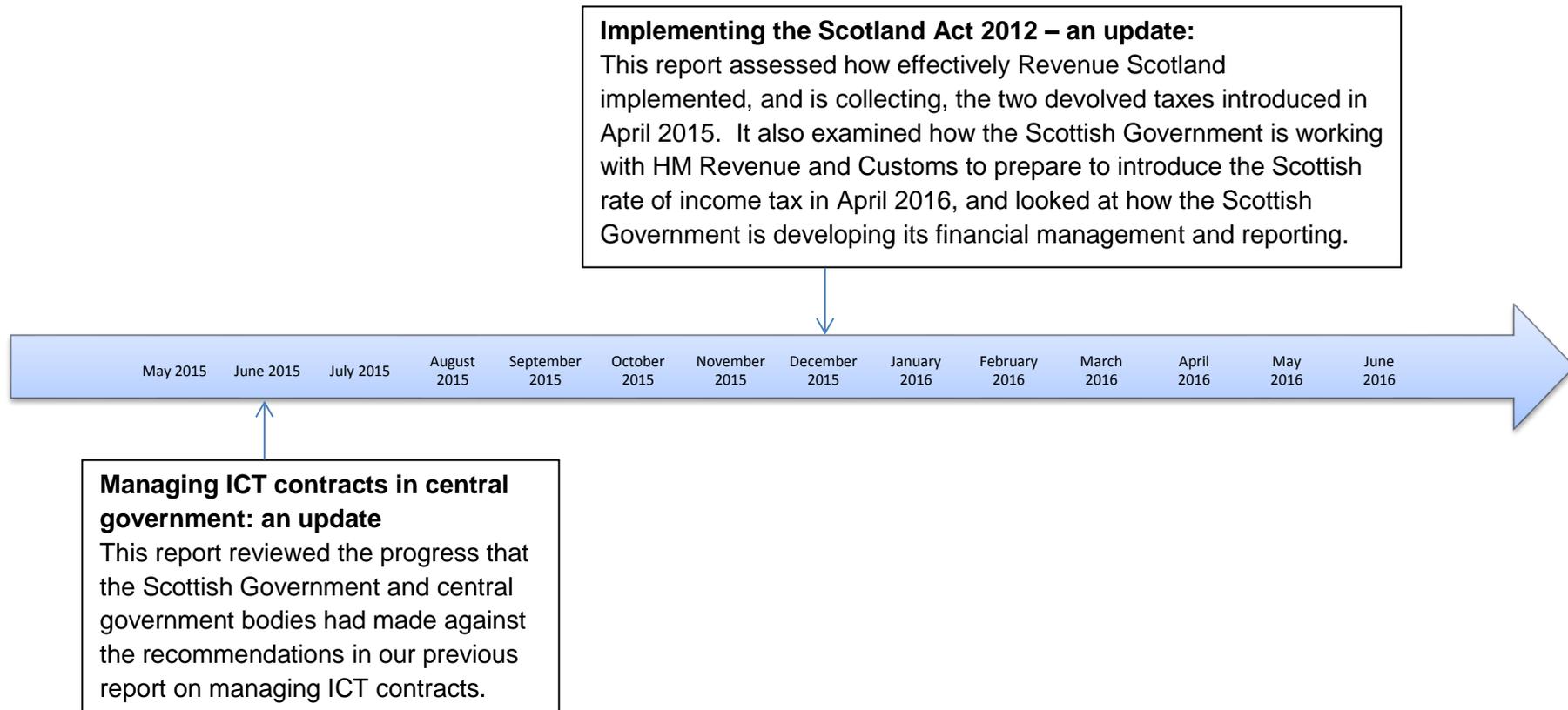
Audit Risk	Assurance procedure	Results and conclusions
<p><b>Reconciliation of local expenditure log to Scottish Government trial balance</b></p> <p>During the 2014/15 financial statements audit, a number of inconsistencies were identified through the reconciliation of the local expenditure log to the Scottish Government trial balance produced from the Scottish Executive Accounting System (SEAS) ledger.</p> <p><i>There is a risk that that these issues impact on the accuracy of the figures reported in the financial statements.</i></p>	<ul style="list-style-type: none"> <li>• We reviewed the expenditure reconciliation at the outset of the 2015/16 financial statements audit.</li> </ul>	<p>On review of the expenditure reconciliation, no inconsistencies were recognised between the local expenditure log and the Scottish Government trial balance.</p> <p><b>Satisfactory</b></p>
<p><b>Use of ring fenced funding</b></p> <p>The Scottish Government approved additional funding of up to £125,000 for 2015/16 to cover the anticipated additional costs of reviewing the case of Mr Al-Megrahi.</p> <p><i>There is a risk that any additional funding drawn down will not be applied for the purposes intended.</i></p>	<ul style="list-style-type: none"> <li>• We monitored developments with the case of Mr Al-Megrahi.</li> <li>• We discussed the case with management to identify whether any of the ring fenced funding had been utilised during the year.</li> </ul>	<p>In November 2015 the Commission announced that Mr Al-Megrahi’s review would not be accepted for full review following the completion of the stage 1 procedure. Management confirmed that none of the additional funding was drawn down as the costs incurred were met from the Commission’s core grant-in-aid funding.</p> <p><b>Satisfactory</b></p>

Audit Risk	Assurance procedure	Results and conclusions
<p><b>Investigation and legal costs</b></p> <p>A higher than anticipated level of investigation or legal work would result in the Commission overspending their budget for these areas.</p> <p><i>There is a risk that this could impact upon the Commission's overall financial position for 2015/16.</i></p>	<ul style="list-style-type: none"> <li>We discussed the level of investigation and legal work with management to establish whether any additional allocation was required.</li> </ul>	<p>Management advised that no additional allocation was required during 2015/16 to cover the cost of investigation and legal work.</p> <p><b>Satisfactory</b></p>
<p><b>Cash balance</b></p> <p>The Commission held significant cash reserves at 31 March 2015.</p> <p><i>There is a risk that the Commission is not complying with the requirements of their framework agreement with the Scottish Government by retaining funds in excess of the level required to for operational purposes and to cover known liabilities.</i></p>	<ul style="list-style-type: none"> <li>We reviewed the year end cash position as part of the 2015/16 financial statements audit.</li> </ul>	<p>The Commission reduced their cash and cash equivalents balance from £0.300 million at 31 March 2015 to £0.233 million at 31 March 2016. The Commission will continue to review their cash and cash equivalents balance during 2016/17 to identify whether any further money can be released back to the Scottish Government.</p> <p><b>Satisfactory</b></p>

# Appendix 2: Summary of local audit reports



# Appendix 3: Summary of national reports



## Appendix 4: Action plan

No. (AS ref.)	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1. (73354)	24/25	<p><b>Issue:</b> During both the 2014/15 and 2015/16 audits issues were encountered with accruals and prepayments not having been reversed.</p> <p><b>Recommendation:</b> Management should obtain confirmation from their Scottish Government finance contact that all accruals and prepayments processed as part of the 2015/16 year end closedown procedures have been reversed during period 1 of 2016/17.</p>	<p>Agreed – the reversal referred to relates to postings made in 2014-15 which were reversed as part of the production of the 2015-16 Annual Accounts, following discussions with the auditors.</p> <p>The Commission will undertake a full review of all accruals and prepayments made in 2015-16 to ensure that appropriate reversal journals have been posted and any differences between estimated and actual costs have been identified.</p>	<p>Director of Corporate Services</p> <p>30 June 2016</p>
2. (73330)	27	<p><b>Issue:</b> There was a significant delay obtaining the pension information from MyCSP, via the Scottish Government, for inclusion in the 2015/16 accounts.</p> <p><b>Recommendation:</b> Management should liaise with both MyCSP and the Scottish Government to ensure no similar delays are encountered obtaining the pension information in 2016/17.</p>	<p>Agreed – pension information was finally received on 26 May 2016 despite the measures put in place by MyCSP at the start of the year to meet reporting deadlines.</p> <p>Further discussions will be taken forward with MyCSP and Scottish Government to try and improve the process for 2016-17.</p>	<p>Director of Corporate Services</p> <p>31 December 2016</p>

No. (AS ref.)	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
3. (73352)	30-34	<p><b>Issue:</b> The Commission's lease at Portland House expires in February 2017.</p> <p><b>Recommendation:</b> Management should determine as soon as possible whether they will remain at Portland House beyond the end of their current lease to ensure that the correct accounting treatment can be adopted.</p>	<p>Agreed – the Commission is required to follow the process agreed by Scottish Government in considering future accommodation needs and how these are met.</p> <p>Once the review is complete the Commission's proposals will require Ministerial approval before being taken forward.</p>	<p>Director of Corporate Services</p> <p>30 September 2016</p>
4. (73355)	47/48	<p><b>Issue:</b> The Commission have managed to reduce their cash and cash equivalents balance from £0.300 million at 31 March 2015 to £0.233 million at 31 March 2016.</p> <p><b>Recommendation:</b> The cash and cash equivalents balance should be monitored during 2016/17 to identify whether any further money can be released back to the Scottish Government. This will ensure that the Commission is only retain the level of funds required to meet any relevant liabilities at the year-end.</p>	<p>Agreed – the Commission will continue to monitor the level of cash and cash equivalent balances and re-assess what it considers to be appropriate in terms of the level required to meet any liabilities at year-end.</p>	<p>Director of Corporate Services</p> <p>31 December 2016</p>