

Scottish Parliamentary Corporate Body

2022/23 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Scottish Parliamentary Corporate Body and the Auditor General for
Scotland

September 2023

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Key messages

2022/23 annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified, i.e. the financial statements and related reports are free from material misstatement.
- 2 Our audit work addressed the risks of material misstatement identified in our planning.

Financial management and sustainability

- 3 The SPCB has effective and appropriate financial management arrangements in place and operated within its revised budget, reporting an underspend of £1.8 million.
- 4 Controls within the main financial systems are operating effectively while standards for the prevention and detection of fraud remain appropriate.
- 5 The SPCB has effective and appropriate arrangements in place to continue to deliver services in the medium term.
- 6 In 2021/22 the SPCB created a Strategic Plan for Session 6 which is reviewed and updated periodically over the session. This is supported by a Delivery Plan which is also reviewed and updated regularly. The SPCB has financial plans in place to support the objectives set out in the strategic documents.
- 7 An operating budget of £134.2 million has been agreed for 2023/24.

Vision, leadership and governance

- 8 The SPCB has clear plans in place to implement its vision, strategy and priorities.
- 9 There are effective and appropriate governance arrangements in place that ensure scrutiny and support the delivery of the plans.
- 10 The SPCB is on track to meet its 2025/26 carbon emissions reduction target.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of the Scottish Parliamentary Corporate Body (the SPCB). The report is addressed to SPCB and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

2. The scope of the audit was set out in our Annual Audit Plan presented to the 22 March 2023 meeting of the Advisory Audit Board. This Annual Audit Report comprises significant matters arising from an audit of the SPCB's annual report and accounts and conclusions on the wider scope areas that frame public audit as set out in the new [Code of Audit Practice](#). Due to the nature of SPCB we do not cover 'Resources to Improve Outcomes' within the scope of our audit.

Responsibilities and reporting

3. The SPCB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the account's direction from the Scottish Ministers. The SPCB is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

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

5. This report contains an agreed action plan at [Appendix 1](#). Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the SPCB from its responsibility to address the issues we raise and to maintain adequate systems of control.

6. My team and I would like to thank SPCB members, Advisory Audit Board members, senior management, and other staff, particularly those in finance, for their cooperation and assistance. We look forward to working together constructively over the course of the five-year appointment.

Auditor independence

7. The Auditor General for Scotland is the auditor of the SPCB. 2022/23 is the first year of the new [Code of Audit Practice](#) introduced for financial years commencing on or after 1 April 2022.

8. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £76,650 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through the audit

9. We add value to the SPCB by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance arrangements to support financial management and sustainability
- sharing intelligence and good practice identified.

1. Audit of 2022/23 annual report and accounts

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

Main judgements

Audit opinions on the annual report and accounts are unmodified, i.e. the financial statements and related reports are free from material misstatement.

Our audit work addressed the risks of material misstatement identified in our planning.

Audit opinions on the annual report and accounts are unmodified

10. The Scottish Parliamentary Corporate Body approved the annual report and accounts for the year ended 31 March 2023 on 21 September 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

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

Overall materiality was reviewed on receipt of the unaudited annual report and accounts and increased to £2.2 million

11. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues

may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

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

Exhibit 1

Materiality values

Materiality level	Planning	Final
Overall materiality	£1.75 million	£2.2 million
Performance materiality	£1.5 million	£1.6 million
Reporting threshold	£100,000	£110,000

Source: Audit Scotland

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

14. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75 per cent of overall materiality, reflecting the low history of errors previously identified within the accounts.

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

Significant findings and key audit matters

16. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit, including our view about the qualitative aspects of the body's accounting practices.

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

18. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters from the audit of the annual report and accounts

Issue	Resolution
<p>1. Pension surplus</p> <p>The unaudited financial statements included a pension asset of £5.7 million as at 31 March 2023 for the Scottish Parliamentary Pension Scheme.</p> <p>IAS 19 requires that bodies recognise a pension asset where they can access the future economic benefit in terms of reduced contributions or a refund. The pension asset should be assessed and adjusted to reflect any asset ceiling.</p> <p>A pension asset is unusual and we consulted with our professional support team, along with reviewing relevant accounting standards, to ensure that the accounting treatment was appropriate. We recommended that the SPCB request confirmation from its actuary that an asset ceiling would not apply and that the accounting of the total pension surplus as an asset was appropriate.</p>	<p>SPCB consulted the actuary who confirmed that the present value of the saving exceeds the full accounting surplus in the 2022/23 accounts. Recognition of the total pension surplus as an asset was appropriate.</p> <p>No change was required to the financial statements.</p>
<p>2. Classification error</p> <p>Audit testing of trade receivables identified prepayments within the current balance that should have been classified as non-current as they extend beyond the next financial year.</p> <p>Finance staff reviewed all balances and confirmed that a total of £0.4 million should be reclassified from current to non-current assets.</p> <p>To support consistent reporting a restatement of the prior year receivables balance was also proposed.</p>	<p>The audited financial statements have been adjusted to reflect this reclassification.</p>
<p>3. Property, plant and equipment</p> <p>During our audit testing we identified issues with some of the supporting records for property, plant and equipment transactions.</p> <ul style="list-style-type: none"> No evidence was retained to support the disposal of an asset. We accept that the asset had been fully depreciated. No evidence was available to confirm the ownership of an item of artwork (£67,000). We note the significant period since the item was commissioned but records relating to the purchase of an asset should be retained, 	<p>We are satisfied that the issues identified are immaterial for the financial statements.</p> <p>We believe there is an opportunity to enhance the current records by adopting a single centralised asset register incorporating the SPFM requirements and ensuring supporting documentation is retained for all transactions.</p> <p>Recommendation 1</p>

Issue	Resolution
<p>regardless of the information retention policy. The artwork does appear on the Valuer's Report.</p> <ul style="list-style-type: none"> A sample of departmental asset retirement reviews revealed that these were not always evidenced by the department. <p>Further, during our audit testing, we experienced some challenges with asset descriptions, and linkages between asset identifiers held by finance and those held by the departments. The current arrangements include:</p> <ul style="list-style-type: none"> the use of the SEAS fixed assets module to calculate depreciation for monthly reporting purposes but it does not contain asset descriptions or locations for all assets. spreadsheets maintained by Finance for the purpose of impairment / retirement reviews. other records held by departments detailing all assets (including location), regardless of whether these are above or below the capitalisation threshold. 	

Source: Audit Scotland

Our audit work responded to the risks of material misstatement we identified in the annual report and accounts

19. We have obtained audit assurances over the identified significant risks of material misstatement in the annual report and accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the annual report and accounts

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a</p>	<ul style="list-style-type: none"> Assess the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process 	<p>We have reviewed management estimates and the journal entries posted and did not identify any areas of management override or bias in the key judgements made.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p> <p>This is presumed to be a significant risk in every audit</p>	<p>about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</p> <ul style="list-style-type: none"> • Test journals at the year-end and post-closing entries and focus on significant risk areas. • Evaluate significant transactions outside the normal course of business. • Focused testing of accounting accruals and prepayments. 	<p>Audit testing did not identify any issues with transactions outside normal course of business.</p> <p>Our focused testing of prepayments identified a classification issue with receivables which has now been addressed.</p> <p>As a result of the above work we are satisfied that there is no material misstatement arising from this risk.</p>
<p>2. Estimation in the valuation of land and buildings</p> <p>Land and buildings are revalued on a five-year rolling basis with an indexation exercise undertaken in the intervening years. Indices are based on specialist assumptions and changes in these or errors in their application can result in material misstatements.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. SPCB must ensure that its valuation process adequately reflects changes in the market.</p>	<ul style="list-style-type: none"> • Completion of 'review of the work of an expert' for the professional valuer. • Review the indexation uplift figures provided to SPCB to assess for appropriateness. • Review the indexation calculations to ensure the correct indices are used and that they are appropriately applied to land and buildings. • Critically assess the approach SPCB has adopted to assess the risk that assets not subject to indexation are held at the appropriate value within the asset register. 	<p>The SPCB engaged their external valuer to provide indexation advice for the 2022/23 valuation.</p> <p>The results from the indexation exercise were correctly posted through the financial ledger and into the financial statements.</p> <p>In line with ISA500, we assessed the valuer and confirmed that they are competent and appropriately qualified for their role. We were also satisfied the nature and the scope of their work is appropriate.</p> <p>As a result of the above work we are satisfied that there is no material misstatement arising from this risk.</p>

Source: Audit Scotland

20. In addition, we identified "areas of audit focus" in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- Estimation in the valuation of pensions: We used an auditor's expert to inform our review of the assumptions used in calculating this estimate and management's judgements. We also undertook a central review of

the auditor's expert. We concluded that assumptions are appropriate and within a range which we consider to be acceptable.

- **MSP expenses:** We placed reliance on internal audit's work on the reimbursement of members expenses, including the re-performance of a sample of claims, and further testing as appropriate. We also performed a proof in total check and the variances were consistent with our expectation. We are satisfied that MSP expenses are appropriately disclosed in the financial statements.
- **Staff costs:** A new payroll system was implemented during the 2022/23 financial year. Additional manual controls have been introduced to provide assurance that the correct payments are being processed. Our review of the controls in place for the new payroll system and results from our substantive testing concluded that we could place reliance on the payroll system.

There was one non-material misstatement identified within the financial statements

21. Shortly after submitting the unaudited financial statements SPCB staff advised us that they had identified that the annual leave / flexitime accrual as at 31 March 2023 was incorrectly accounted for. This resulted in an increase of £0.3 million in net operating expenditure in the Statement of Comprehensive Net Expenditure. This is below our performance materiality threshold and has been corrected in the audited financial statements.

22. There are no other misstatements above our reporting threshold.

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

23. The unaudited annual report and accounts were received in line with our agreed audit timetable on 7 July 2023. The working papers provided were of a good standard and the audit team received good support from finance staff which enables the audit process to progress in accordance with the planned

We obtained assurance from the work of internal audit

24. We carried out a review of the internal audit function under ISA 610 and placed formal reliance on its work on 'Reimbursement of Members Expenses: Claims for Reimbursement in 2022/23' for our financial statements' assurance. We also planned to consider the findings from the audit of cyber security but note that this work has been carried forward to the 2023/24 work programme.

25. As noted in the Code of Audit Practice, we coordinate with internal audit and rely on its work to achieve efficiencies where this is possible in line with audit quality standards. We thank SPCB's internal audit team for all the assistance received in this regard.

Progress has been made on prior year recommendation

26. SPCB has made progress in implementing the previous audit recommendation raised in 2020/21. Although not yet fully implemented we are satisfied that no other audit follow up is required.

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Conclusion

The SPCB has effective and appropriate financial management arrangements in place and operated within its revised budget, reporting an underspend of £1.8 million.

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

SPCB operated within its revised budget in 2022/23

27. The SPCB is funded directly from the Scottish Consolidated Fund and netted off against the Scottish Block grant. The budget is approved by the Scottish Parliament and is included in the annual budget act.

28. The main financial objective for the SPCB is to ensure that the financial outturn for the year is within resource and cash budgets. The financial performance against fiscal resources is shown in [Exhibit 5](#).

Exhibit 5

Performance against fiscal resource in 2022/23

Performance	Initial budget £m	Final budget £m	Outturn £m	Over / (under) spend £m
Resource	127.2	129.2	127.3	(1.9)
Capital	0.8	1.0	1.1	0.1
Total budget	128.0	130.2	128.4	(1.8)
Cash budget	112.2	110.1	110.0	(0.1)

Source: Scottish Budget 22/23; 2022/23 Spring Budget revision, 2022/23 SPCB Annual Report and Accounts

Budget processes were appropriate

29. The SPCB's budget was increased as part of the Spring Budget revision and allocated additional funding of £2.2 million, the majority of which related to non-cash items such as a movement in actuarial assumptions.

30. The underspend of £1.8 million mainly related to an underspend in the members' expenses budget and forecasted depreciation.

31. We reviewed the SPCB's budget setting and monitoring arrangements in 2022/23 and observed that senior management and those charged with governance receive regular and accurate financial information.

32. The budget monitoring reports presented to Leadership Team and SPCB clearly show the cost pressures facing the SPCB and the content and format of the reports allow members to perform their scrutiny role.

33. We have concluded that the SPCB has appropriate budget monitoring arrangements in place.

There are appropriate financial control arrangements in place

34. From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, no internal control weaknesses were identified which could affect the SPCB's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

35. Our 2022/23 work covered a high level review of key financial systems including payroll, members expenses, other expenditure, non-current assets, and the general ledger. We undertook a wholly substantive approach to the audit of SPCB and therefore have not conducted detailed tests of controls. Our conclusions relate solely to the design of the systems of control.

Internal audit

36. The SPCB's internal audit service is led by the SPCB's Head of Internal Audit with additional resource being available on a call-off basis from a professional services firm which was appointed following open competition. The Public Sector Internal Audit Standards (PSIAS) require the chief internal auditor to provide an annual internal audit opinion and report that can be used to inform the annual governance statement.

37. Internal audit has concluded its 2022/23 audit work and presented its audit opinion to the September Advisory Audit Board. There were no issues arising which would require disclosure within the governance statement.

38. We reviewed the SPCB's internal audit function in terms of International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent to which we could use the work of internal audit. We have placed reliance on the work of internal audit on MSPs' expenses for our 2022/23 financial statements audit responsibilities.

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

39. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

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

41. We have reviewed the arrangements in place to maintain standards of conduct including staff and MSPs' Codes of Conduct insofar as these relate to the responsibilities of the SPCB. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

42. The SPCB has adequate arrangements in place to prevent and detect fraud or other irregularities.

SPCB engage well with the National Fraud Initiative

43. The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud.

44. The SPCB is participating in the latest NFI exercise and provided data on payment transaction history, supplier history and payroll as at September 2022. Audit Scotland returned data matches for payroll in January 2023 and creditor record matches in February 2023. SPCB will again undertake a risk-based sample approach to data matches and will report their findings to the December 2023 Advisory Audit Board meeting.

45. Audit Scotland will publish its annual report on the 2022/23 NFI exercise in the summer of 2024.

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Conclusion

The SPCB has effective and appropriate arrangements in place to continue to deliver services in the medium term.

In 2021/22 the SPCB created a Strategic Plan for Session 6 which is reviewed and updated periodically over the session. This is supported by a Delivery Plan which is also reviewed and updated regularly. The SPCB has financial plans in place to support the objectives set out in the strategic documents.

An operating budget of £134.2 million has been agreed for 2023/24.

The SPCB has appropriate financial plans in place to support the Session 6 strategy

46. Following the election in May 2021, the SPCB embarked on developing a strategic plan covering the sixth parliamentary session. The Strategic Plan was approved in September 2021 and is supported by a Delivery Plan which sets out the key actions required to deliver the strategic objectives.

47. A key priority for the SPCB was the development of the key strategic documents supported by a reliable medium term financial plan.

48. The Finance and Public Administration Committee approved the SPCB 2023/24 budget in December 2022. The total budget requirement, including capital charges and non-cash items, totalled £134.2 million a £4 million increase compared to the 2022/23 budget. The most significant element of the increase relates to staff costs reflecting the SPCB's ongoing commitment to building capacity.

49. The SPCB has committed to operate within the baseline amounts, adjusted for inflation, for staffing, MSP's expenses and projects over the course of the parliamentary session.

50. The SPCB has reported an increased workload to support the governance arrangements of Officeholders and Commissioners during 2022/23. As part of public sector reform, there is a possibility that the number of officeholders could increase, and this could impact on SPCB performance in future years if support for this activity is not properly resourced.

51. As part of developing the 2022-23 budget the SPCB considered the resource need over the medium term and conducted a strategic resource review, which created a baseline of staffing for the rest of the session. The staffing baseline along with the uplift to the Staff Cost Provision form the basis of the medium-term financial planning at the SPCB.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Conclusion

The SPCB has clear plans in place to implement its vision, strategy and priorities.

There are effective and appropriate governance arrangements in place that ensure scrutiny and support the delivery of the plans.

The SPCB is on track to meet its 2025/26 carbon emissions reduction target.

The SPCB has a clear vision and strategy

52. The SPCB's Session 6 Strategic Plan sets out the visions of "making a positive difference to the lives of the people in Scotland". The Plan is available on the SPCB website and also sets out the strategic priorities for how it will achieve successful delivery of its purpose, vision and mission. This is supported by an annual Delivery Plan which was approved by the Leadership Team in June 2022.

53. The Leadership Team reviewed the Session 6 Strategic Plan in April 2023 to ensure the objectives are achievable. The refreshed Strategic Plan was then issued in June 2023. The Strategy has a clear vision supported by effective prioritised corporate and operational planning.

Governance arrangements are appropriate

54. The SPCB's governance arrangements have been set out in the Governance Statement in the annual report and accounts. The SPCB and the Principal Accountable Officer are supported in their roles by the Advisory Audit Board and previously by the Leadership Group. Following a review of governance and operational arrangements, and a programme of leadership development, the Leadership Group became the Leadership Team. This reflects a collective responsibility to work together strategically and cohesively to achieve the SPCB's strategic objectives.

55. We have reviewed the governance arrangements and concluded that they are appropriate and effective.

56. We have reviewed the SPCB and Advisory Audit Board minutes and papers as part of our audit work. Papers are published on the SPCB's website where the nature of the work is not sensitive or confidential. We are satisfied that the papers are sufficiently detailed to allow for effective decision making and scrutiny of performance and that there is a commitment to openness and transparency.

57. We attended the Advisory Audit Board throughout 2022/23 and we observed and concluded that members are engaged during meetings and provide effective scrutiny and challenge.

The SPCB has appropriate arrangements for monitoring progress against the Delivery Plan

58. Monitoring and reporting of performance against the aims set out in the Delivery Plan is by a quarterly reporting mechanism known as the Scottish Parliament Performance Report.

59. The report measures performance against the SPCB's Aims and Priorities for Change using a red, amber, green (RAG) status and comprises of high-level strategic performance indicators to improve accountability and performance. The performance reports are issued quarterly to Leadership Team and the SPCB (as part of the Chief Executive's report). The reports provide clear information on performance against targets, which supports effective scrutiny and challenge.

60. In addition, regular finance reports are provided to Leadership Team and the SPCB (as part of the Chief Executive's Report) to support effective scrutiny and challenge of the organisation's financial management.

61. We concluded that the SPCB has appropriate mechanisms in place to monitor financial and operational performance.

Business continuity planning is currently being reviewed

62. Business continuity planning activities have not been reported to the Board since 2019. Delays have been attributed to the covid pandemic and recovery arrangements. The Resilience team are currently reviewing incident management processes, to update and increase the capacity and capability of the SPCB to respond to an incident. We will monitor progress as part of our 2023/24 audit.

Cyber security risks are well managed

63. We assessed the adequacy of arrangements for cyber security and mitigating cyber risks and concluded that these arrangements are satisfactory. The risk is well managed and monitored by way of the risk register, and there are appropriate policies and procedures in place. The SPCB has a number of IT technologies and processes in place to ensure that they are protected from an attack.

64. The SPCB plan to apply for Cyber Essentials Plus recertification. Internal audit will undertake a review of cyber capability during 2023/24. The audit will focus on the key areas as set out in the Cyber Essentials Plus certification scheme. We will consider the findings of this work as part of our 2023/24 audit.

Climate change arrangements are in place and SPCB in on track to meet its 2025/26 carbon emissions reduction target

65. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75 per cent reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

66. The SPCB's 'Session 6 Carbon Management Plan: Net Zero Ready' covers the period 2021 to 2026 and is publicly available on the SPCB website. The Plan sets out actions for reducing corporate emissions with an overall objective of achieving net zero by 2038. Annual interim targets, up to and including financial year 2025/26, have also been set to enable the SPCB to meet its net zero target.

67. Quarterly updates on performance against targets are presented to the Leadership Team. A Sustainable Development Annual Report is prepared and presented to the corporate body and is publicly available via the SPCB website. The SPCB also report on its progress against targets in accordance with the Climate Change (Duties of Public Bodies Reporting Requirements) (Scotland) Order 2015, as amended by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. These reports are held on the Sustainable Scotland Network website. Progress against targets are also reported in the Performance Report of the Annual Report and Accounts. The SPCB is currently on track to meet its 2025/26 target of a 66 per cent reduction in carbon emissions.

68. The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue / risk	Recommendation	Agreed management action / timing
<p>1. Property, plant and equipment records</p> <p>The current asset accounting includes the use of the SEAS fixed asset module and a range of spreadsheets. There is no 'fixed asset register' that fully comply with the SPFM guidance.</p> <p>In addition audit testing identified that supporting documentation was not retained for all asset transactions.</p> <p>Risk – The financial statements are misstated due to asset accounting arrangements.</p>	<p>A centralised fixed asset register should be established that complies with SPFM guidance.</p> <p>Staff should be reminded of the importance of retaining supporting documentation for all asset transactions</p>	<p>We believe we meet the SPFM guidance through the accounting module and local registers. This arrangement has proved satisfactory in terms of controls for previous audit teams.</p> <p>The risk is very low for the following reasons:</p> <ul style="list-style-type: none"> • over 99% of the asset value is in buildings, fixed plant, land and artwork which is independently valued and indexed. • Additions are tightly controlled. • Depreciation is accurately calculated. • Retirements reviews are conducted. <p>Therefore we do not believe that the development of a central fixed asset register will enhance the existing controls and processes.</p> <p>We will however request Internal Audit to conduct a review of the current arrangements ensuring they are operational and proportionate and to</p>

Issue / risk	Recommendation	Agreed management action / timing
		<p>provide assurance to the PAO, AAB and others.</p> <p>In terms of retention of supporting documentation we retain invoices and other financial documents in line with our document retention policy and the item requested was not held as outside this period. We will however look to maintain digital copies of asset invoices going forward.</p> <p>Head of Internal Audit January 2024</p>

Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action / timing
<p>2020/21 b/f Equality and Diversity</p> <p>The SPCB comply with the 2011 and 2017 Regulations in relation to the Equality Act 2010. The website contains a good range of information but could be improved by publishing Equality Impact Assessments (EIAs) where possible.</p> <p>Risk - The SPCB may not be seen to be giving due attention to equality and diversity.</p>	<p>The SPCB should consider publishing EIAs on its website to improve transparency and ensure Equality and Diversity issues are covered in staff training programmes outwith the induction</p>	<p>Substantially complete – no further audit follow up required</p> <p>We have updated our EQIA intranet page with information and guidance that we will publish EQIA on the website as standard unless it is indicated that the EQIA is not suitable for publication. Guidance is provided on the positive reasons for the publication of EQIA.</p> <p>Intention to publish EQIA on the website has been discussed with our Web team and they have agreed to provide the required support.</p> <p>Communication will also be shared with senior managers post recess to provide update on the</p>

Issue/risk	Recommendation	Agreed management action / timing
		standard approach to publish EQIA on the web and available support to their staff teams.

Scottish Parliamentary Corporate Body

2022/23 Annual Audit Report

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

www.audit-scotland.gov.uk/accessibility



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