

# Scottish Criminal Cases Review Commission

Annual Audit Plan 2020/21



 AUDIT SCOTLAND

Prepared for the Scottish Criminal Cases Review Commission  
March 2021



## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Risks and planned work

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**1.** This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit.

**2.** The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

**3.** The public health crisis caused by the coronavirus disease 2019 (Covid-19) pandemic has had a significant and profound effect on every aspect of Scottish society. Public services have been drastically affected, requiring immediate changes to the way they are provided. The impact on public finances has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**4.** Public audit has an important contribution to the recovery and renewal of public services. The Auditor General, the Accounts Commission and Audit Scotland are responding to the risks to public services and finances from Covid-19 across the full range of audit work including annual audits and the programme of performance audits. Audit Scotland views 2020/21 as a transitional year, leading in future to audit timetables which were possible before Covid-19. The well-being of audit teams and the delivery of high-quality audits remain paramount. Maintaining a pragmatic and flexible approach will enable change at short notice as new issues emerge, or current risks change in significance. Where this impacts on annual audits, an addendum to this annual audit plan may be necessary.

## Adding value

**5.** We aim to add value to the Scottish Criminal Cases Review Commission (the Commission) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the Commission promote improved standards of governance, better management and decision making and more effective use of resources.

## Audit risks

**6.** Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks for the Commission. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

## Exhibit 1

### 2020/21 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
<b>Financial statements risks</b>		
<p><b>1 Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of fraud due to the management override of controls to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries.</li> <li>Review of accounting estimates.</li> <li>Focused testing of accruals and prepayments.</li> <li>Identification and evaluation of significant transactions that are outside the normal course of business.</li> </ul>
<p><b>2 Lease treatment</b></p> <p>In 2019/20 the Commission entered a new lease which contained a lease incentive.</p> <p>Due to the complexity and judgement involved in the accounting treatment, and prior year errors in accounting for the lease, there is an increased risk of material misstatement in the transactions for 2020/21.</p> <p>Note – IFRS 16 (new accounting standard) will now not be introduced until 1 April 2022.</p>	<p>Reference to Accountancy Service working papers and draft accounts/notes to the accounts.</p> <p>Lease documentation and depreciation calculations to provide additional assurance.</p>	<ul style="list-style-type: none"> <li>Evaluation of accounting treatment for the first full year of the lease, including the lease incentive, yearly charge and associated non-current asset transactions.</li> </ul>
<b>Wider dimension risks</b>		
<p><b>3 Financial sustainability</b></p> <p>In the last three years, the Commission's expenditure has exceeded Scottish Government funding, and this has been covered using reserves or obtaining additional funding from the Scottish Government. It is anticipated that there will again be financial pressures in 2020/21. These include:</p> <ul style="list-style-type: none"> <li>Staff remuneration is now tied to the Scottish Government remuneration levels and therefore pay increases are outwith the control of the Commission.</li> </ul>	<p>Quarterly Finance Reports</p> <p>Payroll Records</p> <p>Lease Payments/Invoice</p> <p>Quarterly Justice Directorate minutes</p>	<ul style="list-style-type: none"> <li>Review progress in developing a three-year rolling financial plan.</li> <li>Monitor the year end position for 2020/21 and the medium to long term plans in place for 2021/22 onwards.</li> <li>Review communication between the Commission and its Sponsor Team about future funding arrangements.</li> </ul>

	Audit Risk	Source of assurance	Planned audit work
	<ul style="list-style-type: none"> <li>Increased accommodation costs due to the new lease agreement.</li> <li>Unexpected costs (whilst acknowledging some savings) due to the impact of Covid-19 e.g. changes in patterns of receiving applications.</li> </ul>		

Source: Audit Scotland

**7.** As set out in ISA (UK) 240, there is a presumed risk of fraud in revenue recognition. There is a risk that income may be misstated resulting in a material misstatement in the financial statements. We have rebutted this presumed risk in 2020/21 because 100% of income comes in the form of grant in aid from the Scottish Government.

**8.** In line with Practice Note 10, as most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. The majority of expenditure incurred by the Commission is administered using well-established Scottish Government systems and controls, with most expenditure on fixed staff costs and accommodation expenditure. We have, therefore, rebutted the risk of material misstatement caused by fraud in expenditure in 2020/21 and do not plan to carry out additional audit procedures in this area.

## Reporting arrangements

**9.** Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk). Matters arising from our audit will be reported on a timely basis and will include agreed action plans.

**10.** We will provide an independent auditor's report to the Scottish Criminal Cases Review Commission, Scottish Parliament and the Auditor General for Scotland setting out our opinions on the annual accounts [tailor the name as appropriate for your sector]. We will provide the Accountable Officer and Auditor General for Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

**11.** With Covid-19 disruption continuing, a degree of flexibility will be required with the timing of audit outputs. Currently, Audit Scotland is reviewing its priorities, and these will determine audit reporting and certification deadlines across the public sector. The target dates below are provisional and are based on the normal audit timetable for the financial audit. We will continue to work with the finance team to agree the scheduling of work to ensure that statutory reporting deadlines are met.

## Exhibit 2

### 2020/21 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	9 March 2021	16 March 2021
Independent Auditor's Report	June 2021	June 2021
Annual Audit Report	June 2021	June 2021

Source: Audit Scotland

### Audit fee

**12.** The agreed audit fee for the 2020/21 audit of the Commission Scottish Criminal Cases Review Commission is £8,060 (2019/20: £7,870). In determining the audit fee we have taken account of the risk exposure of the Commission, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual report and accounts, with a complete working papers package on 4 May 2021.

**13.** Where our audit cannot proceed as planned through, for example, late receipt of the unaudited annual report and accounts, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

### Responsibilities

#### Audit Committee and Accountable Officer

**14.** Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**15.** The audit of the annual report and accounts does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

#### Appointed auditor

**16.** Our responsibilities as independent auditors are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

**17.** Auditors in the public sector give an independent opinion on the financial statements and other information within the annual report and accounts. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

**18.** Our audit team membership has changed since last year with the audit lead now being Neil Maclean.

# Audit scope and timing

## Annual report and accounts

**19.** The annual report and accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the Commission and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the Commission will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**20.** We will give an opinion on whether the financial statements:

- give a true and fair view of the state of affairs of the Commission as at 31 March 2021 and of the income and expenditure of the Commission for the year then ended
- have been properly prepared in accordance with the financial reporting framework
- the regularity of income and expenditure.

## Statutory other information in the annual report and accounts

**21.** We also review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

**22.** We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

## Materiality

**23.** We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

**24.** We calculate materiality at different levels as described below. The calculated materiality values for the Commission are set out in [Exhibit 3](#).



## Exhibit 3

### Materiality values

Materiality	Amount
<b>Planning materiality</b> – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2021 based on the latest audited accounts for 2019/20.	£12,000
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 60% of planning materiality.	£7,000
<b>Reporting threshold (i.e., clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 5% of planning materiality, rounded up to £1,000.	£1,000

Source: Audit Scotland

## Timetable

**25.** To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

## Exhibit 4

### Annual report and accounts timetable

 Key stage	 Date
Latest submission date of unaudited annual report and accounts with complete working papers package	4 May 2021
Latest date for final clearance meeting with Director of Corporate Services	Late May 2021
Issue of Letter of Representation and proposed independent auditor's report	June 2021
Agreement of audited unsigned annual report and accounts	June 2021
Independent auditor's report signed	June 2021
Issue of Annual Audit Report to those charged with governance	June 2021

## Internal audit

**26.** Internal audit is provided by the Scottish Government's Internal Audit and Assurance Directorate. Therefore, internal audit will be assessed by our Scottish Government audit team to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

### Using the work of internal audit

**27.** International Auditing Standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. Due to the areas

of work covered, we will read the work of internal audit to support audit intelligence, but not place formal reliance on the work.

## Audit dimensions

**28.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

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### Exhibit 5 Audit dimensions



Source: Code of Audit Practice

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**29.** Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are: financial sustainability, financial management, governance and accountability and value for money.

**30.** The Code of Audit Practice includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. In the light of the volume and lack of complexity of the financial transactions, we plan to apply the small body provisions of the Code to the 2020/21 audit of the Commission.

### Financial sustainability

**31.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the Commission can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

## Governance and transparency

**32.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the Commission can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

## Best Value

**33.** The Accountable Officer of the Commission has a duty to ensure arrangements are in place to secure best value. We will review and report on these arrangements.

## Independence and objectivity

**34.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

**35.** The engagement lead (i.e. appointed auditor) for the Commission is Liz Maconachie, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the Commission.

## Quality control

**36.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

**37.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

**38.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# Scottish Criminal Cases Review Commission

## Annual Audit Plan 2020/21

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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