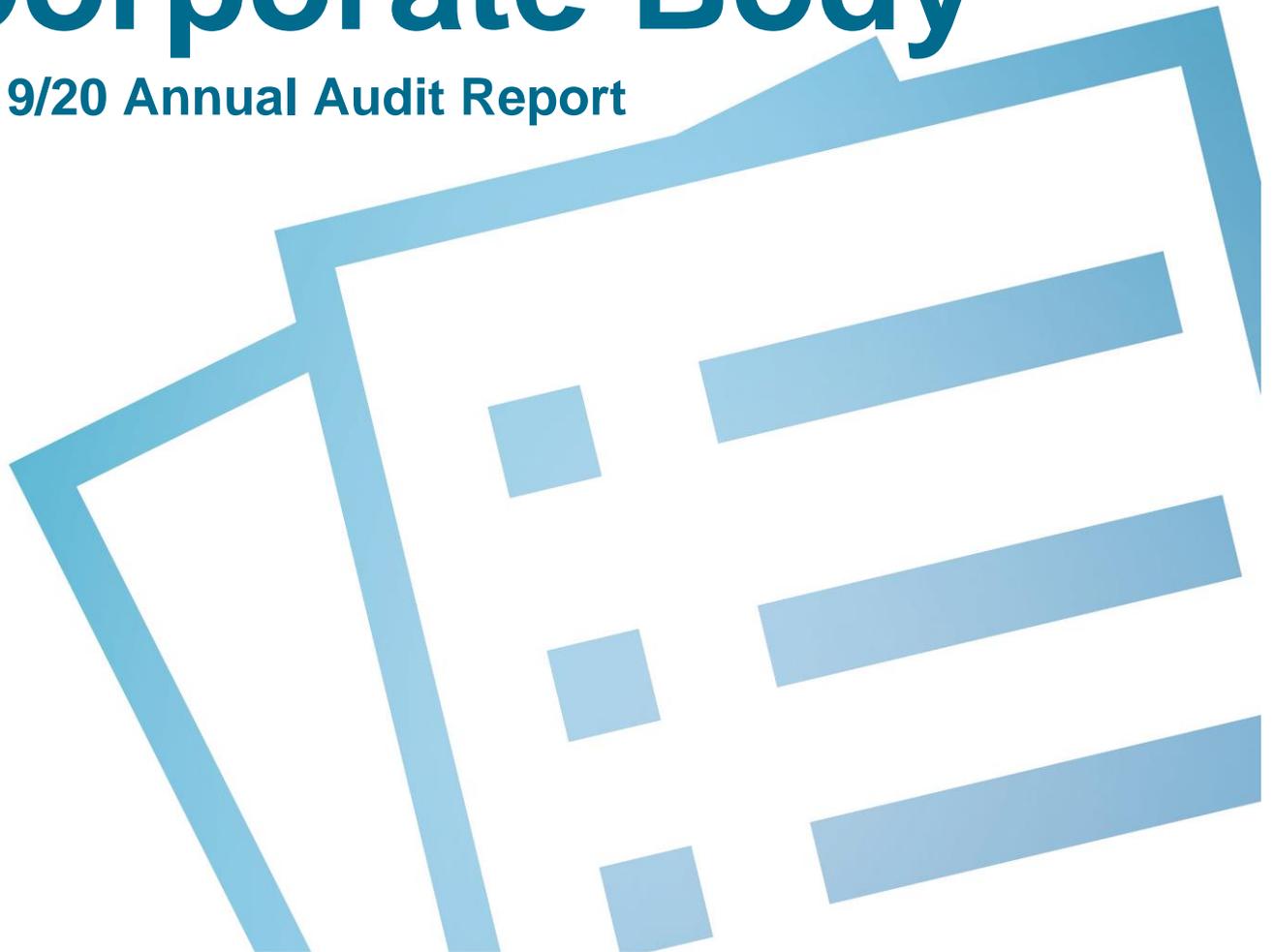


Scottish Parliamentary Corporate Body

2019/20 Annual Audit Report



 AUDIT SCOTLAND

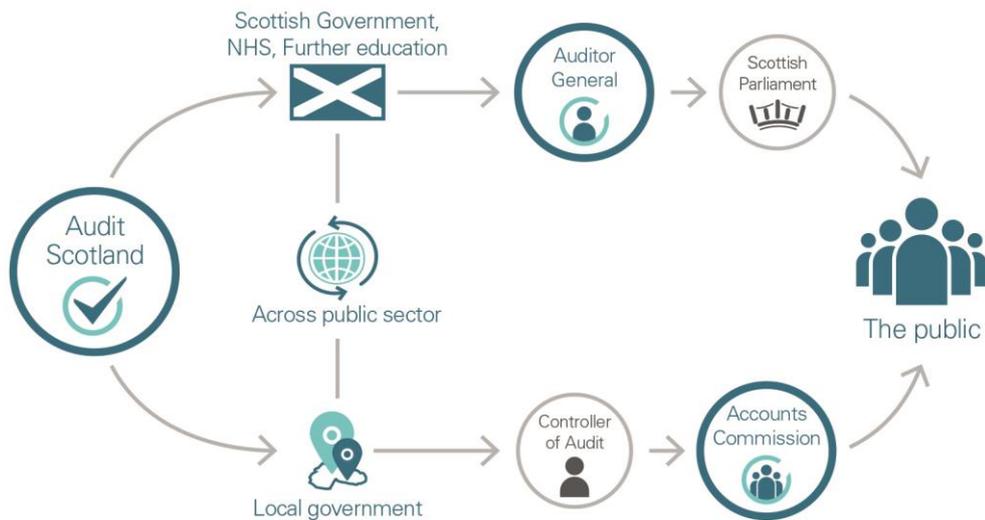
Prepared for the Scottish Parliamentary Corporate Body and the Auditor General for Scotland

9 September 2020

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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Key messages

2019/20 annual report and accounts

- 1** The financial statements of the Scottish Parliamentary Corporate Body (the SPCB) give a true and fair view of the state of affairs of the SPCB as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.
- 2** The SPCB has valued its assets on an appropriate basis and using information provided by professional valuers. We included an emphasis of matter paragraph in the independent auditor's report to draw attention to the impact of Covid-19 on the level of uncertainty over property valuations. The audit opinion is not modified in respect of this matter.

Financial management

- 3** The SPCB has appropriate and effective arrangements in place for financial management.
- 4** Systems of internal control operated appropriately and effectively in 2019/20.

Financial sustainability

- 5** The SPCB focuses its financial planning on the medium term and has established financial plans up to 2021/22. There are no funding gaps identified over the short or medium term.
- 6** The SPCB has incurred additional costs associated with the Covid-19 pandemic, which has reduced the level of contingency funds within the budget. The ongoing impact on the financial position will be monitored through the quarterly financial performance reports.

Governance and transparency

- 7** The SPCB had appropriate and effective governance arrangements in place.
- 8** The Covid-19 pandemic had a limited impact on governance arrangements from March 2020 and the changes made by the SPCB were proportionate and appropriate.

Introduction

1. This report summarises the findings from our 2019/20 audit of the Scottish Parliamentary Corporate Body (the SPCB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the 18 December 2020 meeting of the Advisory Audit Board. This report comprises the findings from:
 - an audit of the SPCB's annual report and accounts
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2019/20 have been:
 - an audit of the SPCB's 2019/20 annual report and accounts including the issue of an independent auditor's report setting out my opinions
 - a review of the SPCB's key financial systems
 - consideration of the audit dimensions with the exception of value for money which is excluded from the scope of our audit of the SPCB.
4. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the SPCB has had to respond to the global coronavirus pandemic.

This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. This has had significant implications for the provision and cost of services. Our planned audit work has had to adapt to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit.

Adding value through the audit

5. We add value to the SPCB through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Responsibilities and reporting

6. 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 accounts direction from the Scottish Ministers.

7. The SPCB is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable the SPCB to successfully deliver its objectives.

8. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#), and supplementary guidance and International Standards on Auditing in the UK. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

9. This report raises matters from our audit. 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 from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officer(s) and dates for implementation. It also includes where relevant any outstanding actions from last year and progress against these.

11. 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 2019/20 audit fee of £73,030 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

13. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 annual report and accounts



Main judgements

The financial statements of the SPCB give a true and fair view of the state of affairs of the SPCB as at 31 March 2020 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.

The SPCB has valued its assets on an appropriate basis and using information provided by professional valuers. The audit opinion includes an emphasis of matter paragraph to draw attention to the SPCB's disclosure of material uncertainty in the valuation of its property assets due to the impact of Covid-19 on global markets.

The annual report and accounts are the principal means of accounting for the stewardship of resources and performance.

Our audit opinions on the annual report and accounts are unmodified

14. The annual report and accounts for the year ended 31 March 2020 were approved by the SPCB on 17 September 2020. We reported within the independent auditor's report that:

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

15. We included an 'Emphasis of Matter' paragraph in our independent auditor's report which refers to the impact of Covid-19 on the valuation of land and buildings. Emphasis of Matter paragraphs are added to auditors' reports where the auditor considers it necessary to draw users' attention to matters which are fundamental to the understanding of the accounts. The Statement of Accounting Policies and Property, Plant and Equipment notes in the financial statements describe the uncertainty caused. The audit opinion is not modified in respect of this matter. Further information is contained in [Exhibit 3](#) below.

16. We received the unaudited copy of the annual report and accounts and supplementary working papers package on 3 July 2020 in line with the agreed timetable.

17. The working papers provided with the unaudited annual accounts in support of the primary financial statements were of a good standard and the finance team provided good support to the audit team.

18. While the Covid-19 global pandemic did create challenges for the SPCB finance team and the audit team, it did not have an adverse impact on the quality and timeliness of the accounts and working papers.

Overall materiality is £1.058 million

19. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and the nature of a misstatement in the financial statements.

20. On receipt of the unaudited annual report and accounts we reviewed our materiality levels, and these are summarised in [Exhibit 2](#). The revised materiality levels did not require a change in our audit approach.

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£1.058 million
Performance materiality	£0.794 million
Reporting threshold	£60 thousand

Source: SPCB unaudited Annual Report and Accounts for the year ended 31 March 2020

[Appendix 2](#) identifies the main risks of material misstatement and our audit work to address these

21. [Appendix 2](#) provides our assessment of risks of material misstatement in the annual report and accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the audit team were directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work.

22. We identified four significant risks of material misstatement in relation to the financial statements in 2019/20 at the planning stage. At the conclusion of the audit we have no issues to report with regards to our work on significant risks and we have gained sufficient assurance to support our audit opinions.

Significant findings to report on the annual report and accounts

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the SPCB's accounting practices.

24. We have no significant findings to report around the qualitative aspects of the SPCB's accounting policies, accounting estimates and financial statements disclosures. The significant findings to bring to your attention are summarised in [Exhibit 3](#).

Exhibit 3

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Material valuation uncertainty</p> <p>The valuer included a material valuation uncertainty disclosure in the valuation report as at 31 March 2020, regarding its valuation of the Parliament land and building. The disclosure highlighted the impact of Covid-19 on global markets and indicated that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.</p>	<p>The SPCB added disclosures on this uncertainty in Note 1 of the Statement on Accounting Policies and in Note 7b Property, Plant and Equipment-Valuation.</p> <p>The audit opinion includes an emphasis of matter paragraph to draw attention to the SPCB disclosure of material uncertainty in the valuation of its property assets due to the impact of Covid-19 on global markets. The audit opinion is not modified in respect of this matter.</p>

Source: Audit Scotland

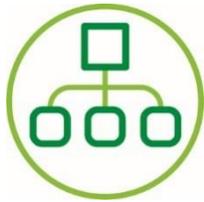
An identified misstatement of £0.243 million was adjusted in the accounts

25. Total misstatements identified were £0.243 million which increased net expenditure by £0.243 million. This related to the revaluation of donated artwork incorrectly being included as income.

26. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have adjusted for the item and there are no unadjusted errors to report.

Part 2

Financial management



Main judgements

The SPCB has appropriate and effective arrangements in place for financial management.

Systems of internal control operated appropriately and effectively in 2019/20.

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

The SPCB operated within budget in 2019/20

27. The main financial objective for the SPCB is to ensure that the financial outturn for the year is within resource and cash budgets. The SPCB is funded directly from the Scottish Consolidated Fund with its budget approved by the Finance and Constitution Committee of the Scottish Parliament and netted off against the Scottish Block grant. This is then included in the annual Budget Bill figures presented by the Scottish Government.

28. The SPCB has reported a resource outturn of £106.1 million remaining within its overall budget for 2019/20 with an underspend of £1.5 million. There was also an underspend of £1.5 million on the cash budget of £91.7 million. The financial performance against budget is shown in [Exhibit 4](#).

Exhibit 4 Performance against DEL in 2019/20

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource budget	101.7	106.3	104.4	(1.9)
Capital budget	1.3	1.3	1.7	0.4
Total budget	103.0	107.6	106.1	(1.5)
Cash budget	90.4	91.7	90.2	(1.5)

Source: 2019/20 Budget Bill, 2019/20 Spring Budget Revision, 2019/20 Annual Report and Accounts

29. The underspend of £1.5 million in 2019/20 was attributable to underspends on a range of areas including Members' costs, Commissioners' funding and non-cash areas such as depreciation and pension finance costs. The overspend on capital

was due to planned capital expenditure on broadcasting and IT equipment being brought forward.

Budget processes were appropriate

30. We reviewed the SPCB's budget setting and monitoring arrangements. From our review of budget monitoring reports and committee papers, and attendance at committees, we confirmed that senior management and members receive regular, timely and up to date financial information on the SPCB's financial position. The SPCB has appropriate budget setting and monitoring arrangements.

Financial systems of internal control operated effectively

31. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the SPCB has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

32. Our management letter presented to the Advisory Audit Board on 18 June 2020 concluded our findings from the review of systems of internal controls. We concluded that the controls tested were operating effectively. No significant internal control weaknesses were identified during the audit 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.

Internal audit

33. The SPCB's internal audit function is carried out by the SPCB Internal Audit team. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to provide an annual internal audit opinion and report that can be used to inform the annual governance statement.

34. 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 2019/20 financial statements audit responsibilities.

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

35. The SPCB is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities. 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.

36. We have reviewed the arrangements in place to maintain standards of conduct including Staff and MSPs' Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

37. Appropriate arrangements are in place for the prevention and detection of fraud, error and irregularities. We are not aware of any specific issues that we need to bring to your attention.

Part 3

Financial sustainability



Main judgements

The SPCB focuses its financial planning on the medium term and has established financial plans up to 2021/22. There are no funding gaps identified over the short or medium term.

The SPCB has incurred additional costs associated with the Covid-19 pandemic, which has reduced the level of contingency funds within the budget. The ongoing impact on the financial position will be monitored through the quarterly financial performance reports.

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

Financial planning

38. The SPCB submitted its 2020/21 draft budget to the Finance and Constitution Committee in December 2019 with a total budget requirement of £107.1million which is £4.2 million (4.1%) higher than the initial 2019/20 budget allocation.

39. The increase in budgeted expenditure relates to staff costs, MSP pay, MSP office expenses and revenue projects including digital services and maintenance of facilities. There are no anticipated funding gaps and in line with prior years the SPCB has built in a degree of contingency.

40. The total 2020/21 SPCB budget includes £11 million of Commissioners and Ombudsman costs for which SPCB approves the annual budgets. This is an increase of £0.7 million against the revised 2019/20 budget. A significant element of the increase relates to additional functions for the Scottish Information Commissioner and the Scottish Public Services Ombudsman.

The impact of the Covid-19 pandemic will be monitored through quarterly financial performance reports

41. SPCB has incurred additional costs due to the Covid-19 pandemic in the first quarter of 2020/21 including costs for the provision of support for those home working and the continuance of contracts in line with the furlough scheme. This has reduced the overall level of contingency built into the budget.

42. A reforecasting exercise has taken place to release further budget to the central contingency to allow scope to respond to any further unexpected pressures during 2020/21. The SPCB intends to monitor the position through its financial performance reports which are presented to the leadership group and SPCB on a quarterly basis.

Medium term financial planning

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

44. The SPCB focuses on a medium term financial strategy with a plan in place to the end of the current parliamentary session and budget estimates up to 2021/22. The medium term financial plan addresses known pressures, anticipated risks and opportunities to improve the Parliament's performance in a planned and proportionate manner until the end of the session. There were no funding gaps identified up to 31 March 2022.

45. We understand that the SPCB align their financial plan to each parliamentary session. We are approaching the end of the current session and the current plan which covers up to the end of that session. It is important that SPCB considers high level longer term planning across parliamentary sessions to ensure they can meet long term priorities.

Part 4

Governance and transparency



Main judgements

The SPCB has appropriate and effective governance arrangements in place.

The Covid-19 pandemic had a limited impact on governance arrangements from March 2020 and the changes made by the SPCB were proportionate and appropriate.

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.

Overall governance and transparency arrangements were appropriate

46. Overall the SPCB has appropriate and effective governance arrangements. There was no significant change to existing arrangements during 2019/20, prior to the response to the Covid-19 pandemic in March 2020. The governance and transparency arrangements we consider include:

- SPCB, Leadership Group and strategic boards structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of SPCB, Leadership Group and strategic boards
- public access to information via websites
- reporting of performance and whether this is fair, balanced and understandable.

47. The SPCB was established in May 1999 and is responsible for ensuring that the Parliament is provided with the property, staff and services to fulfil its purpose. The SPCB comprises the Presiding Officer and five other members of the Scottish Parliament.

48. The SPCB is supported by the Advisory Audit Board which met three times during 2019/20. From our attendance at the Audit Advisory Board meetings and our review of minutes we have concluded that members provide appropriate scrutiny and challenge of officers in order to support the Principal Accountable Officer.

The Covid-19 pandemic had a limited impact on governance arrangements from March 2020

49. The impact of Covid-19 from March 2020 on the governance arrangements was minimal with SPCB and Leadership Group meetings continuing in line with the planned programme albeit virtually. One meeting of the Advisory Audit Board,

which was scheduled to take place in the week that Government restrictions were introduced was cancelled as a result of the pandemic.

50. As set out in the Governance Statement in the SPCB's annual report and accounts, we note that the following steps were taken to allow the SPCB's staff to prioritise their response to the outbreak / adapt working practises etc:

- an Incident Management Team and a Communications Team were established
- two assistant clerks were appointed to the Leadership Group with the power to undertake the statutory duty of the clerk in case of absence
- an additional Deputy Presiding Officer was elected for the duration of the public response to the pandemic

51. We consider the measures taken by the SPCB to be proportionate and appropriate.

Management restructure

52. The SPCB's Strategic Plan was reviewed in June 2020 and is supplemented by a Delivery Plan which underpins the purposes, vision, strategic goals and aims of the Scottish Parliament. It is designed to link these features with performance and risk management.

53. The SPCB made the decision to restructure its workforce and management team in year to contribute to the achievement of its objectives. The number of groups was reduced to seven in year with each group being linked to a strategic function.

54. Each of the priorities for change within the Strategic Plan has been assigned to an individual Leadership Group member. Each member has delegated responsibility for appropriate governance arrangements which includes operation of strategic boards. It is envisaged that the number of strategic boards may reduce as a result of the management restructure creating a more efficient decision-making process. We will consider the impact on overall governance arrangements as part of our audit work in 2020/21.

Openness and transparency

55. Openness and transparency in how a body operates and makes decisions is key to supporting understanding and scrutiny. Transparency means that the public have access to understandable, relevant and timely information about how the board is taking decisions and how it is using resources such as money, people and assets.

56. There is evidence from a number of sources that the SPCB is committed to transparency including:

- SPCB and Leadership Group papers being available for review on its website
- performance information is available to the public
- details of the Parliament's members, information on their reimbursement of expenses claims and a copy of their register of interests on their website.

57. In 2019/20 we tested the process for maintaining the register of interests for MSPs and the Leadership Group. We did not identify any issues with the process for collating and publishing MSPs registers of interests. An e-mail had been sent to the Leadership Group asking them to disclose any interests, however, there was

insufficient evidence that responses had been provided in line with SPCB procedures.



Recommendation 1

We recommend that the SCPB review the controls in place over maintaining the Leadership Group register of interests and ensure that appropriate evidence is maintained.

The performance report was of a good standard

58. In addition to the opinion on the performance report covered in Part 1 of our Annual Audit Report, we also consider the qualitative aspects of the SPCB's performance report. The performance report should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

59. The SPCB's performance report clearly and concisely sets out in-year performance against high-level key performance indicators and provides details of progress and key achievements for each of the key activities in the Delivery Plan.

60. We concluded that the SPCB's performance report is in line with the requirements of the FReM.

Reporting financial and performance information

61. Monitoring and reporting of performance measurement of the aims set out in the Delivery Plan is by a quarterly reporting mechanism, the Scottish Parliament Performance Report. 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 the LG 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.

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

63. We concluded that the SPCB had appropriate mechanisms in place to monitor financial and operational performance in 2019/20.

National performance audit reports

64. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20 we published reports some of which may be of direct interest to the SPCB as outlined in [Appendix 3](#).

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Leadership Group registers of interest</p> <p>While an e-mail was issued to the Leadership Group asking for members to provide details of any interests they hold, there was insufficient evidence to show that responses had been received from all members.</p> <p>Risk- The SPCB may not hold an up to date register of interests for all the Leadership Group and is therefore unable to identify any conflicts of interest or potential related party transactions.</p>	<p>We recommend that the SCPB review the controls in place over maintaining the Leadership Group register of interests and ensure that appropriate evidence is maintained.</p> <p>Paragraph 57</p>	<p>Responsibility for maintenance and updating the register is to be clearly defined and embedded in the team with responsibility for SPS staff. LG members are to be contacted to ensure entries are up to date and recorded in line with SPCB procedures. Thereafter, annual updates will be requested from LG members and this process programmed into the team's annual work programme.</p> <p>The HR manager responsible will ensure this is carried out.</p> <p>Agreed date – end October 2020</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating to our wider responsibility under the [Code of Audit Practice 2016](#).

Audit Risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>We have not identified any instances of management override from our testing.</p>
<p>2 Risk of material misstatement caused by fraud in expenditure</p> <p>The Financial Reporting Council's Practice Note 10 (revised) and the Code of Audit Practice require consideration of the risk of fraud over expenditure. The extent and nature of expenditure incurred by the SPCB in providing support to members means that there is an inherent risk of fraud; we will carry out audit procedures to address this risk.</p>	<p>Analytical procedures over expenditure streams.</p> <p>Detailed testing of expenditure transactions focusing on areas of greatest risk.</p> <p>Review and reperformance of internal audit work on members' expenses</p>	<p>We gained appropriate assurance over the completeness and occurrence of expenditure and we are satisfied that they are not fraudulently misstated in the annual accounts.</p> <p>We are satisfied members' expenses are fairly stated.</p>
<p>3 Estimation and Judgements - Valuation</p> <p>There is a significant degree of subjectivity in the measurement and valuation of non-current assets. The value of the Parliament building is being reviewed during 2019/20 and subjectivity in the method of measurement and the resulting valuation represents an</p>	<p>Review of the instructions to valuer and consideration of their appropriateness.</p> <p>Completion of 'review of the work of an expert' audit programme for the relevant professional valuer.</p> <p>Review of SPCB's procedures for review of valuers work.</p>	<p>The SPCB received a full valuation of the Parliament land and buildings as at March 2020. We considered the support provided by the valuer and did not identify any material issues.</p> <p>We also considered the impact of Covid-19 on the valuation of land and buildings and noted that the valuer had highlighted material valuation uncertainty. This has</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>increased risk of material misstatement.</p>	<p>Review of accounting policies to ensure they are reasonable and appropriately applied.</p>	<p>been reported in the Statement of Accounting Policies and Property Plant and Equipment note to the financial statements.</p> <p>We have included an Emphasis of Matter paragraph in our independent auditor's report to draw attention to the SPCB's disclosure of material uncertainty in the valuation. The audit opinion is not modified in respect of this matter.</p>
<p>4 Estimation and Judgements - Pensions</p> <p>There is a degree of subjectivity in the actuarial valuation of Pension fund assets and liabilities. The use of assumptions in the actuarial valuation of the assets and liabilities of the Scottish Parliamentary Pension Scheme could represent an increased risk of material misstatement.</p>	<p>Completion of 'review of the work of an expert' audit programme for the Government Actuary Department (GAD).</p> <p>Review of accounting policies to ensure they are reasonable and appropriately applied.</p>	<p>We gained appropriate assurance over the competence, capability and objectivity of the Government Actuary Department.</p> <p>The assumptions used by the actuary were compared to benchmark information and we concluded that these were reasonable.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

<p>5 EU withdrawal</p> <p>There continues to be uncertainty about the UK's withdrawal from the European Union. During a period of change and uncertainty such as this, it is important to ensure that arrangements put in place remain adequate and appropriate. There is a risk that SPCB lacks the capacity to ensure that members are provided relevant support during the transition period.</p>	<p>Assessment of SPCB's continuing preparation for the impact of EU withdrawal.</p> <p>Review of the work of the Constitutional Issues Board in considering and managing the possible impact of EU withdrawal.</p>	<p>We were unable to conclude our work on EU withdrawal due to Covid-19 restrictions and we will revisit this risk as part of our 2020/21 audit planning. If it is still considered an audit risk, we will carry out the postponed audit work from 2019/20.</p>
<p>6 Financial management- Risk of fraud in the procurement function</p> <p>SPCB has a procurement function that contributes to the delivery of the strategic and delivery plans of the Scottish Parliament. We will assess the arrangements for the prevention and detection of fraud and corruption in the SPCB's procurement arrangements as part of our audit work during 2019/20.</p>	<p>Review of controls around the procurement process ensuring that they are adequately followed and enforced.</p> <p>Assessment of the effectiveness of SPCB's arrangements for the prevention and detection of fraud and corruption within procurement.</p>	<p>Our management letter presented to the Advisory Audit Board on 18 June 2020 concluded our findings from our consideration of the risk of fraud in the procurement function. We concluded that the controls tested were operating effectively.</p>

Appendix 3

Summary of national performance reports 2019/20

		 2019/20 Reports	
		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	 Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	 Early learning and childcare: follow-up

Central Government relevant reports

[*Social security: Implementing the devolved powers*](#) – May 2019

[*Enabling digital government*](#) – June 2019

[*Scotland's City Region and Growth Deals*](#) – October 2019

[*Privately financed infrastructure investment: The Non-Profit Distributing \(NPD\) and hub models*](#) – Jan 2020

[*Early learning and childcare: follow-up*](#) – March 2020

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