



Registers of Scotland

**Final report to the Audit & Risk Committee, the Board and the Auditor General for
Scotland on the on the 2022/23 audit**

Issued on 3 August for the meeting on the 8 August 2023

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1.1 Partner introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit & Risk Committee (“the Committee”) of Registers of Scotland (“RoS”) for the 2022/23 audit. The report summarises our findings and conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in March 2023.

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing

Based on our audit work completed to date, we expect to issue an unmodified audit report.

The Performance Report and Accountability Report comply with the statutory guidance and proper practice and are consistent with the Annual Report and Accounts and our knowledge of the entity. We provided management with comments and suggested changes based on review of the first draft and an update has been received confirming compliance.

The auditable parts of the Remuneration and Staff report have been prepared in accordance with the relevant regulation.

A summary of our work on the significant risks is provided in the dashboard on page [9](#). No material misstatements have been identified to date and there are no uncorrected misstatements.

1.2 Partner introduction

The key messages in this report

Status of the Annual Report and Accounts audit

Outstanding matters to conclude the audit include:

- Receipt of final Annual Report and Accounts;
- Final review of off payroll disclosures in Annual Report
- Receipt of signed management representation letter; and
- Our review of subsequent events since 31 March 2023.

Conclusions from wider scope audit work

- **Financial management** – effective budget setting and monitoring arrangements in place.
- **Financial sustainability** – financial balance has been achieved in 2022/23 and is expected in 2023/24, therefore RoS is financially sustainable in the short-term. Medium term financial projections also demonstrate that RoS is expecting to be financially sustainable over the next four years, being the period of the Corporate Plan. While there remains a risk that income is impacted by the uncertainty around the housing market, this is being closely monitored and managed.
- RoS is undergoing significant change and recognises that its workforce will change throughout the period of the Corporate Pan as digital projects are progressed. Clear governance arrangements are in place which include reporting on the benefits achieved.

It is important that as RoS continues on its improvement journey, investing in digital and transforming services, that the impact of these activities in terms of financial savings, efficiencies, staffing changes is closely monitored to be able to demonstrate that work is on track to achieve the intended objectives. We will continue to monitor the progress during our audit appointment.

- **Vision, leadership and governance** –RoS has a clear vision and work is ongoing to define its future vision beyond 2024, with key activities identified for the next two years. We will monitor the progress with this over the period of our appointment. There is a positive culture of collaboration and partnership working. The governance arrangements also continue to be robust, with a strong ARC.

RoS' approach to openness and transparency is in line with best practice, with both minutes and papers being published, along with plans and performance information.

- **Use of resources to improve outcomes** – A clear performance management framework is in place with regular reporting on performance is provided to the Board, and a clear focus on continuous improvement. RoS has continued to perform well during 2022/23, actively managing its performance with a clear picture of areas that require ongoing focus. It recognises the scale of the challenge to deliver a functionally complete land register and the work required to deliver its overarching goal of clearing the backlog of open casework. This is being actively managed.

1.3 Partner introduction

The key messages in this report

Conclusions from wider scope audit work (continued)

- **Best Value** - RoS has sufficient arrangements in place to secure best value. It has a clear understanding of areas which require further development as part of its future vision.
- **Climate change** – Recognising the nature of RoS and opportunities to reduce emissions, it is clear that RoS is committed to take action to meet the Scottish Government’s ambitious targets in relation to sustainability and climate.
- **Cyber risk** – Cyber security has been a high priority for RoS, particularly in view of the service improvement work and digital transformation.

Next steps

An agreed Action Plan is included on pages [41 to 43](#) of this report, including a follow-up of progress against prior year actions.

Added value

Our aim is to add value to RoS by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help RoS promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

As part of the induction of the new ARC member, we attended a number of induction sessions covering a range of topics.

Pat Kenny
Associate Partner








Annual Report and Accounts Audit



2.1 Quality indicators

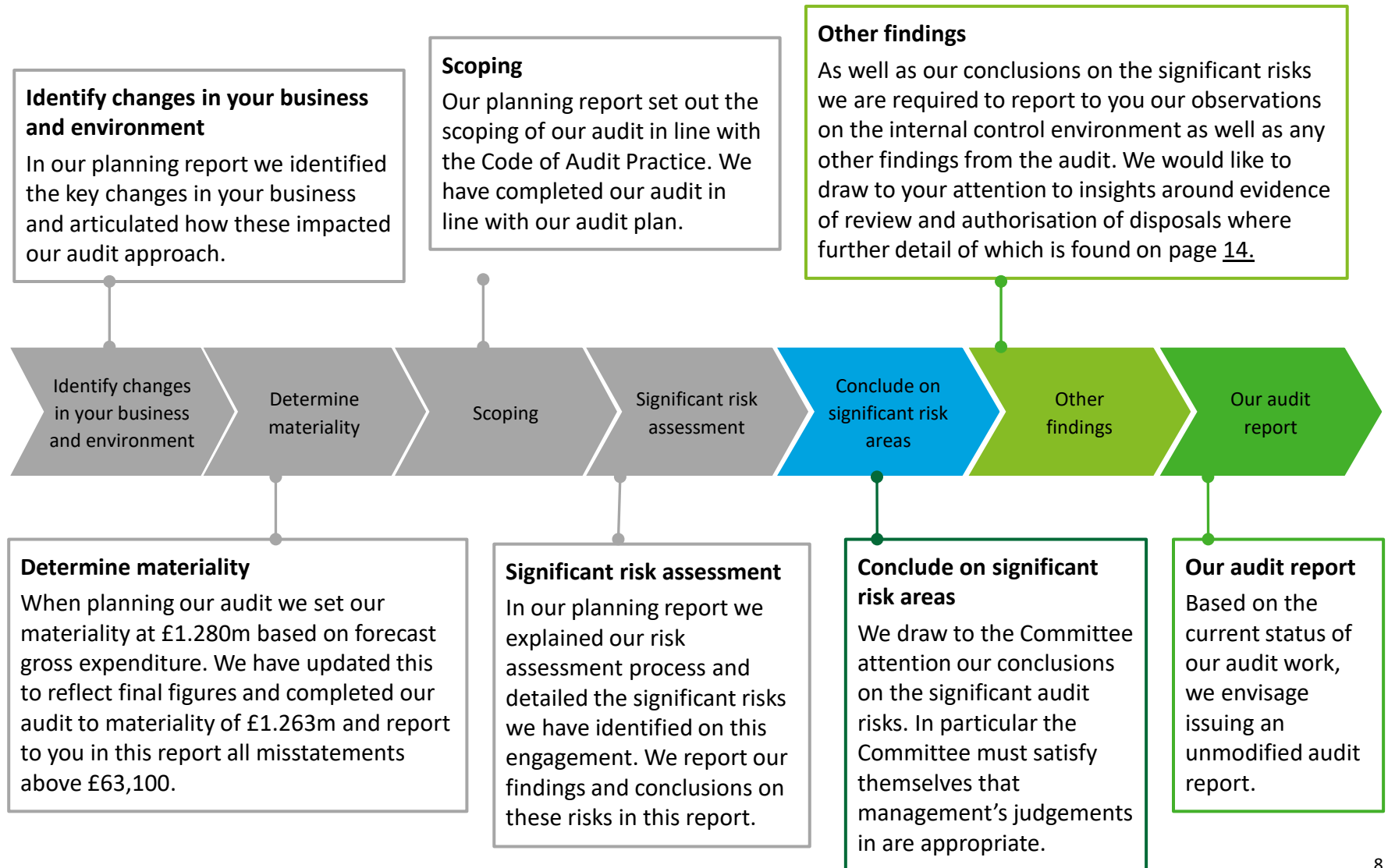
Impact on the execution of our audit

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason	Further detail
Timing of key accounting judgements		Information was provided by the requested deadline and covered the points required.	N/A
Adherence to deliverables timetable		Management provided deliverables within agreed timelines.	N/A
Access to finance team and other key personnel		The audit team always had access to the finance team and relevant key personnel from beginning through to the end of the audit process.	N/A
Quality and accuracy of management accounting papers		The majority of working papers provided were of a good quality. Some areas required resubmission following clarification of exact requirements. This didn't impact the quality and the timeliness of the submission of the documents on an overall basis.	N/A
Quality of draft Annual Report and Accounts		Quality of draft was generally of a high standard although there were specific numbers that initially did not reconcile in the notes, some missing disclosure requirements required by the FReM and immaterial compliance issues which have subsequently been updated.	15
Response to control deficiencies identified		No control deficiencies identified however some insights have been noted in relation to evidence of management review or approvals.	14
Volume and magnitude of identified misstatements		No misstatements have been identified to date.	N/A








2.2 Our audit explained




We tailor our audit to your business and your strategy



2.3.1 Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			Satisfactory	
Property valuations			Satisfactory	
Fee Income			Satisfactory	

- Level of management judgement**
-  Limited management judgement
 -  A degree of management judgement
 -  Significant management judgement

- Controls approach adopted**
-  Assess design & implementation

2.3.2 Significant risks (continued)

Management override of controls

Risk identified

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the entity, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the Annual Report and Accounts and accounting records.

Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

- We have tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the Annual Report and Accounts. In designing and performing audit procedures for such tests, we have:
- Tested the design and implementation of controls over journal entry processing;
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Selected journal entries and other adjustments made at the end of a reporting period; and
- Considered the need to test journal entries and other adjustments throughout the period.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we have:

- Evaluated whether the judgments and decisions made by management in making the accounting estimates included in the Annual Report and Accounts, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. From our testing we did not identify any indications of bias. A summary of the key estimates and judgements considered is provided on the next page; and
- Performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the Annual Report and Accounts of the prior year.

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte view

We have not identified any instances of management override of controls from our testing to date.

2.3.3 Significant risks (continued)

Management override of controls (continued)

Key estimates and judgements The key estimates and judgments in the Annual Report and Accounts includes those which we have selected to be significant audit risks around the Fee Income and revaluations (see page [12](#) and [13](#)). This is inherently the area in which management has the potential to use their judgement to influence the Annual Report and Accounts. As part of our work on this risk, we reviewed and challenge management’s key estimates and judgements including:

Estimate / judgement	Details of management’s position	Deloitte Challenge and conclusions
Dilapidations & Indemnity	<p>As at 31 March 2023, RoS has a provision of £814,000 for dilapidations. The value of the provision is based on information provided by managements experts and comprises costs required to restore leased office space to their original state.</p> <p>In addition to this, RoS has a provision of £428,000 for indemnity as at 31 March 2023. The value of the provision is based on information provided by RoS internal lawyers and comprises of costs of claims made against RoS due in relation to the registration system, this can include things such as errors in the registration.</p>	<p>We have assessed the use of information provided by the independent experts and confirmed and verified the existence and the valuation of the obligation to provide for dilapidations.</p> <p>We have also assessed the information provided by the internal legal counsels and confirmed the existence and valuation/allocation of the indemnity provisions.</p> <p>We have reviewed the evidence and concluded that the value provided is reasonable and that the provision has been appropriately disclosed in line with reporting requirements.</p>

2.3.4 Significant risks

Property valuation



Risk identified and key judgements

RoS has a Meadowbank house property in which a full independent valuation of its property has been performed as at 31 March 2023. This has resulted in a net decrease in the valuation of the property of £33k from £10,383k, with a closing net book value of £10,350k.

RoS is required to hold its property asset within Property, Plant and Equipment at existing use value provided that an active market for the asset exists. The valuation is by nature a significant estimate which is based on a specialist and management's assumptions and which can be subject to material changes in value.

During our planning work, we had identified that a material indexation adjustment was made in the 2021/22 Annual Report and Accounts based on RPI movements. Our initial assessment deemed this to be incorrect and recommended that RoS consult with their valuation experts to determine the impact on prior year figures and associated adjustments required. This means that a potential prior year restatement and associated disclosure may be required. The potential prior year audit adjustment being identified increases the risk in this area.



Deloitte response and challenge

We have tested the design and implementation of key controls in place around the property valuation.

We used our valuation specialists, Deloitte Real Asset Advisory, to review and challenge the appropriateness of the assumptions used in the year end valuation of the entity's property and assess consistency to valuation performed by the valuer.

We have tested the inputs to the valuation and the key asset information provided by RoS to the valuer back to supporting documentation by tracing to supporting documents provided.

We have assessed the qualifications, experience, objectivity and independence of the valuer by verifying third party data of the valuer.

We have tested the posting of the valuation to the accounting records by tracing to the revaluation journals to ensure it has been appropriately approved and posted.

We have evaluated the potential prior year error and noted that is not material and hence satisfied no further changes are made to the accounts.

Deloitte view

We have concluded that the property valuations of RoS are appropriate. In relation to the potential prior year audit restatement, we have concluded that a restatement is not required as the misstatement have been deemed to not be material.

2.3.5 Significant risks

Fee Income



Risk identified and key judgements

ISA (UK) 240 states that when identifying and assessing the risks of material misstatements due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give risk to such risks.

We have assessed the income streams for RoS and concluded that the risk of a material misstatement due to fraud is in relation to registration fees. RoS operate a system of prepayment of registration fees, which are initially held as a creditor, with income recognised when services are transferred to the customer.

We have therefore pinpointed the risk to the accuracy of the inventory (work in progress (WIP)) balance, the accuracy of the provision made at year end (where prepaid income is expected to be less than costs for incomplete case work) and the cut off of the income being recognised at the year end.



Deloitte response and challenge

We have tested the design and implementation of key controls in place around the WIP provision.

We tested the inputs to the WIP provision and the key information provided by the team to finance, as well as reviewing the accounting treatment of the provision.




We have performed detailed testing on cut off for fee income recognised around year end.




Deloitte view

We have concluded that the fee income recognised and the WIP provisions made are line with requirements of the FReM and we have not noted any misstatements arising from our testing.

2.4 Your control environment and findings


Control deficiencies and areas for management focus




Observation	Priority Level	Deloitte recommendation	Management response and remediation plan
From our assessment of the controls relating to the valuations, while management confirmed there was review of the work performed by the valuer, there was no documentation retained as evidence of this.		We would recommend that there is hard evidence of the review of the work performed by management's expert archived appropriately	Refer to action plan on page 41 .
From our assessment of the disposal of tangible assets, we have noted that there is no disposal forms in place to indicate that the appropriate approvals of the disposal has been evidenced.		We would recommend that disposal forms are filled out for the disposal of assets to ensure evidence of actual approvals are documented.	Refer to action plan on page 41 .
From our review of the accounting policies disclosed in the financial statements, we noted that the assumptions used in the key accounting estimates were not quantified and there were no sensitivity analysis and range of outcomes disclosed.		We would recommend such inclusions in the future as highlighted by Audit Scotland as part of good practice in key accounting estimates disclosures	Refer to action plan on page 41 .

-  Low priority
-  Medium Priority
-  High Priority

2.5 Your control environment and findings (continued)

Control deficiencies and areas for management focus

Observation	Priority Level	Deloitte recommendation	Management response and remediation plan
<p>From our inquiries on passwords for the eFinancials application, we noted the following parameters deviate from the Registry of Scotland password policy and/or best practice values:</p> <ul style="list-style-type: none"> - Minimum password length: 6 (Best Practice Value: 8) - Complexity: Not enabled (Best Practice: Complexity - Enabled) <p>Weaknesses in password security increases the risk of unauthorised access to key systems, which can undermine the reliability, integrity and confidentiality of business critical data.</p>		<p>Management should ensure that where technically possible, the password parameters are aligned with either corporate policy and/or industry best practice. Where not technically possible management should document this and any compensating/mitigating controls.</p>	<p>Refer to action plan on page 42.</p>

-  Low priority
-  Medium Priority
-  High Priority

Legend explanation:

- Low priority- Mainly indicate no immediate attention is required but good to look and implement for the long term
- Medium priority- Attention is required in a shorter time horizon of approximately 12 to 18 months
- High priority- Immediate attention required and should be rectified as soon as possible

2.6 Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

RoS Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the “FReM”). Following our audit work, we are satisfied that the accounting policies are appropriate.

Significant matters discussed with management:

During our planning work, we have identified that a material indexation adjustment was made in the 2021/22 Annual Report and Accounts based on RPI movements. Our initial assessment has deemed this to be incorrect and recommended that RoS consult with their valuation experts to determine the impact on prior year figures and associated adjustments required. We concluded that this error was immaterial and so a prior year adjustment was not required.

Regulatory change

IFRS 16, Leases, came into effect on 1 April 2022, therefore 2022/23 is the first year of implementation. This required adjustments to recognise on balance sheet arrangements previously treated as operating leases.

We tested the completeness of leases identified on transition. RoS has 6 leases, therefore we tested multiple samples to assess accuracy of the Right of Use Assets and lease liabilities.

We noted no issues in our testing of IFRS 16 Leases. other than specific IFRS 16 disclosures which was required in the Annual Report which have subsequently been rectified.

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. In response to the significant risks identified, no reliance was placed on the work of internal audit and we performed all work ourselves.

We will obtain written representations from the entity on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter has been circulated separately.

2.7 Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.

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Our opinion on the Annual Report and Accounts

Our opinion on the financial statements is expected to be unmodified.



Going concern

We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment that the continued existence of a particular body.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the Annual Report and Accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page [18](#).

2.8 Your Annual Report and Accounts

We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines the Board's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the Board.	<p>We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We provided management with comments and suggested changes which management have updated in the revised draft.</p>
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	<p>We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. No exceptions noted.</p> <p>We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We provided management with comments and suggested changes which management have updated in the revised draft.</p> <p>We have also audited the auditable parts of the Remuneration and Staff Report and confirmed that it has been prepared in accordance with the accounts direction.</p>

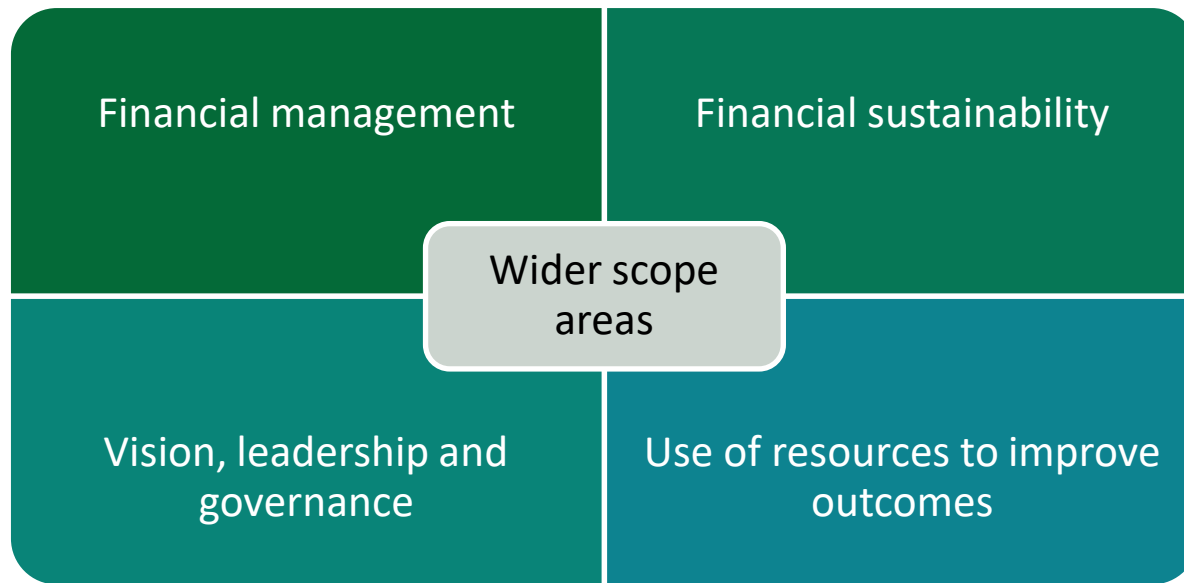
Wider scope audit



3.1 Wider scope requirements

Overview

As set out in our audit plan, Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



In its planning guidance, Audit Scotland has also highlighted the following national or sectoral risks that the Auditor General and Accounts Commission wish auditors to consider at all bodies during the 2022/23 audits:

- Climate change.
- Cyber security.

Our audit work has considered how RoS is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions. Our responsibilities in relation to Best Value ('BV') have all been incorporated into this audit work.

3.2 Wider scope requirements (continued)

Financial management

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



Financial Management

Significant risks identified in Audit Plan

We did not identify any significant risks in relation to financial management during our planning work. We therefore restricted our audit work to reviewing the budget monitoring to the Executive Management Team (EMT) and the Board during the year to assess whether financial management and budget setting has continued to be effective.

Current year financial performance

As an income generating Non-Ministerial Office (NMO) of the Scottish Government, RoS is partially funded by the Scottish Government with its budget allocation appearing as a distinct line item in the Annual Scottish Budget Bill (known as department expenditure limit (DEL)). For 2022/23, this was initially £8.5m, but was subsequently revised to £11m as a result of additional capital funding to support the development of new registers. Additional budget was also received for Annually Managed Expenditure (AME) to cover non-cash costs, such as potential changes to provisions and impairments.

The overall budget was developed through extensive consultation by finance across business areas and EMT. As an Advisory Board, the budget is not formally approved by the Board, however Board members provided appropriate scrutiny and challenge throughout the budget development process.

RoS' final outturn expenditure and income are summarised below. As a result of variances in expenditure and Registration income, RoS reported an underspend against the Scottish Government budget, resulting in a net contribution to the Scottish Government of £3.4m.

	Expenditure (£m)	RoS Income (£m)	SG budget bill allocation (£m)	SG final budget allocation (£m)	Over/ (under) spend £m
Resource	95.6	92.6	6.0	6.5	(3.5)
Capital	4.7	0	2.5	4.6	0.1
Total	100.3	92.6	8.5	11.1	(3.4)

3.3 Wider scope requirements (continued)

Financial management (continued)

Current year financial performance (continued)

The EMT, Board and ARC regularly review progress against budget through the year, with quarterly reporting to the Board. Any variances arising during the year are clearly reported and there is a clear link between the financial information reported in the year and the Annual Report and Accounts.

Finance capacity

The finance team has remained relatively consistent throughout the year, being led by the Chief Finance Officer, supported by two Heads of Finance. One of the Heads of Finance resigned at the start of March, however, appropriate arrangements have been put in place to cover for this position in the interim period while recruitment commences for a replacement. We have not identified any risks with the teams capacity that would impact on the financial management of the organisation.

Internal controls and internal audit

RoS has comprehensive financial policies and procedures in place.

We have assessed the internal audit function, including its nature, organisational status and activities performed. We have reviewed all internal audit reports published throughout 2022/23. The conclusions have helped inform our audit work, although no specific reliance has been placed on this work.

The 2022/23 Internal Audit Plan was approved by the ARC in February 2022 and comprised eight projects for the year, covering 100 audit days. Detailed reports are provided to the Committee for each project.

Standards of conduct for prevention and detection of fraud and error

We have assessed RoS' arrangements for the prevention and detection of fraud and irregularities. This has included specific considerations in response to the Audit Scotland's publication "Fraud and irregularities 2021/22 – sharing risks and case studies to support the Scottish public sector in the prevention of fraud". Overall, we found the arrangements to be to be designed and implemented appropriately.

3.4 Wider scope requirements (continued)

Financial management (continued)

National Fraud Initiative (NFI)

A number of central government bodies, including RoS are participating in the most recent NFI exercise. We have monitored RoS' participation and progress in the NFI exercise.

The NFI exercise checklist for 2022/23 was noted by the ARC at its meeting in August 2022.

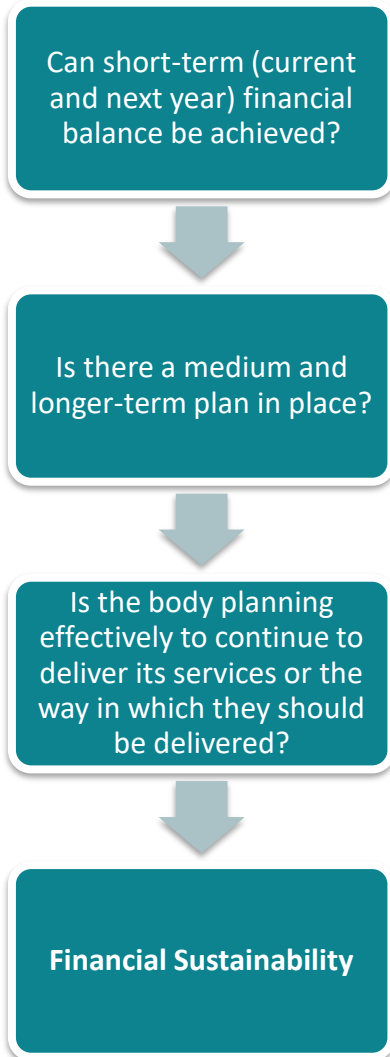
RoS is progressing with its review and in line with previous exercises will provide a report to ARC once concluded. We have therefore concluded that RoS is fully engaged in the exercise.

Deloitte view – financial management

RoS continues to have effective budget setting and monitoring arrangements in place. This is supported by an experienced finance team and a robust internal audit function, as well as appropriate arrangements for the prevention and detection of fraud and error.

3.5 Wider scope requirements (continued)

Financial sustainability



Significant risks identified in Audit Plan

In our audit plan we highlighted that the RoS has medium term financial planning arrangements in place and is continuing a major digital transformation journey. We highlighted that there is a risk that RoS will not be able to implement its digital transformation, therefore this has been the key area of focus for our audit.

2023/24 budget setting

As explained on page [21](#), as a NMO, the Board does not approve the budget. However, it provided input and challenge throughout the budget setting process, starting in December 2022 as part of the development of year two of the Corporate Plan.

In line with good practice, the budget is set in the context of agreeing the updated strategic objectives and content of the Corporate Plan, based on a series of modelling and financial assessments. There is therefore a clear alignment between what RoS plan to achieve in year two of its Corporate Plan and how that will be funded.

Following a Corporate Plan workshop in January 2023, feedback from the Board was incorporated into a revised budget which was considered by the Board in March 2023 in advance of publication in April 2023. This demonstrated that RoS has set a balanced budget for 2023/24, based on its mid-point scenario.

The budget highlights a key risk being the uncertainty in the housing market owing to higher interest rates and the macroeconomic outlook. If a significant downturn transpires and the low income scenario emerges, which would indicate up to £10.7 million of a reduction and potential funding gap, RoS has assumed that any shortfall will be managed through efficiency savings in year and through the income review process to ensure a balanced position. This risk is in part mitigated by the trend in staff turnover, which is not reflected in the budget. Should the trend continue into 2023/24, a £3.3m saving would be achieved. RoS will continue to monitor this closely.

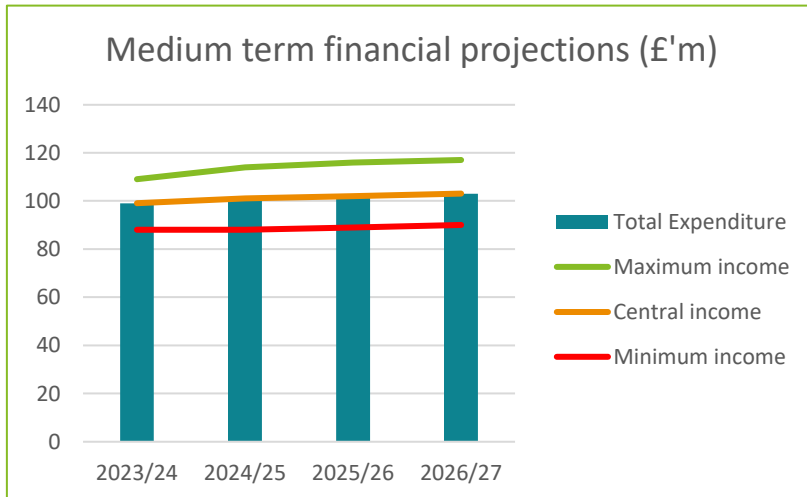
3.6 Wider scope requirements (continued)

Financial sustainability (continued)

Medium-to-long term financial planning

In approving its Corporate Plan for 2022-2027, RoS agreed a five year financial plan with the Scottish Government, which fed into the Resource Spending Review Framework and Infrastructure Investment Plan published by the Scottish Government.

In advance of year two of the plan (2023/24), RoS reviewed its financial projections and updated its medium term plan. In line with best practice, scenario analysis was carried out and reported as summarised below. This shows that in the central scenario, RoS is expecting to fully cover its costs with income generated over the next four years.



The plan does recognise the risk that challenging economic conditions continue to impact RoS and any changes to the property market would affect its income. The scenarios prepared therefore provide a range of options to allow RoS to re-prioritise and reduce its costs to ensure it breaks even, if changes to the property market occur.

As part of the Spending Review, the Scottish Government expects bodies to set an annual efficiency target of 3% and also expects them to explore the scope to maximise the use of shared services across the public sector landscape.

As a potential net contributor to the Scottish Government, RoS' approach to efficiency is embedded within its Corporate Plan, with its key target to break even financially each year based on the income it generates. Strategic Objective 5 is to *"be an effective and efficient, future-focused delivery organisation"*. This is being achieved through Strategic Objective 3 *"develop and deliver digital improvements that support a sustainable business where the needs of our customers are fully satisfied"*.

RoS' approach to service redesign and transformation is managed through its Service Alignment Team, which is discussed further on the following page. This is closely aligned with financial planning and workforce planning to help drive forward the changes required.

3.7 Wider scope requirements (continued)

Financial sustainability (continued)

Medium-to-long term financial planning (continued)

The **Service Alignment Team (SAT)** was established by the EMT to support the RoS vision to design and develop a modern service-aligned organisation and provide governance of the strategic roadmap and the development of a service blueprint. The SAT reports at an operational level to the EMT and has a governance board that meets monthly.

Rather than having specific improvement or transformational projects, the SAT approach follows a model of multi-disciplinary “domains” which effectively allows cross-service level of expertise and focus on the service as a whole rather than IT and workforce, for example, being considered in isolation.

SAT’s strategy is across three levels:

- **Product sustainability** (ensuring all products are safely managed and maintained)
- **Service Acceleration** (looking at automation and improving tools, best use of recruitment, underpinned with improving ways of working)
- **Data certainty** (ensuring the data is structured and machine readable).

Quarterly reports are provided to EMT, through the EMT Investment Board and Business Portfolio Board. These reports:

- Provide an update on costs and benefits from all project change initiatives; and
- Provide a consolidated benefits report setting out the delivery of the six SAT domains, addressing three main aspects “what we said we would do, what we have done, and what is still to be done”.

Having this structure in place to monitor and report on the benefits is in line with good practice. Within the reports there are quantification of some of the benefits, e.g. cost savings, carbon footprint impact. Other areas have noted that full benefits review have still to be completed. It is important that as RoS continues on its improvement journey, investing in digital and transforming services, that the impact of these activities in terms of financial savings, efficiencies, staffing changes is closely monitored to be able to demonstrate that work is on track to achieve the intended objectives.

3.8 Wider scope requirements (continued)

Financial sustainability (continued)

Medium-to-long term financial planning (continued)

Another key element of the medium-to-long term planning is the Strategic Workforce Plan (SWF), given that a high proportion of RoS' costs relate to staff.

When the Corporate Plan 2022-2027 was approved, there was recognition that the workforce would change throughout the period of the plan as RoS deliver on the service improvements planned. It expects the number of staff working in operational areas will reduce and anticipate digital and data teams to grow. Overall staffing projections for 2023/24 are largely in line with the previous year, but over the 5 year period, this is expected to decline, as set out in the delivery plan year two (2023/24).

An interim SWF is being developed to cover the next 2-3 years. Modelling has been carried out, which has fed into the financial projections discussed on page [25](#). A key part of the plan is to reskill staff to work on the longstanding open casework to meet the priority set out in the Corporate Plan. A SWF dashboard has also been created to provide a monthly snapshot of people data, providing insights and analysis about high level risks and opportunities.

Deloitte view – Financial sustainability

RoS has achieved financial balance in 2022/23 and has set a balanced budget for 2023/24, therefore is financially sustainable in the short-term. While there remains a risk that income is impacted by the uncertainty around the housing market, this is being closely monitored and managed.

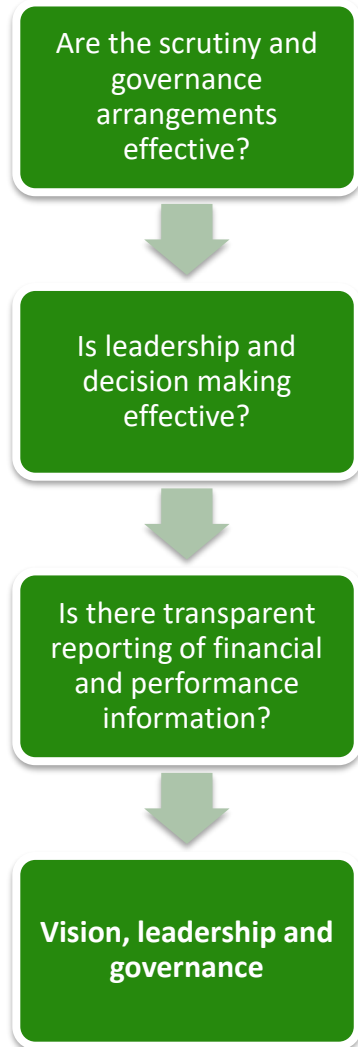
Medium term financial projections also demonstrate that RoS is expecting to be financially sustainable over the next four years, being the period of the Corporate Plan. There is a clear alignment between the financial projections, workforce projections and objectives within the Corporate Plan, and in line with good practice, scenario analysis has been performed to allow management to manage the risk of change.

RoS is undergoing significant change and recognises that its workforce will change throughout the period of the Corporate Plan as digital projects are progressed. Clear governance arrangements are in place to manage and monitor the changes through the Service Alignment Team and regular reporting to the EMT and the Board. This includes reporting on the benefits achieved. It is important that as RoS continues on its improvement journey, investing in digital and transforming services, that the impact of these activities in terms of financial savings, efficiencies, staffing changes is closely monitored to be able to demonstrate that work is on track to achieve the intended objectives.

We will continue to monitor the progress during our audit appointment.

3.9 Wider scope requirements (continued)

Vision, leadership and governance



Significant risks identified in Audit Plan

We did not identify any significant risks in relation to vision, leadership and governance during our planning work. We therefore restricted our audit work to reviewing the work of the Board and its Committees to assess whether the arrangements continue to operate effectively, including assessing whether there is effective scrutiny, challenge and informed decision making.

Vision and strategy

RoS' current Corporate Plan covers the period 2022-2027. This is supported by a Delivery Plan for year 2 (2023/24) which reflects on the performance of year 1 of the Plan. This sets out the organisations vision "to be a digital registration and information business trusted for our integrity" with five strategic priorities (reducing from six set out in the 2022-2027 Corporate Plan by combining two objectives into one).

1. Deliver the benefits of a completed land register.
2. Deliver more benefits to Scotland by providing innovative and accessible land and property data.
3. Develop and deliver digital improvements that support a sustainable business where the needs of our customers are fully satisfied.
4. Inspire our people to adapt, grow and innovate to empower a thriving, and inclusive organisation.
5. Be an effective and efficient, future-focused delivery organisation.

Against each of these strategic objectives,, KPIs are in place to allow RoS to monitor its performance. The Corporate Plan also sets out how RoS' work helps to deliver the National Outcomes within the Scottish Government's National Performance Framework.

3.10 Wider scope requirements (continued)

Vision, leadership and governance (continued)

Vision and strategy (continued)

Building on the work in the Corporate Plan, RoS is starting to define its future vision beyond 2024 and the activities that it will need to implement in order to realise the vision. Engagement has been taking place since December 2022 both internally within RoS and with Scottish Government colleagues to develop this further.

A key message from the consultation is that starting to apply some focus onto the future vision of RoS cannot be at the expense of ensuring the current priority activities are delivered successfully, and in particular the longstanding open casework. There is, however, recognition that there are foundation activities, some of which will take a period of time to design and implement, that need to be started over the next two years in order to have the right foundations in place to enable “best” service in the future.

A small number of foundation activities have been identified for financial years 2023/24 and 2024/25, as summarised across the following five themes.

Enablement	Empowerment	Motivation	Understanding	Sustainable
Reduce backlog (1)	Leadership development (1)	Customer empathy (2)	Data customer requirements (2)	Digital people strategy (2)
Multi-skilling (1)	EMT restructure (2)	Promotion policy (2)	Citizen requirements (3)	Estates strategy (2)
Automation (1)	New management structures (3)	Impact not time (3)	Integration requirements (3)	PSR (2)
Upskilling (judgement) (3)				Enabling function restructure (3)

Key:

(1) Planned as part of core delivery in 2023/24

(2) Year 1 foundations for future vision (2023/24)

(3) Year 2 foundations for future vision (2024/25)

3.11 Wider scope requirements (continued)

Vision, leadership and governance (continued)

Leadership

The Executive Management Team has remained largely consistent during the year, with the exception of a temporary change in the Accountable Officer, which is being filled on an interim basis by the Registration and Policy Director while the previous Accountable Officer takes up a temporary position elsewhere within Scottish Government. This transition has been well managed, with appropriate training provided through the Scottish Government hub.

As noted on the previous page, as part of the future vision of RoS, a new EMT structure is being developed to strengthen the leadership and moving from the current four members of EMT to six. This will include dedicated Directors of Digital and People given the importance of these areas for the future vision.

The Non-Executive Directors have also remained largely consistent during the year. A comprehensive induction programme was put in place for a new independent ARC member, with detailed sessions held covering a range of topics.

A Board skills and experience matrix exercise was carried out, and reported to the Board in March 2022 which concluded that the Board had a healthy roundedness of the skills and experience across Board members and no gaps of significant concern. From our audit work, we have identified a positive culture of cooperation and working constructively in partnership.

In line with best practice, the Board carried out an effectiveness review during the year, with an Action Plan agreed at its meeting in December 2022. A follow-up pulse survey is planned for August 2023 to review the effectiveness of the actions, with a full Board effectiveness survey to be repeated in August 2024.

Governance and scrutiny arrangements

The Scottish Government Framework Agreement was revised and updated in May 2023. This sets out the strategic relationship and a number of shared principles between RoS and the Scottish Government. It forms a key part of the governance and accountability framework within which RoS operates.

The ARC continues to be a key element of the governance arrangements in place. In line with good practice, the Committee carries out an annual self assessment of its effectiveness, the outcome of which was reviewed by the ARC in November 2022. Key actions arising from the assessment were set out in a clear action plan, with target dates for completion.

3.12 Wider scope requirements (continued)

Vision, leadership and governance (continued)

Governance and scrutiny arrangements (continued)

The ARC also provide oversight and scrutiny of the Key Risk Register, with regular updates then provided to the Board. The ARC carried out its annual review of the Risk Management Policy in November 2022 along with the Key Risk Register update. As a change in the year, the annual risk workshop, involving EMT, ARC and the Board was moved from Q1 of 2023/24 to Q4 of 2022/23 to allow earlier discussion and help shape internal audit plans.

We have reviewed meetings attendance from the past year and confirm that there has been well attended. In addition, from attendance at meetings we can confirm that there is sufficient scrutiny and challenge exercised by members during the meetings.

Transparency of reporting

All Board minutes are publicly available through the RoS website. In addition, accompanying Board papers are also published and a “Transparency Summary Sheet” accompanies each set of minutes to set out what is available and reasons for specific papers not being available, e.g. non publication of sensitive information. This is in line with best practice.

As part of the Board effectiveness review, consideration was given to live streaming Board meetings for discussions that have papers that are published externally. The Board agreed not to pursue this at the moment but will be kept under review.

The RoS website includes a comprehensive suite of information including corporate plans, annual report and accounts and monthly expenditure reports, thereby demonstrating openness and transparency of decision making and performance information (which is considered further on page [33](#)). The Keeper also publishes a monthly newsletter which is published on the website.

Deloitte view – Vision, leadership and governance

RoS has a clear vision, as set out within its Corporate Plan, and work is ongoing to define its future vision beyond 2024, with key activities identified for the next two years. We will monitor the progress with this over the period of our appointment. There is a positive culture of collaboration and partnership working between the executive and non-executive Board members. The governance arrangements also continue to be robust, with a strong ARC.

RoS’ approach to openness and transparency is in line with best practice, with both minutes and papers being published, along with plans and performance information.

3.13 Wider scope requirements (continued)

Use of resources to improve outcomes



Significant risks identified in Audit Plan

In our audit plan we highlighted that RoS has a target to functionally complete the Land Register by 2024. It aims to do this by clearing the pre-2021 registration cases, which are currently backlogged. RoS plan to do this by despatching 60% of new applications within 35 days. There are significant interdependences, which mean that there is a risk that RoS will not meet this target. We have therefore assessed the performance management framework in place to assess how RoS is managing this risk.

Performance management framework

RoS monitors its performance against its Strategic priorities set out within the Corporate Plan (as discussed further on page 28). Quarterly reporting is provided to the Board to enable it to monitor and challenge the performance of RoS, with information structured as follows:

- Information (in a series of Annexes) to summarise performance year-to-date against the Corporate Plan;
- A commentary on the areas of exception in the year-to-date performance; and.
- A commentary, drawn from the discussions at the most recent Executive Management Team corporate governance meeting of the key areas of focus going forward.

Within the Annual Report and Accounts, RoS has included a section setting out how its work contributes to the Scottish Government’s National Performance and National Outcomes.

As highlighted in his blog “Christie 10-years on” [Blog: Christie 10-years on | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/blog/christie-10-years-on), the Auditor General for Scotland noted that Christie challenged us to make a shift towards prevention and deliver improved long term outcomes for individuals and communities. But we still measure the success of public services by short-term, service specific measures. Public bodies need to rethink radically how we measure success and hold organisations to account for their performance.

3.14 Wider scope requirements (continued)

Use of resources to improve outcomes

Performance management framework (continued)

The KPIs set out within the Corporate Plan are largely output focussed, rather than outcome focussed. This is understandable given the work that RoS carries out. There are some KPIs, however, that focus on outcomes, e.g. customer satisfaction index and civil service people survey engagement. Consideration should be given to if there are other areas where there are specific outcomes that can be monitored and reported to demonstrate that continuous improvement.

Performance data

A summary of the performance as at 31 March 2023 for 2022/23 year is provided in the chart opposite. This shows that RoS has performed

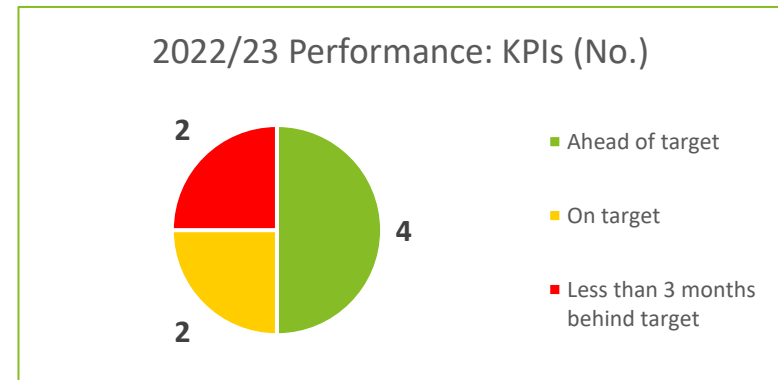
well during year one of its Corporate Plan. The two areas where improvement is required are within the following:

- **Strategic Objective 1:** Deliver the benefits of a completed land register.
- **Strategic Objective 4:** Inspire our people to adapt, grow and innovate to empower a thriving, and inclusive organisation.

Strategic Objective 1: Deliver the benefits of a completed land register.

KPI: Register all addresses as part of a functionally complete land register. The target for this was 88%, but as at March 2023, 86.9% was achieved.

RoS recognises that whilst progress has been made, the scale of the challenge remains significant. It has evolved its approach to how best to use resources to achieve this objective whilst also providing better value to the public purse. The longer-term goal continues to be 100% completion. RoS is committed to publishing its progress towards completion, with a dedicate page on its website providing regular updates.



3.15 Wider scope requirements (continued)

Use of resources to improve outcomes

Performance data (continued)

Strategic Objective 4: Inspire our people to adapt, grow and innovate to empower a thriving, and inclusive organisation.

KPI: Improve overall employee engagement from 68% by March 2023. The actual performance reported was 65%.

RoS has reported that in the most recent Civil Service People Survey, the engagement score recorded as slight decline but within the details of the survey, there was evidence to show that the actions RoS are taking based on feedback from the survey are making a positive difference to colleagues. It also recognised that the survey has highlighted that there is more to do to help colleagues understand its future direction and to build their confidence in the decisions RoS are making to change the organisation for the future. Work is underway to address this.

RoS recognises that simply meeting the corporate plan deliverables will not be sufficient to deliver on its overarching goal of clearing the backlog/open casework and setting the organisation up to deliver on the future vision. The work required centres around changes to how operational staff deliver their role and how they are developed/trained which is closely aligned to the work that the SAT are monitoring, discussed further on page [26](#).

Deloitte view –Use of resources to improve outcomes

RoS has a clear performance management framework and regular reporting on performance is provided to the Board, with a clear focus on continuous improvement.

RoS has continued to perform well during 2022/23, actively managing its performance with a clear picture of areas that require ongoing focus. It recognises the scale of the challenge to deliver a functionally complete land register and the work required to deliver its overarching goal of clearing the backlog of open casework. This is being actively managed.

3.16 Wider scope requirements (continued)

Best value

Requirements

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value (BV).

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we have considered whether there are organisational arrangements in place in this regard.

The duty of BV in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance;
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.
- BV characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve best value:
 - Vision and Leadership
 - Governance and Accountability
 - Use of resources
 - Partnership and collaborative working
 - Working with Communities
 - Sustainability
 - Fairness and equality

Conclusions

RoS has a number of arrangements in place to secure best value. As noted elsewhere within this report, the Corporate Plan provides a clear vision and has specific focus on some of the BV characteristics including partnership and collaboration, use of resources and a focus on continuous improvement. There is strong leadership in place with a positive culture on collaboration.

Delivery of the planned changes, including digital transformation, is a key area of focus over the next few years, to ensure long term sustainability which brings with it significant changes in workforce. Work is ongoing, with plans being developed as part of the development of the future vision of RoS. We will continue to monitor the progress with this during our audit appointment.

Deloitte view – Best Value

RoS has sufficient arrangements in place to secure best value. It has a clear understanding of areas which require further development as part of its future vision.

3.17 Wider scope requirements (continued)

Climate change

Risks identified in Audit Plan

Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% 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 impact of climate change.

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. For the 2022/23 audit, we have provided responses to a series of questions supplied by Audit Scotland to gather basic information on the arrangements for responding to climate change in each body. These are summarised below.

Question	RoS position
1. What targets has the body set for reducing emission in its own organisation or in its local area?	No specific targets have been set for RoS to reduce emissions other than the overall targets set out within the Climate Change (Scotland) Act 2009. RoS has measured the environmental impact across its estate since 2012 and has achieved its target to deliver a 22% reduction in its carbon footprint by 2020.
2. Does the body have a climate change strategy or action plan which sets out how the body intends to achieve its targets?	Within the Corporate Plan 2021-2026, RoS has committed to embedding sustainability in every business decision. A Sustainability and Climate Change Strategy is now in place for the period 2021-2026, building on the first Carbon Management Plan which covered 2016-2020. This sets out the key themes and associated actions that RoS plan to take over the next 5 years. The key themes are: <ul style="list-style-type: none">• Energy use and water management• Waste and circular economy• Digital innovation• Sustainable travel and staff commuting• Sustainable procurement• Biodiversity

3.18 Wider scope requirements (continued)

Climate change

Question	RoS position
3. How does the body monitor and report progress towards meeting its emissions targets internally and publicly?	<p>A formal review against the Sustainability and Climate Change Strategy takes place annually against the targets set out. This is overseen by the Sustainability and Climate Change Manager and reviewed by the Environmental Management Group (EMG).</p> <p>The EMG is responsible for the strategic direction and implementation of the strategy, meeting quarterly and reporting to the EMT. RoS also has an Environmental Working Group, which recommends actions to the EMG on projects that support the strategy.</p>
4. Has the body considered the impact of climate change on its financial statements?	<p>No specific consideration has been given to the impact of climate change on the financial statements. Given the type of public sector organisation, based in two offices, the expected impact on the financial statements is minimal.</p>
5. What are the areas of the financial statements where climate change has, or is expected to have, a material impact?	<p>As above, given the type of public sector organisation, the expected impact on the financial statements is minimal. Areas that are being considered around energy use, water consumption, waste disposal and business travel are likely to have an impact on the ongoing annual costs recognised in the financial statements.</p>
6. Does the body include climate change in its narrative reporting which accompanies the financial statements and is consistent with those financial statements?	<p>RoS has included a section on “becoming a more sustainable organisation” within the Annual Report and Accounts setting out its achievements to date in reducing emissions, action taken in the year and link to the Strategy.</p>

Deloitte view – Climate change

As a public sector body with two office sites, and as a consequence relatively low carbon emissions, the opportunities for emissions reductions are limited. The Corporate Plan includes a commitment to embedding sustainability in every business decision and the Sustainability and Climate Change Strategy includes specific themes and actions. The Annual Report and Accounts include a section on its achievements to date. It is therefore clear that RoS is committed to take action to meet the Scottish Government’s ambitious targets.

3.19 Wider scope requirements (continued)

Cyber risk

Area	Management actions	Impact on RoS's Annual Report and Accounts	Impact on our audit
Cyber risk	<p>RoS recognise cyber risk as part of its key risk register which is monitored by ARAC.</p> <p>Cyber security has been a high priority for RoS, particularly in view of the service improvement work and digital transformation.</p> <p>In line with Audit Scotland's recommendation, RoS has applied the lessons learned from the SEPA cyber attack.</p> <p>Internal Audit carried out an Information Security Risk Management review during 2022/23 and concluded "reasonable assurance" with four medium recommendations.</p>	Reference to the IT infrastructure changes made in 2022/23 has been included in the "key challenges" section of the Annual Report. Reference to achieving Cyber Essentials accreditation also disclosed.	<p>We have obtained an understanding the business and its internal controls in relation to cyber including assessing the maturity and coverage of the entity's cyber risk management programme. Internal Audit's report issued in February 2023 has informed this work.</p> <p>We obtained an understanding of the relevant laws and regulations in relation to the entity.</p>

4.1 Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the RoS, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the entity.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Deloitte LLP

Glasgow | 3 August 2023

Appendices



5.1 Action Plan

The following recommendations have arisen from our 2022/23 audit work:

Recommendation	Management Responses	Priority	Responsible Person	Target Date
1. Proof of review of revaluations From our assessment of the controls relating to the valuations, while management confirmed there was review of the work, we were not able to see documentation retained as evidence of this. We would recommend that there is evidence of managements review of the work.	Management review will be formally documented & retained.	Low	Head of Finance	Completed
2. Disposal forms for assets From our assessment of the disposal of tangible assets, we have noted that there is no disposal forms in place. We would recommend that there be disposal forms so that there is evidence of the appropriate approvals for disposals	A process is in place for IT assets, this will be improved to all asset categories supported by the Policy & Practice group.	Low	Corporate Services Director	31 Dec 2023
3. Disclosures on accounting estimates From our review of the accounting policies in the Annual Report, we noted that the assumptions used in the key accounting estimates were not quantified and there were no sensitivity analysis and range of outcomes disclosed.	Audit recommendations and best practice was adopted and will be reviewed.	Low	Head of Finance	31 March 2024

5.2 Action Plan (continued)

The following recommendations have arisen from our 2022/23 audit work:

Recommendation	Management Responses	Priority	Responsible Person	Target Date
<p>4. IT - Logical Security on passwords From our inquiries on passwords for the eFinancials application, we noted the following parameters deviate from the Registry of Scotland password policy and/or best practice values:</p> <ul style="list-style-type: none">- Minimum password length: 6 (Best Practice Value: 8)- Complexity: Not enabled (Best Practice: Complexity - Enabled)	<p>The RoS digital team will work with the finance team and the 3rd party supplier to align the e-fin passwords more closely to the RoS password policy</p>	Medium	Head of IT Development	31 December 23

Weaknesses in password security increases the risk of unauthorised access to key systems, which can undermine the reliability, integrity and confidentiality of business critical data.

Management should ensure that where technically possible, the password parameters are aligned with either corporate policy and/or industry best practice. Where not technically possible management should document this and any compensating/mitigating controls.

5.4 Action Plan (continued)

We have followed up the recommendations made in by the previous auditors. We are pleased to note that one recommendation is fully implemented and one remains ongoing

Recommendation	Management Response	Status
<p>1. Medium to longer-term financial planning</p> <p>To support proactive financial management Registers of Scotland should, in consultation with the Scottish Government, revise its medium term financial planning to reflect ongoing recovery and changes to operating costs.</p>	<p>This has been reflected in RoS' 2022-2027 Corporate Plan and the SG Resource Spending Review. RoS will continue to monitor and review income streams and operating costs.</p> <p>Responsible Officer: Accountable Officer</p> <p>Target date: March 2023</p>	<p>Fully implemented – see consideration on page 25.</p>
<p>2. Completion of Land Register by 2024</p> <p>Registers of Scotland will need to continue to improve their procedures to ensure completion of the ministerial target of completing the Land Register by 2024.</p>	<p>Registers of Scotland are making good progress towards delivering the benefits of a completed Land Register by 2024, and updates on progress are now being published monthly on the website</p> <p>Responsible Officer: Accountable Officer</p> <p>Target date: March 2024</p>	<p>Partially implemented, not yet due –see consideration on page 33.</p> <p>RoS continue to make good progress towards the functionally completion of the land register by 2024, albeit slightly behind the target of 88% at March 2023.</p>

5.5 Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked the entity to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked the Keeper to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of fraud in fee income recognition and management override of controls as a key audit risk.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We have reviewed the paper prepared by management for the Committee on the process for identifying, evaluating and managing the system of internal financial control.

We will explain in our audit report (for all entities subject to audit) how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud.

5.6 Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the entity and our objectivity is not compromised.

Fees The expected fee for 2022/23, as communicated by Audit Scotland in December 2022 is analysed below:

	£
Auditor remuneration	63,880
Audit Scotland fixed charges:	
• Pooled costs	4,240
• Audit support costs	2,250
• Sectoral cap adjustment	(15,180)
Total expected fee	55,190

There are no non-audit fees.

Non-audit services In our opinion there are no inconsistencies between the FRC's Ethical Standard and the entity's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Relationships We have no other relationships with the entity, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.



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