

A REPORT BY THE AUDITOR GENERAL FOR SCOTLAND UNDER SECTION 22(3) OF THE
PUBLIC FINANCE AND ACCOUNTABILITY (SCOTLAND) ACT 2000

THE 2002/2003 AUDIT OF THE NATIONAL LIBRARY OF SCOTLAND

1. The accounts of the National Library of Scotland (the Library) for the year ended 31 March 2003 are not qualified. However, I have prepared this report under section 22(3) of the Public Finance and Accountability (Scotland) Act 2000, as a result of the non-compliance with statutory deadlines for the laying and publishing of the accounts.
2. Subsection 21(1) of the Public Finance and Accountability (Scotland) Act 2000 requires that any account sent to the Auditor General for auditing should be sent not later than six months after the end of the financial year to which the account relates. Subsection 22 of the Act requires that:
 - Under subsection 22(4) the Auditor General must send to the Scottish Ministers the account, the auditor's report on the account and any report prepared by the Auditor General in sufficient time to enable the Scottish Ministers to comply with subsection (5).
 - Under subsection 22(5) the Scottish Ministers must lay before Parliament a copy of every account and report sent to them under subsection (4) no later than nine months after the end of the financial year to which the account relates.
3. I received the first set of draft accounts within the statutory deadline of 30 September 2003. The auditors were, however, unable to complete the audit of the 2002/03 accounts in time to enable the Scottish Ministers to lay the accounts in Parliament by the statutory deadline of 31 December 2003 because the audits of the 2000/01 and 2001/02 accounts of the Library were still outstanding. It is in the nature of accounts that the audit of subsequent years' accounts cannot be completed in advance of earlier years due to the need for the accounts to include prior-year figures. The late completion of the audits of the 2000/01 and 2001/02 accounts also meant they missed their statutory laying deadlines.
4. The auditors of the accounts for the years ended 31 March 2001, 2002 and 2003 reported delays in both the preparation of the draft accounts and the processing and clearing of audit amendments. In their view, there is a need for the Library to review whether sufficient staff resources are devoted to the finance function. The auditors consider that possible understaffing has contributed to the slippage of the annual accounts process and the operation of some financial controls.
5. In his Statement of Internal Control on the 2002/03 accounts, the National Librarian (the Library's Accountable Officer) indicated that in 2001/02 his predecessor instituted a major internal review of all the Library's divisions and activities with a view to improving the effectiveness of operations and controls. The review gave rise to a significant number of recommendations, many of which are now in the process of implementation. The National Librarian considers that this will significantly enhance the level of assurance provided by the Library's systems and controls. Nevertheless, I would urge the Library to consider strongly the auditor's recommendations concerning its finance function. The prompt preparation of accurate financial statements is a key mechanism by which public bodies can be held accountable to the public and other stakeholders for their activities and performance.



ROBERT W BLACK
Auditor General for Scotland
30 July 2004