

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

**THE 2007/2008 AUDIT OF THE QUEEN'S AND LORD TREASURER'S
REMEMBRANCER**

1. I have received the audited accounts of the Queen's and Lord Treasurer's Remembrancer (QLTR) for the year ended 31 March 2008. The auditors' report on the accounts is not qualified but I have prepared this report as a result of the non-compliance with statutory deadlines for the laying and publishing of the accounts.
2. I submit these accounts and the auditor's report in terms of sub-section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act.
3. Section 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. Section 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.
4. I did not receive the audited accounts until 9 February 2009. The Scottish Ministers were therefore unable to lay the accounts in Parliament by the statutory deadline of 31 December 2008.
5. 2006/07 was the first year for which QLTR was required to produce a statutory set of accounts under the Public Finance and Accountability (Scotland) Act 2000. The QLTR accountable officer prepared an initial set of accounts in August 2007 but following his departure shortly after, no-one within QLTR was given the responsibility for preparing the accounts. The first set of 2006/07 accounts was incomplete and a number of further drafts were required before the accounts could be audited by KPMG, the appointed auditors for QLTR. This resulted in a considerable delay in the preparation of the 2006/07 accounts and the subsequent audit.
6. QLTR experienced similar problems in preparing the 2007/08 accounts. There was a lack of clear instruction within the organisation about whose responsibility it was to prepare the accounts. KPMG received the draft accounts for 2007/08 in October 2008, and the auditors were subsequently required

to carry out forensic work on two potential fraud issues. KPMG did not conclude their audit of the 2007/08 accounts until 4 February 2009.

7. The delay in the preparation of the 2007/08 accounts and the subsequent audit was due to the combination of factors outlined above.
8. I have asked KPMG to continue to monitor QLTR's arrangements for preparing the 2008/09 accounts in accordance with statutory deadlines.



ROBERT W BLACK
Auditor General for Scotland
27 February 2009