

# Annual Audit Report for the Scottish Information Commissioner

**Financial year ended 31 March 2023**

**Prepared for the Scottish Information  
Commissioner and the  
Auditor General for Scotland**

26 September 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Scottish Information Commissioner or all weaknesses in your internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Executive Summary

This table summarises the key findings and other matters arising from the external audit of the Scottish Information Commissioner and the preparation of the financial statements for the year ended 31 March 2023 for those charged with governance (the Commissioner) and the Auditor General for Scotland.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and Audit Scotland's Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The Scottish Information Commissioner's financial statements give a true and fair view of the financial position of the organisation at the 31 March 2023;
- The Scottish Information Commissioner's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (FReM);
- The Scottish Information Commissioner's financial statements and the audited parts of the Remuneration Report and Staff Report have been prepared in accordance with the requirements of the 2022/23 Financial Reporting Manual (FReM) and directions made thereunder by the Scottish Ministers;
- In all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers; and
- the Performance Report and Governance Statement is prepared in accordance with the FReM and is consistent with the financial statements.

We are required to report whether other information published together with the audited financial statements in the Annual Report and Accounts is consistent with the financial statements and has been prepared in accordance with the requirements. We have concluded that the other information to be published with the financial statements is consistent with our knowledge of the Scottish Information Commissioner.

We received the first draft of the financial statements on 11 July 2023. The target submission dates have moved back to pre-Covid timetables with 30 October 2023 as the target date. The Scottish Information Commissioner have convened an Advisory Audit Board on 19 September 2023, therefore, well in advance of target deadline. The Commissioner is responsible for the decision to authorise the financial statements after this meeting.

Our audit work was substantially completed in July - August 2023 with completion processes continuing in September 2023. Our findings are summarised on pages 6 to 22. We have not identified any audit adjustments to the primary financial statements. We identified some disclosure adjustments noted in Appendix 1. We have raised one recommendation for management from our audit work on the financial statements. This is set out in [Appendix 2](#). Our wider scope audit has not raised any recommendations.

### **We issued an unqualified opinion on 26 September 2023.**

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team in completing the external audit. With this being the first year as your external auditors the time required has been more intensive as a result.

# Introduction (1)

## Scope of our audit work

Our work has been undertaken in accordance with International Standards of Auditing (ISAs) (UK) and the Code.

This report is addressed to the Scottish Information Commissioner and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

This Annual Audit Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be presented to the Audit Advisory Board in September 2023.

As auditor, we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Responsibilities

The Scottish Information Commissioner has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts in accordance with proper accounting practices. The Scottish Information Commissioner is also responsible for compliance with legislation, and establishing arrangements over governance, propriety and regularity that enable it to successfully deliver its objectives.

Our responsibilities as independent auditors, appointed by Audit Scotland, are set out in the Code, supplementary guidance, and International Standards on Auditing in the UK.

The recommendations or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve officers from their responsibility to address the issues raised and to maintain an adequate system of control.

## Audit approach

Our audit approach was based on a thorough understanding of the organisation's business and is risk based, and in particular included:

- An evaluation of the internal control environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

## Adding value through our audit work

We aim to add value to the Scottish Information Commissioner throughout our audit work by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations; and
- sharing intelligence and good practice through our wider scope work.

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# Introduction (2)

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## Wider scope

In accordance with Code and supporting guidance: “Supplementary guidance -wider scope audit, less complex bodies and Best Value”, we have concluded that the Scottish Information Commissioner is a ‘less complex body’ and therefore, carried out more limited wider scope work.

As required by the Code and this supporting guidance, we have assessed both the quantitative and qualitative risk factors related to the Scottish Information Commissioner and concluded that the Scottish Information Commissioner qualifies for this exemption for 2022/23.

A review of the Annual Governance Statement and concluding on financial sustainability are the areas of scope for the wider scope work.

We did not raise any issues in relation to the disclosure within the Annual Governance Statement.

Further details of the work undertaken are outlined on pages 24 to 25.

We have not raised any recommendations for management from our audit work on wider scope.

# Audit of the annual report and accounts (1)

## Our approach to the audit of the financial statements



### Overall materiality

We set overall materiality at £37,000 which represents 1.9% of the entity's gross expenditure.

This has not changed from the Audit Plan value due to the draft financial statements showing that there had been no significant change in the gross expenditure from the 2021/22 value, upon which planning materiality had been based.

### Key audit matters

The key audit matters were identified as:

- Management override of controls (ISA (UK) 240); and
- Risk of fraud in expenditure recognition – non payroll expenditure (PN10).

We identified the following other risk:

- Implementation of IFRS 16.

### Internal control environment

In accordance with ISA requirements we have developed an understanding of the Commission's control environment. Our audit is not controls based and we have not placed reliance on controls operating effectively as our audit is substantive in nature. In accordance with ISAs, over those areas of significant risk of material misstatement we consider the design of controls in place.

However, we do not place reliance on the design of controls when undertaking our substantive testing. We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our plan.

### Recap of our audit approach and key changes in our audit strategy

There has been no change to our anticipated audit approach from our Audit Plan.

# Audit of the annual report and accounts (2)

## Our approach to the audit of the financial statements (continued)

### Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Our audit approach was set out in our Audit Plan.

- We reviewed our assessment of materiality from planning based upon the 2022/23 draft financial statements and concluded that our planning materiality of £37,000 remained appropriate, as the gross expenditure had not changed significantly when compared with the 2021/22 figures, upon which planning materiality was set at 1.9%.
- Performance materiality remained at £24,050, being 65% of our calculated overall materiality.
- We applied a lower materiality threshold for auditable disclosures within the Remuneration and Staff Report due to the sensitive nature of this disclosure, the lower materiality applied to this area was £5,000.
- We report to Management any differences identified over £1,900, being 5% of performance materiality.

### Detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scottish Information Commissioner and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks; International Financial Reporting Standards and the 2022/23 Code of Audit Practice.
- We enquired of Senior Officers and the Commissioner, concerning the Scottish Information Commissioner's policies and procedures relating to the identification, evaluation and compliance with laws and regulations; the detection and response to the risks of fraud; and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

# Audit of the annual report and accounts (3)

## Our approach to the audit of the financial statements (continued)

### Detecting irregularities, including fraud (continued)

- We enquired of Senior Officers and the Commissioner, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Scottish Information Commissioner's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We have reviewed the principal risks to journal entries that could alter the Scottish Information Commissioner's financial performance for the year and the risk of fraud in expenditure recognition. Our audit procedures in relation are documented within our response to the significant risk of management override of controls below.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, included the potential for fraud in certain account balances and significant accounting estimates.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Scottish Information Commissioner's operations, including the nature of its operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Scottish Information Commissioner's control environment, including the policies and procedures implemented by the Scottish Information Commissioner to ensure compliance with the requirements of the financial reporting framework.



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# Audit of the annual report and accounts (4)

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## Status of audit work

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Our audit team and the finance team continue to work together to complete the audit.

As an audit team we have focused on concluding our work on the key audit matters, the significant audit risks and the significant classes of transactions we have identified in our scoping. These are the areas of the accounts that are, in our view, at greater risk of material misstatements, with a potential to impact our auditor's opinion.

**We have completed our audit work, and we issued an unqualified audit opinion on 26 September 2023.**




Audit quality is important to us, and it is important as auditors that we take a step back to consider all our audit evidence and the quality of our audit work on file on completion. This includes sufficient documentation of our key auditor judgements and conclusions.




# Audit of the annual report and accounts (5)

## Overview of audit risks

The table below summarises the key audit matters, significant and other risks discussed in more detail on the subsequent pages.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Key audit matter	Level of judgement or estimation uncertainty	Testing approach	Status of work to date
Management override of controls	Significant	↔	✓	✓	Low	Substantive	● Green
Risk of fraud in expenditure	Significant	↔	✓	✓	Medium	Substantive	● Green
Implementation of IFRS 16	Other	↔	✗	✗	Low	Substantive	● Green

 Assessed risk increase since Audit Plan  
 Assessed risk consistent with Audit Plan  
 Assessed risk decrease since Audit Plan

 **Green** - Not considered likely to result in material adjustment or change to disclosures within the financial statements  
 **Amber** - Potential to result in material adjustment or significant change to disclosures within the financial statements  
 **Red** - Likely to result in material adjustment or significant change to disclosures within the financial statements

# Audit of the annual report and accounts (6)

## Significant risks and Key Audit Matters

### Responding to significant financial statement risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. This section provides commentary on the significant audit risks communicated in the Audit Plan.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of Scottish Information Commissioner's financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

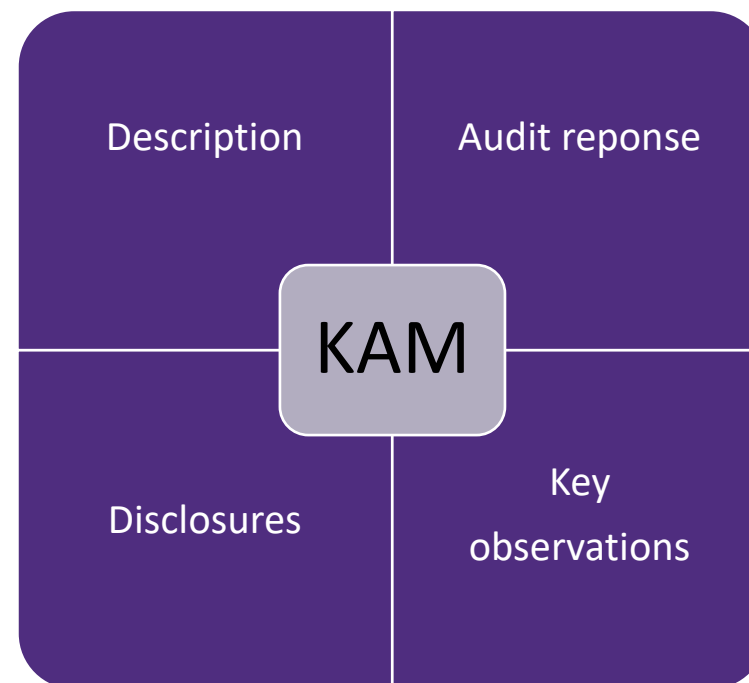
These matters included those that had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Other risks

Other risks are, in the auditor's judgment, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.



# Audit of the annual report and accounts (7)

## Other significant risks identified in our Audit Plan

### Management override of controls

As set out in ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements' there is a presumed risk that management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions. Our work focuses on journals, critical estimates and judgements, including accounting policies, and unusual transactions.

### Commentary

In response to the risk highlighted in the audit plan, we carried out the following work:

- Documented our understanding of and evaluated the design effectiveness of management's key controls over journals;
- Analysed your full journal listing for the year and use this to determine our criteria for selecting high risk journals;
- Tested the high risk journals we have identified;
- Gained an understanding of the critical judgements applied by management in the preparation of the financial statements and considered their reasonableness;
- Gained an understanding of the key accounting estimates made by management and carried out substantive testing on in scope estimates.
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions

### Our results

Our work to date has not identified any issues to bring to your attention and at present, we have not identified any control weaknesses or any indication of management override of controls.

Each journal has sufficient supporting documentation to support its business rationale and is appropriately reviewed and authorised.

# Audit of the annual report and accounts (8)

## Other significant risks identified in our Audit Plan (continued)

### The revenue cycle includes fraudulent transactions

As set out in ISA (UK) 240 (Revised May 2021) there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

(rebutted)

### Commentary

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Scottish Information Commissioner, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited due to the majority of revenue received being grant funding from the Scottish Government.

Therefore, we do not consider this to be a significant risk for the Scottish Information Commissioner.

### Our results

Our work has not identified any issues in relation to revenue recognition.

# Audit of the annual report and accounts (9)

## Other significant risks identified in our Audit Plan (continued)

### Risk of fraud in expenditure recognition (Practice Note 10)

As set out in practice note 10 (Revised 2022) 'The Audit of Public sector Financial Statements', issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition.

The Scottish Information Commissioner's expenditure includes both payroll and non-payroll costs. We consider payroll costs to be well forecast and are able to agree these costs to underlying payroll systems. As such, we believe there is less opportunity for a material misstatement as a result of fraud to occur in this area.

We therefore focussed our risk on the non-payroll expenditure streams. Our testing included a specific focus on year-end cut-off arrangements, including consideration of the existence of accruals in relation to non-payroll expenditure.

### Commentary

In response to the risk highlighted in the audit plan we carried out the following work:

- Evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with the FReM;
- Performed detail testing of expenditure transactions at and around year-end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period; and
- Reviewed the judgements and estimates made by management when recognising accruals and provisions at year end within the financial statements and where appropriate challenge management accordingly
- Our testing included a specific focus on year-end cut-off arrangements, including consideration of the existence of accruals in relation to non-payroll expenditure.

### Our results

Our work carried out has not identified any issues in relation to this risk.

# Audit of the annual report and accounts (10)

## Other risks identified in our Audit Plan

### Implementation of IFRS16

IFRS 16 was implemented by central government bodies under the FReM from 1 April 2022. Under IFRS 16, a lessee is required to recognise right-of-use assets and associated lease liabilities in its Statement of Financial Position. This will result in significant changes to the accounting for leased assets and the associated disclosures in the financial statements in the year ended 31 March 2023.

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. IFRS 16 requires all leases to be accounted for ‘on balance sheet’ by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases. IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating).

### Commentary

In response to the risk highlighted in the audit plan, we carried out the following work:

- evaluated the reasonableness and appropriateness of the inputs and assumptions used, especially the discount rate applied in determining the lease liability;
- agreed on a sample basis, the accuracy of the data used by tracing them to the original contracts;
- checked the mathematical accuracy of the calculations undertaken by management to determine the amounts to be recognised in the Statement of Financial Position; and
- assessed the completeness of disclosures within the financial statements in accordance with the applicable standards.

### Our results

Right of use assets of £883,000 in relation to the lease liability were added to the Statement of Financial Position. Our audit work has not identified any weaknesses in the processes used by management to identify contracts containing a lease. We were satisfied with the disclosure within the financial statements for right of use assets.

Substantive audit procedures have also been performed to confirm the accuracy of the lease calculations and disclosures in the financial statements including lease start and end dates, annual payments and application of an appropriate discount rate.

Our audit work identified no issues on the addition of right of use assets and liability to the Statement of Financial Position.

# Audit of the annual report and accounts (11)

## Financial Statements – key judgements and estimates

As required in the Scottish Information Commissioner’s Accounting Policies note, officers outline critical judgements in applying accounting policies and in addition, assumptions about the future and other sources of estimation uncertainty. In particular, where estimates and judgements are identified, these should be quantified.

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

### Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Orange] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Yellow] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious



# Audit of the annual report and accounts (12)

## Financial Statements – key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Assessment of leases – £883,000</p> <p>Net book value of right of use assets (Note 10)</p>	<p>The Scottish Information Commissioner determines the amounts to be recognised as the lease liability as the present value of the payments for the remaining lease term, net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year.</p> <p>The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.</p>	<p>We reviewed the Scottish Information Commissioner's assessment of the estimate considering the requirements of ISA (UK) 540 requirements.</p> <p><b>Conclusion</b></p> <p>Our work is concluded in this area, and we have no matters to raise.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Audit of the annual report and accounts (13)

## Financial Statements – key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Accruals and deferred income - £175,000</p> <p>Note 14 Trade and Other Payables</p>	<p>The Scottish Information Commissioner accrues for expenditure to ensure that all expenditure that is incurred during the financial year, but has not yet been billed, invoiced or paid for, is recording in the year to which it relates. The Scottish Information Commissioner has two main types of accruals:</p> <p><b>Manual accruals</b></p> <p>These are largely non-purchase order based accruals. Examples include the holiday and flexi pay accruals and back dated pay accrual. These are often based on best available information.</p>	<p>We have performed substantive testing on a sample of accruals. Our work has not identified any errors.</p> <p><b>Conclusion</b></p> <p>Our work is concluded in this area, and we have no matters to raise.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Audit of the annual report and accounts (14)

## Other key elements of the financial statements

As part of our audit there were other key areas of focus during the course of our audit. Whilst not considered a significant risk, these are areas of focus either in accordance with the Audit Scotland Code of Audit Practice or ISAs or due to their complexity or importance to the user of the accounts.

Issue	Commentary
Matters in relation to fraud and irregularity	It is the Scottish Information Commissioner's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from officers and those charged with governance regarding the Scottish Information Commissioner's assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement. We have not been made aware of any incidents in the period and no issues in relation to these areas have been identified during the course of our audit procedures.
Accounting practices	We have evaluated the appropriateness of the Scottish Information Commissioner's accounting policies, accounting estimates and financial statement disclosures. We have identified some disclosure adjustments which have been detailed in Appendix 1. The decision to not amend for these issues does not impact our audit opinion.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed in the final version of the accounts.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work. We have not identified any cases of money laundering or fraud at the Scottish Information Commissioner.
Matters on which we report by exception	We are required by the Auditor General for Scotland to report to you if, in our opinion: adequate accounting records have not been kept; or the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit or there has been a failure to achieve a prescribed financial objective. We have nothing to report in respect of these matters.
Governance statement	We are required to report on whether the information given in the Governance Statement is consistent with the financial statements and prepared in accordance with the requirements of the Financial Reporting Manual (FRM). No inconsistencies have been identified and we plan to issue an unmodified opinion in this respect.

# Audit of the annual report and accounts (15)

## Other key elements of the financial statements (continued)

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We are satisfied that other information is consistent with the financial statements and our knowledge obtained in the audit.
Opinion on other aspects of the annual report and accounts	We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been properly in accordance with the requirements of the Financial Reporting Manual (FRoM), and directions there under. We have not identified any changes required to the disclosures.
Regularity	The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance Accountability (Scotland) Act 2000. In our opinion in all material aspects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
Written representations	A letter of representation has been requested from the Scottish Information Commissioner as required by auditing standards. This can be found as a separate item to this report. We have not requested any specific representations in this letter.
National Fraud Initiative	The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. Participating bodies, including the Scottish Information Commissioner, receive matches for investigation. No issues were identified to highlight to the Committee and the organisation continue to be committed to the NFI exercise.

# Audit of the annual report and accounts (16)





## Other key elements of the financial statements (continued)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2022). The Financial Reporting Board recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Company meets this criteria, and so we have applied the continued provision of service approach.</p> <p>In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management’s (senior officer’s) assessment of the appropriateness of the going concern basis of accounting and conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management’s (senior officer’s) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>
Other returns to Audit Scotland	<p>In accordance with the Audit Scotland Planning Guidance, as appointed auditors, we have prepared and submitted Fraud Returns and have contributed to shared intelligence for sector meetings and Technical Guidance Notes. There is nothing we need to bring to your attention in this respect.</p>





# Audit of the annual report and accounts (17)

## Other findings – Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Sage	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Green	 Green	All significant risks

### Assessment

-  **Red** - Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  **Amber** - Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  **Green** - IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  **Grey** - Not in scope for testing

**Wider scope conclusions**

# Wider scope audit (1)

This section of our report sets out our conclusions from our audit work on the wider scope area of financial sustainability.

Wider scope dimension	Plan risk	Wider scope audit response and findings
<p><b>Financial Sustainability</b></p> <p>We are required to look ahead to the medium and longer term to consider whether the Scottish Information Commissioner is planning effectively so that it can continue to deliver services.</p>	Significant	<p><b>2022/23 Plan and Outturn</b></p> <p>In March 2022, the Scottish Information Commissioner’s budget was approved by the Scottish Parliament Corporate Body (SPCB) for the 2022/23 financial year. The approved core budget was £2.120 million. However, due to staff vacancies and an underspend in staff costs, it was agreed that the budget would be reduced by £0.180 million leaving a final approved annual budget for 2022/23 of £1.940 million.</p> <p>Alongside the core budget, additional funding approval of £0.100 million for costs associated with phase II of the new website (£0.070 million) and lease obligations (£0.030 million) was allocated by the Officeholder Contingency Fund (OCF) for 2022/23. This funding was not required in year due to website development being halted and existing underspends being utilised to meet the lease liability costs.</p> <p>The Scottish Information Commissioner’s actual outturn in 2022/23 was £2.837 million, which included £0.932 million for the recognition of right-of-use assets on implementation of IFRS 16. Accounting for all non-cash items, Scottish Information Commissioner had an underspend against cash funding of £0.097 million in 2022/23.</p> <p><b>2023/24 Financial Planning and Beyond</b></p> <p>The SPCB approved the Commissioner’s annual funding for 2023/24 in February 2023, setting a budget of £2.232 million for the financial year alongside contingency funding of £0.099 million including £0.070 million for phase II website costs and £0.029 million for additional capital expenditure.</p> <p>The Scottish Information Commissioner laid its four-year Strategic Plan before the Scottish Parliament in March 2020, covering 2020 to 2024. While this contains a summary of indicative costs covering the four-year period, the previous auditors reported there was a lack of medium-term financial planning, resulting in a risk around managing finances and delivery of services. They continued to recommend the Commissioner implement a Medium-Term Financial Plan (MTFP).</p>



# Wider scope audit (2)

This section of our report sets out our conclusions from our audit work on the wider scope area of financial sustainability.

Wider scope dimension	Plan risk	Wider scope audit response and findings
<b>Financial Sustainability</b> (continued)		<p>In response to this recommendation, a project to consider this was included within the 2022/23 Operational Plan.</p> <p>A review was carried out by the Head of Corporate Services and a report taken to the Senior Management Team in July 2023, which concluded that the implementation of a MTFP would add minimal benefit to the Commissioner on top of existing arrangements including strategic and operational plans, risk management and other arrangements. This position was shared and agreed by the SPCB considering the annual budget setting and funding approval procedures currently in place.</p> <p>We recognise management’s view, and that the existing annual funding process and the size of the entity mean that in practice the implementation of a formalised MTFP could be seen to be an ineffective use of resources in combination with existing arrangements. However, moving forward in the absence of a formal MTFP, management should enhance the robustness of their financial planning within existing arrangements to ensure this is forward looking and is identifying and addressing risks to financial sustainability across the medium and longer term.</p> <p><b>Workforce Planning</b></p> <p>The previous auditors identified in their 2020/21 audit that there was no formalised workforce plan in place at the entity, despite a significant portion of its total administration cost relating to staff costs and the risk this posed in relation to changes in staff mix, talent pool and succession planning. They recommended a formalised plan be developed and this was also reported as a recommendation arising from the 2021/22 audit.</p> <p>In 2022/23, work was undertaken to develop a Workforce Plan by the Head of Corporate Services in consultation with the SMT. The workforce plan was reported to the Senior Management Team in June 2023 for approval.</p> <p>The Workforce Plan sets out the workforce objectives and key information such as how these will be achieved, priority levels, responsible personnel and timescales. The Plan is split into areas of concern including, but not limited to, resource monitoring and succession planning, recruitment, staff turnover and absences. Each workforce objective is aligned with the objectives in the Strategic Plan.</p>

# Appendices

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# 1. Audit Adjustments (1)

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We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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## Impact of adjusted and unadjusted misstatements

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There are no adjusted or unadjusted audit misstatements identified that are above our reporting level.

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## Impact of unadjusted misstatements in the prior year

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There were no unadjusted misstatements brought forward from the 2021/22 audit carried out by your predecessor auditor.

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# 1. Audit Adjustments (2)

## Misclassification and disclosure changes

The table below provides details of substantive misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. This is not a complete list, as this does not include minor changes requested by the audit team, including typing and formatting requests.

This list of misclassification and disclosure changes reflects presentational adjustments to the financial statements which have no impact on the Scottish Information Commissioner's reported financial position.

Disclosure	Auditor recommendations	Adjusted?
Review of Annual Report and Accounts (General)	We identified some minor typing errors and formatting issues as part of our review of the Annual Report and Accounts. These were raised and processed by management where necessary.	Yes
Financial Instruments	The financial instruments disclosure included in the draft financial statements did not disclose the value, classification or fair value of financial instruments. There was no reconciliation of the financial instruments to the balance sheet, there was no discussion of the fair value measurement basis or the hierarchy level. The decision to not adjust does not impact our audit opinion.	No
Heritage assets	The Scottish Information Commissioner holds an item of artwork which it has classified as property, plant and equipment on the balance sheet. We are of the opinion that this would more accurately be recognised as a heritage asset. The decision to not adjust does not impact our audit opinion.	No

## 2. Action plan and recommendations (1)

We have identified one recommendation for the Scottish Information Commissioner during our audit of the financial statements for the year ended 31 March 2023. We have agreed our recommendation with management and will report on progress on this recommendation during our 2023/24 audit. The matter reported here are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p><b>Low</b></p>	<p><b>Review of FReM Accounting Policies</b></p> <p>The financial statements did not contain all necessary disclosures set out per the FReM for financial instruments. Details have been highlighted within the disclosure misstatements within Appendix 1.</p>	<p>Management should review the FReM Financial Statement Disclosure Checklist to ensure all disclosures are included within the financial statements.</p> <p><b>Management response</b></p> <p>Following on from current practice, Management will continue to review the FReM Financial Statement Disclosure Checklist when preparing the annual Financial Statements.</p> <p>If the auditor raises an issue with regard to the appropriateness of a disclosure, management will discuss and explain the reasons for the disclosure with the auditor.</p>

# 3. Follow up of prior year recommendations

## Progress against prior year audit recommendations

The predecessor auditor identified the following issues in their 2020/21 audit of the Scottish Information Commissioner's financial statements, which resulted in 2 recommendations being reported in their 2020/21 Annual Audit Report. No new recommendations were made as a result of the 2021/22 audit.

We have set out below, our follow up of the recommendations made by the predecessor auditor last year and management's progress in implementation:

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<b>Assessed by Scottish Information Commissioner with a decision to not implement</b>	The Commissioner should develop a Medium Term Financial Plan (MTFP) to ensure that the Commissioner can manage its finance sustainability effectively over the medium to long term.	<p>Management completed an assessment of whether a MFTP should be produced, and this is documented within our wider scope work on page 25.</p> <p>As agreed at SPCB, the Commission agreed that the existing procedures in place with the annual budget setting and approval processes were sufficient.</p> <p>Our view is that medium to longer term planning could be enhanced with a formalised plan, but the Commission have assessed their risk and actioned the previous point raised by the auditor.</p>
<b>Complete</b>	The Commissioner should develop a workforce plan to ensure the Commissioner can identify necessary resources to enable them to deliver their functions over the medium to long term.	A workforce plan has been established. See the details of this action documented within our wider scope on page 25.

## 4. Audit fees, ethics and independence (1)

### Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Scottish Information Commissioner that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the entity or investments in the organisation held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the organisation as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Scottish Information Commissioner.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place, note that there are no non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the organisation's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

## 4. Audit fees, ethics and independence (2)

### Fees and non-audit services

The tables below set out the total fees for audit and other services charged from the beginning of the financial year to the current date as well as the threats to our independence and safeguards have been applied to mitigate these threats.

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the Scottish Information Commissioner. The table summarises all non-audit services which were identified.

Our audit fee was presented in our Annual Audit Report as an agenda item to the Advisory Audit Board on 19 September 2023.

### External Audit Fee

Service	Audit Plan £	Annual Audit Report £
External Auditor Remuneration	£30,380	£30,380
Pooled Costs	(£480)	(£480)
Contribution to Audit Scotland support costs	£860	£860
Sectoral Cap Adjustment	(£8,250)	(£8,250)
<b>2022/23 Audit Fee</b>	<b>£22,510</b>	<b>£22,510</b>

### Fees for other services

Service	Fees £
We confirm that for 2022/23, we did not receive any fees for non-audit services	Nil



## 4. Audit fees, ethics and independence (3)

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### Fees and non-audit services (continued)

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The fees reconcile to the financial statements. A rebate of £1,000 was received from Audit Scotland that explains the rounding difference

Fees per financial statements	£22,000
Total fees per previous page	£22,510

### Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)). Alternatively, should you wish to raise your concerns further please contact Mark Stocks, Partner and Head of Public Sector Assurance, 103 Colmore Row, Birmingham, B3 3AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to John Gilchrist, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

### Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2021 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2021)

## 5. Communication of audit matters

International Standard on Auditing ISA (UK) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance. These are set out in the table below.

<b>Our communication plan</b>	<b>Audit Plan</b>	<b>Annual Report (our ISA 260 Report)</b>
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of the Scottish Information Commissioner's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter.		•

