



The Scottish Parliament
Pàrlamaid na h-Alba

Scottish Parliamentary Corporate Body
Thursday 25 September 2025 (Session 6)

2024/25 Annual Assurance Report to the SPCB

Executive summary

1. This paper summarises the work of the Advisory Audit Board (AAB) in 2024/25, the sources of assurance received by the AAB to fulfil its role and the AAB's overall conclusion based on its work.

Issues and options

Role and Remit of the AAB

2. The AAB met three times in the year ended 31 March 2025. As required by its terms of reference, the overall objective of the AAB is to provide advice to the SPCB and its Accountable Officer (Clerk/Chief Executive) on the standard of governance, finance, audit and risk management established for the organisation. This is principally achieved by:
 - reviewing, in detail, the SPCB's Annual Report and Accounts and recommending these for signing;
 - considering reports by the external auditors (Audit Scotland) on the accounts;
 - reviewing the SPCB's arrangements for managing risk;
 - commenting on and, where necessary, informing the internal audit approach; and
 - making recommendations, where appropriate, on the quality of internal controls.
3. On 31 March 2025, the AAB comprised of two SPCB Members, Claire Baker MSP and Jackson Carlaw MSP, and three independent members, David Watt (Chair), Siobhan White and Steve Renwick. Claire Robertson's six-year appointment as an AAB Member ended on 31 October 2024.
4. Independent members of the AAB are appointed by the Clerk/Chief Executive following open competition based on their expertise and experience in matters of governance, audit, finance and risk. The AAB last self-assessed its overall effectiveness in June 2023 using toolkits prepared by the Scottish Government and HM Treasury. The exercise concluded that the AAB's working arrangements conform to the standards recommended for audit committees in the public sector. The AAB's

work is based on its established terms of reference (see attached) and includes scope for the AAB to offer advice to the Clerk/Chief Executive and the Senior Executive Team (SET) on any other matters which may arise out with the course of its regular meetings and business. In 2024/25, as with previous years, the AAB also provided independent advisory audit services to six of the officeholders directly funded by the SPCB.

5. The AAB's Terms of Reference were reviewed in September 2024, and found to be consistent with recommended best practice including the requirement to provide an Annual Report to the SPCB as part of its overall annual assurance arrangements. The AAB's findings and conclusions based on its work in 2024/25 are set out below.

Annual Report and Accounts and External Audit 2024/25

6. The AAB formally considered the SPCB's 2024/25 Annual Report and Accounts, Audit Scotland's Annual Audit Report and the assurance statements provided to the Clerk/Chief Executive as Accountable Officer on 17 September 2025. Given the timing of the AAB and SPCB meetings, AAB Members were provided with an initial draft of the 2024/25 Annual Report and Accounts in June 2025 for early comment with a final draft being available in September 2025.
7. Audit Scotland presented its annual report on the 2024/25 audit to the AAB on 17 September 2025. It confirmed that its opinions on the annual report and accounts are unmodified, no misstatements were identified, and audit assurances have been obtained over the significant risks identified in the Annual Audit Plan. Audit Scotland further confirmed that it is content with the key judgements in relation to the Annual Report and Accounts, the financial statements give a true and fair view and have been prepared in accordance with the financial reporting framework. Expenditure and income were in accordance with applicable enactments and guidance and the audited part of the Remuneration and Staff Report was prepared in accordance with the Government Financial Reporting Manual (FRoM). The Performance Report and Governance Statement were also confirmed as being consistent with the financial statements and properly prepared in accordance with the FRoM.
8. In respect of financial management, Audit Scotland concluded that the SPCB has effective financial management arrangements in place and has a strong financial management culture. The SPCB operated within its 2024/25 budget of £142.5 million, reporting a resource underspend of £2.2 million and a capital overspend of £0.1 million.
9. Based on its work on financial sustainability, Audit Scotland concluded that the SPCB's arrangements for securing financial sustainability are effective and appropriate and a balanced budget has been set for 2025/26. Plans are in place to support the delivery of services in the medium term and strategic planning is currently underway for the seventh parliamentary session.
10. In view of the wider public finance landscape, Audit Scotland has reported that the SPCB's medium-term position looks increasingly challenging. The next Scottish election will take place in 2026, and planning is currently underway for the seventh session of Parliament. Planning and budgeting for 2026/27 is based on the session

six strategy and the transition to session seven. The new strategy and delivery plan will be agreed post-2026 election and will incorporate a medium-term capital plan. This will be in place for the planning and budgeting deadlines for financial year 2027/28.

11. Based on its work on vision, leadership and governance, Audit Scotland reported that the SPCB has a clear vision and strategy, and no concerns were raised regarding the stability and leadership. Overall, Audit Scotland has recommended that governance arrangements operate effectively, however has recommended that the remit of the Head of Internal Audit be kept under review to mitigate any potential conflicts of interest.
12. In view of the conclusions of Audit Scotland's 2024/25 Annual Audit Report, the unqualified audit report and the assurance statements provided to the Clerk/Chief Executive, the AAB endorsed the 2024/25 Annual Report and Accounts and recommends that these be presented to the SPCB on 26 September 2024 for formal consideration and approval. Subject to the SPCB's approval, the AAB further recommends that the Accountable Office sign the 2024/25 Annual Report and Accounts and governance statement therein.

Internal Audit 2024/25

13. The overall objective of internal audit for the SPCB is to offer independent assurance on the adequacy and effectiveness of the systems, processes and internal controls established by the SET. This is achieved by way of independent internal audit reviews performed and reported in accordance with annual internal audit plans agreed with SET and approved by the AAB.
14. The AAB approved the 2024/25 Internal Audit Plan on 15 June 2024 which provided for approximately 250 days of internal audit activity. The SPCB's Head of Internal Audit is supported by a professional services firm, currently Grant Thornton UK LLP, appointed in August 2021 following an open competitive procurement project.
15. During 2024/25, the SPCB's Head of Internal Audit was appointed to temporarily backfill for the Head of Allowances (September 2024 to December 2024) and the Chief Finance Officer (April 2025 to October 2025). To ensure the continuing independence of internal audit, Grant Thornton UK LLP's input to the internal audit plans for the remainder of 2024/25, throughout 2025/26 and in early 2026/27 has been or will be adjusted to ensure direct reporting to the AAB for audit work in the offices that are within the Head of Internal Audit's temporary line management. The impact on the internal audit plan and the proposed mitigations to avoid any conflict of interest, perceived or otherwise, were approved by the SET and the AAB and shared with Audit Scotland for external assurance purposes.
16. Taking account of immediate business priorities, resource availability and wider risks, certain internal audit reviews originally scheduled for 2024/25 have been carried forward to the 2025/26 Internal Audit Plan with the agreement of the Clerk/Chief Executive. Despite these revisions, there has been sufficient coverage of internal audit work during 2024/25 to allow the Head of Internal Audit to provide an internal audit assurance statement.

17. During the year internal audit reports were received in the following areas:
- Cyber Security – Recommendations and Actions
 - Compliance Framework
 - Human Resources and Payroll – iTrent
 - Risk Management
 - Reimbursement of Members Expenses: Claims for Reimbursement in 2024/25
 - Scotland's Futures Forum
18. For the area reviewed, the minimum level of assurance offered was satisfactory. In each case, internal controls were in place and were found to be operating effectively.
19. Following the approval of internal audit reports, the AAB continues to seek evidence that agreed audit recommendations have been implemented appropriately by way of follow up reports.
20. Based on the internal audit work performed during 2024/25, and in accordance with the internal audit plan and Public Sector and Global Internal Audit Standards, The Head of Internal Audit provided an overall satisfactory assurance opinion from the work performed and on the associated frameworks of governance, risk management and control, subject to the implementation of agreed recommendations.

Risk Management

21. Responsibility for facilitating risk management on behalf of SET rests with the Resilience Office which sits within the Finance and Resilience Directorate. During 2024/25, the AAB has reviewed and endorsed the work to develop and embed strategic risk management arrangements for the Scottish Parliament. The approach records strategic risks, measures the impact and likelihood of each and, the controls and actions designed to mitigate each risk to an acceptable level, taking account of SET's risk tolerance. The AAB considered strategic risk management in June 2024 and March 2025 and continues to monitor the approach generally as well as challenge any significant risks. The AAB welcomes the strengthening of risk management arrangements overall.
22. As part of its overall approach to internal control and risk management, the AAB regularly invites senior staff to report directly on key areas of strategic, operational and developmental activity within the Scottish Parliamentary Service. This work has enabled the AAB to offer pro-active and constructive challenge and recommendations. The AAB will continue to engage with the Deputy Chief Executive and senior officials in 2025/26 on a range of organisational priorities and initiatives.

Audit Advice to Officeholders

23. Throughout 2024/25 independent AAB members provided advisory audit board services for The Scottish Information Commissioner, The Scottish Human Rights Commission (The SHRC has constituted an Audit and Risk Committee of the

Commission which includes a Commission Member), The Children and Young People's Commissioner Scotland, the Commissioner for Ethical Standards in Public Life in Scotland, The Scottish Biometrics Commissioner and the Scottish Public Services Ombudsman. At least two independent AAB members met with each officeholder and their auditors to provide advice on audit plans, annual reports, annual accounts and the audit process.

Overall Assurance Statement

24. The SPCB is invited to note the work of the AAB in 2024/25, its detailed work on the Annual Report and Accounts, the positive conclusion received from the work of Audit Scotland and the satisfactory assurance received from the Head of Internal Audit.
25. Based on the above, **the AAB concludes that effective governance, risk management and control arrangements were in place for 2024/25, and these meet the needs of the SPCB and the Clerk/Chief Executive as its Accountable Officer. The AAB further recommends that the 2024/25 Annual Report and Accounts be approved by the SPCB and signed by the Accountable Officer thereafter.**

Governance

26. All governance issues have been considered for this paper. The work of the AAB forms a key part of the overall governance arrangements for the SPCB and this paper reports how it has carried out that duty.

Resource implications

27. There are no resource implications connected to this paper.

Publication Scheme

28. This paper may be published in line with the SPCB's Publication Scheme.

Next steps

29. The SPCB is invited to note the work of the AAB in 2024/25.

Decision

30. The SPCB is invited to note the work of the AAB and the range of assurances it has received and considered in 2024/25.

David Watt

Chair - Advisory Audit Board

17 September 2025

Scottish Parliamentary Corporate Body

Advisory Audit Board: Terms of reference

Function

1. The SPCB has established the Advisory Audit Board to support it in its responsibilities for issues of risk, control and governance by considering the comprehensiveness of assurances in meeting the SCPB and Principal Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

2. The Advisory Audit Board shall consist of two members of the SPCB plus three independent members. The meetings will be chaired by one of the independent members. The composition of the Board will be reviewed as required.

Meetings

3. The Advisory Audit Board will typically meet four times per annum. The Chair of the Advisory Audit Board may convene additional meetings as they deem necessary.
4. A minimum of two members, one of whom must be an independent member, will be present for a meeting to be deemed quorate. All meetings will be chaired by an independent member.
5. Advisory Audit Board meetings will normally be attended by the Clerk/Chief Executive (as the Principal Accountable Officer), the Deputy Clerk/Chief Executive, the Director of Finance and Resilience, the Financial Controller and the Head of Internal Audit.
6. The Advisory Audit Board is authorised to seek any information it requires from other officials of the Parliamentary Service either in writing or by giving evidence before it.
7. Audit Scotland and the Head of Internal Audit should have access to the Advisory Audit Board and audit organisations should attend meetings when required. Internal Audit and Audit Scotland should also have access to the Advisory Audit Board without the presence of the SPCB executive.

Responsibilities

8. The Advisory Audit Board will review and advise the Principal Accountable Officer and, where appropriate, the SPCB on:
 - i. the adequacy of the arrangements for ensuring robust governance and internal control, including those for the assessment and management of risk;
 - ii. the planned activity of Internal Audit and the results of its work;
 - iii. the planned activity of Audit Scotland and the results of its work;
 - iv. the major findings of audit reports, insofar as they affect the overall performance of the Parliament;
 - v. the adequacy of management responses to issues identified by audit activity and the arrangements for monitoring the implementation of agreed recommendations;
 - vi. the performance of internal and external auditors;
 - vii. proposals for tendering for audit services or for purchase of non-audit services from contractors who provide audit services; and
 - viii. other sources of assurance relating to the overall governance requirements of the Parliament, including reports on financial management and related issues.
9. In particular, the Board shall review the system of internal control and provide the Principal Accountable Officer with advice on whether the necessary assurances required for the signing of the Governance Statement contained within the annual accounts have been provided.
10. Consistent with the SPCB's policies in respect of fraud prevention and whistleblowing, the Chair of the AAB has been appointed as 'Investigating Officer'. With the support of the AAB, the Chair will oversee the response to each suspected fraud or whistleblowing report in line with policy, ensuring that a prompt and robust investigation is undertaken that identified appropriate actions and lessons learned.
11. The Board will report to the SPCB annually for the purposes of the Annual Report and Accounts, summarising the work it has done, and conclusions drawn from that work, particularly regarding the effectiveness of governance and risk management, scope and levels of assurance and any issues to be considered by the SPCB.
12. The Board will report to the SPCB at such other times as the Board considers necessary.
13. As well as financial and value for money audits, the Board may consider other related topics as appropriate.
14. The Board will periodically review its own effectiveness and report the results of that review to the SPCB.