SE/2004/300

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

THE 2002/03 AUDIT OF THE WATER INDUSTRY COMMISSIONER FOR SCOTLAND

1. I have received the audited accounts of the Water Industry Commissioner for Scotland (the Commissioner's office) for the year ended 31 March 2003. The auditor's 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 received the first set of the draft accounts on 22 October 2003, some three weeks after the statutory deadline of 30 September 2003. A number of difficulties were experienced with the accuracy of the draft accounts, most notably the effect of a computer virus in the Commissioner's office's financial ledger. This matter was not resolved until January 2004 and the Scottish Ministers were therefore unable to lay the accounts in Parliament by the statutory deadline of 31 December 2003.

5. For 2002/03, Financial Reporting Standard 17 (Retirement Benefits) also required the Commissioner's office to disclose as a note to the accounts its share of the assets and liabilities of Falkirk Council Superannuation Scheme where it is a member. The Commissioner's office initially did not seek to ascertain its share of the assets and liabilities of the Scheme because, in its view, it was prohibitively expensive to do so. However, the Scottish Executive Environment and Rural Affairs Department, as sponsor department of the Commissioner's office, subsequently insisted that an actuarial valuation be obtained. The Commissioner's office provided a revised set of draft accounts on 27 July 2004.

ROBERT W BLACK
Auditor General for Scotland
20 December 2004