

Scottish Information Commissioner

Annual report on the 2012/13 audit



Prepared for the Scottish Information Commissioner, and the Auditor General for Scotland
October 2013

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Introduction

1. This report is the summary of our findings arising from the 2012/13 audit of the Scottish Information Commissioner (SIC). The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of the SIC and no responsibility to any third party is accepted.
3. [Appendix A](#) is an action plan setting out the high level risk we have identified from the audit. Officers have considered the issue and agreed to take the specific steps in the column headed "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that the Commissioner understands the risks and has arrangements in place to manage these risks.
4. This report is also addressed to the Auditor General for Scotland and will be published on our website after consideration by the Commissioner.

Background Information

5. Rosemary Agnew was appointed as Scottish Information Commissioner (the Commissioner) on 1 May 2012 for a period of 6 years.
6. The Commissioner is supported by 21 staff in leased premises in St. Andrews. The statutory functions of the Commissioner are to:
 - enforce the Freedom of Information (Scotland) Act 2002 (FOISA), the Environmental Information (Scotland) Regulations 2004 (the EIRs) and the Codes of Practice issued under sections 60, 61 and 62 of FOISA
 - provide guidance on FOISA and the EIRs to the public and promote the following of good practice by Scottish Public Authorities
 - give advice to any person on these matters.
7. The Commissioner has a statutory duty to consider and come to a decision about applications, irrespective of how many she gets. She cannot refuse to decide an application (except where withdrawn, abandoned, vexatious or frivolous).

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8. The Commissioner is a Scottish public authority in her own right, subject to the same requirements in relation to governance, efficiency and Freedom of Information as other authorities. The Commissioner is funded through the Scottish Parliamentary Corporate Body (SPCB). She carries out her functions without being directed or controlled by the Scottish Parliament or Government.

Financial statements

Conduct and scope of the audit

9. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Commissioner on 5 February 2013, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
10. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not require to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

11. We have given an unqualified opinion that the financial statements of the SIC for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on 6 August 2013.
12. We received the unaudited financial statements on 1 July 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team and we completed our on-site fieldwork on 9 July 2013. The SIC is required to follow the 2012/13 FReM and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Financial position

13. The main financial objective for the SIC is to ensure that the cash drawn down for the year is within the budget allocated by the SPCB. In 2012/13 the SIC recorded cash expenditure of £1,552,000. Cash drawn down from the SPCB totalled £1,507,000 in line with the budget. The remaining costs of £45,000 for 2012/13 were funded from reserves brought forward.
14. A net assets position of £345,000 was recorded in 2012/13 compared to £407,000 in 2011/12. The decrease has arisen as a result of the requirement to account for activities on an accruals basis, whilst recording funding from the SPCB on a cash basis.

Financial planning

15. The financial year 2012/13 was the second year of a 3 year plan which was established to reduce the budget of the SIC by 15% in real terms. The SIC is working to achieve this target, and during 2012/13 demonstrated improved performance with less resources than 2011/12.
16. The savings to date have mainly resulted from reducing staff numbers and costs. The SIC reported that in 2012/13 a total of 594 applications were received (2011/12: 523) and 564 cases were closed (2011/12: 516). In a period of reducing resources across the public sector it will be a challenge to balance expenditure and staffing levels against a reduced budget, especially when there is potential for increasing workload.

Refer action point no 1

Corporate governance and systems of internal control

Overall governance arrangements

17. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the SIC had sound governance arrangements in place supported by a risk management policy and risk register.
18. During 2012/13 the Senior Management Team performed a review of the procedures and governance arrangements in the SIC to ensure there were satisfactory arrangements in place for the Commissioner to perform her role as Accountable Officer of the SIC.
19. The Commissioner's governance arrangements are detailed in the governance statement included in the annual accounts. There is no set format of the governance statement but guidance has been published highlighting essential features which should be included.
20. The Commissioner's governance statement has been assessed as complying with good practice. The governance statement includes
 - details of the governance framework of the organisation
 - an assessment of corporate governance with reference to compliance with generally accepted best practice principles and relevant guidance
 - an assessment of the organisation's risk management arrangements and risk profile, including details of significant risk-related matters arising during the period
 - a statement to confirm there were no significant lapses of data security during the year.

Accounting and internal control systems

21. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.

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22. Internal audit is an important element of the SIC's governance structure, and the SIC makes arrangements for a private firm to conduct internal audit work annually, identifying priority areas based on assessment of risk and assurances required.
 23. In September 2012, a review of Information & Data Management was performed by Internal Audit in response to a request received from the Commissioner. Following the review, Internal Audit reported that there is a good appreciation of the importance of information management throughout the organisation, particularly in respect of information security. However, the report noted a number of improvements that can be made to the current information management framework. It is understood that the majority of these are already within the scope of the Records Management project which is currently in progress.
 24. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Prevention and detection of fraud, irregularity, and corruption

25. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions.
26. In our Annual Audit Plan we also highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the SIC's overall arrangements for the prevention of fraud are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

Performance and Best Value

Performance

27. Statistics reported by the SIC demonstrate that there have been more cases closed during 2012/13 than in any other year, the time taken to deal with applications has reduced and there has been a reduction in the number of open cases over nine months old.
28. In 2012/13 the Commissioner's objective was to ensure cases under investigation were closed within 20 weeks on average. The average age of cases closed during the year was 15.6 weeks (2011/12: 16.2 weeks). This achievement was facilitated by the introduction of detailed key performance indicators (KPIs) which provide the Commissioner and staff with targeted and enhanced caseload management information.
29. The improvement in performance is coupled with an increase in the number of applications received by the SIC during 2012/13. The key performance indicators highlight that there was an increase of 71 applications received between 2011/12 and 2012/13. In particular, there

was a sharp rise in the number of applications received in the final quarter of 2012/13: 45 applications were received in April 2012 and 74 applications were received in March 2013.

Best value

30. Achievement of Best Value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily. The Auditor General may require that we consider whether accountable officers have put in place appropriate arrangements to satisfy their corresponding duty of best value. Where such requirements are not specified we may, in conjunction with the SIC agree to undertake local work in this area.
31. We did not undertake any specific work in this area during 2012/13. However, we reviewed arrangements in place for risk management and the purchase of the new caseload system in 2011/12 and found that there were adequate procedures in place to help secure best value. We are not aware of any changes to these procedures during 2012/13.
32. From our audits of numerous Commissioner and Commission bodies we note the considerable time investment made to ensure effective risk management and governance arrangements, and also for the preparation of financial accounts. At a time of reducing budgets we would encourage public bodies of a similar nature and size to work supportively with each other, sharing skills and strengths and internal developments which demonstrate best practice in these areas, in the pursuit of best value.

Outlook

33. We confirm the financial sustainability of the SIC on the basis of its financial position and projected financial summary for 2013/14. The financial position going forward is however becoming even more challenging than previous years with continuing constraints in funding coupled with increasing cost pressures. This represents a major challenge for the SIC and expenditure during the year will require to be closely monitored to identify any emerging budget pressures or projected overspends at an early stage.

Acknowledgements

34. We would like to express our thanks to the staff of the SIC for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	16	<p>Long term funding reductions</p> <p>In a period of reducing resources across the public sector, it will be a challenge to balance expenditure and staffing levels against a reduced budget, especially when there is potential for increasing workload.</p> <p><i>Risk - there is a risk that the SIC cannot meet its statutory obligations to acceptable timescales and standards within available funding.</i></p> <p>Medium risk</p>	<ul style="list-style-type: none"> Annual budget submission to the SPCB, together with ongoing dialogue Annual operational planning process Continuation of resource planning processes Continuation of monthly financial reporting and monitoring of KPIs Continuation of monthly review of risk register Continuation of quarterly review of progress against operational plan objectives 	Senior Management Team	Ongoing

