



T: 0300 244 4000
E: scottish.ministers@gov.scot

Michael Oliphant, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

9th December 2020

Dear Michael

Scottish Commission on Social Security Annual report and accounts 2019/20

1. This representation letter is provided in connection with your audit of the annual report and accounts of Scottish Commission on Social Security for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the regularity of income and expenditure, remuneration and staff report, performance report and governance statement.
2. I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of Scottish Commission on Social Security's annual report and accounts for the year ended 31 March 2020.

General

3. I have fulfilled my responsibilities for the preparation of the 2019/20 annual report and accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual report and accounts have been made available to you for the purposes of your audit. All transactions undertaken by Scottish Commission on Social Security have been recorded in the accounting records and are properly reflected in the financial statements.

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4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Regularity of Expenditure and Income

5. I confirm that, in all material respects, expenditure was incurred, and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Financial Reporting Framework

6. The annual report and accounts have been prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.
7. I have ensured that the financial statements give a true and fair view of the financial position of the Scottish Commission on Social Security at 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

8. All significant accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2019/20 Government Financial Reporting Manual (the FReM), where applicable. Where the FReM does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the Scottish Commission on Social Security circumstances and have been consistently applied.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or because of new information or experience.

Going Concern Basis of Accounting

10. I have assessed the Scottish Commission on Social Security's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on the Scottish Commission on Social Security's ability to continue as a going concern.

Assets

11. All assets at 31 March 2020 of which I am aware have been recognised in the financial statements.
12. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

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13. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

14. All liabilities at 31 March 2020 of which I am aware have been recognised in the financial statements.
15. The accrual recognised in the financial statements for holiday untaken by 31 March 2020 has been estimated on a reasonable basis.
16. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

17. I have provided you with all information in relation to
- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

18. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

19. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24 as interpreted by the FReM. I have made available to you the identity of all the Scottish Commission on Social Security's related parties and all the related party relationships and transactions of which I am aware.

Remuneration and Staff Report

20. The Remuneration and Staff Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and all required information of which I am aware has been provided to you.

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Performance report

21. I confirm that the Performance Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and the information is consistent with the financial statements.

Corporate Governance

22. I have fulfilled my responsibilities for the Scottish Commission on Social Security's corporate governance arrangements. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
23. I confirm that the Governance Statement has been prepared in accordance with the Scottish Public Finance Manual and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified since 31 March 2020 which require to be reflected.

Events Subsequent to the Date of the Statement of Financial Position

24. All events subsequent to 31 March 2020 for which IAS 10 as interpreted by the FReM requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Ann McVie

Ann McVie
Accountable Officer

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Scottish
Commission
on Social
Security

**SCOTTISH COMMISSION ON
SOCIAL SECURITY ANNUAL
REPORT AND ACCOUNTS
FOR YEAR ENDED 31 MARCH
2020**

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2. Chair's foreword

I am proud to present the first annual report and accounts for the Scottish Commission on Social Security (SCoSS), covering the financial year 2019-2020.

SCoSS was established under section 21 of the Social Security (Scotland) Act 2018 as a 'body corporate'. Its Board has four members including a Chair. It opened for business on the 8th of February 2019.¹ The period covered by this report therefore overlaps with SCoSS's first year of operations, during which it was necessary both to put in place systems and processes, as well as rapidly to start delivering our statutory functions.

SCoSS is a small body with a comparatively small budget. Nevertheless, it is important to explain how that public money is being used and to demonstrate that we are spending it wisely. We believe that this report clearly shows how SCoSS made a difference in its first full year of operation. The SCoSS Board is committed to ongoing improvement so that we can continue to deliver change where it matters most: to benefit the very many people in Scotland who receive devolved social security assistance.

The SCoSS Board has reviewed this report and is satisfied that it provides an accurate account of its work and finances over the period.

Sally Witcher, Chair of the SCoSS Board

¹ Section 98 of the Social Security (Scotland) Act 2018 required the Commission to notify both Scottish Ministers and the Scottish Parliament when it was ready to perform its function in scrutinising draft regulations.

3. Performance Report

The Performance Report describes:

- SCoSS's purpose: its main statutory roles and its membership
- SCoSS's performance: how well it has performed these statutory roles
- SCoSS's continuous improvement: the steps the SCoSS Board has taken to ensure its work can be as effective as possible
- the Risks that could affect SCoSS's performance and the action taken to mitigate them
- SCoSS's strategies and governance: the strategies SCoSS has agreed to ensure strong governance.

In some instances, the annual report covers the period beyond March 2020 in order to demonstrate how SCoSS's work on governance, risk and performance has developed.

3.1 SCoSS's purpose

SCoSS is an independent, advisory non-departmental public body established by the Social Security (Scotland) Act ('the Act'). Since SCoSS opened for business in February 2019, it has been providing expert advice to Scottish Ministers and the Scottish Parliament in relation to devolved social security matters.

The Act sets out SCoSS's main roles, which can be summarised as follows—

1. SCoSS must be consulted by the Scottish Government on most regulations about social security assistance made under the Act. SCoSS scrutinises and reports on draft regulations. The Scottish Government may change its regulations after considering SCoSS's recommendations. When it lays the regulations in the Scottish Parliament, it must publish its response to SCoSS's report at the same time. The Scottish Parliament's Social Security Committee scrutinises the regulations and may take evidence from SCoSS members when it does so.
2. SCoSS must report, from time to time, to Scottish Ministers and the Scottish Parliament on whether the expectations in the Scottish social security charter (['Our Charter'](#)) are being met. Our Charter was published by the Scottish Government and Social Security

Scotland. It explains what the social security principles contained within the Act mean in practice and what people are entitled to expect from the Scottish Government and Social Security Scotland. If SCoSS does not consider that the expectations are being met it will make recommendations for improvement. SCoSS must consider reporting if it receives evidence that the Charter expectations are frequently not being fulfilled.

3. The Scottish Parliament or the Scottish Government can ask SCoSS to report on any matter relevant to social security.

In undertaking its statutory duties SCoSS takes full account of the social security principles contained within the Act and of relevant human rights obligations. It also operates in line with its agreed vision:

- For Scottish social security: A robust, effective and efficient Scottish social security system that meets its full potential to improve outcomes for the people of Scotland
- For SCoSS: To help achieve the vision for Scottish social security by providing independent expert advice that adds demonstrable and significant value.

SCoSS board members, including the Chair, are non-executive appointments made by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The Chair is responsible for providing leadership to ensure that the Board delivers its functions efficiently and effectively. The Chair is accountable to the Scottish Ministers and may also be held to account by the Scottish Parliament. The role of board members is to provide direction, support and guidance to ensure that SCoSS delivers its functions effectively and efficiently, in accordance with the Act.

SCoSS currently has four members, although the Act allows up to five commissioners to be appointed. The current members were appointed for periods of up to three or four years. Members may devote up to 36 days a year to perform their functions, apart from the Chair, who may devote up to 60 days. SCoSS is supported by a three person secretariat all of whom are employed by the Scottish Government.

SCoSS held 11 board meetings between 1 April 2019 and 31 March 2020. SCoSS has no physical offices and its meetings were primarily held at Victoria Quay in Edinburgh, and also at venues in Dundee and Glasgow. To ensure that its decision-making and proceedings are transparent, the minutes of all SCoSS's board meetings are published

on its temporary webpage.² SCoSS's scrutiny reports and corporate documents are also publicly available.

SCoSS intended to produce a business plan in 2020 that would set out its key priorities for the year ahead and its visions, values and objectives. However, the Scottish Government's timetables for referring draft regulations were significantly disrupted by COVID. This meant that SCoSS had no certainty over when it would be scrutinising and reporting on draft regulations. The Board therefore took the decision to delay publication of the business plan until it had a clearer picture of the Scottish Government's intentions. Members were concerned that, in doing so, there would be a lack of corporate and strategic information about SCoSS in the public domain. The Board has therefore published an interim plan that outlines SCoSS's statutory functions in more detail; sets out SCoSS's vision and aims; summarises SCoSS's performance to date; and describes SCoSS's ongoing priorities.³

The interim plan is designed to complement this annual report; in particular, it provides more detailed information on SCoSS's statutory functions and the wider social security system.

3.2 Analysis of SCoSS's performance

The Board's priorities for SCoSS's first full year of operation were to:

- establish SCoSS as an authoritative, independent and credible organisation that produces high quality and influential reports;
- ensure that SCoSS discharged, as far as possible, its corporate and statutory responsibilities; and
- ensure that members established effective ways of working, including by undertaking required induction training.

In terms of the statutory duties set out above, by far the bulk of SCoSS's time was devoted to scrutinising and reporting on draft regulations referred by Scottish Ministers. SCoSS aimed to produce reports that:

- added value by making informed, independent and evidence-based suggestions for how draft regulations could be improved.
- enriched parliamentary scrutiny by informing the Social Security Committee's consideration of the final draft regulations.
- took full account of the social security principles, human rights principles and Charter commitments.

² <https://www.gov.scot/groups/scottish-commission-on-social-security/>

³ [Scottish Commission on Social Security: interim report - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-commission-on-social-security/interim-report-2020/pages/11.aspx)

The following section of this report considers how well SCoSS discharged its statutory roles.

3.2.1 Statutory duties: Scrutiny reports

SCoSS has produced eight scrutiny reports, the first six of which were published within the reporting period of these accounts:

- [The Carer's Assistance \(Young Carer Grants\) \(Scotland\) Regulations 2019: scrutiny report on draft regulations](#)
- [Scottish Commission on Social Security: uprating report 2019](#)
- [The Scottish Child Payment Regulations 2020: scrutiny report on draft regulations](#)
- [The Social Security Assistance \(Funeral Expense Assistance and Young Carer Grants\) \(Up-rating and Miscellaneous Provisions\) \(Scotland\) Regulations: scrutiny report on draft regulations](#)
- [The Scottish Child Payment Regulations 2020: supplementary scrutiny report on draft regulations](#)
- [The Disability Assistance for Children and Young People \(Scotland\) Regulations 2020: scrutiny report on draft regulations](#)
- [The Winter heating assistance for children and young people \(Scotland\) regulations 2020: scrutiny report on draft regulations](#)
- [Draft Carer's Allowance Supplement \(Qualifying Persons\) and Young Carer Grant Amendment \(Scotland\) Regulations 2020.](#)

SCoSS is pleased to report that around 80% of its recommendations in four of these scrutiny reports were accepted or partially accepted by the Scottish Government.⁴ This should result in tangible improvements to the Scottish social security system, and ultimately the lives of the people who receive devolved social security assistance, demonstrating that SCoSS is clearly adding value. Even where the Scottish Government did not accept SCoSS's recommendations its detailed responses ensured that further information about its approach and rationale was placed in the public domain. This helped to provide greater transparency to people who receive social security assistance and to stakeholders, and also helped to inform the Social Security Committee's scrutiny of the draft regulations.

⁴ This relates to the Scottish Government's responses to the following reports: Winter Heating Assistance 2020; Young Carer Grant; Scottish Child Payment; and Scottish Child Payment Supplementary Scrutiny Report. The Scottish Government's responses to two scrutiny reports did not provide the same categorisation while the Scottish Government's responses to two further reports came after the reporting period of these accounts.

Further, as noted below, there are several examples of where SCoSS's expert scrutiny helped to inform and influence the ongoing development of draft regulations before scrutiny reports were published. The Cabinet Secretary has formally provided examples of where policy was amended before SCoSS's scrutiny reports were published and regulations laid.

SCoSS published its first scrutiny report in May 2019, shortly after it was established, on the Scottish Government's draft proposals for a Young Carer Grant. SCoSS members were pleased that the Scottish Government accepted most of the report's recommendations and there is clear evidence that the draft regulations were improved as a result.⁵ For example, the Scottish Government changed the definition of 'care' in the regulations; clarified the qualifying period required to be eligible for assistance; and removed some obsolete terminology. The Social Security Committee also commented favourably on the usefulness of the report.

The first quarter of 2020 (the final quarter covered by this report) proved to be an exceptionally busy period for SCoSS, with board members producing four reports by March, two of which required an exceptional amount of time to complete due to the complexity of the regulations.

3.2.2 Scottish Child Payment

The first of these reports considered the Scottish Government's proposals to introduce the Scottish Child Payment (SCP).⁶

SCoSS held its first ever stakeholder event on the SCP. This was a priority for the Commission as the Scottish Government had not formally consulted on the draft regulations. The event allowed SCoSS members to hear the informed views of parents, advice providers and other key stakeholders. It included a one to one interview with a parent, to allow SCoSS to gain an in-depth understanding of parents' views.

Many of the issues raised by participants helped to inform the drafting of SCoSS's scrutiny report, ensuring that its recommendations took into account the expert views of practitioners and those with lived experience. Attendees found the discussion worthwhile: over 90% of respondents said both the event and SCoSS's presentations were excellent or good.

⁵ <https://www.gov.scot/publications/young-carer-grant-response-scottish-commission-social-security/>

⁶ The Scottish Child Payment is a payment that low-income families in receipt of qualifying benefits will receive at a rate of £10 per week per eligible child.

As a result of the COVID-19 epidemic, the Scottish Government's response to SCoSS's SCP recommendations came after the period of this annual report. However, the Cabinet Secretary for Social Security and Older People previously stated that she found members' input during the scrutiny process to be very helpful.⁷ SCoSS's scrutiny of the SCP involved consideration of both an early and a revised set of draft regulations from the Scottish Government. As a result of the feedback provided by SCoSS members on the first draft, the Cabinet Secretary made various improvements to the second draft in relation to such matters as eligibility and determinations without application.

Two board members appeared before the Social Security Committee to answer questions about the report, which received cross-party praise.⁸

While SCoSS welcomed the iterative approach to scrutinising the SCP draft regulations, it made clear that its ability to report on the SCP was somewhat constrained by the limited amount of time made available by the Scottish Government.

3.2.3 Child Disability Payment

The issue of timescales also featured in SCoSS's second major report of 2020, which provided recommendations on the Scottish Government's proposed Child Disability Payment.

Child Disability Payment marks a significant new stage in the Scottish social security system as it will become the first of the devolved forms of assistance to replace current UK benefits for disabled people. The costs of disability assistance will be higher than for other devolved assistance, as payments will be worth more, made more regularly and to larger numbers of people. Moreover, there are significant complexities involved in developing some new approaches for Scotland while retaining some features of the much more established UK social security system.

Conscious of these points, SCoSS's report recommended that the Scottish Government investigate the various interfaces between

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<https://www.gov.scot/binaries/content/documents/govscot/publications/correspondence/2019/12/scottish-commission-on-social-security-letters-scottish-child-payment-2019/documents/cabinet-secretary-letter-on-scottish-child-payment-revised-draft-regulations-2020-20-december-2019/cabinet-secretary-letter-on-scottish-child-payment-revised-draft-regulations-2020-20-december-2019/govscot%3Adocument/Cabinet%2BSecretary%2Bletter%2Bon%2BScottish%2BChild%2BPayment%2Brevised%2Bdraft%2Bregulations%2B2020-%2B20%2BDecember%2B2019.pdf>

⁸ <https://www.parliament.scot/parliamentarybusiness/report.aspx?r=12496&mode=pdf>

devolved and reserved benefits, and the implications of divergence for people receiving assistance. This specific issue is one on which SCoSS will focus as it considers further devolved forms of disability assistance. The report's recommendation also demonstrated how SCoSS sought to add value by considering the key issues to have emerged from its overall scrutiny to date, not just undertaking scrutiny on a regulation-by-regulation basis.

Again, the disruption caused by COVID-19 meant the Scottish Government's response to SCoSS's Child Disability Payment recommendations came after the period for this annual report. However, the Scottish Government did make some policy changes as a result of SCoSS's informed feedback on an earlier version of the draft regulations.⁹ For example, the Scottish Government ensured that the existing case law definition of various words and phrases was reflected in revised draft regulations.

Of the two other reports SCoSS produced in early 2020, one was a supplementary report on the Scottish Child Payment. In essence, this report provided views on limited provisions that the Scottish Government was unable to include in the earlier draft regulations referred to SCoSS.

The final report in question concerned uprating, a piece of work that SCoSS commenced in 2019. In simple terms, social security uprating concerns the measure that should be adopted by the Scottish Government to maintain the value of the assistance, accounting for the impact of inflation.

Initially, the Scottish Government invited SCoSS's view on uprating policy. While there was no legislative requirement to do so, the Scottish Government considered that, since SCoSS would formally consider uprating draft regulations at a later point, it made sense to first seek SCoSS's views on the wider policy consideration. This was the first occasion that the Scottish Government has made such a request, under the section of the Act that allows Scottish Ministers (and the Scottish Parliament) to invite SCoSS to report on any matter relevant to social security.

⁹ https://www.gov.scot/binaries/content/documents/govscot/publications/correspondence/2019/12/3-the-scottish-commission-on-social-security-letters-disability-assistance/documents/cabinet-secretary-letter-on-disability-assistance-7-february-2020/cabinet-secretary-letter-on-disability-assistance-7-february-2020/govscot%3Adocument/Cab%2BSec%2BSSOP%2BLetter%2Bto%2BSCoSS%2B-%2BDACYP%2BRegulations%2B-%2B7%2BFebruary%2B2020_.pdf

In reporting on both this wider uprating policy¹⁰ and then later on the actual uprating draft regulations¹¹, SCoSS took the opportunity proactively to explore ways in which improved approaches to uprating could potentially be developed over the longer-term. The Board welcomed the Scottish Government's commitment to consider how stakeholders could be involved in future discussions around uprating, and to provide further information that may better inform scrutiny on uprating decisions.

In summary, SCoSS is proud to have produced a number of substantial reports in its first year of operation. These reports have been well received by the Cabinet Secretary and the Social Security Committee, and have led to demonstrable improvements being made to social security assistance. SCoSS has also been swift to raise with the Scottish Government issues that may affect its scrutiny, while members have also proactively identified broader trends that may influence the successful delivery of social security in Scotland.

3.2.4 Statutory duties: Social security charter

As is clear, scrutinising draft regulations took up a significant amount of SCoSS's time in its first year. But members also made considerable efforts to develop SCoSS's statutory role in relation to the social security Charter.

The Board sought to understand how the Scottish Government and Social Security Scotland intended to monitor whether and how the expectations in the Charter were being met; as SCoSS is to report on the expectations it is essential to know first how this is being considered by the Scottish Government and the agency. Members also informally sought updates from relevant stakeholders on information they gathered that may be relevant to informing SCoSS's Charter-related duty.

SCoSS provided extensive, and well-received, comment on the 'Charter measurement framework', in which the Scottish Government and Social

¹⁰ On 2 September 2019 the Cabinet Secretary for Social Security and Older People asked SCoSS to report on a [policy paper and analytical report](#) and SCoSS published its [report](#) on 4 October 2019.

¹¹ [SCoSS' Scrutiny Report on the Funeral Expense Assistance and Young Carer Grants\) \(Uprating and Miscellaneous Provisions\) \(Scotland\) Regulations 2020](#). The Cabinet Secretary took the opportunity to make technical amendments to the Funeral Support Payment Regulations and the Young Carer Grant Regulations as well as uprating both with inflation.

Security Scotland explained how they were delivering the expectations set out in Charter commitments.¹²

3.3 SCoSS's continuous improvement

SCoSS has sought to evaluate the effectiveness of its scrutiny reports by analysing the extent to which recommendations were acted on by the Scottish Government, and how they were received by the Social Security Committee. SCoSS also requests informal feedback on its reports from the Social Security Committee, the Scottish Government and from stakeholders, to allow members to understand how SCoSS could improve, but without compromising its independence.

In addition, SCoSS has put wider processes in place that aim to ensure its scrutiny reports deliver more effective outcomes:

- One of SCoSS's first actions was to produce a Scrutiny Framework¹³, which clearly demonstrates to the Scottish Government, the Scottish Parliament and other stakeholders how it will undertake its scrutiny of draft regulations. The Framework is rooted in the social security principles and human rights obligations, and is designed to encourage the Scottish Government to produce social security assistance that will be of the greatest benefit to its recipients.
- SCoSS created a Scrutiny Checklist, which is designed to ensure that the tasks and processes for carrying out scrutiny of draft regulations is consistent and comprehensive.
- SCoSS is developing a Protocol with the Scottish Government that sets out respective roles, information needs and timelines to enable effective scrutiny to be undertaken.

As an independent body, SCoSS is concerned that having insufficient time to undertake scrutiny of draft regulations could be significantly detrimental to its work and reputation. While the Act says SCoSS should have the time it needs, the reality is that its impact will unavoidably be lessened if scrutiny reports are not submitted in time for responses to be drafted and laid with the regulations. The Board trusts that the protocol will ensure that the timing difficulties highlighted above are resolved. The

¹²

[file:///C:/Users/u445630/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/measuring-charter-social-security-scotland-scottish-government-delivering-charter-promised%20\(1\).pdf](file:///C:/Users/u445630/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/measuring-charter-social-security-scotland-scottish-government-delivering-charter-promised%20(1).pdf)

¹³ <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2019/11/scottish-commission-on-social-security-draft-scrutiny-framework/documents/scoss-draft-scrutiny-framework/scoss-draft-scrutiny-framework/govscot%3Adocument/SCoSS%2B-%2BDraft%2BScrutiny%2BFramework.pdf>

Chair has also raised these concerns with the Cabinet Secretary for Social Security. SCoSS members were pleased that the Cabinet Secretary was receptive to the suggestions put forward as to how processes could be strengthened to improve SCoSS's scrutiny and, ultimately, the outcomes delivered for the social security system.

The Board has also been fully committed to establishing and developing members' skills and knowledge. Members have received training and briefing on being an effective board and on key legislation, and have also agreed working practices that allow for the smooth running of board meetings. At the time of finalising this report, the Board was devising a strategic approach to ensuring members' continuous improvement, by undertaking a skills audit of members and creating a tailored package of development sessions. The Board intends that this approach will complement the lessons learned from the Chair's annual appraisals of individual board members.

This systematic approach to ensuring that SCoSS's underlying processes and procedures are healthy has allowed the Board to concentrate its resources on the areas where SCoSS can make the greatest difference.

SCoSS's business plan will provide a more detailed explanation of how SCoSS intends formally to evaluate and improve its future performance. The measures adopted will then be assessed in future annual reports.

3.4 Risks

Given the wider political context within which SCoSS was working, its first year of operation contained a number of inherent risks.

The Scottish Government's proposed budget for social security in financial year 2020-21 was over £3.75 billion¹⁴, making it one of the largest devolved budgets. The recent transfer of social security powers from the UK Parliament to the Scottish Parliament was one of the most significant since the establishment of the Scottish Parliament in 1999. Further, Social Security Scotland's website notes that it delivers benefits to 1.4 million people.¹⁵

¹⁴ 'Scottish Budget: 2020-21', Scottish Government 2020, Table 1.05, page 15, <https://www.gov.scot/binaries/content/documents/govscot/publications/publication/2020/02/scottish-budget-2020-21/documents/scottish-budget-2020-21/scottish-budget-2020-21/govscot%3Adocument/scottish-budget-2020-21.pdf?forceDownload=true>

¹⁵ <https://www.socialsecurity.gov.scot/about-us/our-service>

In short, social security commits billions of pounds of public money, is very high profile and involves a significant proportion of Scotland's population. In addition, SCoSS was a brand new body with new members, serviced by a new Secretariat. For all of these reasons, it was essential that SCoSS established its reputation as quickly as possible by producing informed and influential reports that clearly added value and established its credibility with key stakeholders. As described above, feedback suggests SCoSS has successfully risen to this challenge.

SCoSS has also established a risk register which allows us to consider specific risks in a systematic manner. Potential risks that SCoSS may face have been grouped into four main categories¹⁶ and members have taken steps to mitigate each of these risks, or indicated where further action is required. The Board has consistently sought to refine its approach to risk and recently agreed to strategically review the risk register, relevant actions and mitigations taken, to ensure that the number of risks was as low as possible.

As was the case for all public bodies, the most significant risk-related matter that arose for SCoSS during the period was the disruption caused by COVID. One of SCoSS's key statutory duties is to scrutinise and report on draft regulations referred by the Cabinet Secretary. However, the Scottish Government's timetable for referring draft regulations had to be adjusted as a result of COVID. The Board therefore moved swiftly to consider the general and specific risks posed by COVID, both in terms of its ongoing work plan and its working practices. Specifically, SCoSS wrote to the Cabinet Secretary and the Chief Executive of Social Security Scotland, to discuss the particular implications of COVID for the Social Security Charter, and to suggest how SCoSS could potentially add value through investigation and reporting. Members also discussed the Coronavirus (Scotland) Act and its potential implications for SCoSS, considering each work plan item to determine which should be prioritised and which could be postponed or done differently.

3.5 SCoSS's strategies and governance

SCoSS complies with generally accepted best practice and relevant guidance related to governance matters. SCoSS has developed various strategies that have allowed it to discharge corporate functions effectively and efficiently, and to establish a robust governance framework.

¹⁶ Governance, Operational, Reputational, Finance

SCoSS has agreed a Framework Document with the Scottish Government which sets out the broad framework within which SCoSS operates. The Framework Document sets out clear roles and responsibilities, delegated authority arrangements and decision-making processes which are transparent and supported by a clear evidence base.

SCoSS's statutory responsibilities are defined in the Social Security (Scotland) Act 2018. Section 21 of the Act established SCoSS as a body corporate; section 22 defines its functions; and Schedule 1 sets out the parameters of SCoSS's legal status, powers, procedures, finance and membership.

Following the agreement of the Framework Document, the Board was able to agree the type and frequency of budgetary information it required to discharge its financial responsibilities. The agreed approach was proportionate to SCoSS's responsibilities and its comparatively small budget, and cognisant of the breadth of financial controls employed by the Scottish Government to ensure that the SCoSS Secretariat discharges its financial responsibilities appropriately.

SCoSS is looking into the possibility of appointing an independent and external consultant to attend appropriate Board Meetings to test and advise the Board in the exercise of their audit functions. This appointment would not be a full board member of the SCoSS Board and would be, in effect, an adviser appointed by Scottish Ministers to carry out the specific requirements relating to the auditing functions of SCoSS.

The Act does not require SCoSS to undertake any consultation when carrying out its statutory roles. Nevertheless, the Board considers it essential to consult with stakeholders and those with lived experience of the social security system, where time and resources permit it to do so. Their input, quite simply, allows SCoSS to do its job more effectively.

An example is provided above of the consultation that SCoSS undertook on specific draft regulations. In addition, members have had detailed discussions with groups that work with people with lived experience in order to understand how their views can best inform SCoSS's work. Further, SCoSS has developed a stakeholder engagement strategy that identifies those groups and individuals with whom it will engage on an ongoing basis, and which SCoSS members will lead on those relationships. Again, these initiatives should ensure that SCoSS's

recommendations are firmly rooted in first-hand knowledge and practical experience, and help to deliver better outcomes as a result.

The Social Security (Scotland) Act states that SCoSS may adopt processes to regulate its own procedures. However, the Board went further by proactively producing Standing Orders that provide clarity on a range of core operational issues, including how substantive decisions should be made by the Board. The decision to adopt Standing Orders allowed the Board to anticipate successfully various potential issues that could have disrupted performance in its first year.

SCoSS has agreed a number of other strategies that have helped it to establish strong foundations of governance. The SCoSS Board:

- Adopted a Publication Scheme under the Freedom of Information (Scotland) Act 2002.
- Agreed a Memorandum of Understanding on Freedom of Information with the Scottish Government that sets out how relevant freedom of information requests will be handled.
- Signed-off the SCoSS Code of Conduct, while providing suggestions to the Scottish Government as to how the Code's provisions on equality and diversity could be strengthened. Member's registers of interests have also been published.
- Produced a 'whistleblowing' policy, which allows members to raise with particular external parties any concerns they may have about serious malpractice within SCoSS.

In general, the Board has ensured proportionate compliance with best practice principles and relevant guidance around corporate governance, primarily as described in 'On Board'. In response to requests from NDPBs such as SCoSS, the Scottish Government provided more specific corporate guidance for small advisory NDPBs in recognition of the fact that much of the guidance in On Board is more relevant for larger organisations that provide public services or have more substantial budgets.

3.6 Finance Report

SCoSS was delegated a budget of £0.34m by Ann McVie as the Accountable Officer, as per advice of the Act Implementation Team. This was based on SCoSS's forecasted spending requirements that were projected and reviewed at the beginning of the year. At year end,

SCoSS had spent £0.19m, a £0.15m underspend against budget. This underspend was due to:

- not requiring the majority of non-staff costs (approx.£0.09m) initially anticipated including costs for focus groups, communications and venue hire
- decision not to recruit a fourth member of staff (approx. £0.04m),
- delays in the development of the website (£0.02m)

This underspend was “re-absorbed” into the overall Scottish Government spend at year end. For a full breakdown of costs spent by SCoSS in 2019-20, please refer to Section 6. Financial Accounts.

Ann McVie

Ann McVie
Deputy Director, Social Security Policy (Accountable Officer)

09 December 2020

4. Accountability Report

4.1 Corporate Governance Report

This section reports who the Members and Accountable Officer are for SCoSS's governance framework and the Accountable Officer's responsibilities. SCoSS's governance, audit functions and risk management arrangements are discussed in the Performance Report and further expanded in the Framework Document.

4.1.1 The Chair and Members' Report

The Chair and Members

The Social Security (Scotland) Act 2018 provides that there shall be a Chair and at least two but no more than four other members. The Chair and Members have been appointed to SCoSS by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. As at 31 March 2020 there were four Commissioners: Dr Sally Witcher, Chair, Sharon McIntyre, Judith Paterson and Mark Simpson.

There were no changes to the Chair and Members this year.

4.1.2 Statement of Accountable Officer's responsibilities

Under Schedule 1, Chapter 4 of the Social Security Act (Scotland) 2018, the Scottish Ministers have directed SCoSS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a 'going concern' basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary of the Scottish Government, as Principal Accountable Officer for the Scottish Administration, designated that Ann McVie is the Accountable Officer for the Commission.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Scottish Government Memorandum to Accountable Officers of Other Public Bodies and published within the Scottish Public Finance Manual.

4.1.3 Disclosure of Information to Auditors

- As Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors were aware of that information.
- So far as I am aware, there is no relevant audit information of which the auditors are unaware.
- I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the

judgments required for determining that it is fair, balanced and understandable.

4.1.4 Governance Statement

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities set out in the "Accountable Officer's Memorandum". In the discharge of my personal responsibilities I ensure organisational compliance with the Scottish Public Finance Manual (SPFM). The SPFM is issued by the Scottish Ministers to provide guidance to The Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary, and administrative requirements, emphasises the need for economy, efficiency, and effectiveness, and promotes good practice and high standards of propriety.

SCoSS's governance and risk management arrangements are fully discussed in the Performance Report and further expanded in the [Framework Document](#). In particular, sections 3.4 and 3.5 of the Performance Report provide: an assessment of corporate governance with reference to compliance with best practice principles and relevant guidance; and an assessment of SCoSS's risk management arrangements and risk profile.

The SCoSS board contains no committees or sub-committees. Since SCoSS's establishment, no written authorities have been provided to the Accountable Officer; there have been no lapses of data security; and no significant risk-related matters have arisen.

This governance statement relates to SCoSS's governance system as it applied during 2019/20.

4.2 Remuneration & Staff Report

All staff working for SCoSS are civil servants and bound by the Civil Service Code and other civil service requirements as to their conduct, impartiality and confidentiality. SCoSS staff remain civil servants employed by the Scottish Government. Changes to pay and conditions will be made in line with wider Scottish Government arrangements.

SCoSS's budget should be reviewed to reflect any changes to staff remuneration.

Members of SCoSS, including the Chair, are non-executive appointments made by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The role of Members is to provide direction, support and guidance to ensure the body delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities identified within the Act.

The Chair and Members have been appointed to SCoSS through a public appointment round regulated and monitored by the Ethical Standards Commissioner. As such, their pay and conditions are the responsibility of the Public Appointments branch of the People Directorate within the Scottish Government.

Remuneration (daily fees), allowances and expenses paid to the Chair and Members must comply with the SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

4.2.1 SCoSS Board Member Costs

The analysis of staff numbers and costs disclosed below is audited by the external auditors.

Board Member	£'000
Sharon McIntyre	5 – 10
Judith Paterson	5 – 10
Mark Simpson	5 – 10
Dr Sally Witcher (Chair)	20 – 25

4.2.2 Accountable Officer

Ann McVie is the Deputy Director, Social Security Policy and the Accountable Officer for SCoSS. She is a full-time employee of the Scottish Government and her salary is paid directly from the Scottish Government budget. SCoSS did not contribute to her pay, benefits or pension. She also received no bonuses or benefits in kind.

31 March 2020	31 March 2020	31 March 2020
--------------------------	--------------------------	--------------------------

Staff Member	Basic Pay Range £'000	Bonus Payments £'000	Benefits in Kind £'000
Ann McVie	75-80	0	0

4.2.3 Staff Report

The staff report contains information relating to staff numbers and costs.

Number of senior civil service staff

As at 31 March 2020, SCoSS did not employ any Senior Civil Servants.

As noted above (Section 4.2) the SCoSS Secretariat are all civil servants, employed by the Scottish Government and on Scottish Government Pay, Terms & Conditions.

FTE	31 March 2020
Permanent Staff	3
Temporary Staff	-
Total	<u>3</u>

A temporary member of staff was employed by the Commission in the first quarter of 2019-20.

Staff costs for SCoSS are set out below.

Staff costs	2019-20 £
Wages & Salaries	91,707
Social Security Costs	9,472
Other Pension Costs	23,893
SCoSS Board Member Fees	39,337
Interim Manager Costs	9,187
Staff Leave Adjustment	4,043
Total	<u>177, 639</u>

Wages and salaries include gross salaries, non-consolidated payments, overtime and any other allowance that is subject to UK taxation.

4.2.4 Staff Composition & Sickness Absence

Due to the low number of staff working in SCoSS, this data cannot be disclosed without risk of identifying individual members of staff. As such, this information cannot be disclosed without risk of breaching data security and so has been omitted from the report.

4.2.5 Equal opportunities and diversity

The Social Security Policy Division works in conjunction with SCoSS to ensure that HR policies, practices and systems comply with employment and equality legislation, and standards expected of public sector employers. All SCoSS's permanent staff, as Scottish Government employees, are covered by Scottish Government policies including its Delivering Diversity and Equality policy. Further to this, SCoSS also relies on Scottish Government disability policies, which covers areas such as how we fill posts, monitoring and discussing performance and providing reasonable adjustments. This also includes continuing to implement the recommendations set out in the Scottish Government publication, ["Recruitment and Retention Plan for Disabled People; 2019"](#)

The Scottish Government is also committed to providing all staff, including the SCoSS Secretariat, with opportunities for learning to help staff understand what valuing diversity means in practice, and how to take action to build an inclusive workplace culture.

The Chair and Board Members appointees are also covered by have to adhere to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland in which Diversity and Equality remains a core principle and are expected to abide by the Civil Service Code.

They also have a responsibility to make sure that they are familiar with, and that their actions comply with, the provisions of contained within the agreed Code of Conduct for Board Members which was published in February 2020.

Ann McVie

Ann McVie
Deputy Director, Social Security Policy (Accountable Officer)

09 December 2020

5. Independent Auditor's Report

Independent auditor's report to the members of Scottish Commission on Social Security, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Commission on Social Security for the year ended 31 March 2020 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Changes in Taxpayer's Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 5 March 2020.

The period of total uninterrupted appointment is less than 1 year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I will report in a separate Annual Audit Report, which will be available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify

such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion 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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice will be set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Oliphant

Michael Oliphant FCPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

9 December 2020

6. Financial Accounts

6.1 Introduction

This statement of accounts reports the results of the Scottish Commission on Social Security (“SCoSS”) for the year from 1 April 2019 to 31 March 2020. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers under section 19(4) of the Public Finance and Accountability Scotland Act 2000. These financial statements were authorised for issue by Ann McVie as the Accountable Officer, on 9th December 2020.

6.2 Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

		2019-20	2018-19
	Note	£	£
Staff costs	3	177,639	-
Purchase of Goods & Services	4	12,990	-
Total Operating Expenditure		190,629	-
Net Operating Expenditure		<u>190,629</u>	<u>-</u>

No activities were discontinued during the year.

6.3 Statement of Changes in Taxpayer's Equity for the Year Ended 31 March 2020

	Notes	General Fund
Balance at 31st March 2019		0
Comprehensive net expenditure for the year	SoCNE	(190,629)
Non-cash charges	7	9,043
Net Funding		181,586
Balance at 31st March 2020		0

6.4 Statement of Financial Position as at 31 March 2020

	Notes	2019-20 £	2018-19 £
Non-Current Assets		0	
Current Assets	5	9,043	
Total Assets		<u>9,043</u>	<u>0</u>
Current Liabilities			
Trade & other Payables	6	(9,043)	
Total Current Liabilities		<u>(9,043)</u>	
Total Assets less Liabilities		<u>0</u>	<u>0</u>
Taxpayers Equity and other reserves			
General Fund	SoCTE	0	
Total Taxpayers Equity		<u>0</u>	<u>0</u>

Ann McVie

Ann McVie
Deputy Director, Social Security Policy (Accountable Officer)

09 December 2020

6.5 Statement of Cash flows for the year ended 31 March 2020

		2019-20
Cash flow from Operating Activities		£
Comprehensive net expenditure for the year	SoCNE	(190,629)
Non-cash charges	7	9,043
Movements in working capital:		
(Increase)/Decrease in Receivables	5	(9,043)
Increase/(Decrease) in Payables	6	9,043
<i>Net Cash Outflow from Operating Activities</i>		<u>(181,586)</u>
<i>Net Cashflow from Investing Activities</i>		0
Cashflow from Financing Activities		
Funding from Scottish Government	SoCTE	181,586
<i>Net Cash Inflow from Financing Activities</i>		<u>181,586</u>
Net Increase/(Decrease) in Cash & Cash Equivalents		0

6.6 Notes to the Accounts for the year ended 31 March 2020

1. Statement of accounting policies

In line with Schedule 1, Chapter 4 of the Social Security (Scotland) Act 2018, and in accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2019-20 issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by SCoSS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In accordance with the FReM these accounts have been prepared on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future.

(a) Accounting convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard.

(b) Value added tax

SCoSS is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of the Commission. Irrecoverable tax is charged to the relevant expenditure category.

(c) Receivables

The accounts are prepared on an accruals basis and all material amounts due as at 31 March 2020 should be brought into the account irrespective of when actual payments were received. These can be found below in Note 5.

(d) Payables

The accounts are prepared on an accruals basis and all material amounts outstanding as at 31 March 2020 should be brought into account irrespective of when actual payments were made. These can be found below in Note 6.

(e) Pensions Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS). These are unfunded multiemployer defined benefit schemes in which SCoSS is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore SCoSS has

accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FReM requirements.

(f) Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. SCoSS has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2020-21 has been confirmed in the Budget Act. It is therefore considered appropriate to prepare the accounts on a going concern basis. An operating budget will be set annually as part of the SG's normal budget process.

(g) Disclosure of new accounting standards

SCoSS have considered the expected impact of new accounting standards issued but not yet in effect. SCoSS consider the impact is not material. These include: IFRS 16 – Leases: It is expected that this standard will be adopted by the Financial Reporting Manual with effect from 1 April 2021. Initial assessment of the new standard on leases indicates that this will not have a significant impact on SCoSS as it currently does not have any lease agreements.

2. Year ended 31 March 2019

The year ended 31 March 2020 is the first full financial year where SCoSS has produced accounts. Prior to this, the Commission's costs were included in the Social Security and Older People Portfolio Outturn statement in the Scottish Government's 2018-19 Consolidated Accounts (see <https://www.gov.scot/publications/scottish-government-consolidated-accounts-year-ended-31-march-2019/pages/15/>).

All expenditure incurred by SCoSS in the period from when it was established in January 2019, to 31 March 2019 is reported within the Social Security and Older People Portfolio Outturn statement. The amount included in the Social Security line is £11,255.84 and is described in the notes to the Portfolio Outturn statement.

3. Staff costs

Staff costs in 2019-20 amounted to £177,639. Staff costs include directly-employed staff, interim managers & staff related expenditure such as travel & subsistence. A breakdown of these costs is given in the Remuneration and Staff Report.

4. Purchase of Other Goods & Services

	2019-20	2018-19
	£	£
Audit Fee	5,000	-
Recruitment	2,591	-
Conference & Conference Hosting	2,492	-
Travel & Subsistence	1,808	-
Computer Software	954	-
Other Expenditure	145	-
Total	12,990	-

5. Trade Receivables & other current Assets

	2019-20	2018-19
	£	£
Other Receivables	9,043	0
Total Receivables	9,043	0

£9,043 other receivables is for cash from Scottish Government Funding that will be used to cover 2019-20 accruals balance when paid next year.

6. Current Liabilities

	2019-20	2018-19
	£	£
Audit Fees	5,000	0
Staff Flexi Leave accrual	(1,020)	0
Staff Annual Leave accrual	5,064	0
Total Payables	9,043	0

7. Non-cash Charges

	2019-20	2018-19
	£	£

Accruals	9,043	0
Total Accruals	9,043	0

As with Note 5, this reflects charges that are part of the SCoSS's expenditure but will not be paid until future years.

8. Depreciation & Impairment Charges

SCoSS does not have any assets, nor have there been any impairments.

9. Other Operating Expenditure

SCoSS does not have any Other Operating Expenditure.

10. Property, Plant and Equipment

SCoSS did not have any assets, as at 31 March 2020.

11. Related Party Transactions

SCoSS is a non-departmental public body and it considers that the Scottish Government is a related party within this context. During the year the Commission has had a number of material financial transactions with the Scottish Government including;

- All permanent staff are Scottish Government employees
- SCoSS uses Scottish Government estates, HR & Financial systems and a relies on a number of other Scottish Government services.
- SCoSS ledger is part of the wider SG Core accounts hierarchy
- All financial transactions are set up, processed and paid via Scottish Government financial systems

Neither the Board Members nor any key managerial staff have undertaken any material transactions with SCoSS during the year.

12. Capital Commitments and contingent liabilities

There are no capital commitments or contingent liabilities.

13. Third Party Assets

SCoSS has no third party assets to report.

14. Events after the reporting period date

The financial statements were authorised for issue on 9th December 2020 by Ann McVie. There have been no further events to report.

7. Annexes

7.1 Accounts Direction

Social Security Directorate
Social Security Policy Division

T: 0131-244-7646
E: Ann.McVie@gov.scot



Dr Sally Witcher OBE
Chair, Scottish Commission on Social
Security
c/o Secretariat
Area 1C South
Victoria Quay
The Shore
Edinburgh
EH6 6QQ

22 April 2020

Dear Dr Witcher,

Scottish Commission on Social Security

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with Schedule 1 (Chapter 4(12)) of the Social Security (Scotland) Act 2018 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2020, and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cashflows for the financial year, and of the state of affairs as at the end of the financial year.

4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers.

Dated 22 April 2020

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ann McVie".

Ann McVie

Deputy Director
Scottish Government
Social Security Directorate