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**Scotland's Commissioner for Children and Young People**



Annual Accounts  
Year Ended 31st March 2006



**Keeping Promises**

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## FOREWORD AND OPERATIONAL REVIEW

The accounts for the financial year ended 31 March 2006 are presented in accordance with paragraph 11(1) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

### Background Information

1. The Commissioner for Children and Young People in Scotland (the Commissioner) was constituted under Section 1 of the Commissioner for Children and Young People (Scotland) Act 2003 which was passed by Parliament on 26 March 2003 and received Royal assent on 1 May 2003.

### Statutory Powers and Responsibilities

2. The Commissioner's general function is to promote and safeguard the rights of children and young people in Scotland, up to age 18, or up to 21 if they have ever been in care or looked after by a local authority. In particular, the Commissioner must:

- promote awareness and understanding of the rights of children and young people;
- review law, policy and practice to assess their adequacy and effectiveness as regards those rights;
- promote best practice by service providers; and
- promote, commission, undertake and publish relevant research.

3. In carrying out this work, the Commissioner must have regard to the United Nations Convention on the Rights of the Child, and to equal opportunity requirements. There is a duty to encourage the involvement of children and young people in the Commissioner's work, and to prepare a strategy for achieving this.

4. Children and young people must be made aware of the functions of the Commissioner, and how to get in touch. The Commissioner must also consult children and young people, and agencies working with and for them, about the work to be undertaken. Particular attention must be paid to groups of children and young people who do not have other adequate means by which they can make their views known.

5. Section 7 of the Act gives the Commissioner power to carry out an investigation into whether, by what means and to what extent, a service provider has regard to the rights, interests and views of children and young people on relevant matters. Such matters should not relate to the case of only one child or young person, but must focus either on all children and young people or groups of them.

6. An investigation must not duplicate work that is properly the function of another person. It must not relate to legal proceedings in particular cases. Nor may the Commissioner investigate, under this section, a matter that is reserved to the Westminster Parliament. An investigation in terms of Section 7 gives various legal powers, including the power to cite witnesses for examination under oath, and to compel the production of documents.

### Operational Review of 2005/6

7. In its second year of operation, from 1 April 2005 to 31 March 2006, Scotland's Commissioner for Children & Young People (SCCYP) consolidated its move into new premises, installing custom



### 13 Operating Leases

	2006 £'000	2005 £'000
Operating lease payments commitments expiring:		
Over 5 years of the balance sheet date	59	59
Total	<u>59</u>	<u>59</u>

### 14 Capital Commitments

As at 31 March 2006 there was a capital commitment of £13,000 in respect of Office furniture (2005 £nil).

### 15 Contingent Liabilities

There were no contingent liabilities as at 31 March 2006 (2005 £nil).

### 16 Related Party Transactions

SCCYP was constituted by the Scottish Parliamentary Corporate Body. The Scottish Parliamentary Corporate Body is regarded as a related party.

Neither the Commissioner, other staff or related parties has undertaken material transactions with SCCYP during the year.

- Inquiry into Immigration Control: Call for Evidence, Home Affairs Committee, December 2005 (conducted at Westminster)

#### *Scottish Executive Work*

- "Getting it Right for Every Child", the Children's Hearings Review (Phase 2), September 2005 Test Purchasing by Young People, September 2005
- Adoption Policy Review Group: Report of Phase 2: Secure and Safe Homes for our most vulnerable children, October 2005
- Consultation on whether to criminalise possession of extreme pornography: Call for Evidence, Home Office and Scottish Executive, December 2005
- Work Permits for Children/Reduction of Permitted Working Hours: Implementation in Scotland, January 2006
- Consultation on Advice Note on Engaging Children and Young People in Community Planning, February 2006

15. Responding to consultations was greatly enhanced by the production of a working draft for a Children's Rights Impact Assessment tool to encourage a more robust, transparent and evidence-based approach to policy development and law making, and will be developed further in 2006-07. This followed on from an earlier template to facilitate the scrutiny of proposals in relation to the UNCRC.

16. Specifically in relation to matters of policy and practice, SCCYP pursued a number of issues originating often from a member of the public or other agency. Some of the more significant issues included:

- Early morning removal of asylum seeking families
- Unaccompanied asylum seeking (or "separated") children
- Moving and handling disabled children and young people
- The age for leaving care
- Physical punishment of children
- Views and interests of children in family disputes
- Access to communication aids – the right to a voice
- Children and young people's involvement in community planning – both at a policy level and in particular circumstances
- The rights of gypsy/traveller children in relation to site provision
- Views of young people about involvement in the test purchasing of alcohol
- The rights of children and young people detained in prisons, secure centres and other contexts

17. Towards the end of the year, in January 2006, SCCYP laid before the Scottish Parliament its Participation Strategy "Children and Young People with us Every Step of the Way" (CCYP/2006/2) for implementation in 2006-07. A full version of the Participation Strategy and the young person's version can be viewed on [www.sccyp.org.uk](http://www.sccyp.org.uk).

#### **Future Development**

18. To increase public awareness of the rights of children and young people and her Office, the Commissioner will continue to fulfil an extensive programme of personal appearances/promotional events across the country and to respond positively to media opportunities to reach a wider audience.

19. SCCYP promotional and educational leaflets and publications will continue to be developed and distributed.

20. SCCYP staff are expected to become more involved in promotional activities, further investment, therefore, will be made in the development and production of standardised, PowerPoint presentations and other support materials to ensure consistency and quality.

21. SCCYP will continue to invest in its website, which it views as crucial to effective contact with children and young people, particularly those living in remote areas or with mobility and communication difficulties.

22. To assess increase in awareness and understanding of children's rights and the Office of the Commissioner, SCCYP will commission a biennial national survey of children and young people in 2006-07.

23. SCCYP will work with, and engage children and young people in a variety of ways, but all activities and communications will be designed to be inclusive for all children and young people and, wherever possible, to be progressed in partnership with children and young people and with agencies and bodies active in the field.

24. To increase the incidence of children and young people participating in decision-making on matters of law, policy and practice affecting them, it is intended to strengthen links with the Scottish Executive to help ensure the children's rights perspective is built into the earliest stages of policy formulation. The Commissioner intends also to spend more time systematically monitoring and responding to legislation going through the Scottish Parliament, particularly with reference to the selected policy priority areas.

25. To successfully implement the "Safe, Active, Happy" Action Plan in the forthcoming year, SCCYP will map out and evidence issues relevant to the Plan with the effective engagement of children and young people. Equipped with SCCYP "detective kits", children and young people across Scotland will map out provision/lack of provision in their local area and identify any barriers to access. Working wherever possible with national and local youth networks, children and young people will be guided and supported in furthering their interests and issues at the local level. "Safe, Active, Happy" is expected to consume considerable time and resources in 2006-08 as the Commissioner responds to the expressed need of children and young people for "Things to Do", alongside the perceived policy need to balance protection, fun, adventure and healthy relationships between children and young people, and adults working with and for them. Work has also begun on the tender for external evaluation of this initiative.

26. Development of a Children's Rights Impact Assessment framework has been undertaken with the involvement of other agencies working with and for children and young people and with the Offices of the other children's commissioners in the UK. Following a period of pilot use internally, a final version will be produced, after which a small event will launch the framework and its availability as a tool to the Scottish Parliament, central and local government and other interested parties.

27. Scottish compliance with the UN Convention on the Rights of the Child will be monitored during 2006-07, in preparation for a report to be submitted to the UN Committee in 2007-08. To ensure this monitoring process is efficient and effective, SCCYP has developed a UN Convention on the Rights of the Child Template. Several visits to Geneva in 2006-07 will familiarize staff with UN process and procedures and in line with concerns of children's commissioners across Europe a major conference on physical punishment is planned for 2007.

## 8. Debtors

	2006 £'000	2005 £'000
Trade Debtors	13	7
Prepayments	20	5
	<u>33</u>	<u>12</u>

## 9. Cash at Bank and in Hand

	2006 £'000	2005 £'000
Cash Held at Commercial Banks	77	0
	<u>77</u>	<u>0</u>

## 10 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade Creditors	49	5
Accruals	9	114
Lease incentive (see note 11)	19	0
	<u>77</u>	<u>119</u>

## 11 Creditors: amounts falling due after one year

	2006 £'000	2005 £'000
Lease incentive received in year	75	0
Released to income	(19)	0
Balance at 31 March 2006	56	0
Amount falling due within one year (note 10)	(19)	0
	<u>37</u>	<u>0</u>

## 12 General Fund

	2006 £'000	2005 £'000
Balance at 1 April 2005	156	0
Net Expenditure for the Year	(941)	(459)
From the SPCB	1,047	612
Notional Cost of Capital	7	3
Balance at 31 March 2006	<u>269</u>	<u>156</u>

## 6. Analysis of Operating Expenditure

	2006 £'000	2005 £'000
Property Costs	95	49
General Office Running Costs	44	26
Travel and Expenses and Hospitality	12	4
Set-up Costs	26	160
Promotion & Participation	116	0
Research	10	20
IT Support	15	0
Website Development & Maintenance	30	9
Professional Fees	26	18
Notional Cost of Capital	7	3
	<b>381</b>	<b>289</b>

The above total includes £14,800 (2005 £6,100) for external auditor's remuneration. External audit received no fees in relation to non audit work.

The above analysis has been expanded from last year's report to reflect more accurately the activities of the Commissioner's Office. 2005 comparatives have been revised as appropriate.

## 7. Fixed Assets

	Leasehold Improvements £'000	Fixtures & Fittings and Equipment £'000	IT Systems £'000	Total £'000
<b>Cost</b>				
At 1 April 2005	203	26	43	272
Additions	0	13	39	52
Disposals	0	0	0	0
At 31 March 2006	<b>203</b>	<b>39</b>	<b>82</b>	<b>324</b>
<b>Depreciation</b>				
At 1 April 2005	5	1	3	9
Charge for Year	20	7	15	42
Disposals	0	0	0	0
At 31 March 2006	<b>25</b>	<b>8</b>	<b>18</b>	<b>51</b>
<b>Net Book Value at 31 March 2006</b>	<b>178</b>	<b>31</b>	<b>64</b>	<b>273</b>
<b>Net Book Value at 31 March 2005</b>	<b>198</b>	<b>25</b>	<b>40</b>	<b>263</b>

28. Limited facilities to enable remote access to the SCCYP server have been installed to allow staff involved in such visits to work effectively from outside the Office. This facility is likely to require further development in 2007-08

29. A performance management scheme is under consideration, along with an application for the Investors in People (IIP) Award in 2007-08.

### Financial Position

30. The Commissioner's expenditure on operating activities for the year ended 31 March 2006 totalled £963,000 (2005 £459,000). This was on staffing costs £540,000 (2005 £161,000), other operating expenditure £381,000 (2005 £289,000) and depreciation £42,000 (2005 £9,000). Income for the year was £22,000 (2005 Nil).

31. A further £52,000 (2005 £272,000) was spent on capital additions during the financial year as detailed in note 7 to the Accounts.

32. The Commissioner is funded through the SPCB. For financial year 2005-06 SCCYP was allocated a funding budget of £1,167,000. Outturn at £1,047,000 was under budget. This was largely due to the fact that a full staff complement was not in place until July 2005. Details of expenditure against budget are shown in note 2 to the accounts.

### Financial Administration

33. SCCYP took over responsibility for its own financial administration from the SPCB on 1 April 2005.

### Payment of Creditors

34. Invoices are processed by SCCYP. SCCYP is committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 30 days of either receipt of the goods or services. SCCYP payment performance for 2005-06 was 90.2%.

## The Commissioner for Children and Young People in Scotland

35. *The Commissioner is:* Kathleen Marshall

*Appointed:* 26 April 2004

The Commissioner's appointment is for a period of 5 years.

### Equal Opportunities

36. The Commissioner supports the principle of equal opportunities in carrying out her operational functions and employment practices. This means she is committed to pursuing positive action in her organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, sexual or marital status or disability.

### Provision of Information to Employees

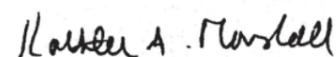
37. The Office of the Commissioner has adopted the principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to management papers, through oral and written briefings, by staff meetings and events. Information would be withheld only where this could be shown to be justified or a duty of confidence is owed to a third party.

### Audit

38. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 11 (2) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003.

### Disclosure of Information to Auditors

39. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.



Kathleen Marshall  
Commissioner for Children and Young People in Scotland.

Date: 31 October 2006

## 4. Staff Numbers and Costs

### 4.1 Average Staff Employed (Full Time Equivalent)

The average number of full time equivalent persons employed in the Office of SCCYP during the period was as follows:

	2006	2005
Commissioner	1	1
Staff	13	2.5
	<b>14</b>	<b>3.5</b>

### 4.2 Breakdown of Staff Costs

	Total 2006 £'000	Commissioner 2006 £'000	Staff 2006 £'000	Total 2005 £'000
Salaries / wages	422	74	348	130
Social security costs	34	8	26	12
Pension costs	84	18	66	19
	<b>540</b>	<b>100</b>	<b>440</b>	<b>161</b>

## 5 Pension Costs

For 2005-06 employers contributions of £65,682 were payable to the PCSPS at one of four rates in the range 16.2 to 24.6 per cent of pensionable pay, based on salary bands. This compares to contributions of £19,255 in 2004-05 with the four rates falling between 12 % and 18.5 %.

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2006-07, the salary bands will be revised and the rates will be in a range between 17.1% and 25.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

There were no outstanding or prepaid scheme contributions at 31 March 2006 (2005 £nil).

On death, pensions are payable to the surviving spouse at the rate of half of the member's pension. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, depending on scheme joined within PCSPS, and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

## 1.6 Notional Costs

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Commissioner includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% in real terms on all assets and liabilities.

## 1.7 Pension Costs

### *The Commissioner*

The Commissioner is paid through the Scottish Parliamentary Corporate Body's payroll. The Commissioner is a member of the Principal Civil Service Pension Scheme (PCSPS).

### *Employees*

The staff employed by the SCCYP are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme, but SCCYP is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

## 1.8 Value Added Tax

SCCYP is not VAT registered. All VAT is charged to the Operating Cost Statement or capitalised with the relevant asset as appropriate.

## 2 Performance Against Budget

SCCYP is funded through the SPCB. For financial year 2005-06 SCCYP was allocated a funding budget of £1,167,000. Outturn at £1,047,000 was under budget.

	2006 Budget £'000	2006 Expenditure £'000	Variance £'000	2005 Expenditure £'000
Net Operating Cost	1,177	941	236	459
Capital Expenditure	40	52	(12)	272
<b>Total Expenditure</b>	<b>1,217</b>	<b>993</b>	<b>224</b>	<b>731</b>
<b>Accruals adjustments:</b>				
Non cash items	(50)	(49)	(1)	(12)
Working capital (incl cash)	0	103	(103)	(107)
<b>Cash Funding from SPCB</b>	<b>1,167</b>	<b>1047</b>	<b>120</b>	<b>612</b>

## 3 Income

	2006 £'000	2005 £'000
Funding from all Sources	22	0
	<b>22</b>	<b>0</b>

## REMUNERATION REPORT

The Commissioner's appointment is for a period of 5 years and remuneration of the Commissioner is set by the SPCB. Following nomination by the Scottish Parliament the Commissioner is appointed by Her Majesty the Queen.

The Commissioner's salary and pension entitlement is set out below

Remuneration	2006 £'000	2005 £'000
Salary	70-75	65-70
Benefits in kind	nil	nil

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

### Pension Benefits

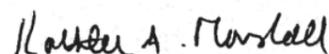
	Real increase in pension and related lump sum at age 60 £'000	Total accrued pension at age 60 as at 31 March 2006 and related lump sum £'000	CETV at 31 March 2005 £'000	CETV at 31 March 2006 £'000	Value of CETV increase over year £'000
<b>Commissioner</b>					
Kathleen Marshall	0 – 2.5	0 – 5	15	41	26
Lump sum	0 – 2.5	0 – 5			

### The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the scheme, not just their service in the senior capacity to which the disclosure applies. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Kathleen Marshall  
Commissioner for Children and Young People in Scotland

Date: 31 October 2006

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### 1.1 Basis of Accounting

These accounts cover the year to 31 March 2006. The financial statements have been prepared under the historical cost convention, and in accordance with the Accounts Direction issued by Scottish Ministers. They meet the requirements of the Companies Act 1985, and of the Statements of Standard Accounting Practice / Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

#### 1.2 Fixed Assets

##### 1.2.1 Capitalisation

Capital purchases for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital. However, the threshold for land and buildings is set at £10,000 and the IT equipment threshold is where the group value exceeds £500.

##### 1.2.2 Valuation

As appropriate, assets are reflected at their value to the organisation by reference to current cost.

##### 1.2.3 Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

Leasehold improvements	Over the period of the lease
Furniture and equipment	5 years
Fixtures & Fittings	5 years
IT Equipment	3 years

### 1.3 Funding Receivable

Funding from the SPCB is credited directly to the general fund in the period to which it relates.

### 1.4 Lease incentive

Income received from the landlord as contribution towards property improvements is released to income over 4 years.

### 1.5 Leases

The Commissioner holds no material finance leases. Costs in respect of operating leases are charged to the Operating Cost statement as they fall due.

## Cash Flow Statement for Year Ended 31 March 2006

		2006 £'000	2005 £'000
<b>Operating Activities</b>			
Net Cash Outflow from Operating Activities	(i)	(918)	(340)
<b>Capital Expenditure</b>			
Purchase of Tangible Fixed Assets		(52)	(272)
		(970)	(612)
<b>Financing from the SPCB</b>			
From the SPCB		1,047	612
Increase in Cash	(ii)	<u>77</u>	<u>0</u>

### (i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2006 £'000	2005 £'000
Net Expenditure for the Year	(941)	(459)
Increase in Debtors	(21)	(12)
(Decrease)/Increase in Creditors	(5)	119
Depreciation	42	9
Notional Cost of Capital	7	3
<b>Net Cash Outflow from Operating Activities</b>	<u>(918)</u>	<u>(340)</u>

### (ii) Analysis of Changes in Cash & Bank

	1st April 2005 £'000	Cash Flow £'000	31st March 2006 £'000
Cash at Bank and in Hand	<u>0</u>	<u>77</u>	<u>77</u>

## STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The SPCB designated the Commissioner as the Accountable Officer for the Office of the Commissioner for Children and Young People in Scotland. The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual.

Under paragraph 11(1) of Schedule 1 of the Commissioner for Children and Young People (Scotland) Act 2003 the Commissioner is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Commissioner's affairs at the year end and of the financial activities of her Office during the year.

In preparing the accounts, the Commissioner is required to:

- (i) Observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- (ii) Make judgements and estimates on a reasonable basis.
- (iii) State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.
- (iv) Prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Commissioner will continue in operation.

## STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am responsible.

The system of internal control is an ongoing process, designed to identify the principal risks to achieving our objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system comprises a network of operating procedures intended to provide reasonable assurance that the objectives will be achieved and assets properly managed. It is designed to manage rather than eliminate those risks and can therefore only provide reasonable and not absolute assurance of effectiveness.

The SPCB pays the salaries and allowances of the Commissioner and any expenses incurred by the Commissioner in the exercise of her functions. It also provides that the terms and conditions of staff and the arrangements for pensions, allowances and gratuities all require the approval of the SPCB. From April 2005, responsibility for financial administration, preparation of the annual accounts and maintenance of accounting records transferred to SCCYP.

During the last year, I have:

- Established an Advisory Audit Board to fulfil the role of Audit Committee.
- Agreed with Audit Scotland that they would conduct a preliminary review and evaluation of the governance arrangements and to consider the overall framework in light of guidance on best practice principles.
- Developed a sound financial memorandum covering our relationship with SPCB.
- Formally adopted an internal audit function.
- Developed an interim staff handbook which includes a code of conduct.
- Developed policies and related guidance covering both the prevention & detection of fraud & irregularities and a formal whistle blowing policy.
- Arranged for the secondment of a representative from Scottish Enterprise to develop our risk management strategy and report on existing financial controls.
- Integrated risk management into the culture of the Commissioner's Office.
- Raised awareness of the importance of risk management across the organisation.
- Managed risk in accordance with best practice.
- Developed an organisation-wide risk register which is subject to quarterly review by the Senior Management Team.
- Prepared the annual budget submission to SPCB using a zero-based format to take account of the planned work as detailed in the SCCYP Business Plan.
- Developed budget monitoring and control procedures. The Senior Management Team review expenditure against budget on a monthly basis. Any variances are highlighted and noted in the Management Team Minutes.

During the coming year I plan to ensure arrangements are put in place to:

- Further develop the Scheme of Delegation.
- Build on existing arrangements and establish a documented business continuity plan.
- Review, and update as appropriate, policies and related guidance including risk assessment, the prevention & detection of fraud & irregularities and the formal whistle blowing policy.

## Balance Sheet as at 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed Assets</b>			
Tangible Assets	7	273	263
<b>Total Fixed Assets</b>		<b>273</b>	<b>263</b>
<b>Current Assets</b>			
Debtors	8	33	12
Bank & Cash	9	77	0
		<b>110</b>	<b>12</b>
Creditors – amounts falling due within one year	10	(77)	(119)
<b>Net Current Assets</b>		<b>33</b>	<b>(107)</b>
<b>Total Assets less current liabilities</b>		<b>306</b>	<b>156</b>
Creditors – amounts falling due after 1 year	11	(37)	0
<b>Total Net Assets</b>		<b>269</b>	<b>156</b>
<b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	12	269	156
		<b>269</b>	<b>156</b>

The accompanying notes on pages 17 to 22 form an integral part of these accounts.

*Kathleen A. Marshall*

Kathleen Marshall  
Commissioner for Children and Young People in Scotland

Date: 31 October 2006

## Operating Cost Statement for the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Income</b>			
Income from all Sources	3	(22)	0
<b>Expenditure</b>			
Staff Costs	4,5	540	161
Other operating costs	6	381	289
Depreciation	7	42	9
<b>Total Expenditure</b>		<u>963</u>	<u>459</u>
<b>Net Expenditure for the Year</b>		<u><u>941</u></u>	<u><u>459</u></u>

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Operating Cost Statement.

The accompanying notes on pages 17 to 22 form an integral part of these accounts.

- Establish a register of interests for the Commissioner and others (if appropriate) to be available for public inspection.

My review of effectiveness of the system of internal control will be informed by senior members of staff, who contribute to the development and maintenance of the internal control framework, from the reports of internal auditors, views of the Advisory Audit Board and comments made by the external auditors in their management letter and other reports.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

*Kathleen A. Marshall*

Kathleen Marshall  
Commissioner for Children and Young People in Scotland

Date: 31 October 2006

## INDEPENDENT AUDITOR'S REPORT

### To the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Commissioner for Children and Young People in Scotland for the year ended 31 March 2006 under the Commissioner for Children and Young People (Scotland) Act 2003. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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 the Code of Audit Practice approved by the Auditor General for Scotland and for no other purpose as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

### Respective responsibilities of the Commissioner for Children and Young People in Scotland and Auditor

The Commissioner for Children and Young People in Scotland (Commissioner) is responsible for preparing the annual report and the financial statements in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. The Commissioner is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. I also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. I also report if, in my opinion, the annual report is not consistent with the financial statements, if the Commissioner has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Commissioner's compliance with the Scottish Executive's guidance. I report if, in my opinion, it does not comply with the guidance or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Commissioner's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword and Operational Review and the Remuneration Report except the section on Remuneration and Pension Benefits. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commissioner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commissioner's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### Opinion

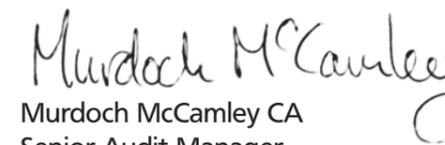
#### Financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Commissioner as at 31 March 2006 and of its net expenditure, recognised gains and losses and cash flows for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

### Regularity

In my opinion in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

  
Murdoch McCamley CA  
Senior Audit Manager

8 November 2006

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