Scotland's Commissioner for Children and Young People

Annual Accounts

Year Ended 31 March 2014

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Accounts For The Year Ended 31 March 2014

Contents

SG/2014/229

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MANAGEMENT COMMENTARY

1. The accounts for the financial year ended 31 March 2014 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.

HISTORY AND STATUTORY BACKGROUND

2. Scotland's Commissioner for Children and Young People (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 DUTIES

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

STRATEGIC REPORT

REVIEW OF 2013-14

8. Tam Baillie took over as Scotland's Commissioner for Children and Young People on 18 May 2009. The office is now in its tenth year of operation during 1 April 2013 to 31 March 2014. The role of Scotland's Commissioner for Children and Young People is to promote and protect children and young people's rights, and to work for everyone under 18, or up to 21 if they have ever been 'looked after' or in care. It is not enough simply to say that we must listen to children and young people; if their rights are infringed we must also act on what we hear.

9. The Commissioner is pleased to report another very productive 12 months for the work of the office.

10. The Policy Team has been responsive to a busy legislative year, with a particularly intensive period of activity influencing the parliamentary progress of the Children and Young People (Scotland) Act. The Act will have a long-lasting impact on the office and children's rights in Scotland. The Commissioner believes the office demonstrated leadership in the work undertaken and significantly improved the proposals in the original Bill.

11. The Participation and Education Team continues to make progress in raising awareness and understanding of children's rights with those directly working with children and young people. The Commissioner is particularly pleased to witness the progressive uptake of participatory approaches in schools, youth and social care settings.

12. The Corporate Services Team has had to react to external demands on the basis of our public body status. They have been gearing up for some significant changes in the operations of the office through the consequence of additional staff and the move to new office accommodation in 2014.

13. 2013-14 has been another invigorating year, with the Commissioner meeting with thousands of inspiring children and young people, addressing key matters relating to children's rights and being part of what he perceives to be a movement towards a more commonly understood approach to the realisation of children's rights in Scotland. The

Commissioner has spoken to many audiences and met people from across Scotland and is encouraged by the increasingly progressive approach to children's rights issues.

Child poverty: overarching issue

14. The Commissioner considers the need to record his extreme disquiet with the failure to make any progress in reducing the number of our children who live in poverty. It continues to be a national disgrace that one in five of our children lives in poverty.

15. The Commissioner is reminded by a constant stream of reports of the corrosive impact this has on our children's life chances. There is persuasive and disturbing evidence of gaps in social, emotional and cognitive development being evident and measurable for our youngest children. These are amplified as they grow up. In other words, despite our efforts, remedial actions do not counter the destructive impact on children born into families living in poor circumstances. This will continue as long as we live in an unequal society. It must be addressed by governments at all levels.

16. Child poverty is the single most negative factor in too many of our children's lives and the eradication of it is the single most significant influence in the better realisation of their rights.

Children and Young People (Scotland) Act

17. The Children and Young People (Scotland) Act, which received Royal Assent on 27^{th} March 2014, is the most significant legislation for children and young people passed in many years. In terms of children's rights the Commissioner pressed for the ministerial and public body duties to be strengthened, however, it is still the most significant legislation relating to children's rights we have thus far. The Commissioner will use every opportunity to ensure that the legislation has maximum impact.

18. The implications in terms of children's rights are:

- Duties relating to the United Nations Convention on the Rights of the Child (UNCRC) on Ministers, including raising awareness and understanding
- Duties on public bodies in respect of reporting on the UNCRC
- Extended powers of the Commissioner to include individual cases.

19. The additional powers for the Commissioner, due to be enacted in 2016, will significantly change the overall function of the office.

20. There are other measures in the Bill which could have far-reaching implications for children and young people's rights, such as: a right to remain looked after up to the age of 21 and supported up to the age of 26; an extension of a right to child care provision to two year olds on the basis of a lack of economic activity in the household; and the extension of rights to free school meals for all children in P1 to P3.

Proactive Work of The Office

21. The main focus of the proactive work of the office continues to be based on the responses from *a RIGHT blether,* the major consultation with children and young people that the Commissioner undertook in 2010.

22. Progress continues in each of these areas:

Domestic abuse

- In November 2013 the Commissioner published research highlighting the treatment of the views of children in private law child contact disputes where there is a history of domestic abuse.

Poverty and education

- The Commissioner has commissioned two separate pieces of work: one seeking the views of children and young people on the impact of poverty and educational attainment; and another looking at patterns of participation in secondary schools and the impact on attainment. Both of these are due to report later in 2014.

Respect campaigns

- In September 2013 the Commissioner launched a campaign to improve school toilets, which was accompanied by relevant reports on the children and young people's views of their experiences of school toilets. The campaign continues into 2014.

Disability

- In September 2013 the Commissioner published a set of reports on children and young people with disabilities, highlighting the impact of recent changes in service provision to disabled children, young people and their families in Scotland. The reports were launched at a conference where parents, professionals and politicians discussed the findings. The Commissioner also published a series of reports on the administration of medicines in schools.

Reactive work

- The office continues to provide vital responses to enquiries received on a wide range of children's rights issues. Twenty three Freedom of Information Requests were received and responded to in 2013-14. These covered a wide range of issues and often sought information in relation to delivery of our functions and management of our resources. The Commissioner continues to have a significant presence in the press and media on relevant children's rights issues.

RISKS AND UNCERTAINTIES

23. The 2013-14 risks are detailed on p16. The Commissioner has identified the following as key risks for the organisation in 2014-15 and put in place mitigating actions:

- Additional costs - Possibility of insufficient funding made available in respect of additional staff numbers, recruitment of suitably qualified staff, costs of new accommodation and improved IT systems.

- Model of practice - Failure to establish an effective model of practice for the office to avoid duplicating work of other complaint handling bodies.

- Staffing - Disruption to the business in November 2014 due to increased pressure on staff as a result of move to new premises.

- Communications - Recognition that there will be a high expectation of the office through new powers with insufficient resources to fulfil the remit. Also failure to provide lead by the office in matters directly affecting the rights of children and young people in Scotland.

- IT systems - Failure to ensure secure IT systems and functionality capable of dealing with increased numbers of enquires/caseload.

FINANCIAL POSITION

24. The Scottish Parliament allocated the Commissioner a budget of £1,226,000 for the financial year 2013-14 (2012-13: £1,234,000).

25. The Commissioner drew down £1,224,000 (2012-13: £1,184,000), resulting in a £2,000 underspend (2012-13: £8,000).

26. The annual accounts are prepared on an accruals basis meaning that expenses are recognised in the period in which they were incurred rather than when the cash payment is made. On this basis, the Commissioner's expenditure on operating activities for the year ended 31 March 2014 totalled £1,188,000 (2012-2013: £1,258,000). This was on staffing costs £711,000 (2012-2013: £718,000), other operating expenditure £448,000

(2012-13: £505,000) and depreciation £29,000 (2012-13: £35,000). Income for the year was £0 (2012-13: £0).

27. A further £2,000 (2012-13: £3,000) was spent on capital additions during the financial year as detailed in note 6 to the Accounts giving total expenditure of £1,190,000. Excluding notional expenditure (Depreciation £29,000) total expenditure was£1,161,000.

PAYMENT OF CREDITORS

28. The Commissioner 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 receipt of the goods or services. Payment performance for 2013-14 was 98% (2012-13: 96%).

FUTURE DEVELOPMENT

29. In 2014-15 the Commissioner wants to maximise the impact of implementation of the Children and Young People Act. This will give added momentum to the work already undertaken and is his single overarching priority for the coming year.

30. The extension of the powers of the office will significantly change the overall function of the office and carries a budget for an additional three staff. Provision has been made in the 2015-16 budget submitted in September 2014.

31. The provision of additional staff and a break clause opportunity in our current lease has prompted a requirement to seek alternative accommodation. It is anticipated the office will move to new premises later in 2014.

32. The Commissioner is currently the Chair-elect of the European Network of Ombudspersons (ENOC). As a consequence, the ENOC Annual Conference and General Assembly will be held in October 2014 in Edinburgh, where the Commissioner will host over 100 international guests. The Commissioner will coordinate the international work programme focusing on the impact of austerity on children and young people in Europe.

33. The Commissioner would like to thank his staff for their excellent work during this time. The Commissioner believes real progress is being made and the key to continuing on this path is the ownership of children's rights by all members of our society: parent and carers; educators and housing providers; health and social care workers; politicians at all levels; and any decision-makers who affect any children's lives. This is our challenge in the years ahead.

ENVIRONMENTAL MATTERS

34. The Commissioner recognises that his activities may have both positive and negative impacts in Scotland and further afield. Through his policies and procedures, the Commissioner encourages the use of public transport wherever possible. The planned upgrade to the records management system will reduce reliance on paper copies and, subject to levels of activity, reduce consumption.

EMPLOYEE GENDER BREAKDOWN

35. As at 31 March 2014, the Commissioner employed:

	Female	Male
Senior Managers	0	0
Employees	11	4

See note 3.2 to the accounts for further information.

EQUAL OPPORTUNITIES

36. The Commissioner supports the principle of equal opportunities in carrying out his operational functions and employment practices. This means he is committed to pursuing positive action in his 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 Commissioner has adopted the principles of openness and participation in his organisation and places a high level of importance on both informing and consulting staff. He 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.

DISCLOSURE OF INFORMATION TO AUDITORS

38. As Accountable Officer, as far as the Commissioner is aware, there is no relevant audit information of which the auditors are unaware. The Commissioner has taken all necessary steps to make himself aware of any relevant audit information and to establish that the auditors were aware of that information.

AUDIT

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

AUTHORISATION

40. As Accountable Officer, the Commissioner has authorised the accounts for issue on the date below.

Tam Baillie
Scotland's Commissioner for
Children and Young People.

23 September 2014

COMMISSIONER'S REPORT

OFFICE-HOLDERS

41. Scotland's Commissioner for Children and Young People

The Commissioner was:	Tam Baillie
Appointed.	18 May 2009
Term ending	17 May 2017

MANAGEMENT TEAM

42. The Commissioner leads a management team which oversees the operation and development of the office. During 2013-14, this comprised:

Name	**Position**
Katie Brown	Head of Participation & Education
Stephen Grounds	Head of Corporate Services
Maire McCormack	Head of Policy (Apr 13 - Sep 13)
Nico Juetten	Acting Head of Policy (Oct 13 - Mar 14)

ADVISORY AUDIT BOARD

43. In addition, the Commissioner is supported by an Advisory Audit Board (AAB), used to provide advice on governance and financial issues. Members of the Commissioner's AAB are drawn from the Scottish Parliamentary Corporate Body (SPCB) AAB. During 2013-14, the Commissioner was assisted by Ian Robertson, Jean Couper and Kevin Sweeney.

REGISTER OF INTERESTS

44. The Commissioner maintains a register of significant interests held by the Commissioner and staff. This is available on request. During 2013-14 no interests were assessed as significant.

PENSION ARRANGEMENTS

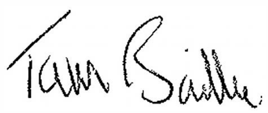
45. The Commissioner and his staff are eligible to become members of the civil service pension scheme.

AUDITORS FEES

46. External auditor's remuneration for the year was £14,000 (2012-13: £16,100). External audit received no fees in relation to non audit work.

PERSONAL DATA RELATED INCIDENTS

47. During the course of 2013-14 there was one data protection breach. The Information Commissioner's Office (ICO) was informed immediately. As minimal detriment appeared to have been caused and remedial measures were undertaken by this office, the ICO concluded that no further action was necessary.



Tam Baillie
Scotland's Commissioner for
Children and Young People.

23 September 2014

REMUNERATION REPORT

Following nomination by the Scottish Parliament, the Commissioner is appointed by Her Majesty the Queen. The Commissioner's remuneration is set by the SPCB.

Tam Baillie, who was appointed as Commissioner from 18 May 2009, receives a salary in the £70-75K band.

During the period 1 April 2013 to 31 March 2014, the Commissioner was employed on a full-time basis and drew a single salary. The Commissioner's salary and pension entitlements are set out below:

Single total figure of remuneration
Commissioner - Tam Baillie

	Salary (£'000)	Bonus Payments (£'000)	Benefits in kind (to nearest £100)	Pension Benefits (£'000)*	Total (£'000)
2013-14	70-75	Nil	Nil	28	95-100
2012-13	70-75	Nil	Nil	30	100-105

*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.

The "Salary" category covers both pensionable and non-pensionable amounts. It includes gross salary and, if awarded, overtime, recruitment and retention allowances, taxable allowances and any ex-gratia payments. It does not include employer National Insurance or pension contributions.

The monetary value of benefits in kind covers any benefits provided to the Commissioner and treated by Her Majesty's Revenue and Customs as taxable.

Remuneration Ratio

	2013-14	**2012-13**
Highest Earner's Total Remuneration (£,000)	70-75	70-75
Median Total	28,398	33,929
Ratio	**2.65**	**2.2**

The "Median Total" is the annual, full-time equivalent total remuneration, as at 31 March 2014, of the staff member lying in the middle of the linear distribution of the total staff, excluding the highest paid office-holder.

	Accrued pension at pension age as at 31/03/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/14	CETV at 31/03/13	Real increase in CTV
	£'000	£'000	£'000	£'000	£'000
	Bands £5,000	*Bands £2,500*			
Tam Baillie	5-10	0-2.5	124	94	18
	Lump sum	**Lump sum**			
	0-5	0 - 2.5			

Further detail about the pension scheme is given in notes 1.6 and 4 to the accounts.

The figures relating to pension and pension benefits are as provided by MyCSP Ltd, who administer the Civil Service Pension Scheme on behalf of the Cabinet Office.

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) 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. A CETV 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.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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.

Tam Baillie
Scotland's Commissioner for
Children and Young People

23 September 2014

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The Scottish Parliamentary Corporate Body (SPCB) designated Tam Baillie as the Accountable Officer for the Office of Scotland's Commissioner for Children and Young People. 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 his 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.

GOVERNANCE STATEMENT

This Statement sets out for our staff and stakeholders the basis on which the office of Scotland's Commissioner for Children and Young People has been established; the way in which it is governed and managed; and how it is accountable for what it does.

Governance framework and operation during the year

These accounts cover the period 1 April 2013 to 31 March 2014.

Management Team

The management team was led by the Commissioner and oversaw the operation and development of the office. The team consisted of the Commissioner, the Head of Policy, the Head of Participation and Education and the Head of Corporate Services. The management team met formally monthly to discuss and record key issues affecting the operation of the office. These meetings were minuted, with actions assigned to specific team members. Copies of the minutes are available on the Commissioner's website.

During 2013-14, the office worked to its Strategic Plan 2012-16 supported by an annual operational plan. The annual operational plan outlined the objectives for the year. Both these documents are published online and progress against the objectives is described in the Commissioner's annual reports.

The annual operational plan forms the basis of the performance management system. Each year, staff members agree a series of specific objectives directly related to and designed to achieve the organisation-wide objectives outlined in the strategic and annual business plans.

Ensuring finances are operated effectively, efficiently and economically

The operation of mechanisms to ensure finances are operated effectively, efficiently and economically is ensured through a Procurement Policy accompanied by a Scheme of Delegation which outlines the type and level of authority delegated to specific staff members.

The Commissioner is funded through the Scottish Parliament and, each year, submits an evidence-based budget bid for scrutiny and approval. The budget is based on the requirements of the strategic and operational business plans as well as prior year performance. Each budget element is reviewed to ensure the office is achieving best value; that it is continuously improving, serving stakeholders and meeting objectives whilst achieving value for money.

Performance against budget is analysed and reviewed on a monthly basis. Key issues are raised with the Accountable Officer, as they occur and at management team meetings. This allows any financial concerns to be identified and resolved promptly.

As well as the SPCB, external oversight is also provided by Audit Scotland, who audit the annual accounts. In addition, the Commissioner is supported by an Advisory Audit Board, used to provide advice on governance and financial issues.

Ensuring staff are managed effectively

As well as the performance management system, the Commissioner maintains a number of staff policy documents. These reflect statutory duties to staff, as well as terms and conditions and HR-related procedures.

These documents are extensive and include a Code of Conduct as well as Anti-Fraud, Grievance, Dignity at Work, Home-Working and Disciplinary policies. The office regularly reviews policies and procedures and standard practice is to consult and inform staff about any revisions. This ensures that staff members are regularly updated and fully aware of the rights and responsibilities they have.

Risk management arrangements, main risks during period and emerging risks

The system of internal control is designed to manage rather than eliminate the risks of failure to achieve the Commissioner's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurances of effectiveness.

The office maintains a risk management policy and risk register. This details the risks which may stop or hinder the organisation achieving its objectives and outlines the measures required or undertaken to reduce those risks. The risk register is updated to reflect risks associated with the objectives laid out in the strategic or annual operational plans or other key issues as they arise.

The key risks during 2013-14 were:

- Facilities - In order to exercise 6 months lease option and avoid disruption to existing operations, alternative accommodation needed to be identified by May 2014.

- IT systems - Failure to ensure secure IT systems and capability of fulfilling increased numbers of enquires/caseload.

As a result of the proposals in the Children and Young People (Scotland) Bill, key risks for the organisation in 2014-1 Sare as follows:

- Additional costs - Possibility of insufficient funding made available in respect of additional staff numbers, recruitment of suitably qualified staff, costs of new accommodation and improved IT systems.

- Model of practice - Failure to establish an effective model of practice for the office to avoid duplicating work of other offices.

- Staffing - Disruption to the business during the move to new premises in November 2014 due to increased accommodation requirements.

- Communications - Recognition that there will be a high expectation of the office through new powers with insufficient resources to fulfil the remit. Also failure to provide lead by the office in matters directly affecting the rights of children and young people in Scotland.

- IT systems - Failure to ensure secure IT systems and capability of fulfilling increased numbers of enquires/caseload.

Effectiveness of governance arrangements

To ensure effectiveness the Commissioner reviews his scheme of internal control quarterly. This assessment is informed by:

- The work of the AAB in consideration of risk and internal control measures
- Reports and comments made by the external auditors
- The work of the management team
- Review of the Commissioner's objectives as set out in the Strategic and annual Operational plans
- Review of the systems and procedures in place to manage staff, finances and risks

Compliance with generally accepted best practice principles and relevant guidance on corporate governance has been assessed using an internal control checklist. The checklist is based upon that provided within the Scottish Public Finance Manual, and a proportionate approach has been adopted, reflecting the relatively small size and simple structure of the Commissioner's office.

Completion of the internal control checklist confirmed that effective controls and systems are in place.

No written authorities were issued to the Accountable Officer during 2013-14.

Tam Baillie
Scotland's Commissioner for
Children and Young People.

23 September 2014

Independent auditor's report to Scotland's Commissioner for Children and Young People, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of Scotland's Commissioner for Children and Young People for the year ended 31 March 2014 under the Commissioner for Children and Young People (Scotland) Act 2003. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and the related notes. 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 2013/14 Government Financial Reporting Manual (the 2013/14 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on 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 the body's affairs as at 31 March 2014 and of its net operating cost 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 2013/14 FReM; and
- have been prepared in accordance with the requirements of the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Commissioner for Children and Young People (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or

- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

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Gillian Woolman MA FCA
Assistant Director
Audit Scotland
18 George Street
Edinburgh
EH2 2QU

Date: 'L <(t-lZ...<—v- 10 14.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Administrative Costs			
Staff Costs	3.3	711	718
Other Administration costs	5	448	505
Depreciation	6	29	35
Operating Income		-	-
Net Administration Costs		1,188	1,258
Net Operating Cost		**1,188**	**1,258**

All amounts relate to continuing activities.

The accompanying notes on pages 25 to 33 form an integral part of these accounts.

Statement of Financial Position
As at 31 March 2014

	Notes	2014 £'000	2013 £'000
Non Current Assets			
Property, Plant and Equipment	6	20	47
Intangible Assets	6	1	1
Total Non Current Assets		21	48
Current Assets			
Trade and Other Receivables	7	29	30
Cash and Cash Equivalents	8	22	-
Total Current Assets		51	30
Total Assets		72	78
Current Liabilities			
Trade and other payables	9	(35)	(77)
Total Current Liabilities		(35)	(77)
Non Current Assets plus Net Current Assets		37	1
Assets less Liabilities		37	1
Taxpayers Equity			
General Fund		37	1
Total Taxpayers Equity		**37**	1

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Tam Baillie
Scotland's Commissioner for
Children and Young People

23 September 2014

The accompanying notes on pages 25 to 33 form an integral part of these accounts.

Statement of Cash Flows

For Year Ended 31 March 2014

	2014 £'000	2013 £'000
Cash Flows From Operating Activities		
Net Operating Cost	(1,188)	(1,258)
Adjustment for Non Cash Transactions		
Depreciation	29	35
Movements in Working Capital		
(Increase)/ Decrease in Trade and Other Receivables	1	(7)
Increase/(Decrease) in Trade and Other Payables	(42)	45
Net Cash Outflow from Operating Activities	(1,200)	(1,185)
Cash Flows From Investing Activities		
Purchase of Property, Plant and Equipment	(2)	(3)
Net Cash Outflow from Investing Activities	(2)	(3)
Total Net Cash Outflows	(1,202)	(1,188)
Cash Flows From Financing Activities		
Financing from the Scottish Parliamentary Corporate Body	1,224	1,184
Net Cash Inflow from Financing Activities	**1,224**	**1,184**
Net Increase/(Decreasel in Cash and Cash Equivalents		
Cash and Cash Equivalents at the beginning of Period	-	**4**
Cash Flow in Year	**22**	(4)
Cash and Cash Equivalents at the end of Period	**22**	-

The accompanying notes on pages 25 to 33 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity
For Year Ended 31 March 2014

	General Fund	Total Reserves
	£'000	£'000
Balance at 31 March 2013	1	1
Net Operating Costs for the Year	(1,188)	(1,188)
Funding From the SPCB	1,224	1,224
Balance at 31 March 2014	37	37

The accompanying notes on pages 25 to 33 form an integral part of these accounts.

NOTES TO THE ACCOUNTS

1 Accounting Policies

These financial statements have been prepared in accordance with the *Government Financial Reporting Manual (FReM)* in compliance with the accounts direction issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 most appropriate to the particular circumstances of the Commissioner for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: *Accounting Policies, Changes in Accounting Estimates and Errors.* Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.2 Property, Plant and Equipment

1.2.1 *Capitalisation*

Purchases of assets for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital. IT equipment threshold is where the group value exceeds £500.

1.2.2 ***Valuation***

As appropriate, non-current assets are valued at depreciated historic cost (DHC) as a proxy for fair value.

1.2.3 *Depreciation*

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset.

1.2.4 *Estimated useful life of assets*

The estimated useful life of assets are as follows:

Furniture and equipment	5 years
Fixtures and Fittings	5 years
IT Equipment	3 years

1.3 Intangible Non Current Assets

Software and licences are capitalised as intangible non-current assets and amortised on a straight line basis over the expected life of the asset (3 years).

1.4 Funding

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

1.5 Leases

The Commissioner holds no material finance leases. Costs in respect of operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the life of the lease.

1.6 Pension Scheme

The Commissioner to 31 March 2014

The Commissioner is a member of the Principal Civil Service Pension Scheme (PCSPS).

Employees

The Commissioner's employees are members of the Principal Civil Service Pension Scheme. The PCSPS is a contracted out, unfunded, defined benefit, pay-as-you-go occupational pension scheme operated by the Scheme Management Executive on behalf of members of the Civil Service who satisfy the membership criteria. From 30 July 2007 members may be in one of four defined benefit schemes, whether a final salary scheme (classic, premium, classic plus) or a whole career scheme (nuvos).

Contributions to the Scheme by employers and employees are set at rates defined by the Scheme's Actuary and approved by the Scheme Management Board. The contributions partially fund payments made by the Scheme, the balance of funding being provided by the UK Parliament. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions increase legislation.

It is not possible for the Commissioner's office to identify its share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

Employee contributions are salary related and range between 1.5% and 6.25% of pensions' earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Further increases to employee contributions will apply from 1 April 2014.

The classic scheme offers an automatic lump sum on retirement which can be exchanged for additional pension. Members in the premium and nuvos schemes can convert some of their pension into a lump sum on retirement. Either option is available to members of classic plus depending on their entry date.

Employer's contributions are payable to the PCSPS at one of the four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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 the 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.

1.7 Value Added Tax

The office of the Commissioner is not VAT registered. All amounts are recorded inclusive of VAT.

1.8 Financial Instruments

Financial assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

1.8.1 Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other third parties.

The Commissioner receives funding on a monthly basis and restricts cash holdings to a minimum.

1.8.2 Liquidity risk

The Commissioner does not have any external borrowings.

1.8.3 Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. The Commissioner does not rely on interest receivable as its key source of income.

2 Income

	2014	2013
Income from all sources	£'000	£'000
Other income	0	0
	0	0

3 Employee Information

3.1 *Average Number Employed (Full Time Equivalent)*

The average number of full time equivalent (FTE) persons employed by the Commissioner during the period was as follows:

	2014	2013
	FTE	FTE
Commissioner	1	1
Employees	13	13
	14	14

3.2 ***Number of employees by gender***

The number of employees, broken down by gender, as at 31 March:

	2014		2013	
	Female	Male	Female	Male
Commissioner	0	1	0	1
Senior Managers	0	0	0	0
Employees	11	4	11	4
Total	11	5	11	5

A senior manager is defined as being the equivalent of a member of the Senior Civil Service

3.3 *Breakdown of Staff Costs-Administration costs*

	Total 2014 £'000	Commissioner 2014 £'000	Staff 2014 £'000	Total 2013 £'000
Salaries/ wages	557	75	482	558
Social security costs	45	8	37	46
Pension costs	109	18	91	114
	711	101	610	718

4 Pension Costs

For 2013-14 employers' contributions of £90,646 (2012-13: £95,342) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2012-13: 16.7% to 24.3%).

In addition to the above, employer contributions of £18,316 were payable to the PCSPS for the Commissioner at the rate of 24.3%.

There were no outstanding or prepaid scheme contributions at 31 March 2014 (2012-13 £nil).

5 Other Administration Costs

	2014	2013
	£'000	£'000
Property Costs	103	110
General Office Running Costs	62	63
Staff Recruitment & Training	18	16
Travel and Expenses and Hospitality	17	21
Promotion & Participation	129	141
Research	58	72
IT Support	18	28
Website Development & Maintenance	12	21
Professional Fees	31	33
	448	505

The total for Professional Fees includes £14,000 (2012-13: £16,100) for external auditor's remuneration, the balance being for accounting services.

6 Prope!!)I, Plant and E(luipment

6.1 Tangible Non Current Assets

	Leasehold Improvements	Fixtures & Fittings and Equipment	IT Systems	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2013	205	73	69	347
Additions	-	1	-	1
Disposals	-	-	-	-
At 31 March 2014	205	74	69	348
Depreciation				
At 1 April 2013	169	72	59	300
Charge for Year	20	1	7	28
On disposals	-	-	-	-
At 31 March 2014	189	73	66	328
Net Book Value at 31 March 2014	16	1	3	20
Net Book Value at 31 March 2013	36	1	10	47

6.2 Intangible Non Current Assets

	Software & licences	Total
	£'000	£'000
Cost		
At 1 April 2013	56	56
Additions	1	1
At 31 March 2014	57	57
Depreciation		
At 1 April 2013	55	55
Charge for Year	1	1
At 31 March 2014	56	56
Net Book Value at 31 March 2014	1	1
Net Book Value at 31 March 2013	1	1

7 Trade Receivables and Other Current Assets

	2014	2013
	£'000	£'000
Trade Debtors	10	11
Prepayments	19	19
	29	30

8 Cash and Cash Equivalents

	2014	2013
	£'000	£'000
Balance at 1 April 2013	-	4
Net Change in cash and cash equivalent balances	**22**	(4)
Balance at 31 March 2014	**22**	-
Cash Held at Commercial Banks	**22**	-

9 Trade Pa}'ables and Other Current Liabilities
Amounts falling due within one }'ear

	2014	2013
	£'000	£'000
Trade Payables	10	44
Accruals	**25**	33
	35	77

10 Operating Leases

	2014	2013
Operating lease payments commitments expiring:	£'000	£'000
Within 1 year of the balance sheet date*	39	60
Within 1 - 5 years of the balance sheet date*	235	300
Over 5 years of the balance sheet date	-	60
Total	**274**	420

*Rent is payable on the current premises for the period 1 April 2014 to 17 November 2014. On move to new premises, a 10 month rent free period will be in operation resulting in partial rent payable from July 2015 to March 2016. From April 2016, full rent will be payable at £52,284 p.a until expiry of the 5 year lease in September 2019.

11 Capital Commitments

As at 31 March 2014 there were no capital commitments (2012-13: £nil).

12 Contingent Liabilities

As at 31 March 2014 there were no contingent liabilities. (2012-13: £nil).

13 Related Party Transactions

The Commissioner was constituted by legislation enacted by the Scottish Parliament which provides funding via the SPCB. The SPCB is regarded as a related body. The SPCB provided funding of £1,224,000 during the year.

Neither the Commissioner, nor his staff or related parties has undertaken material transactions with the SPCB during the year.

14 Post Balance Sheet Events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

SCOTLAND'S COMMISSIONER FOR CHILDREN AND YOUNG PEOPLE

DIRECTION BY THE SCOTTISH MINISTERS

I. The Scottish Ministers, in pursuance of paragraph 11 of Schedule I of the Commissioner for Children and Young People (Scotland) Act 2003, hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2006, 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 cash flows 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. The earlier direction is hereby revoked.

Signed by the authority of the Scottish Ministers

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Dated 1 September 2006