



<b>Meeting</b>	<b>Audit, Risk and Assurance Committee</b>
<b>Date</b>	<b>21 May 2025</b>
<b>Location</b>	<b>Online</b>
<b>Title of Paper</b>	<b>Internal audit reports</b>
<b>Presented By</b>	<b>John McNellis</b> <b>Head of Finance, Audit and Risk</b>  <b>Claire Robertson, BDO</b>
<b>Recommendation to Members</b>	<b>For noting</b>
<b>Appendix Attached</b>	<b>Appendices</b> <b>A Estates and Asset Management</b> <b>B Review of ICT General Controls</b> <b>C Grant Management Process</b> <b>D Health &amp; Safety (Transportation of Dangerous Goods)</b>

## **PURPOSE**

To present the Audit, Risk and Assurance Committee (ARAC) with internal audit reports from the 2024/25 internal audit plan.

*The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Audit, Risk and Assurance Committee (ARAC) terms of reference and is submitted for consultation.*

## **1 BACKGROUND**

- 1.1. The Internal Audit plan for 2024/25 was approved by the ARAC in February 2024.

Internal audit undertook the following reviews to provide ARAC with assurance over the design and operating effectiveness of controls in these areas:

- a. Estates and Asset Management
- b. Review of ICT General Controls
- c. Grant Management Process
- d. Health & Safety (Transportation of Dangerous Goods). This is an additional audit, not included in the original plan, conducted at the request of Police Scotland

## 2 FURTHER DETAIL ON REPORT TOPIC

### Appendix A - Estates and Asset Management

#### a. Background:

- The objective of the Estates Masterplan is to create a modern fit for purpose estate that best serves our communities and workforce.

#### b. Internal Audit Findings:

**Moderate assurance** on design of internal controls.

**Moderate assurance** on effectiveness of procedures and controls.

- BDO noted the Estates Master Plan offers a comprehensive future outlook for SPA's Estates portfolio, using data-driven analysis and master planning tools.
- There were many areas of good practice noted throughout the review. However, internal audit has identified weaknesses in the design of internal controls, which represent opportunities for improvement.
- While the plan addresses current estate issues and the investment needed to mitigate rising maintenance costs, it lacks detailed implementation steps and a clear roadmap for improvement.

#### c. Summary of Findings of the Report:

SUMMARY OF FINDINGS		# OF AGREED ACTIONS
High	0	1
Medium	2	3
Low	2	2
<b>TOTAL</b>	<b>4</b>	<b>5</b>

#### d. SPA Considerations:

- Positive assurance is received over the adequacy of arrangements in place to address the challenges faced within Police Scotland's estates management, including property management and health & safety.
- All recommendations have been accepted and are forecast to be completed by in a relatively short timescale, December 2025.

## Appendix B - Review of ICT General Controls

### a. Background:

- Effective IT change controls are crucial to an organisation's IT Testing Function as they ensure changes are systematically managed, reducing risks and maintaining stability.
- Amid rapid and accessible technological advancements, such as AI-driven developments, a robust change and testing framework is increasingly important for organisations – both for control and agility.

### b. Internal Audit Findings:

**Substantial assurance** on design of internal controls.

**Substantial assurance** on effectiveness of procedures and controls.

- BDO noted a substantial assurance conclusion on the design and operating effectiveness of IT change controls. They found that the Digital Division has a well-documented and implemented IT Change Management policy and associated procedures in operation.
- The audit highlighted few areas for improvement within the agreed scope, reflecting a good awareness of IT change risks and controls and proactive stance by the current management team.

### c. Summary of Findings of the Report:

SUMMARY OF FINDINGS		# OF AGREED ACTIONS
High		
Medium		
Low	1	2
<b>TOTAL</b>	<b>1</b>	<b>2</b>

### d. SPA Considerations:

- The overall results and findings of this audit are extremely positive and give assurance the controls/processes are robust with BDO providing substantial assurance and identifying only one low finding.

## Appendix C - Grant Management Process

### a. Background:

- Management recognised that historically, there has been a lack of clarity around the nature of disbursements i.e. whether they are grants or gifts/donations; and also noted that there are legacy grants in place that have not been subject to review and therefore, there is little understanding around their purpose.
- The Corporate Governance Framework of the Authority sets out the scheme of delegation in relation to grants.

### b. Internal Audit Findings:

**Moderate assurance** on design of internal controls.

**Limited assurance** on effectiveness of procedures and controls.

- BDO noted in the main, controls surrounding the grant management processes are well designed. However, they also noted several areas that Police Scotland could improve in relation to the grant management arrangements in place.
- The findings showed that the policy and procedure refresh has enhanced the design of the controls in place and once embedded and if consistently applied will provide a robust grant management control environment. However, the results of the review showed that there is still work to be done in embedding and ensuring compliance.

### c. Summary of Findings of the Report:

SUMMARY OF FINDINGS		# OF AGREED ACTIONS
High	2	3
Medium	3	5
Low	1	1
<b>TOTAL</b>	<b>6</b>	<b>9</b>

### d. SPA Considerations:

- Seven recommendations have been agreed with the remaining two being partially agreed (one low and one medium). All recommendations are scheduled to be completed by October 2025.
- Having grant management policies and procedural documents in place is positive. However, the audit highlights areas for improvement are required leading to limited assurance on effectiveness of procedures and controls.

## Appendix D - Health & Safety (Transportation of Dangerous Goods).

### a. Background:

- This audit was not included in the original internal audit plan. It was conducted as an additional audit at the request of Police Scotland recognising a risk area.
- Police officers and staff frequently transport and store items like nitrous oxide canisters, fireworks, lithium-ion batteries, and chemicals used in drug production. These goods are seized at crime scenes and transported to production stores in police cars and vans.

### b. Internal Audit Findings:

**Limited assurance** on design of internal controls.

**Limited assurance** on effectiveness of procedures and controls.

- BDO noted several key deficiencies across the internal control environment, the root cause of which is likely minimal policies and procedures covering transporting, storing and disposing of dangerous goods, and a lack of recent dangerous goods training, which has led to inconsistent and in some cases, poor practice.
- On-site visits highlighted goods are not always identified before they are stored, and labelling was often inadequate to communicate the risks and hazards associated with dangerous goods.
- The audit found considerable inconsistencies in how dangerous goods are being stored at different sites and some transport vehicles do not have ventilation facilities and appropriate apparatus to secure items.
- Given the nature of the findings identified, management should prioritise taking action on the recommendations noted in this report.

### c. Summary of Findings of the Report:

SUMMARY OF FINDINGS		# OF AGREED ACTIONS
High	3	8
Medium	4	11
Low	0	
<b>TOTAL</b>	<b>7</b>	<b>19</b>

**d. SPA Considerations:**

- The number of findings and actions are high and requires to be addressed as a matter of urgency.
- The number of findings were expected and management were proactive in requesting this independent audit given awareness that there were challenges in this area that required an expert review.
- All recommendations have been accepted and are forecast to be completed by October 2026.

**3 FINANCIAL IMPLICATIONS**

- 3.1. The cost of providing the internal audit service is included in the 2024/25 budget.
- 3.2. The implementation of recommendations from internal audit work is likely to have financial implications.

**4 PERSONNEL IMPLICATIONS**

- 4.1. There are no specific personnel implications associated with this paper, however, reviews may have considered this aspect.
- 4.2. The internal audit service is provided by an external provider, BDO.

**5 LEGAL IMPLICATIONS**

- 5.1. There are no specific legal implications associated with this paper. Reviews will consider applicable legal implications.

**6 REPUTATIONAL IMPLICATIONS**

- 6.1. There are no specific reputational implications associated with this paper.
- 6.2. The objective of the internal audit service is to provide an independent opinion on the organisation and the effectiveness of its operations. Its reviews aim to help the organisation promote improved standards of governance, better management, decision making and more effective use of funds. This aids transparency and contributes toward confidence in the Authority.

**7 SOCIAL IMPLICATIONS**

- 7.1. There are no specific social implications associated with this paper, however, reviews may have considered this aspect.

## **8 COMMUNITY IMPACT**

- 8.1. There are no specific community impact implications associated with this paper, however, reviews may have considered this aspect.

## **9 EQUALITIES IMPLICATIONS**

- 9.1. There are no specific equalities implications associated with this paper, however, reviews may have considered this aspect.

## **10 ENVIRONMENT IMPLICATIONS**

- 10.1. There are no specific environmental implications associated with this paper, however, reviews may have considered this aspect.

### **RECOMMENDATIONS**

Members are requested to note the internal audit reports.



# Scottish Police Authority Estates and Asset Management

Internal Audit Report - Final  
May 2025

LEVEL OF ASSURANCE:	
DESIGN	Moderate
EFFECTIVENESS	Moderate

# CONTENTS

1. <u>EXECUTIVE SUMMARY</u>	3
2. <u>DETAILED FINDINGS</u>	5
3. <u>APPENDIX I: BACKGROUND</u>	11
4. <u>APPENDIX II: DEFINITIONS</u>	12
5. <u>APPENDIX III: TERMS OF REFERENCE</u>	13
6. <u>APPENDIX IV: STAFF INTERVIEWED</u>	14
7. <u>APPENDIX V: LIMITATIONS AND RESPONSIBILITIES</u>	15

## RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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## REPORT STATUS

IA DELIVERY TEAM:	Sowmya Menon, Bennet Le Riche
FIELDWORK PERFORMED:	25 November 2024 - 28 January 2025
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FINAL REPORT ISSUED	08 May 2025





# Executive Summary

Level of assurance: (see appendix II for definitions)

Design

Moderate

Generally, a sound system of internal control designed to achieve system objectives with some exceptions.

Effectiveness

Moderate

Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

Summary of findings:

No. of  
agreed  
actions

H

0

0

M

2

3

L

2

2

Total number of findings: 4

OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ The Master Plan is not underpinned by valid and appropriate assumptions and does not align with PS' strategy and vision.

## Background

Police Scotland recognise that the Estate has not had the required investment to make improvements over the last decade. The current approach has resulted in a backlog of maintenance of almost £300M which at the current rate of funding will take almost 30 years to implement.

Police Scotland have developed an Estates Master Plan to provide a shared strategic understanding for each building, encompassing both Police operations and estate management, and provide a baseline for the request for funding from Scottish Government, recognising that several buildings have not been maintained to expected standard due to lack of investment in estates. The plan has been endorsed by the SPA Board.

Third-party Strategic Property Consultant, Knight Frank, has been supporting Police Scotland in reviewing their current estate portfolio and establishing a programme for continuous improvement. The present approach involves review of demand in each locality through a data-driven assessment of various metrics, for e.g., number of cells in a police station, location of road policing to avoid high-traffic areas.

A new target operating model is in development that considers team structure and capabilities for delivery of the strategy in the long-term. There are also plans in place to procure an off-the-shelf asset management system.

The estates improvement plan has been presented to the Resources Committee and National Estates Board.

The estates team is a shared service team and therefore, strategies and plans encompass estates within Police Scotland, Scottish Police Authority and Forensics.

A previous Health & Safety review undertaken by SPA's previous internal auditors highlighted several issues; concerning estates plans for national divisions, health and safety champions, adapt reporting, and PAVA management, for example.

## Purpose, Scope & Approach

The purpose of this review was to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the adequacy of arrangements in place to address the challenges faced within Police Scotland's estates management, including property management and health & safety; within the following areas:

1. Master Plan
2. Maintenance
3. Health & Safety (Follow-up)

We conducted interviews with various members of Police Scotland to establish the operational effectiveness for the agreed areas. We also reviewed relevant documentation to evidence how activities are designed and operating as described.

## Summary of Good Practice

- **Master Plan Alignment:** The three-year business plan and the Estates Master Plan share aligned objectives and strategies. Both focus on developing a sustainable, modern estate that supports wellbeing, enhances public trust, and reduces long-term operating costs.
- **Master Plan Completeness:** The Master Plan Report 2025-35 outlines a ten-year strategy to transform the Police Scotland estate to align with new policing models; covering status of properties, Master Plan approach, disposal strategies, and programme risks.



# Executive Summary

## Summary of Good practice (Continued)

- **Comprehensive Master Plan Consultation:** During the Master Plan development, Police Scotland consulted fourteen different departments. The SPA CFO and the National Estates Board were also involved to identify essential departments for consultation.

## Summary of Findings

We have raised 4 findings during our review. We summarise our findings below:

- **Completeness of Data (Medium):** There are inconsistencies in the master planning tool, which may lead to incorrect data being presented within the Master Plan, potentially affecting decision-making and planning. We also noted several small discrepancies in property data and cost calculations, which could lead to misinformed decisions, financial loss, and resourcing issues.
- **Availability of Timing and Phasing Data (Medium):** The Master Plan aims to reduce legacy maintenance costs by investing in new and upgraded facilities, but the lack of a detailed implementation plan means Police Scotland must continue maintaining existing buildings in the meantime. Without determining the next stage of the Master Plan, the timing and phasing for implementation remain undecided, leading to ongoing maintenance costs for deteriorating buildings.

- **Access to Maintenance Data (Low):** The Facilities Management team faces challenges with limited reporting and analysis capabilities due to maintenance data being stored on OCS systems. Since maintenance data is held by a third-party contractor, it is challenging to interrogate the data or access it promptly, increasing the risk of delays and inefficiencies in property management.
- **Data Integrity (Low):** The Estates team's Masterdata set, and Knight Frank consultants' planning tool rely on manual spreadsheets for cost modelling and scenario planning. Spreadsheets increase the risk of human error due to manual input and version control issues. This can lead to inaccurate data entry and unauthorised access to sensitive information.

## Conclusion

The Estates Master Plan offers a comprehensive future outlook for SPA's Estates portfolio, using data-driven analysis and master planning tools. There were many areas of good practice noted throughout the review. The three-year business plan and the Estates Master Plan share aligned objectives; and the Master Plan Report 2025-35 effectively outlines a ten-year strategy to transform the Police Scotland estate, covering property status, Master Plan approach, disposal strategies, and programme risks.

However, internal audit has identified several weaknesses in the design of internal controls, which represent opportunities for improvement.

We noted inconsistencies between data sources, specifically the master planning tool, which increase the risk of inaccuracies. While the plan addresses current estate issues and the investment needed to mitigate rising maintenance costs, it lacks detailed implementation steps and a clear roadmap for improvement. Additionally, data being held by third-party provider OCS could cause delays in obtaining data for analysis and is not provided in a useful format.


Given these findings, we have provided a '**Moderate**' level of assurance over both the design and operational effectiveness of the internal controls in place.

## Detailed Findings



# Detailed Findings


**Risk:** PS has not assessed the condition of their estates and consequently, do not have a maintenance plan in place

Finding 1 - Completeness of Data			Type
<p>There are inconsistencies in the master planning tool may lead to incorrect data being presented within the master plan.</p> <ul style="list-style-type: none"> <li>▶ <b>Property Data:</b> The master planning tool lists 336 properties, but the Master Plan presented to the SPA Board lists 335 properties, while the regional breakdown lists 343. Additionally, 11 properties identified as 'sold/relinquished' in the master data set are included in the plan to be retained or fitted out.</li> <li>▶ <b>Cost Calculations:</b> Three properties listed as 'new' have no cost estimates due to missing size information. Additionally, 13 properties marked for retention have no associated costs.</li> </ul>			Design & Effectiveness 
Implication			Significance
Inconsistencies in the master planning tool can lead to incorrect data being presented, affecting decision-making and planning. Discrepancies in property data and cost calculations could lead to misinformed decisions, financial loss, and resourcing issues.			Medium
Recommendations	Action owner	Management response	Completion date
1. <b>Property Data:</b> Reconcile the discrepancies in property counts between the master planning tool, Master Plan, and regional breakdown to ensure accurate reporting. Update the master data set to reflect the correct status of properties identified as 'sold/relinquished' and ensure they are accurately represented in the Master Plan.	Tony Cooper/Brian Johnstone	Agreed: Work is ongoing to progressively update and consolidate all relevant Estates data into a central source and ensure it is complete and consistent. Information gaps will be prioritised according to the relative significance. The updated data set will be used to feed the Masterplan 3 planning work and the new Estates Asset Management system implementation.	August 2025 for key areas to be updated  December 2025 - for full data set completion - linked to timeline for EAM system implementation
2. <b>Cost Calculations:</b> Obtain the missing size information for the three 'new' properties and update the cost estimates accordingly. Review and update the cost data for the 13 properties marked for retention to ensure all associated costs are accurately captured.	Tony Cooper	Agreed: Work is underway to update the financial information to update the master record with 24/25 costs, which we will use for any future cost projections and decision making.	June 2025



# Detailed Findings


**Risk:** PS has not assessed the condition of their estates and consequently, do not have a maintenance plan in place

Finding 2 - Availability of Timing and Phasing Data			Type
<p>The Master Plan aims to reduce legacy maintenance costs by investing in new and upgraded facilities, but the lack of a detailed implementation plan means Police Scotland must continue maintaining existing buildings in the meantime.</p> <p>One of the key points presented with the fund request was the increased spending on buildings nearing the end of their economic life. The Master Plan aims to reverse this trend by investing in new and upgraded facilities, thereby reducing legacy maintenance costs.</p> <p>However, a review of the planning tool and discussions revealed that while an overarching strategy for disposing, retaining, or refurbishing properties has been considered, the timing and phasing of these plans are yet to be determined. This indicates that a detailed implementation plan is not yet available. In the meantime, Police Scotland will need to continue maintaining existing buildings that are still in use.</p>			Design 
Implication			Significance
Without determining the next stage of the Master Plan, the timing and phasing for implementation remain undecided, leading to ongoing maintenance costs for existing, deteriorating buildings.			Medium
Recommendations	Action owner	Management response	Completion date
1. Develop an implementation plan that includes specific timing and phasing for the disposal, retention, or refurbishment of properties. This plan should be finalised and agreed upon as soon as possible to avoid continued expenditure on maintaining existing, deteriorating buildings.	Stewart Taylor	Agreed: Our business plans already include a range of Master Plan delivery initiatives for agreed sites prioritised for action in 2025/26. This includes sites earmarked for disposal and essential maintenance or upgrades.	June 2025
		We are implementing improvements to our property disposal processes and improvements to the management of our project portfolio delivery, which will deliver reductions to the cost overhead from a reduced property footprint and more effective management of our project portfolio.	September 2025
		The Masterplan 3 work will determine our next wave of priorities for initiatives to be delivered in 2026/27 onwards.	December 2025



# Detailed Findings

**Risk:** Recommendations raised as part of the previous H&S compliance audit have not been completed within defined timelines.


Finding 3 - Access to Maintenance Data			Type
<p><b>The Facilities Management team faces challenges with limited reporting and analysis capabilities due to maintenance data being stored on OCS systems.</b></p> <p>Maintenance data is stored on the systems of the third-party contractor, OCS. Although Police Scotland has access to this data, there are limitations in the reporting and analysis capabilities available to the Facilities Management team, such as the inability to edit or alter data. Reports are requested from OCS and are generally provided as PDFs, which cannot be further interrogated.</p>			Design 
Implication			Significance
Since maintenance data is held by a third-party contractor, it is challenging to interrogate the data or access it promptly, increasing the risk of delays and inefficiencies in property management.			Low
Recommendations	Action owner	Management response	Completion date
1. To enhance the reporting and analysis capabilities, and to ensure timely access to essential data, Police Scotland should negotiate with OCS to either gain direct access to editable and analysable data formats or implement an integrated data management system that allows for real-time data access and manipulation.	Caroline Davidson	<p>Agreed: All Estates staff who require it have access to OCS's CAFM system and fire/asbestos management system and can extract data about the FM service including PPM records, corrective works, reactive repairs and compliance activities. Information Security place restrictions on the level of interaction users can have with an external system. OCS have been using Power BI to report on many aspects of our Estate's assets &amp; systems e.g. risk profile, spend, suggested capital investment.</p> <p>FM will ensure we have a regular suite of reports from OCS to provide MI on areas where PS require the ability to further drill down in order to facilitate effective management and assurance. We are also working with Police Scotland Digital Division and Information Security to find a resolution to the use of Power BI that will enable direct and bespoke reporting from the OCS data.</p>	September 2025





## Detailed Findings

**Risk:** PS has not assessed the condition of their estates and consequently, do not have a maintenance plan in place.

Finding 4 - Data Integrity			Type
<b>The Estates team's master data set, and Knight Frank consultants' planning tool rely on manual spreadsheets for cost modelling and scenario planning.</b> We reviewed the master data set compiled by the Estates team and the planning tool used by Knight Frank consultants for scenario planning and cost modelling. We found that the cost modelling and scenario planning are being conducted using spreadsheets, which increases the risk of errors and omissions. This includes issues such as lack of version control, unauthorised changes, and no audit trail.			Design 
Implication			Significance
Spreadsheets increase the risk of human error due to manual input and version control issues. This can lead to inaccurate data entry and unauthorised access to sensitive information.			Low
Recommendations	Action owner	Management response	Completion date
1. Consider the transition from using manual spreadsheets to a more robust, automated system for cost modelling and scenario planning. This will help mitigate the risks associated with errors, lack of version control, unauthorised changes, and the absence of an audit trail.	Tony Cooper/Brian Johnstone	Agreed: Estates are currently procuring an estates asset management system to record its estate, provide project and asset management capability etc. The ability to develop internal cost modelling, etc will be incorporated as part of the Masterplan programme management and implementation design, subject to approval and funding.	December 2025

# Appendices



# Appendix I: Background

To provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the adequacy of arrangements in place to address the challenges faced within Police Scotland's estates management, including property management and health & safety.

## BACKGROUND

Issues with Police Scotland's (PS) estates have been highlighted, causing a requirement for the business to demonstrate that there are plans in place to improve the current situation. Police Scotland recognise that the Estates team have not had the required investment to make improvements over the last decade. The current approach has resulted in a backlog of maintenance of £245M which at the current rate of funding will take almost 30 years to implement.

An Estates Master Plan has been developed as a baseline for the request for funding from Scottish Government, recognising that several buildings have not been maintained to expected standard due to lack of investment in estates. The plan has been presented to SPA Board.

The estates masterplan supports Police Scotland's Vision 2030 by focussing on six principles namely, ensuring a visible police presence in communities, improving staff wellbeing with a well-designed estate, developing a custody estate that respects human rights, embracing co-location and partnerships, shifting investment to a smaller, high-quality estate to save money and reduce environmental impact, and contributing to town centre regeneration and environmental sustainability.

The three-year business plan and the Estates Master Plan are closely aligned in their objectives and strategies. Both emphasise the importance of developing a sustainable and modern estate that supports the wellbeing and welfare of people, enhances public trust, and reduces long-term operating costs. The Estates Master Plan outlines a detailed ten-year capital programme, including the disposal of outdated buildings and the development of new, well-designed facilities, which aligns with the key focus on creating a prioritised programme of building improvements and disposals.

Additionally, both documents highlight the need for a custody estate that meets modern standards and the implementation of a 'hub and spoke' model to support operational transformation.

The plan aims to provide a more effective and humane custody operation and support for staff, while reducing maintenance expenditure and operating costs, while also reduce the estates impact on the environment. Together, the 2030 vision and 3-year business plan aim to make improvements to the organisation and service it provides to the public, with estates being highlighted as a key enabler to achieving this objective. A combination of a large proportion of estates coming to the end of their economic life and long-term under investment has caused a backlog maintenance bill of £245m.

A master data set was used to drive information around the Master Plan and was seen as crucial to providing accurate information to inform the plan. Various members of the Estates team update the master data set with 3 staff members managing and updating the information. Data for each building was extensive including: staff members within the building and purpose of the building.

The work to develop the Estates Master Plan was carried out with Knight Frank, with multiple iterations of the plan being developed. Fourteen departments were consulted during the development of the Master Plan.



## Appendix II: Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



## Appendix III: Terms of Reference

### EXTRACT FROM TERMS OF REFERENCE

#### PURPOSE

The purpose of this review is to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the adequacy of arrangements in place to address the challenges faced within Police Scotland's estates management, including property management and health & safety.

#### KEY RISKS

1. The Master Plan is not underpinned by valid and appropriate assumptions and does not align with PS' strategy and vision.
2. PS has not assessed the condition of their estates and consequently, do not have a maintenance plan in place.
3. Recommendations raised as part of the previous H&S compliance audit have not been completed within defined timelines.

#### APPROACH

Our approach will be to conduct interviews and documentation review to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described.



## Appendix IV: Staff Interviewed

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

Tony Cooper	Interim Estates Improvement Lead	Audit Lead (PS)
John McNellis	Head of Finance, Audit and Risk	Audit Sponsor (SPA)
James Gray	Chief Financial Officer	Audit Sponsor (PS)
Brian Johnstone	Estates BI & Compliance Lead	Key Contact
Caroline Davidson	National FM Lead	Key Contact
Steve Cross	Master Plan Contact	Key Contact



## Appendix V: Limitations and Responsibilities

### MANAGEMENT RESPONSIBILITIES

The Audit & Risk Assurance Committee (ARAC) of the Scottish Police Authority is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work. ARAC is also responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the ARAC

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

## FOR MORE INFORMATION:

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Scottish Police Authority

# IT Change Management

Internal audit report - final

May 2025

IDEAS | PEOPLE | TRUST

LEVEL OF ASSURANCE:	
DESIGN	SUBSTANTIAL
EFFECTIVENESS	SUBSTANTIAL

# Contents

1. <u>EXECUTIVE SUMMARY</u>	3
2. <u>DETAILED FINDINGS</u>	5
3. <u>OBSERVATIONS</u>	7
4. <u>APPENDIX I: DEFINITIONS</u>	10
5. <u>APPENDIX II: TERMS OF REFERENCE</u>	11
6. <u>APPENDIX III: STAFF INTERVIEWED</u>	14

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# Executive Summary

## LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

DESIGN & IMPLEMENTATION	Substantial	There is a sound system of internal control designed to achieve system objectives.
EFFECTIVENESS	Substantial	A small number of exceptions found in testing of the procedures and controls.

## SUMMARY OF FINDINGS (SEE APPENDIX III FOR H/M/L DEFINITIONS)

H	-						
M	-						
L	1						

TOTAL NUMBER OF FINDINGS: 1

## PURPOSE

The purpose of this review, within the agreed scope, was to provide an assessment of the design, implementation and operating effectiveness of the Digital Division's IT change processes, focusing on change classification, the associated testing approach, and related quality review activities.

## BACKGROUND

Police Scotland management and the Audit, Risk and Assurance Committee agreed for Internal Audit to undertake a review of the IT change management process as part of the 2024-25 internal audit plan.

Effective IT change controls are crucial to an organisation's IT Testing Function as they ensure changes are systematically managed, reducing risks and maintaining stability. Amid rapid and accessible technological advancements, such as AI-driven developments, a robust change and testing framework is increasingly important for organisations - both for control and agility.

The Digital Division has a well-established IT Testing Function and a documented IT change management process and testing strategy in place. More than 100 systems are managed, with core systems including STORM, SCOPE, Unifi, C3 Infrastructure, and SQL and Oracle databases.

The Master Test Strategy documents the overall approach for IT testing activities in support of Police Scotland and the Scottish Police Authority (SPA). It covers various project types, including in-house software development, third-party commercial off-the-shelf packages, and maintenance releases. The document details how testing should be managed and performed, the methods, processes, and standards used, and the resources and organisational structure required. Key components include the test plan, which is produced during the test planning phase and outlines how testing will be conducted, by whom, and what it will cover. The strategy also describes exit criteria, reporting, and closure activities.

## SCOPE

The following areas were incorporated in this review:

1. IT change and quality testing policies and procedures
2. IT change requests and classification
3. Management of and access to IT development, test, and production environments
4. Quality and user acceptance testing processes
5. Non-Functional Requirements, e.g. compliance and security considerations
6. Agile and DevOps practices
7. Tools and technology
8. Continuous Improvement.

## APPROACH

Internal Audit conducted walkthroughs with key stakeholders to determine and assess the design of the controls in operation. Evidence was obtained to establish implementation and assess the operating effectiveness of the controls, within scope.

The design of IT controls was assessed against industry standards established in IT control and process frameworks such as COBIT, NIST, ISO and ITIL. The operating effectiveness of controls was established by limited size samples as deemed appropriate for the relevant activity based on inherent risk and level of activity. This included assessment of approvals, classification and testing for more than 20 changes, including emergency changes and changes relating to new systems.

Our findings and conclusions formed the basis of the March 2025 exit meeting, where clarifications were obtained and the factual accuracy of our observations discussed. Our internal audit report includes our recommendations and responses from management.





# Executive Summary

## CONCLUSION

Our 'Substantial' assurance conclusion on the design and operating effectiveness of IT change controls is based on our assessment of the change control environment at Digital Division. We found that the Digital Division has a well documented and implemented IT Change Management policy and associated procedures in operation. This involves three main categories of changes, namely: CAB changes (including C3), emergency changes and standard changes. Controls over the approval and testing for each change category has been well defined and found to be operating effectively.

The CAB consists of Digital Division senior management, a change manager, the change originator(s) and Cyber Security Assurance (CSA). Changes are risk-assessed, considering the impact and likelihood of failure, with consideration of the change's complexity, operational and security impact on the force, and level of testing required. Our internal audit highlighted few areas for improvement within the agreed scope, reflecting a good awareness of IT change risks and controls and proactive stance by the current management team.

We identified one finding of 'Low' significance:

- ▶ **Not all non-functional requirements have been defined to support IT testing:**  
Although non-functional testing is generally performed, the processes and standards for non-functional requirements (NFRs) have not been clearly defined. The absence of standard NFRs and formalised testing processes can potentially lead to issues in areas such as compliance, security, usability, performance and stability. However, management has recognised this as an area for improvement and has commenced with activities to enhance the approach. In addition, risk is mitigated due to the involvement of compliance and other specialist stakeholders in the change review and approval process.

The audit team has also detailed an observation relating to the implementation of the Digital Division's 2020 Agile Testing Strategy, which is not yet fully adopted across the organisation for use in appropriate IT projects and changes. Risk to the organisation's operations is mitigated by the effective implementation of the current methodology, but the full benefits associated with an Agile approach may not be realised until the relevant processes, tools and training are rolled out.

- ✓ IT change policies and related procedures, including a comprehensive testing strategy framework, are defined.
- ✓ Normal and emergency changes are appropriately categorised and reviewed by a Change Advisory Board (CAB) consisting of representative members across Digital Division, Cyber Security Assurance and operational management.
- ✓ Workflows exist with change requests being logged, classified, managed, and approved on IT-Connect before deployment.
- ✓ A quality testing unit is in place at Digital Division with defined testing and user acceptance testing processes which are applied to both new systems and changes.
- ✓ Quality testing include six phases of testing, including: unit testing, site acceptance testing, integration testing, operational acceptance testing, vulnerability and penetration testing and regression testing.
- ✓ Testing requirements and results are documented and maintained on an application qualification form (AQF).
- ✓ Testing documentation is cross-referenced to a Request for Change (RFC) record and maintained in a single repository on SharePoint.
- ✓ Development, testing, pre-production, and production environments are segregated to manage the promotion and testing of changes from development to deployment into production. Access is controlled via Active Directory.
- ✓ Post-implementation reviews are conducted and reported, identifying potential inefficiencies in testing activities for IT changes.

## ACKNOWLEDGEMENT


We would like to thank the management team of the Digital Division for their cooperation and engagement throughout the course of this audit.

## Detailed findings



## Detailed findings

**RISK:** Non-compliance with regulatory requirements or internal policies, leading to legal or financial penalties.

FINDING 1 - Non-functional requirements not defined for IT changes and projects			TYPE
<p>Although technical non-functional testing typically forms part of the testing plan (i.e. vulnerability, penetration, integration and performance testing), the processes and standards for non-functional requirements (NFRs) in changes have not been clearly defined for all potential NFRs.</p> <p>Management has recognised this as an area for improvement and has commenced with activities to enhance the approach. In addition, risk is mitigated due to the involvement of compliance and other specialist stakeholders in the change review and approval process, hence a 'Low' rating for this finding.</p> <p>Additionally, while evaluating the broader IT change control process, we noted in our sample of 25 IT change tickets that it was not clear when a Data Protection Impact Assessment (DPIA) was required.</p>			DESIGN & IMPLEMENTATION 
IMPLICATION			SIGNIFICANCE
<p>Non-functional requirements are crucial for ensuring the system meets all necessary standards beyond just functionality. Without formalising standard NFRs and the related testing process for key areas, such as regulatory compliance, testing may be incomplete or inefficient with potential consequences to compliance, security, usability, performance and stability. Security breaches and non-compliance may lead to financial penalties, operational disruption and reputational damage.</p> <p>Without clarifying the need for DPIA's in upstream change processes, the DPIA may not be performed and/or necessary actions not taken to address the risks during development, testing and deployment.</p>			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
Document processes and standards for all typical categories of non-functional requirements (NFRs) in the Test Strategy. Examples of typical NFR categories for management consideration include Performance & Scalability, Reliability & Availability, Security, Usability & Accessibility, Maintainability & Supportability, Compatibility, Data Integrity & Compliance, Recoverability, Efficiency. Define and maintain these with input from relevant internal and external specialists.	Joe Carragher	We will review our Test Strategy document and templates and ensure that these are amended to reflect non-functional requirements.  The Test Manager will ensure test leads and teams are made aware of any changes to these core documents	31/08/2025
Review and revise the DPIA assessment process for IT changes, ensuring early assessment and formal recording of the requirement early in the IT change workflow.	Chris Perry	Our Lifetime Process Manager will review the IT Change process and amend to include reference to DPIA Assessment.	31/08/2025

# Observations



# Observation

## OBSERVATION 1 - Agile testing strategy not yet implemented

Adoption of Agile in change management brings benefits such as faster delivery times, enhanced collaboration among teams, and a greater ability to respond to changes and customer needs. In testing, Agile promotes testing at every stage of development, catching issues earlier with developers getting faster feedback.

Although the Digital Division outlined a comprehensive Agile test strategy in January 2020, and areas such as the Digital Support & Evolution Group (DSEG) have used this approach for some developments, it is not yet fully adopted across the organisation for use in appropriate IT projects and changes.

Factors include organisational appetite for a new methodology, training, and access to the necessary tools. Currently, IT Connect is used as the primary tool to manage IT changes and projects, however the audit team were informed that it is not optimised to support Agile practices effectively.

It is essential that as the Agile and Target Operating Model initiatives progress, appropriate governance, training and toolsets is put in place to reduce the risk of Agile practices not being applied correctly, which could result in inefficiencies, delays, higher costs, and lower quality documentation and deliverables.

At present, risk to operations is mitigated by the effective implementation of the standard methodology, but the full benefits associated with an Agile approach may not be realised until the relevant processes, tools and training are rolled out on a broader scale.

## MANAGEMENT RESPONSE

The Target Operating Model (TOM) work within Digital and Data has been approved by DCC Smith and is currently in planning and initiation phase. Formal organisational change processes will be followed. The adoption of Agile Practices and product centric working will form a core part of the proposed DDaT TOM.



# Appendices



## Appendix I: Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>SUBSTANTIAL</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>MODERATE</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>LIMITED</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>NO</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.
RECOMMENDATION SIGNIFICANCE				
<b>HIGH</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.			
<b>MEDIUM</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.			
<b>LOW</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.			



## Appendix II: Terms of reference

### Extract from terms of reference

#### Purpose

The purpose of the review, within the agreed scope, is to assess the design, implementation and operating effectiveness of the IT change process, focusing on the classification of changes, the associated testing approach and quality review activities.

#### Key risks & approach

Sub-areas	Key inherent risks	Approach
<b>IT Change and Quality Testing Policies and Procedures, including strategy</b>	IT changes processed incorrectly, inconsistently, or without authorisation, potentially leading to issues with data integrity, and system stability and security.	<ul style="list-style-type: none"> <li>Review existing strategies, policies and procedure documents in place over the IT change and quality testing processes.</li> <li>Conduct interviews with stakeholders to understand the design on the processes.</li> <li>Assess current processes against industry standards and frameworks such as COBIT and ITIL.</li> </ul>
<b>IT Change Requests and Classification</b>	<p>IT changes may be deployed into the production environment without record and/or approval.</p> <p>Incomplete or inaccurate documentation, which can hinder understanding and tracking of changes, making troubleshooting difficult.</p>	<ul style="list-style-type: none"> <li>Select a sample of completed changes proportionately across all categories.</li> <li>Review the change request process, including how requests are logged, classified, and prioritised.</li> <li>Interview staff involved in the change request process to gather insights on challenges and efficiencies.</li> </ul>
<b>IT Development, Test, and Production Environments</b>	<p>New technology or other IT changes migrated to production without sufficient governance may impact the security and stability of the production environment.</p> <p>Changes made in development or testing environments may inadvertently impact the production environment, leading to unintended alterations or corruption of data.</p>	<ul style="list-style-type: none"> <li>Confirm whether relevant development and production environments are appropriately segregated for key applications.</li> <li>Review the access and security measures in place for each environment (sample - CHS and Pegasus).</li> <li>Verify with management the segregation of duty measures in place over the development and deployment of system changes into a production environment.</li> <li>Conduct walkthroughs to observe the environments in action and identify any potential risks.</li> </ul>
<b>Quality and User Acceptance Testing Processes</b>	<p>New technology/applications and IT changes deployed into production may not be adequately tested, resulting in system downtime or a loss of critical or sensitive data.</p> <p>Inadequate testing may result in issues being discovered only after deployment, leading to significantly higher costs due to the need for emergency fixes.</p>	<ul style="list-style-type: none"> <li>Review the documented processes for quality testing and user acceptance testing (UAT) against leading practice to identify gaps.</li> <li>Assess the effectiveness of these processes through sample testing against the testing strategy, policies &amp; procedures and leading practice. For each sampled item verify that: <ul style="list-style-type: none"> <li>New systems or changes were requested, tested and approved in line with policy, processes and CAB requirements</li> <li>Evidence of testing (including UAT) and approval are appropriately recorded and maintained.</li> </ul> </li> </ul>



## Appendix II: Terms of reference

SUB-AREAS	KEY INHERENT RISKS	APPROACH
<b>Non-Functional Requirements: Compliance and Security</b>	<p>Risk of non-compliance with regulatory requirements or internal policies, leading to legal or financial penalties.</p> <p>Changes being made without appropriate authorisation, leading to potential security vulnerabilities or system instability.</p>	<ul style="list-style-type: none"><li>• Enquire from management how non-functional requirements are tested and approved for IT changes, e.g. regulatory requirements like protection of personal information, and potentially information security and operational resilience requirements.</li><li>• Using a limited sample of completed changes, assess whether non-functional requirements were considered and implemented.</li><li>• Assess the security measures in place to protect data and systems during changes against leading practice and identify any gaps.</li></ul>
<b>Agile and DevOps Practices</b>	<p>Agile and DevOps practices may not always align with existing change and regulatory requirements, leading to operational and compliance issues, potentially due to Agile's focus on working software over comprehensive documentation.</p>	<ul style="list-style-type: none"><li>• Understand the adoption and implementation of Agile and DevOps practices within the context of IT change management and testing activities.</li><li>• Identify any risks associated with the adoption of new development practices and how these impacts existing test and IT changes processes and documentation requirements.</li></ul>
<b>Tools and Technologies</b>	<p>Tools and technologies that are not fit for purpose may hinder the change management function, leading to inefficient processes and potential project delays.</p>	<ul style="list-style-type: none"><li>• Determine the tools and technologies currently in use for change management and testing.</li><li>• Identify any gaps with the current utilisation of tools or opportunities for adopting new technologies to enhance processes.</li></ul>
<b>Continuous Improvement</b>	<p>Lack of continuous improvement processes may lead to difficulties in identifying opportunities for improvement and tracking progress.</p>	<ul style="list-style-type: none"><li>• Review the mechanisms in place for continuous improvement, such as feedback loops and performance metrics.</li><li>• Verify if post implementation reviews are conducted and reported, identifying potential inefficiencies of testing activities for IT changes.</li><li>• Assess the continuous improvement with leading practice and identify any gaps.</li></ul>



## Appendix II: Terms of reference

### SCOPE

The following areas will be covered as part of the scope of this review:

- IT Change and Quality Testing Policies and Procedures
- IT Change Requests and Classification
- Management of IT Development, Test, and Production Environments
- Quality and User Acceptance Testing Processes
- Non-Functional Requirements, e.g. compliance and security considerations
- Agile and DevOps Practices
- Tools and Technologies
- Continuous Improvement.

### EXCLUSIONS/LIMITATIONS OF SCOPE

IT risk areas not included in this review include:

- Software development and application life cycle controls other than those listed in the scope
- Project governance and delivery controls.



## Appendix III: Staff interviewed

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.	
Richard Allen	Project Engineer
David Gillen	IT Lifetime Process Manager
Joe Carragher	Head of Applications & Development
Claire Anderson	Test Analyst Lead
Richard Allan	Cyber Security and Assurance Manager
Alice Steward	Information Manager
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**SCOTTISH POLICE  
AUTHORITY & POLICE  
SCOTLAND**

**GRANT MANAGEMENT - FINAL**

MAY 2025

LEVEL OF ASSURANCE:	
DESIGN	MODERATE
EFFECTIVENESS	LIMITED



# CONTENTS

1. EXECUTIVE SUMMARY	3
2. DETAILED FINDINGS	5
3. OBSERVATIONS	15
4. BACKGROUND	18
5. DEFINITIONS	19
6. TERMS OF REFERENCE	20
7. STAFF INTERVIEWED	21
8. LIMITATIONS AND RESPONSIBILITIES	22

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# EXECUTIVE SUMMARY

## LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

DESIGN	MODERATE	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
EFFECTIVENESS	LIMITED	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.

## SUMMARY OF FINDINGS (SEE APPENDIX II)

H	2	
M	3	
L	1	

TOTAL NUMBER OF FINDINGS: 6

### BACKGROUND - See appendix I for more information

As part of the 2024-2025 Internal Audit Plan, it was requested by the Scottish Police Authority (SPA) and Police Scotland (PS) management that internal audit would conduct a review of both Grant receipt and provision processes within PS and assess the design and operating effectiveness of the key controls relating to both processes.

### BACKGROUND (CONTINUED)

During scoping of this review, management reported that historically, there has been a lack of clarity around the nature of disbursements i.e. whether they are grants or gifts/donations; and also noted that there are legacy grants in place that have not been subject to review and therefore, there is little understanding around their purpose.

As a result of the identified areas for improvement, management developed enhanced policies and procedures for grants received and third-part grant provision.

A large part of the grant provision in place has been devolved to budget holders, including negotiation of disbursements and terms of grants, with sign-off by the Head of Finance and Corporate Finance Board.

Whilst most grant provisions do not carry the need for regular reporting relating to grant utilisation, there are some that do, such as the grant provisions from Scottish Violence Reduction Unit (SVRU).

Similarly, for grant receipts, management raised concerns around the consistency of practice adopted across the regions and robustness of the authorisation process.

There are partnership grant receipts in place that are agreed at regional superintendent level, with final sign-off by the Head of Finance. There are Finance Business Partners (FBPs) who support the business in completing relevant documentation and obtaining authorisations.

The Corporate Governance Framework of the Authority sets out the scheme of delegation in relation to grants.

All grant awards require Scottish Government approval. PS can accept grants <£1m that are within SPA policy in accordance with their own scheme of delegation (the Head of Finance signs-off on these) and accountable officers (AO) must approve acceptance of grants >£1m (these are recommended by the Head of Finance and Corporate Finance and People Board for final approval by SPA's Chief Executive and AO).

### PURPOSE

The purpose of this review was to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the design and operating effectiveness of controls relating to grant management. In addition, the aim was to assess the embeddedness of the enhanced policies and procedures introduced in 2024.

### CONCLUSION

In the main, controls surrounding the grant management processes are well designed. However, we noted several areas that Police Scotland could improve in relation to the grant management arrangements in place. We have raised six findings of which two have been assessed as high, three as medium, and one of low significance.

The findings showed that the policy and procedure refresh has enhanced the design of the controls in place and once embedded and if consistently applied will provide a robust grant management control environment. However, the results of the review showed that there is still work to be done in embedding and ensuring compliance.

For example, there was a lack of evidence to confirm compliance with the procedure requirements, including legal consultation, approvals in line with the procedures, statements on compliance, and due diligence evidence. In addition, there is an opportunity to implement training and further awareness raising measures within the organisation to support implementation of the new process. In order to improve the control environment there is work to be done to retrospectively ensure that grants in place are subject to the revised checks and controls in order to identify any risks and weaknesses being carried forward.

Overall, we are able to provide moderate assurance over the design and limited assurance over the operational effectiveness of the grant management controls in place.



# EXECUTIVE SUMMARY

## SUMMARY OF GOOD PRACTICE

During our review, we identified a number of areas of good practice:

- ▶ There are grant management policies and procedural documents in place, which include roles and responsibilities, definitions, cross-functional flowcharts, and coding information. The documents are made available to staff via the organisation intranet.
- ▶ Both registers for grants received and grants provided are in place and capture important information such as approval dates, payment dates and accounting information such as account codes and cost centers.
- ▶ Terms and conditions for both grants received and grants provided are clearly stated in grant agreements.

## SUMMARY OF FINDINGS

Notwithstanding the area of good practice identified, we identified the following opportunities for improvement, which are summarised below:


- ▶ **Due Diligence** - There was a lack of documented or retained evidence of the due diligence undertaken on the organisations Police Scotland provides grant funding to.
- ▶ **Compliance with Grants Provided Guidance** - Internal Audit conducted testing on a sample of five grants provided to third-parties and observed issues with the evidence available to verify completion of the documented procedures, these included:
  1. The completion and documentation of business cases
  2. Approvals from the SPA Accountable Officer
  3. Retroactive approvals from the Scottish Government
  4. Signing of grant agreements
  5. Lack of finance monitoring templates and reports
- ▶ **Legal Consultations** - We reviewed seven grants received and note for six grants within the sample no evidence was available to confirm that legal had been consulted with and whether any reviews or edits made by legal were completed prior to the formalised agreement to the grant.
- ▶ **Appropriate Approvals** - Internal Audit noted several discrepancies in the approval process as stipulated in the Grants Received Procedure and Guidelines document. We identified inconsistencies in relation to the final approval of the grant agreements.
- ▶ **Awareness Levels** - In discussions with management, Internal Audit were advised that there are no formalised policies or procedures in place outlining areas and information to be gathered from grant negotiations. We were also informed that grant negotiations are the sole responsibility of the relevant department/division head. Finance Business Partners are not made aware of grant opportunities until a draft grant agreement has been assigned to them. In addition, it was outlined that there are no training programmes in place to ensure that the department/division heads responsible for grant negotiations are sufficiently prepared and possess the knowledge to negotiate favourable grant terms and conditions.
- ▶ **Statements On Compliance** - We sample tested seven grants received and noted that we were only provided with a statement on compliance for one of the grants.

## DETAILED FINDINGS



## DETAILED FINDINGS


### RISK: GRANT PROVISION PROCESSES ARE NOT APPLIED CONSISTENTLY RESULTING IN INCONSISTENT PRACTICES, UNAUTHORISED GRANTS AND LOW VALUE FOR MONEY

FINDING 1 - DUE DILIGENCE			TYPE
<p>It is important that appropriate due diligence checks are undertaken on prospective grant recipients to ensure that prospective recipients are financially stable, trusted to use grant funding in accordance with the conditions it was provided, contribute to the grant providers strategic priorities and do not pose a reputational or legal risk to the grant provider.</p> <p>Guidance on the due diligence required for grants provided can be found within the Third Party Grants Guidance, however there are no requirements or templates in place. Instead, the guidance states that an adequate and appropriate due diligence process should be applied.</p> <p>We reviewed a sample of five grants provided two third parties. For three of the grants there was no evidence available to verify the due diligence undertaken.</p> <p>Internal Audit queried the omission of any evidence of due diligence with management and were informed that often due diligence is conducted, however it is neither formalised or recorded.</p>			DESIGN & EFFECTIVENESS 
IMPLICATION			SIGNIFICANCE
This poses a risk for Police Scotland resulting in inappropriate grant recipients being selected, which could ultimately lead to significant financial, legal and reputational consequences for the organisations.			HIGH
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
<p>We recommend that Police Scotland consider developing suitable due diligence requirements and required templates within the wider Grant Award process.</p> <p>We have listed some basic due diligence activities that could be carried out by Police Scotland, for example:</p> <ul style="list-style-type: none"> <li>• A review of the prospective partners' financial statements to assess whether the partner is financial stable</li> <li>• A verification of the partner's legal status and compliance with laws and regulations. For instance, status as a charity or registration with Company House</li> <li>• A verification and review of the funded partners management structure</li> <li>• Media and social media searches to ensure that the prospective partner does not pose a reputational risk</li> <li>• Checks on Board members and Directors</li> </ul> <p>To align with best practice management should ensure that the documentation in relation to due diligence performed on each funded partner is retained and updated at regular intervals.</p>	Amber Dust	<p>Agreed.</p> <p>Due diligence is covered in the current policy however the policy will be reviewed to incorporate further guidance in line with the audit recommendation.</p> <p>Additionally, a due diligence check point will be included in the Tracking log and this will act as a trigger for evidence to be recorded and archived.</p>	30/09/2025



## DETAILED FINDINGS

### RISK: GRANT PROVISION PROCESSES ARE NOT APPLIED CONSISTENTLY RESULTING IN INCONSISTENT PRACTICES, UNAUTHORISED GRANTS AND LOW VALUE FOR MONEY

FINDING 2 - COMPLIANCE WITH GRANTS PROVIDED GUIDANCE	TYPE
<p>Adherence to established policy, procedure and guidance documents is an effective method for reducing exposure to risk and ensuring compliance with the Scottish Government's Finance Manual requirements.</p> <p>We selected a sample of five grants provided to third-parties and observed several discrepancies with the process as outlined in the Third Party Grants Guidance document.</p> <ul style="list-style-type: none"><li>• We were only provided a business case for one grant (Heavy Sound). This was developed by the SVRU however and was not approved.</li><li>• As part of the review, we looked to obtain evidence that the SPA Accountable Officer had directly approved the grants provided to third parties. The evidence provided was emails from the SPA Accountable Officer's PA noting that approval was provided for four of the grants, we note that this was not a direct approval from the Accountable Officer. In addition, we were unable to obtain evidence for one grant (Scottish Mountain Rescue).</li><li>• Only one instance of approval from the Scottish Government was observed (Scottish Mountain Rescue), however it should be noted that this was a retroactive approval.</li><li>• There were two instances where a Grant Agreement letter or equivalent document was not provided (Scottish Mountain Rescue &amp; Heavy Sound)</li><li>• For the three Grant Agreement Letters provided the versions provided were not approved and signed appropriately per the procedure. There were two instances where signatures were not observed for either party (Braveheart Industries and One Community Scotland), and one instance where the grant recipient signed, however a representative of Police Scotland had not (National African and Black Association).</li><li>• To comply with the Third Party Grants Guidance, for each grant provided a financial monitoring form is to be completed upon the provision of the grant prior to the initial payment, and subsequently after if extended, or there is a change to the value, duration or nature of the grant. Moreover, an end of year financial monitoring report is also to be completed and certified by the Recipient's Treasurer, Finance Officer or equivalent and returned to the Police Scotland Finance Business Partner by March. We were not provided with any evidence to show that monitoring of grant expenditure had been completed. It should be noted that in regard to the grants provided to Scottish Mountain Rescue and Heavy Sound, payment had yet to be made and therefore, Internal Audit would not expect the completion of the end of year financial monitoring form.</li></ul>	EFFECTIVENESS 
IMPLICATION	SIGNIFICANCE
There is a risk that Police Scotland staff are not complying with established grant management processes and procedures, resulting in the increased likelihood of fraud, violations of the Scottish Public Finance Manual regulations, and poor oversight.	HIGH





## DETAILED FINDINGS


### RISK: GRANT PROVISION PROCESSES ARE NOT APPLIED CONSISTENTLY RESULTING IN INCONSISTENT PRACTICES, UNAUTHORISED GRANTS AND LOW VALUE FOR MONEY

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that Police Scotland introduce compliance checks to ensure that all grant documentation is adequately completed and stored correctly this could consist of a periodic review by a senior member of finance to verify that the respective grant trackers are complete.	Amber Dust	Agree. The current policy includes compliance checks, being the tracker check points the fundamental control. The tracker was incomplete however, the policy was updated at the end of the period audited.  We will review the tracker for completeness and emphasise the requirement for formal recording and archiving of each check points including ongoing monitoring.  We will ensure the policy includes a senior manager sign off going forward.	30/09/2025
As outlined in other findings within the report there is an opportunity to add all key procedure requirements to the trackers where applicable, for example: <ul style="list-style-type: none"><li>• Evidencing of approvals</li><li>• Completed documentation</li><li>• Performance monitoring</li><li>• Consultations and communications in advance of the engagement</li><li>• Link to the supporting documentation which should be stored in a centralised location within the network</li></ul>	Amber Dust	Agree. As per previous actions we will review the Tracking check points for completeness, emphasise the requirement for archiving of recorded evidence, and introduce a senior management sign off.	30/09/2025



## DETAILED FINDINGS

### RISK: GRANT TERMS/CONDITIONS ARE NOT IDENTIFIED OR ADHERED TO RESULTING IN WITHDRAWAL OF GRANTS OR PENALTIES/FINES


FINDING 3 - LEGAL CONSULTATIONS			TYPE
<p>It is important that for all grants received there is appropriate and timely legal consultations to ensure that all grant agreements adhere to the respective grant requirements, and the Scottish Public Finance Manual requirements (for example spending on the specified grant purpose, a grant agreement being in place, ensuring that the conditions of the grant have been met, and where applicable reporting on progress of the grant activity) and any legal stipulations that the police require in partnership agreements.</p> <p>As outlined in the Grants Received Procedure and Guidelines document, the Division/Department lead responsible for the potential grant received is to consult with the legal department prior to any formalised grant agreement.</p> <p>We reviewed seven grants received and note for six grants within the sample no evidence was available to confirm that legal had been consulted with and whether any reviews or edits made by legal were completed prior to the formalised agreement to the grant.</p> <p>Management have outlined that there are mechanisms in which legal are informed of potential grant agreements. These include circulation of the Corporate Finance Board papers via the governance processes which would include all agreements above £1m and circulation of a six-monthly report that includes information on new grants in the period which is presented to both the Finance and People Board, and the SPA Resources Committee.</p>			EFFECTIVENESS 
IMPLICATION			SIGNIFICANCE
There is a risk that Police Scotland are exposed to legal ramifications should established policies procedures not be adhered to and grant agreements are not subject to legal review prior to the formalised agreement to any grant for example as a result of unreasonable terms and conditions being agreed to.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that management introduce controls to ensure that legal consultations are had prior to any formalised grant agreement and that evidence is maintained within the grant SharePoint folders to verify that legal have reviewed and signed off on the grant documentation. Management should consider introducing the completion of legal consultations into the grants received register.	Clairelouse Ritchie	<p>We follow the SPA Governance Framework and Police Scotland Scheme of Financial delegation for consultation and approvals. This process provide a legal oversight for grants received over £1m.</p> <p>As per the Grants received policy, the Division/Department lead is responsible for legal consultation prior to the grant agreement being signed by Police Scotland.</p> <p>We will review the tracker to ensure legal consultation is covered as a control check point and that the evidence is recorded and archived.</p>	30/09/2025





## DETAILED FINDINGS

### RISK: GRANT TERMS/CONDITIONS ARE NOT IDENTIFIED OR ADHERED TO RESULTING IN WITHDRAWAL OF GRANTS OR PENALTIES/FINES

FINDING 4 - APPROPRIATE APPROVALS	TYPE
<p>It is important that the Grant Agreement Letters for all grants received are accepted and signed by the appropriate person in accordance with Police Scotland's Scheme of Financial Delegation and the Grants Received Procedure and Guidelines. This includes the use of formally documented agreements between the provider and recipient organisations of grant funding to ensure that the conditions of funding are clarified and that there are mechanisms by which the provider can seek assurance that funding has been used in accordance with the agreement.</p> <p>We reviewed seven grants received and note the following in relation to the approvals for the grants:</p> <ul style="list-style-type: none"><li>• In accordance with the Grants Received Procedures and Guidelines document, all grant received paperwork has to be reviewed by a Finance Business Partner. Internal Audit reviewed all available evidence and found that for three grants, evidence could not be obtained to prove that a Finance Business Partner had reviewed the documents in place for the grant. These grants were received from Lothian Buses Limited, Impact Funding Partners and Safety Camera.</li><li>• For five grants we were not provided with clear evidence to show that they were approved by the relevant senior member of staff in line with the procedures in place. The grants received from Lothian Buses Limited, Transport Scotland, Directorate for Culture and External Affairs for International Development, and the National Crime Agency all fell below Police Scotland's financial threshold of one million, and therefore, should be approved by the Head of Finance. Internal Audit reviewed the relevant agreement paperwork for these grants however and found that in each case the Head of Finance was not the person who signed the grant agreement. In regard to the grant agreement between Police Scotland and the National Crime Agency, it was also noted that the agreement was formalised via email.</li></ul>	EFFECTIVENESS 
IMPLICATION	SIGNIFICANCE
There is a risk that the organisation is being signed up to terms or being associated with organisations that are high risk without appropriate internal scrutiny and sign off.	MEDIUM



## DETAILED FINDINGS


### RISK: GRANT TERMS/CONDITIONS ARE NOT IDENTIFIED OR ADHERED TO RESULTING IN WITHDRAWAL OF GRANTS OR PENALTIES/FINES

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that checks are conducted by the Finance Business Partners to ensure that all grant documentation is suitably completed and approved by appropriate personnel in line with the procedure in place.	Clairelouisie Ritchie	<p>Partially agree</p> <p>The Business Partner sign off takes place consistently. The BP collates the information and formally (e-mail) requests Head of Finance (HoF) approval. We are confident that the formal recommendation for approval by the BP to the HoF takes place and is sufficient. However, we will ensure this is included as a check point in the tracker to ensure the evidence (e-mail) is recorded and archived.</p> <p>There are instances where the HoF is not the signatory on the grant agreement. We will work with the current signatories to raise awareness and ensure agreements are sign off by the HoF.</p> <p>Many grants are legacy and long-term arrangements signed off by senior managers. This does not mean that the HoF has not signed it separately.</p>	30/09/2025
In line with Finding 9 we recommend that Police Scotland introduce training or awareness raising to staff on the procedures and approvals necessary for formalising grant agreements.	Clairelouisie Ritchie	<p>Agreed</p> <p>Training and awareness:</p> <ul style="list-style-type: none"><li>• We will use the new Finance Intranet to create awareness within the wider finance function.</li><li>• The Finance for non finance managers training already includes a Grants section and was updated in line with the publication of the current policies. We will continue to use this tool for training out with the finance team.</li><li>• Business Partners attend operational SMTs and will ensure this is discussed at the next available opportunity.</li></ul>	30/10/2025



## DETAILED FINDINGS

### RISK: THERE IS A LACK OF TRANSPARENCY AROUND GRANT NEGOTIATIONS

FINDING 5 - AWARENESS LEVELS			TYPE
<p>It is important that staff are aware of the steps required to be followed throughout the grant process, including negotiation, take on, grant oversight and reporting ensuring that the requirements of Police Scotland and the Scottish Public Finance Manual are complied with.</p> <p>In discussions with management, Internal Audit were advised that there are no formalised policies or procedures in place outlining areas and information to be gathered from grant negotiations. We were also informed that grant negotiations are the sole responsibility of the relevant department/division head. Finance Business Partners are not made aware of grant opportunities until a draft grant agreement has been assigned to them.</p> <p>In addition, it was outlined that there are no training programmes in place to ensure that the department/division heads responsible for grant negotiations are sufficiently prepared and possess the knowledge to negotiate favourable grant terms and conditions.</p> <p>We recognise that in general those involved within the process have experience in the grant process. In addition, management have outlined that a new Finance Intranet is being launched, which has improved functionality and user accessibility improvements to allow better access to policies and procedures and capabilities to communicate more effectively with the organisation.</p>			DESIGN 
IMPLICATION			SIGNIFICANCE
Should those involved in the grant process be provided with no training and be subject to minimal oversight at the initial stages, there is a risk that procedures are not complied with resulting in best practice not being followed or value-for-money not being achieved.			MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that training sessions are provided to staff with grant related roles and responsibilities. These training sessions should reference key Police Scotland policies and procedures, such as the Scheme of Financial Delegation and grant processing or third-party grant procedures.	Clairelouse Ritchie	<p>Agreed</p> <p>Grants are now included in the finance for non finance managers training. The training is regularly rolled out to all new managers and as a refresher on request. However, the policy has been reviewed and strengthened, and it will be beneficial to reinforce the message through various channels and to cover the changes with those that have been in post for a considerable time.</p> <p>Training and awareness (as per previous actions):</p> <ul style="list-style-type: none"> <li>We will use the new Finance Intranet to create awareness within the wider finance function.</li> <li>The Finance for non finance managers training already includes a Grants section and was updated in line with the publication of the current policies. We will continue to use this tool for training out with the finance team.</li> <li>Business Partners attend operational SMTs and will ensure this is discussed at the next available opportunity.</li> </ul>	31/10/2025



## DETAILED FINDINGS


### RISK: THERE IS A LACK OF TRANSPARENCY AROUND GRANT NEGOTIATIONS

RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that Police Scotland raise the awareness levels via communications of procedures to departmental/division heads to liaise with Finance Business Partners at the initial stages of the grant process to ensure that procedures are followed, and that appropriate evidence is being maintained.	Clairelouise Ritchie	Agreed. Training and awareness (as per previous actions): <ul style="list-style-type: none"><li>• We will use the new Finance Intranet to create awareness within the wider finance function.</li><li>• The Finance for non finance managers already includes a Grants section and was updated in line with the publication of the current policies. We will continue to use this as a tool for training out with the finance team.</li><li>• Business Partners attend operational SMTs will ensure this is discussed at the next available opportunity</li></ul>	31/10/2025



## DETAILED FINDINGS

### RISK: GRANT TERMS/CONDITIONS ARE NOT IDENTIFIED OR ADHERED TO RESULTING IN WITHDRAWAL OF GRANTS OR PENALTIES/FINES

FINDING 6 - STATEMENTS ON COMPLIANCE			TYPE
<p>It is important that the all grants received adhere to Scottish Public Finance Manual requirements, for example spending on the specified grant purpose, a grant agreement being in place, ensuring that the conditions of the grant have been met, and where applicable reporting on progress of the grant activity.</p> <p>Internal Audit reviewed Scottish Public Finance Manual and ascertained that with the exception of grants to voluntary bodies to assist with their operational costs, all grant recipients are to provide a Statement on Compliance with the conditions attached to the grant. Moreover, this Statement on Compliance may be signed by the grant recipient's Director of Finance or Head of Internal Audit where applicable.</p> <p>Internal Audit's sample testing of seven grants received revealed that only the grant received from the Directorate for Culture and External Affairs for International Development had a Statement on Compliance.</p> <p>We recognise that finance are monitoring grant spend ensuring that it is traceable and reportable, this is completed as part of the regular meetings with budget holders.</p>			EFFECTIVENESS 
IMPLICATION			SIGNIFICANCE
Should grants fail to complete a valid Statement on Compliance in adherence to Scottish Public Finance Manual requirements, it may lead to potential withdrawals of grants or other repercussions.			LOW
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that management ensure that all grants received have an associated statement of compliance. Police Scotland should consider introducing a check in the grants received register to ensure the statement on compliance has been completed.	Clairelouise Ritchie	<p>Partially agree.</p> <p>We provide Statements of Compliance when requested for grants received from the SG.</p> <p>We monitor compliance as an integrated part of our budget monitoring process including regular meetings with budget holders. As per policy, we have procedures and controls in place through the use of job codes to ensure spending on grants is traceable and reportable.</p> <p>We will review our procedures and consider if an additional of statemen of compliance check point is required and which form this should take, while we make sure we do not add unnecessary bureaucracy or duplication of effort.</p> <p>We will update the policy to document the conclusion of this review.</p>	30/09/2025

# OBSERVATIONS



# OBSERVATIONS

## OBSERVATION 1 - THIRD-PARTY GRANT PROCEDURE PROCESS FLOW

The process for provided grants is outlined within the Third-Party Grant document, however unlike the grants received procedure this document does not have a process flow diagram to outline the stages to be followed. To align with best practice and other existing policies and procedures, Police Scotland should consider producing a process flow and attaching this as an appendix to the Third-Party Grant document.

## OBSERVATION 2 - GRANT PERFORMANCE REPORTING

The Corporate Finance Board receive reports on grants at least on a bi-monthly basis. The information in these reports includes information on proposed grants for approval and financial performance. However, there is an opportunity to provide information on the number of grant agreements in place, emerging issues and updates on performance.

## OBSERVATION 3 - PROCEDURE NEXT REVIEW DATES

The Grants Received procedure and guidelines document does not outline the next review period. We note that the Third-Party Grants guidance does require to be reviewed at least once every 18 months.



# APPENDICES



## APPENDIX I - BACKGROUND

It was agreed with management and the Audit, Risk and Assurance Committee (ARAC) as part of the 2024-25 internal audit plan that Internal Audit would undertake a review of the grant management processes in place within the organisations.

Grant management within Police Scotland consists of the administration and governance of both grants received by and provided by Police Scotland. For each aspect of grant management, Police Scotland have developed guidance documents for its staff. For grants received, adherence to the Grants Received Procedure and Guidelines document is required, and for grants provided, it is the Third Party Grants Guidance document. Both policy documents are stored on the Police Scotland intranet and are available for all staff members. The Grants Received Procedure and Guidelines was published in June 2024, whereas the most up-to-date version of the Third Party Grants Guidance for grants provided was published in February 2025.

A large proportion of the management of grant provided is devolved to the budget holders, including negotiation of disbursements and terms of grants and the development of a business case.

Responsibility for the management of grants provided is not confined to budget holders. Once they have developed a business case for the relevant grant, they must obtain the agreement and support of the designated Finance Business Partner. It is the Finance Business Partners who are to perform due diligence checks. The Third Party Grants Guidance document does not outline specific checks that are to be completed, however it does state that due diligence should be adequate and proportionate, regardless of the value of the grant. As grants are typically offered to charitable organisations due diligence checks typically include a verification of the recipient's charitable status via the Scottish Charity Regulator OSCR. Checks are also often completed to ensure that there is no conflict of interests between those who are involved in the disbursement of grant money and to any member of Police Scotland who may be associated with the recipient's organisation.

As stipulated by the Third Party Grants Guidance document, the business case is then to be presented to the Corporate Finance Board. Once approval from the Corporate Finance Board had been obtained, the proposal is recommended to the Scottish Police Authority Accountable Officer for approval. As Police Scotland does not have the delegated financial authority to approve grants, approval must be sought by the relevant Scottish Government Business Partner before any grants are formalised.

Decisions are to be recorded and reported to Police Scotland's Finance team when the grant is first approved and yearly by the end of March. Police Scotland also require that Third Party Grants Financial Monitoring Forms are completed. The first is to be completed upon the provision of the grant prior to the initial payment, and subsequently after if extended, or there is a change to the value, duration or nature of the grant. The second form is to be completed by the end of March by the Recipient's Treasurer, Finance Officer of equivalent and returned to the Finance Business Partner. Both forms can be found as Appendixes to Third Party Grants Guidance document.

For grants received, once the relevant documentation is received, the division/departmental lead is responsible for liaising with the legal department prior to acceptance. If deemed acceptable, the relevant paperwork is to be completed and then reviewed by the designated Finance Business Partner. If the grant is below a threshold of £1m, the grant is to be subject to the approval of the Head of Finance, and if it exceeds the threshold, approval must be sought from the Corporate Finance Board upon recommendation by the Head of Finance.

Police Scotland maintain trackers for both grants provided and grants received which are hosted on the Police Scotland intranet. The timely and accurate recording of information on both trackers is the responsibility of the Finance Business Partners. Both trackers record pertinent information such as a brief summary of the grants purpose, whether approvals have been obtained and on what date, if payments have been made/received and the account/job codes assigned to the grants.

The accounting treatment and various account and job code classifications are documented on both the Third Party Grants Guidance Grants Received Procedure and Guidelines documents.

The responsibility for identifying potential grant opportunities is not formally assigned to any one group of persons, and therefore, there are no restrictions as to who may propose a grant opportunity. From discussions with management, Internal Audit ascertained that grant opportunities are typically raised for attention by the operational branch of Police Scotland.

Throughout the process of both providing and receiving grants, Police Scotland must adhere to the Scottish Public Finance Model. Provisions are made throughout the established procedural and guidance documents to ensure compliance. Failure to do so may result in the withdrawal of grants or penalties/fines.



## APPENDIX II: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>SUBSTANTIAL</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>MODERATE</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
<b>LIMITED</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>NO</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>HIGH</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>MEDIUM</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>LOW</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
<b>ADVISORY</b>	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



## APPENDIX III: TERMS OF REFERENCE

### EXTRACT FROM TERMS OF REFERENCE

#### PURPOSE

The purpose of this review is to provide management and the Audit, Risk and Assurance Committee (ARAC) with assurance over the design and operating effectiveness of the grants management process at Police Scotland.

#### KEY RISKS

1. There is no guidance around grant provision and grant receipts resulting in lack of clarity and inconsistent processes.
2. Grant provision processes are not applied consistently resulting in inconsistent practices, unauthorised grants and low value for money.
3. Valid grant agreements are not in place or grant purpose and terms/conditions are not clearly defined. Usage of grant and outcomes are not monitored.
4. Grants available to Police Scotland are not fully exploited.
5. Grant terms/conditions are not identified or adhered to resulting in withdrawal of grants or penalties/fines
6. Quality of management information is poor due to incorrect recording of grants.
7. There is lack of transparency around grant negotiation.



## APPENDIX IV: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

### SCOTTISH POLICE AUTHORITY

JOHN MCNELLIS

HEAD OF FINANCE, AUDIT AND RISK

AUDIT SPONSOR

### POLICE SCOTLAND

MARIA ULLIBARRI

FINANCE QA MANAGER

KEY CONTACT

LYNNE MARKEY

FINANCE BUSINESS PARTNER

KEY CONTACT

ANGELO GUSTINELLI

HEAD OF ACCOUNTING &amp; CONTROL

KEY CONTACT



## APPENDIX V: LIMITATIONS AND RESPONSIBILITIES

### MANAGEMENT RESPONSIBILITIES

The Board is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- The support of the organisation's management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit, Risk & Assurance Committee.
- The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### LIMITATIONS

The scope of the review is limited to the areas documented under Appendix III - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

FOR MORE INFORMATION:

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Scottish Police Authority

# Health and Safety - Transportation of Dangerous Goods

Internal Audit Report - Final

May 2025

Level of Assurance:

Design	Limited
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Effectiveness	Limited
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IDEAS | PEOPLE | TRUST

# Contents

1. Executive summary	3
2. Detailed findings	5
3. Definitions	16
4. Terms of reference	17
5. Staff interviewed	18
6. Limitations and responsibilities	19

## RESTRICTIONS OF USE

The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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REPORT STATUS	
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# Executive Summary

Level of Assurance: (See Appendix I for Definitions)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

Summary of findings			# of agreed actions
H	3	<div style="width: 100%;"></div>	8
M	4	<div style="width: 100%;"></div>	11
L	0	<div style="width: 100%;"></div>	0
Total number of findings: 7			19

## Background

Dangerous goods fall into nine categories: explosives, gases, flammable liquids, flammable solids, oxidising substances, toxic substances, radioactive material, corrosive substances, and miscellaneous goods. Police officers and staff frequently transport and store items like nitrous oxide canisters, fireworks, lithium-ion batteries, and chemicals used in drug production. These goods are seized at crime scenes and transported to production stores in police cars and vans.

Upon arrival at temporary stores, they are recorded by staff and moved to long-term storage, awaiting court proceedings or disposal. Records are maintained through the Police's UNIFI system, detailing location, responsible officer, and item description. Specific packaging instructions are followed, such as storing toxic substances like fentanyl in airtight jars with hazard symbols and transporting nitrous oxide canisters upright in bubble-wrapped crates.

Criminal Justice Productions Stores handle long-term storage, using varied facilities like shelf storage, fireproof chests, and plastic drums for liquids. Toxic materials are kept in locked safes and airtight jars. Once goods are no longer needed as evidence, Police Scotland uses OCS, a third-party contractor, for disposal. OCS manages estates and arranges disposal through accredited waste centres, providing consignment notes as proof.

Incidents involving dangerous goods, such as leaks or near misses, are logged with health and safety through SCoPE. These are reviewed by line managers and health and safety staff, with actions attached for lessons learned. ADR Dangerous Goods by Road regulations stipulate the requirements for the safe transportation of dangerous goods by road. Under ADR regulation 1.8.3, organisations transporting dangerous goods should appoint or consult a Dangerous Goods Safety Advisor (DGSA) to ensure practices align with regulations and goods are transported safely.

## Purpose, Scope, & Approach

The purpose of this review was to assess the policies and procedures around the transportation of dangerous goods within Police Scotland and assess whether practices are in line with these policies. This report is intended to provide analysis that will assist Police Scotland in determining whether they should seek advice from or train a member

of staff to be a DGSA or seek to appoint an external DGSA.

We have referred to the Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR) as best practice. We began with reviews of policies and procedures in place over the storage and transportation of dangerous goods.

In addition to this we interviewed productions staff, local policing officers and road policing units to assess their knowledge of ADR. We then observed storage practices onsite at three criminal justice (CJ) productions stores (Govan, Perth, and Maddiston), Local Policing (LP) station Stirling and Road Policing. As part of these visits, we reviewed packaging and labelling of goods.

## Limitations/Exclusions of Scope

For this review Forensics was excluded from testing. We performed no onsite reviews of forensics labs, or interviews of forensics personnel. During our site visit of Perth productions store, staff notified us that the three garages used to store productions were currently not accessible due to a pest infestation, therefore we were not able to fully complete our sample review.

## Summary of Good Practice

As part of our review, we have identified the following areas of good practice

- ▶ **Third party disposal** - Police Scotland use accredited contractors to dispose of dangerous goods including Greenzone; who have their own Dangerous Goods Safety Advisor.
- ▶ **Short life working group** - A short life working group has been created to discuss correct storage and transport practices for high-risk goods. The purpose of the group is to review and assess all work being conducted by Police Scotland relating to the hazards and risks associated with high-risk goods.



# Executive Summary

## Summary of Findings

We have raised seven findings during our review, three of high significance, and four medium significance.

- ▶ **Policies and Procedures (High):** Whilst there are policies and procedures for specific dangerous goods, they do not state how to safely transport and store the different classes of goods. Policies and procedures for nitrous oxide do not cover long term storage instructions, temperature control, transport frequency and disposal. The expected practice for lithium-ion batteries has not been documented and distributed to staff leading to lithium-ion batteries being stored onsite.
- ▶ **Risk Assessment and Identification of Dangerous Goods (High):** Whilst onsite at Perth productions store, we noted that there were 62 items that had “unknown” in their description. Risk assessments for the transportation of chemical productions were also out of date and last reviewed in 2018. Risk assessments for nitrous oxide and lithium-ion batteries do not state the mitigating controls for long term storage, frequency of transport.
- ▶ **Storage and Disposal (High):** Onsite visits found nitrous oxide was being stored in a room without ventilation facilities, contravening ADR requirements. At Maddiston a metal explosives box was being stored inside, alongside the rest of the production goods within which, there are incompatible goods which should be segregated, in line with ADR requirements. Lithium-ion batteries on e-bikes were being stored in Govan police station, against expected practice. Whilst disposal is managed by a third party, disposal policies do not state how to dispose of dangerous goods and the correct waste streams to use.
- ▶ **Lack of Training and Knowledge of Dangerous Goods (Medium):** Standalone Carriage of Dangerous Goods training has not been delivered to Road Policing for seven years due to prioritisation of other courses and the need for an instructor. Furthermore, Department for Transport authorisation given to Police Scotland allowing Officers to not carry their ADR certificates whilst transporting dangerous goods expired in November 2020 and has not been renewed.
- ▶ **Labelling of dangerous goods and hazard symbols (Medium):** A review of labelling practices in productions stores found labels did not agree with CDG requirements as they did not contain UN numbers, hazard classes, or packing groups. A shipment of nitrous oxide also did not carry the correct hazard symbols. At Govan Police Station, a fireworks metal crate did not carry any hazard symbols to show that the contents was explosive or contained dangerous gasses. These missing hazard symbols are due to there being no policy on adding hazard symbols.
- ▶ **Incident Reporting and Lessons Learned (Medium):** Whilst there is a reporting process in place for near misses and health and safety incidents involving dangerous goods, some logged incidents have not resulted in any policy/wider learning amendments, meaning there is a risk the incidents may reoccur.
- ▶ **Unsuitable Transport Vehicles (Medium):** A review of vehicles at Maddiston found they had no means of securing items in the back of the vans, which were also not ventilated for transport of dangerous gases, and did not have cages in the back to separate the driver from the goods they are transporting.

## Conclusion

Our review of Transportation of dangerous goods highlighted several key deficiencies across the internal control environment, the root cause of which is likely minimal policies and procedures covering transporting, storing and disposing of dangerous goods, and a lack of recent dangerous goods training, which has led to inconsistent and in some cases, poor practice.

On-site visits highlighted goods are not always identified before they are stored, and labelling was often inadequate to communicate the risks and hazards associated with dangerous goods. There were considerable inconsistencies in how dangerous goods are being stored at different sites and some transport vehicles do not have ventilation facilities and appropriate apparatus to secure items. There have also been near miss incidents where dangerous goods have been stored and transported incorrectly with no policy changes or lessons learned recorded following these incidents.

Given the nature of the findings identified, management should prioritise taking action on the recommendations noted in this report and as part of this, consideration should be given to whether dedicated resource, e.g. a Dangerous Goods Safety Advisor (DGSA) should be put in place to oversee practices, ensuring they align with regulations and that goods are transported safely.


Overall based on our findings and results of our testing we have provided ‘**Limited**’ assurance over both the control design and the operational effectiveness of controls for the transportation of dangerous goods.

# Detailed Findings



## Detailed Findings


**RISK:** Current policies and procedures do not align with ADR/CDG requirements or do not appropriately address police specific exemptions & Dangerous goods are not stored and / or disposed of in compliance with regulations.

Finding 1 - Policies and Procedures			Type
<p>It is crucial for clear policies and procedures to be in place to ensure the safe transport and storage of dangerous goods. ADR Dangerous Goods by Road regulations stipulate the requirements for the safe transportation of dangerous goods by road. However, following a review of Police Scotland's policies against the ADR regulations, we identified the following exceptions:</p> <ul style="list-style-type: none"> <li>▶ No policy highlights the exemptions for emergency scenarios and the small load exemptions that don't require ADR practices. From our fieldwork, we believe Police Scotland's day to day operations to be exempt from the full ADR regulations due to the low quantities of specific dangerous goods that are being transported and the risk that they pose. Nevertheless, Police Scotland still have a legal obligation to provide its employees with safe working environments, per the Health and Safety at Work Act 1974</li> <li>▶ Whilst there are policies for specific dangerous goods that may be stored and transported, e.g. nitrous oxide and fentanyl; there is no policy for the safe transport and storage for Class one (explosives), Class two (gases), Class three (flammable liquids), Class four (flammable solids), Class five (oxidising substances), Class six (toxic substances), Class seven (radioactive material), and Class eight (corrosive substances) and Class nine (miscellaneous).</li> <li>▶ Whilst policies and procedures state the procedure for packing safely and transporting nitrous oxide as a compressed gas between stores, the policy does not reference the long-term storage conditions that should be used or transport frequency.</li> <li>▶ Productions advised the expected practice for lithium-ion battery powered electric bikes and scooters is to disconnect the battery and only seize the bike and not bring lithium-ion batteries into production stores. However, this practice has not been documented or communicated to Police Scotland officers and staff. This has led to inconsistencies of storage practices between productions stores, as highlighted at our site visit to Govan station where we observed five bikes in storage with lithium-ion batteries still attached.</li> </ul>			Design & Effectiveness 
Implication			Significance
<p>The absence of established policies for handling dangerous goods poses a significant risk of unsafe transportation, which could result in property damage and physical harm. Furthermore, improper storage conditions for nitrous oxide canisters may lead to leaks and ruptures. These risks could lead to non-compliance with legislation set by the Department for Transport.</p>			High
Recommendations	Action Owner	Management Response	Completion Date
1. Develop policies and procedures for all classes of dangerous goods and provide instructions on the correct packing and long-term storage once the goods have arrived at their final destinations.	Health and Safety Manager	Agreed: We accept this as a recommendation and are already taking steps to develop these.	October 2025
2. As part of the above, the conditions for ADR regulations exemptions should be set out. E.g. the quantity thresholds where ADR rules do not have to be applied or where there is an emergency situation.	Health and Safety Manager	Agreed: We accept this recommendation, and it will form part of the above.	October 2025



## Detailed Findings

**RISK:** Risks for all activities involving dangerous goods are not or inappropriately identified, assessed and mitigated.


Finding 2 - Risk Assessment and Identification of Dangerous Goods			Type
<p>Dangerous goods must be correctly identified and classified to ensure safe storage and transport from crime scenes to production stores. Complete risk assessments should detail control measures to mitigate risks. These assessments must be current and shared across the force.</p> <p>During our onsite reviews of a sample of production stores, we reviewed an inventory report from UNIFI for items at Perth productions store. We found 62 out of 4349 items were marked as 'unknown' and classified as drugs; nine unknown powders, three unknown liquids, and 22 unknown tablets. These were stored in plastic evidence bags with other drugs. The issue stems from insufficient officer training on handling unidentified goods.</p> <p>Risk assessments must be completed for transporting chemical and packaging productions, as well as nitrous oxide and lithium-ion batteries. Although nitrous oxide and lithium-ion batteries have current risk assessments accessible via the Police intranet, they lack details on mitigating controls for safe long-term storage, disposal, and transport frequency. Controls should cover temperature regulation, leak detection, and storing nitrous oxide canisters in well-ventilated areas.</p> <p>The risk assessment for transporting chemical productions hasn't been updated since November 2018, indicating it's outdated. Control measures need reviewing to ensure they remain effective and align with current practices in Police Scotland. No other risk assessments exist for the various dangerous goods Police Scotland may transport and store.</p>			<p>Design &amp; Effectiveness</p> 
Implication			Significance
There is a risk that these unknown substances are dangerous and are being stored in unsafe manner and could lead to physical harm of staff and that staff are not aware of the correct measures to take to mitigate the risks.			High
Recommendations	Action Owner	Management Response	Completion Date
1. In the short-term, goods that have not been identified should be treated as dangerous and stored appropriately. In the long-term, as part of production store audits, unidentified goods should be routinely sent for identification at forensics labs.	Health and Safety/Productions	Agreed: We will seek to address this issue with support from Production staff with a view to changing processes.	October 2025
2. Risk assessments should be developed for the different classes of dangerous goods and current risk assessments be updated to include controls to mitigate risks of long-term storage, frequency of transport and disposal.	Health and Safety Manager	Agreed: A new risk assessor will be starting with the team in May 2025, and this will form part of their role to produce.	October 2025
3. Review and update the transportation of chemicals risk assessment.	Health and Safety Manager	Agreed: As above per recommendation 2.	October 2025





## Detailed Findings


**RISK:** Dangerous goods are not stored and / or disposed of in compliance with regulations.

Finding 3 - Storage and Disposal			Type
<p>Storage facilities should have adequate racking, ventilation and temperature control to ensure that dangerous goods do not degrade or pose a higher danger if they leak. Dangerous gases including nitrous oxide should be stored in well ventilated areas to ensure that officers and staff are not at risk if there is a leak in the cannisters. It is also important for incompatible goods to be segregated and stored separately so that they do not interact with each other.</p> <p>Following a review of a sample of storage conditions for dangerous goods including nitrous oxide, fireworks and lithium-ion batteries against ADR regulations 2009 and internal guidance, we identified at Stirling road policing stores that nitrous oxide was being stored in an unventilated room on shelving with the release valves not always pointing upwards risking cannister leaks, contravening Police Scotland's policies.</p> <p>We also noted that that class 1 explosives (fireworks) were being stored alongside nitrous oxide cannisters inside the same metal fire chests. According to ADR regulations 2009 and Police Scotland CDG training these items are incompatible and should not be stored together due to the risk of explosion.</p> <p>We also reviewed the consignment notes for disposal of a sample of dangerous goods by OCS and noted that the notes for a disposal of an e bike were incomplete and was missing an accurate description of the item. The same missing information was missing from the form for a disposal of Toners.</p> <p>Whilst there is available guidance over listing items for disposal through UNIFI and procedures for disposal of specific goods for example guns and drugs, it does not state how common dangerous goods should be disposed of. For example, ideally the instructions should state the process for degassing and recycling nitrous oxide cannisters safely and the correct waste streams for hazardous goods including lithium-ion batteries that cannot be disposed of in traditional landfill sites.</p>			<div>Design &amp; Effectiveness</div> <div></div>
Implication			
There is a risk that goods will be stored in an unsafe manner leading to leaks, contamination, potential damage to property and harm to staff and breach of regulations.			High
Recommendations	Action Owner	Management Response	Completion Date
1. Policies for dangerous goods should be updated to highlight how goods should be stored long term and include segregation of incompatible goods, temperature control, location and disposal.	Health and Safety	Agreed: This will all form part of policies/procedures as highlighted in Finding 1, recommendation 1.	October 2025
2. Where feasible, nitrous oxide cannisters should be stored in ventilated areas, e.g. Outside cages. Where this is not possible, consider the use of nitrous oxide alarms to alert staff to leaks.	Health and Safety Manager	Agreed: As part of the action plan from the N20 SLWG storage is being looked at across the force.	October 2025
3. In the long term, consider the implementation of nitrous oxide disposal bins and cages for longer term storage of cannisters to segregate the cannisters from other dangerous goods and ensure that they are ventilated.	Health and Safety Manager	Agreed: In the interim we will seek to follow appropriate guidance per legislation. A High-Risk Goods group is reviewing the need to store items for long time periods.	October 2025



## Detailed Findings

**RISK:** Staff handling or transporting dangerous goods are not appropriately trained.

Finding 4 - Lack of Training and Knowledge of Dangerous Goods			Type
<p>Staff transporting dangerous goods need basic ADR training, which covers hazards, labelling, prohibitions, and accident procedures. The small load exemption is the quantity of dangerous goods that are allowed to be transported without following ADR regulations. If this is breached, then drivers are required to have ADR certificates issued by the Department for Transport. ADR certificates are valid for five years and require regular training reviews. For common dangerous goods (e.g. Nitrous oxide) the small load exemptions is a 1000kg, for clinical waste it is 333kg, and fireworks must stay under 20kg. We have been advised most police activities with dangerous goods likely falls within this exemption category.</p> <p>Historically, a 21-hour standalone Carriage of Dangerous Goods training course that covers all the key aspects of ADR including packaging, labelling and documentation was delivered to Road Policing officers. However, the course has not been delivered to officers for seven years because the vacant instructor position has not been filled, and other road policing training courses have since been prioritised.</p> <p>Road Policing management has advised that to deliver the course again, a review of the content and instructor training is necessary. This requires de-prioritising other training courses to allocate time and resources for the Carriage of Dangerous Goods. Additionally, this training has never been provided to productions staff, who handle the storage and may transport dangerous goods between stores. Furthermore, Department for Transport authorisation given to Police Scotland allowing Officers to not carry their ADR certificates whilst transporting dangerous goods expired in November 2020 and has not been renewed.</p> <p>We also noted throughout interviews with Police officers and staff members a lack of general knowledge on the policies and procedures for handling common dangerous goods for example nitrous oxide and lithium-ion batteries.</p>			<div>Design &amp; Effectiveness</div> <div></div>
Implication			
There's a risk that insufficient training and understanding could lead to unsafe storage and transport of items, increasing the likelihood of accidents and threats to property and life. Whilst our testing did not result in any cases of the small load exemptions being breached, we found that policies and procedures don't specify these thresholds for transport without ADR certificates. This lack of oversight could lead to breaches of Department for Transport and ADR regulations.			Medium
Recommendations	Action Owner	Management Response	Completion Date
1. Consider the implementation of dangerous goods training for staff focusing on staff who are responsible for storing dangerous goods frequently.	Health and Safety Manager	Agreed: To inform the policies and procedures outlined in Finding 1, HSM will seek to identify an appropriate level course for H&S Advisors to disseminate the appropriate competent advice.	October 2026
2. Develop a list of officers with ADR certificates that can be called on when ADR regulations must be enforced to transport goods between production sites.	Health and Safety Manager	Agreed: Discuss and collate with assistance from Learning and Training Development.	February 2026



## Detailed Findings


**RISK:** Staff handling or transporting dangerous goods are not appropriately trained.

Finding 4 - Lack of Training and Knowledge of Dangerous Goods (Continued)			
Recommendations	Action Owner	Management Response	Completion Date
3. Consider renewing authorisation by the Department for Transport to allow officers to transport dangerous goods without having their ADR certificate on their person.	Health and Safety Manager	Agreed: Seek advice from others in the organisation as to who should process this request.	December 2025



## Detailed Findings


**RISK:** Activities involving dangerous goods are incorrectly classified, packaged, and labelled.

Finding 5 - Labelling of Dangerous Goods and Hazard Symbols			Type
<p>All dangerous goods transported by Police Scotland must have a Dangerous Goods Note detailing the UN number, hazard class, and packing group. The note should also include total weights, destination, and the responsible officer or staff member to identify the goods and document their transport. Packaging must display appropriate hazard symbols to alert those handling the goods to potential risks.</p> <p>Following our site visits, we noted that none of the dangerous goods stored in the production's stores carried dangerous goods notes, meaning we were unable to verify how they were transported and the packaging used. A review of forensic services examination forms provided with productions found they do not state how an item was transported and stored, and they do not state the risks associated with the dangerous goods.</p> <p>We inspected the outer packaging of various dangerous goods in production stores, including fireworks, nitrous oxide canisters, and fentanyl jars. While nitrous oxide canisters and fireworks carried correct symbols, these were added by the manufacturer, not the police. If goods are decanted from their original packaging, they might lack proper hazard symbols. We also reviewed images of a nitrous oxide shipment and found that although warning notes were attached, there was no symbol for non-flammable gases on the crate. This symbol should depict a white or black cylinder on a green background.</p> <p>Whilst onsite at Govan station, we reviewed the storage of fireworks and nitrous oxide and noted that the metal chest had no hazard symbols to show that the contents was explosive, flammable or contained a compressed gas.</p> <p>The lack of appropriate labelling stems from officers not having sufficient training and symbols on hand to attach to goods packaging, and there being no policies in place regarding the use of hazard symbols and current labelling practices not requiring alignment with ADR regulations.</p>			<div>Design &amp; Effectiveness</div> <div></div>
Implication			Significance
There is a risk that those handling dangerous goods are not aware of the risks and hazards that are associated with dangerous goods leading to potential physical harm and property damage.			Medium
Recommendations	Action Owner	Management Response	Completion Date
1. All dangerous goods that are transported should have a dangerous goods note to highlighting the UN number, packing group, hazard class as well as quantity and destination.	Health and Safety Manager	Agreed: Information will be sought on the correct information required for transporting DGs.	October 2025
2. Police stations should be supplied with hazard symbols and guidance on which symbols are required to be attached to certain items.	Health and Safety Manager	Agreed: Discuss with BSUs on what is required and disseminate	December 2025



## Detailed Findings

**RISK:** Incidents or near misses involving the transportation of dangerous goods may go unreported or may not be thoroughly investigated.

Finding 6 - Incident Reporting and Lessons Learned			Type
<p>When incidents involving dangerous goods occur, it's crucial to generate an incident report detailing what went wrong and how to prevent future occurrences. Actions should be planned to change policies, implement training, or address unmitigated risks to avoid recurrence. Additionally, if incidents involve leaks or contamination, policies must ensure local authorities are notified promptly. However, a review of the incident reporting policy identified it did not specify the situations where a report must be made to local authorities of contamination of the local environment.</p> <p>Accident reporting statistics are presented by Health and Safety Manager to the SPA People Committee on total incidents near misses and RIDDOR. Incident reports are submitted through Police Scotland's intranet 'SCoPE'. The reports include a description of the accident location and any injuries. The Health and Safety team are responsible for reviewing each incident report to agree that actions have been taken.</p> <p>Staff at Maddiston Criminal Justice Production Store informed us of a near miss incident involving a pickup from Coatbridge Temporary Store. Among the four items collected, one contained an unknown grey powder marked as 'other'. This powder was stored in the firearms lockup for 12 days before a Detective Sergeant alerted the productions team that it was explosive. Although the productions management team leader correctly filed a near miss report, no policy changes or actions were taken to prevent similar incidents at other stations. The report only led to local officers at Falkirk and Coatbridge being reminded of the dangers.</p> <p>Staff have also informed internal audit of a separate incident at Inverness where chemicals were held at productions store that due to incorrect storage and packaging had become dangerous and started to decompose. However no near miss or incident report had been submitted to evidence this, therefore no lessons learned had been implemented. It is the responsibility of staff to submit incident reports to management.</p> <p>The incident reporting policy does not state the reporting requirements for Police Scotland if a leak leads to contamination of an area that requires environmental clean up.</p>			<div>Design &amp; Effectiveness</div> <div></div>
Implication			
As policies have not been updated or changed there is a risk that a similar incidents will happen at productions sites across Scotland as the route causes have not been addressed.			Significance
			Medium
Recommendations	Action Owner	Management Response	Completion Date
1. Lessons learned activities should be formally undertaken for high-risk incidents, with learning shared widely across the force.	Health and Safety Manager	Agreed: Accident, Incident and Near Miss reporting SOP is in final stages and this will be outlined. In the interim I will address this with my team to ensure Productions notify them immediately of any incidents.	November 2025



## Detailed Findings


**RISK:** Incidents or near misses involving the transportation of dangerous goods may go unreported or may not be thoroughly investigated.

Finding 6 - Incident Reporting and Lessons Learned (Continued)			
Recommendations	Action Owner	Management Response	Completion Date
2. The Incident reporting policy should be updated to include situations where a report must be made to local authorities of contamination of the local environment.	Health and Safety Manager	Agreed: I will discuss this with my team in terms of the stage the incident SOP is at and whether this can be added in - alternatively we can create a separate procedure for Productions that include this.	November 2025
3. Regular site visits and spot checks should be conducted over productions stores to confirm improved practice and to identify and share lessons learned. This would require support either by freeing up internal resource or considering the appointment of a DGSA. The assessment of whether the DGSA is required should be informed by updated risk assessments.	Heath and Safety Manager	Agreed: The health and safety advisors already inspect stores as part of the 6 monthly checks and on an ad-hoc basis. To address the recommendation, we will seek to ensure DGs are included on the inspection form.	October 2025



## Detailed Findings

**RISK:** Staff handling or transporting dangerous goods are not appropriately trained.

Finding 7 - Unsuitable Vehicles			Type
<p>Dangerous goods should be transported in suitable vehicles equipped with measures to ensure safe transit. Vehicles must secure items to prevent movement and be equipped with fire extinguishers and chemical spill kits for leaks or accidents. The driver should be separated from the goods, and adequate ventilation is essential for transporting gases like nitrous oxide. For flammable and combustible goods, storage areas should have a metal body and be fitted with non-combustible sheets.</p> <p>At Maddiston Productions Store, we observed that the vehicles onsite were standard unmarked transit vans. While these vans had ample space for large items and were equipped with chemical spill kits, fire extinguishers, and acid kits, they lacked ventilation facilities. This absence poses a risk of dangerous gas build-up in the event of a leak during transport. Additionally, the vans did not have means to secure items in the back, allowing them to move and potentially be damaged during transit. They also lacked separate cages to segregate goods and ensure driver safety. The cause of the unsuitable vehicles being used to transport goods between locations is due to policies not stating the vehicle that should be used when transporting goods and the lack of availability of specialist vehicles at production stores.</p> <p>Whilst reviewing the consignment notes for disposal of a sample of dangerous goods by OCS, we could not identify all the vehicles that were referenced in the notes due to their number plates not linking to registered vehicles on the DVLA website.</p>			<div>Design &amp; Effectiveness</div> <div></div>
Implication			
There is a risk that items are damaged during transport leading to chemical spills, contamination of vehicles and injury to the driver. There is a risk that regulations are breached as dangerous goods are transported in unsuitable vehicles.			Medium
Recommendations	Action Owner	Management Response	Completion Date
1. A list of suitable vehicles for gases transport be developed. Along with policies and procedures be updated to include information on which vehicles can be used for transport of certain items. Vehicles carrying dangerous gases should have vents in the back to prevent build up of dangerous gases.	Health and Safety Manager Fleet Manager	Agreed: Explore options to modify some current vehicles in line with the frequency of the described events above.	February 2026
2. In the short term, where unventilated vehicles are used to transport dangerous gases a nitrous oxide detector should be used to detect leaks and warn the drivers and have a warning on the outside warning of no ventilation and to proceed with caution.	Health and Safety Manager	Agreed: We will seek to identify vehicles that are more likely to transport goods and identify an appropriate number based on evidential frequency	February 2026
3. Perform a verification exercise that all vehicles used for disposal by OCS are correctly registered and identifiable through the DVLA.	Health and Safety Manager	Agreed: Discuss this with Estates and Risk Compliance Lead to ascertain our supplier is using correct vehicles in line with legislation	August 2026

# Appendices





## Appendix I : Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

### Recommendation Significance

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
Advisory	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



## Appendix II : Terms of Reference

### Terms of Reference Extract

#### Purpose

The purpose of this review is to assess the policies and procedures around the transportation of dangerous goods within police Scotland and compare them to ADR and carriage of dangerous goods regulations set out by the United Nations. We will also make a recommendation on the use of a Dangerous Goods Safety Advisor by Police Scotland.

#### Key risks

- Current policies and procedures do not align with ADR/CDG requirement or do not appropriately address police-specific exemptions.
- Risks for activities involving dangerous goods are not appropriately identified, assessed and mitigated.
- Dangerous goods are incorrectly classified, packaged or labelled.
- Staff handling or transporting dangerous goods are not appropriately trained
- Transport practices do not comply with ADR /CDG requirements or exemptions to transport practices are not used appropriately
- Dangerous goods are not stored or disposed of in compliance with regulations
- The police force is not prepared to respond effectively to incidents involving dangerous goods.
- There may not be suitable oversight of the compliance of third-party contractors transporting dangerous goods.
- Incidents or near misses involving the transportation of dangerous goods may go unreported or may not be thoroughly investigated.

#### Scope Areas

The following areas will be covered as part of the scope for this review:

- Policies and Procedures
- Risk Assessment Processes
- Classification, Packaging, Labelling of Dangerous Goods
- Training and Competency
- Transportation Practices
- Storage and Disposal
- Emergency Preparedness and Incident Response
- Use of Third Parties
- Incident Reporting and Investigation



## Appendix III: Staff Interviewed

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

John McNellis	Head of Finance, Audit and Risk	Audit Sponsor
Donna Adam	Audit Manager	Audit Co-Ordinator
Dawn MacLean	Health & Safety Manger	Key Contact
Alice Murdoch	Health & Safety Advisor	Key Contact
Marin Burns	Health & Safety Advisor	Key Contact
Catriona Pullar	Productions Management Team Leader Fife and Perth	Key Contact
Linda Chambers	Productions Management Team Leader Maddiston	Key Contact
Dorothy Montgomery	Facilities Management Change Lead	Key Contact



## Appendix IV: Limitations and Responsibilities

### Management Responsibilities

The Audit & Risk Committee is responsible for deciding the action to be taken on the outcome of our findings from our work. The Committee is also responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit & Risk Committee.

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Organisation.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the organisation in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### Limitations

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

As part of this review forensics was not included in the sample review on site visits or staff interviews.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

FOR MORE INFORMATION:

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