SCOTTISH POLICE AUTHORITY
ÙGHDARRAS POILIS NA H-ALBA

Audit, Risk and Assurance Committee
13 August 2026

Item 2.1: Internal Audit Update
Presenter: Claire Robertson, Head of Digital and Risk Advisory Services, Scotland, BDO
Appendix: Appendix A – Internal Audit Progress Report
Appendix B – Follow Up of Prior Recommendations

Purpose

To provide oversight and scrutiny of the:

- delivery of the internal audit plan; and
- adequacy of management responses in respect to recommendations identified by internal audit.

Recommendation

For Discussion

Strategic Alignment

Strategic outcome(s)	Strategic Outcome 5 Authority's Assurance Framework
Risk alignment	SR 03 - SPA accountability for PS SR 04 - SPA accountability for Forensics Various other risks applicable to follow up actions
Prior governance	N/A
Stakeholder engagement	Regular engagement across: Police Scotland, Forensic Services and SPA Corporate.

Implications

Community	✓	Data & Privacy	✓	Environmental	✓
Equalities & Human Rights	✓	Financial	✓	Health, Safety & Wellbeing	✓
Legal	✓	Workforce	✓		

1 Report Detail

1.1 Background

1.2 The progress report provides an update on delivery of the 2026/27 internal audit plan.

1.3 The Q1 follow-up results cover the implementation status of all recommendations raised from the work carried out by Internal Audit which were due to be implemented by 30 June 2026 (Q1).

1.4 Further detail

Appendix A – Internal Audit progress update

1.5 The report provides an update on each of the ten scheduled audits within the 2026/27 plan.

- Two audits are "final" and are presented later in the agenda to ARAC.
- Four audits are "scheduled" with details provided about the timeline of when they will commence.
- One audit, Succession Planning, is in "Reporting" (noted as delayed and will be presented to November ARAC.
- One audit, Capital Expenditure, is "in progress" as fieldwork has commenced.
- Two other audits are in the "planning" stage as TORs have been issued for review and fieldwork is due to commence.

1.1 Ten of the eleven KPI's are 'on track' / "green" however, the first will move to amber at November ARAC to reflect delays to Succession Planning.

1.2 The remaining KPI is "grey" which indicates it has not yet started.

Appendix B – Q1 Follow Up of Prior Recommendations

1.3 Appendix B summarises the progress made by policing with implementing agreed internal audit actions. Internal audit validate the closure of actions.

1.4 Total 74 recommendations followed up in July 2026:

- 34 (46%) are fully implemented;
- 26 (35%) remain in the process of being implemented;
- 1 (1%) were superseded; and
- 13 (18%) were proposed for no further action.

1.5 An additional category has been addressed for progress of recommendations 'no further action'. These have been presented to PS Audit & Risk Board for consideration and will be presented to ARAC Members in November 2026 once reviewed by SPA.

1.6 It should be noted that there has been increase in the volume of recommendation closures from previous quarters by **36%**.

1.7 A PowerBi report giving full details of recommendations has been provided to ARAC members. This supplements the summary being reported to the committee and ensures BDO compliance with Global Internal Audit Standards in the UK Public Sector.

2 Strategic alignment detail

2.1 Strategic alignment to strategic police plan and other key enabling strategies

Strategic outcome(s)	Strategic Outcome 5 Authority's Assurance Framework

2.2 The output from the internal audit activity aligns with SPA Strategic Outcome 5 - We are a learning organisation, where decision making and scrutiny are evidence led.

2.3 Internal audits work is outlined in the annual internal audit plan and is in line with the Authority's Assurance Framework.

2.4 Alignment to risk register and risk appetite

Risk alignment	SR 03 - SPA accountability for PS SR 04 - SPA accountability for forensics Various other risks applicable to follow up actions

2.5 Delivery of the internal audit plan is a key mitigation for strategic risks - accountability for PS and accountability for FS. The internal audit plan for 2026/27, approved by ARAC in February 2026, includes alignment between audit areas and corporate risks.

2.6 Addressing internal audits improvement recommendations contributes to the mitigation of the risks identified in individual audits.

2.7 Prior governance

Prior governance	N/A

2.8 N/A – this report is provided for the ARAC. Separate progress updates are also provided to PS, FS and SPAC.

2.9 The Internal Audit plan for 2026/27 was approved by ARAC in February 2026.

2.10 Stakeholder engagement

Stakeholder engagement	Regular engagement across: Police Scotland, Forensic Services and SPA Corporate.

2.11 Whilst not specific to this report, internal audit meet regularly with officers and staff across policing to discuss the progress of the internal audit plan.

3 Implications detail

Community	✓	Data & Privacy	✓	Environmental	✓
Equalities & Human Rights	✓	Financial	✓	Health, Safety & Wellbeing	✓
Legal	✓	Workforce	✓		

3.1 **Legal** – Whilst not within statute, the Scottish Public Finance Manual (SPFM) requires internal audit to provide an annual report to the Accountable Officer and Audit Committee that provides an opinion on the adequacy and effectiveness of the governance, risk management and internal control system of the organisation. To support the annual report, the internal audit plan covers implications across Scottish policing.

3.2 **Overall** - This paper provides an update on delivery of the internal audit plan and progress against improvement recommendations which aligns with the Authority's Assurance Framework. Audits and their respective recommendations have implications across the above categories. As such, the implications across the above categories are considered during recommendations review.

BDO

SCOTTISH POLICE AUTHORITY

Internal Audit Progress Report (including Strategy & QAIP)

August 2026

EXECUTIVE SUMMARY

ROLE OF INTERNAL AUDIT

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

PURPOSE OF THIS DOCUMENT

The purpose of this document is to provide the SPA's Audit, Risk & Assurance Committee (ARAC) with an update as to the status of internal audit activity against the 2026/27 Annual Internal Audit plan.

PROGRESSION UPDATE

Since the last ARAC in May 2026, please see below an update of internal audit activity against our 2026/27 plan:

- 2 reviews have been finalised - Third Party Management and SPA Board & Committee Effectiveness

See overleaf for further detail on the progression made to date against the internal audit plan. At the time of writing, we expect to deliver all audits within the Internal Audit plan by the end of 2026/27.

UPDATE ON FOLLOW-UP ACTIVITY

Following the 2025/26 Internal Audit Annual Report, which issued an 'Improvement Required' annual opinion, Management has responded positively and with increased urgency to address the backlog of Internal Audit recommendations.

A standing agenda item has now been established at Police Scotland's Audit & Risk Board, chaired by a DCC and supported by senior Director sponsorship. Its purpose is to provide focused oversight of outstanding recommendations, hold action owners to account, and identify any barriers, challenges or areas where further support may be required. BDO's outsourced Internal Audit team attended the session and observed a clear and proactive commitment from management to address the issue.

The Quarter 1 2026/27 follow-up report shows an increased proportion of recommendations proposed for closure. Some have been classified as 'No Further Action', where management has partially addressed the recommendation and accepted the residual risk, supported by existing controls and risk management arrangements. These have been presented to the Audit & Risk Board for approval and later to the ARAC for endorsement.

Ongoing assurance activity will continue to generate new recommendations. It is therefore important that the current level of focus and momentum is sustained to prevent future backlogs.

There are currently a total of 145 outstanding recommendations, excluding those related to the Productions and Cyber Security reports and any recommendations proposed for closure/no further action.

INTERNAL AUDIT STATUS UPDATE

SUMMARY OF WORK PERFORMED TO DATE

Internal Audit has made the following progress in delivering the agreed audits from the approved 2026/27 internal audit plan.

AUDIT ACTIVITY	STATUS	COMMENTARY	TARGET ARAC
THIRD PARTY MANAGEMENT	FINAL	➢ Report finalised and to be presented during August ARAC.	➢ August 2026
SPA BOARD & COMMITTEE EFFECTIVENESS	FINAL	➢ Report finalised and to be presented during August ARAC.	➢ August 2026
SUCCESSION PLANNING	REPORTING	➢ Fieldwork concluded with draft report being considered by management.	➢ November 2026.
CAPITAL EXPENDITURE	IN PROGRESS	➢ Fieldwork in progress. Draft report expected to be issued during August 2026.	➢ November 2026
ORGANISATION-WIDE BEHAVIOURS	PLANNING	➢ Draft Terms of Reference issued . Scheduled to commence in August 2026.	➢ November 2026
EMERGING TECHNOLOGICAL SOLUTIONS	PLANNING	➢ Terms of Reference being drafted. Scheduled to commence in August 2026.	➢ February 2027
DEMAND AND CAPACITY MANAGEMENT	SCHEDULED	➢ Scheduled to commence in October 2026.	➢ February 2027
FORENSICS SERVICES STRATEGIC WORKFORCE PLANNING	SCHEDULED	➢ Scheduled to commence in November 2026.	➢ May 2027
SICKNESS ABSENCE MANAGEMENT	SCHEDULED	➢ Scheduled to commence in December 2026.	➢ May 2027
STRATEGIC PLANNING	SCHEDULED	➢ Scheduled to commence in January 2026.	➢ May 2027

INTERNAL AUDIT STRATEGY

Business strategic context

Scottish Police Authority operates in a complex, highly scrutinised public sector environment, supporting policing across Scotland while maintaining public confidence, community safety and value for money amid financial constraint. Police Scotland continues to progress its long-term transformation agenda, including national policing priorities, digital modernisation, estate rationalisation and workforce reform, while addressing demand complexity, cyber-enabled crime, increased oversight, and expectations around equality, diversity, inclusion and public engagement.

Internal audit vision and objectives

Internal Audit will be a trusted, forward-looking function providing independent assurance and insight across the Scottish Police Authority. It will take a risk-based, proportionate approach, focusing on strategic priorities, transformation programmes, operational resilience, financial sustainability and emerging risks, while working with management and other assurance providers to coordinate assurance, reduce duplication and strengthen governance, risk management and control. It will provide timely, clear and actionable insight while maintaining independence, objectivity and alignment with professional standards.

Strategic pillars

Supporting the strategy

- Internal Audit is positioned to serve as a trusted and strategic advisor, providing business leadership with forward-looking, high-value insights that support strategic decision-making, enhance risk awareness, and align with the organisational risk appetite.
- Internal Audit will work closely with other assurance providers e.g. HMICS
- We will start to focus on advisory engagements, striking a balance that allows us to address both critical projects and programmes, core business processes and emerging risks.

People management and development

- A high-performing and flexible Internal Audit team is essential for delivering quality and impactful audit services.
- The people strategy focuses on recruiting and nurturing a talented, versatile, and technically proficient workforce.
- By investing in IIA/ CCAB trainees, advanced qualifications, availability of SMEs and specialised training across key areas—such as ESG, fraud, IT, operations, and regulatory frameworks we will deepen the team's expertise and strengthen our capacity to address complex audit demands.

Process and methodology

- Optimising our audit methodologies to ensure they remain agile, relevant, and compliant with the latest IIA standards and regulatory expectations.
- Maintaining strong relationships with the Institute and regulators.
- Quality will remain at the heart of our service with robust assurance checking and review procedures, overseen through annual and periodic hot/cold review procedures.
- Our Quality Assurance and Improvement Programme (QAIP) will continue to be robust, involving regular internal and external assessments that align with industry best practices.

Technology development

- In an environment of rapid technological change, Internal Audit will continuously evolve and adopt digital innovations to deliver more effective, insightful, and efficient assurance. This strategy prioritises the integration of advanced data analytics and AI across audit operations, positioning these tools as essential elements of our methodology.
- Internal Audit will maintain close relationships with relevant colleagues to ensure our approach is aligned with the organisation's approach to data protection and IT/ Cyber security.

INTERNAL AUDIT STRATEGY

Proposed actions

Area	Initiative / action
Strategy support	• Continue to work closely with wider second line management, where possible, to align working practices to support assurance over the strategy • Ensure annual internal audit plan reflects strategic priorities including key programmes e.g. Vision 2030 • Consider more agile/ advisory auditing techniques to provide timely conclusions and develop and adopt alternative reporting formats e.g. Board briefing papers, short form reporting
People	• Resources will remain broadly constant with the CAE supported by a Senior Manager and Assistant Manager, plus additional BDO resources as required • Review team resources periodically to confirm sufficient capacity and capability • Ensure team members hold or are working towards professional and relevant qualifications • Reflect on SME input requirements through annual audit planning e.g. Cyber, ESG. • Ensure team CPD remains up to date • Invest in 1-1 time and additional coaching as required to develop team members
Process	• Perform annual desktop review of manual and methodology to confirm in line with professional standards • Undertake annual self assessment against EQA • Review/ revisit regulator (HMICS)/ other key stakeholder expectations • Participate in BDO cold/hot review process and NPS process. Act upon any improvement points • Update QAIP • Commission independent EQA every five years
Technology	• Investigate opportunities for wider use of data analytics / Artificial Intelligence to support IA project work • Invest in new technologies and team training as required to widen the use of GenAI in IA delivery • Work closely with relevant colleagues to ensure data / cyber security protocols are maintained

QUALITY ASSURANCE IMPROVEMENT PROGRAMME (QAIP)

In accordance with Standard 8.3 of the Global Internal Audit Standards, we must develop, implement and maintain a quality assurance improvement programme (QAIP).

Our QAIP is premised on the following three key activities. We will report annually to the Audit & Risk Committee, on the results of the ongoing monitoring of quality and performance (including the results of the internal quality assessments). Results of the external quality assessments will be reported when completed. If applicable, plans to address any improvements identified will also be communicated.

Ongoing monitoring of quality and performance

Internal audit methodology - A standard internal audit methodology, working papers and templates are in use. Our methodology is updated when necessary and formally reviewed on an annual basis.

Supervision and review of outputs – All internal audit work is supervised and formal review of all deliverables including annual plans, terms of reference, draft and final reports and written advice is performed by Claire Robertson before issue.

Use of subject matter experts – Our work employs sufficient technical knowledge and skills to safeguard quality. To deliver your Internal Audit Plan, we will draw on the use of subject matter expert (SME) where required. The SME's will be used either to review the scope and work or to deliver it.

Monitoring of the performance - A suite of quantitative and qualitative key performance metrics (see overleaf) is in place to monitor the performance and effectiveness of the Internal Audit team, and the value Internal Audit brings to the business.

Stakeholder feedback - is requested from audit stakeholders after each audit and used to identify ways to improve our service.

Sharing of good practice – we promote a culture where lessons learned and good practice are shared across the team.

Internal assessments

Annual self assessment - On an annual basis, an experienced review Partner or Director will perform a self-assessment of compliance with the Global Internal Audit Standards which will include a sample of files. An improvement action plan will be drafted based on the findings.

Hot and cold reviews - During the year, an experienced review Partner or Director, independent of the engagements under review, will also review a selection of individual internal audit engagements to obtain ongoing assurance on the technical quality of our work. These will be performed based upon an agreed review programme, of closed (cold) files and thematic (hot) reviews of in-flight engagements.

Four eyes principle - All our outputs and the key underlying documentation are subject to review by a second person. For you, our work will be subject to one detailed review by a Senior manager and a higher-level review by the Head of Risk Advisory Services for Scotland.

External assessments

In accordance with Standard 8.4, an external assessment of the quality (EQA) of our internal audit work must be conducted at least once every five years by a qualified, independent assessor or assessment team.

Previous EQA

At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

A copy of the EQA report is available to our clients so they can obtain comfort regarding our working practices.

Next EQA

Our next EQA is expected to be delivered in 2026. As part of communications with clients, the project team will discuss the results of the external assessment with the Audit Committee

QAIP: INTERNAL AUDIT PERFORMANCE KPI'S

Performance KPI	Status	Comments
Internal Audit Efficiency		
In-scope audits are completed to their planned ARACs.	On-Track	
All in-scope audits for FY 2026/2027 are completed by 31 March 2027.	On-Track	
Annual Internal Audit report/opinion is presented to the May 2027 ARAC.	Not yet started	
Internal Audit Quality		
All recommendations made to each audit are discussed with the management. Agreed recommendations are logged into the system for following up.	On-Track	
All audits are led and reviewed by qualified staff, with audits required to be involved with SMEs from other teams.	On-Track	
Customer Satisfaction survey results	On-Track	
Internal Audit Engagement		
Regular liaison meetings with SPA/PS Audit & Risk teams; with PS management; and with HMICS and external auditor.	On-Track	
Initial Term of Reference of the audit is issued 4 to 6 weeks ahead of fieldwork starting date.	On-Track	
Internal audit issues draft audit report within 3 weeks of closing meeting.	On-Track	
Finalised audit report issued to stakeholders within 1 week of final management responses being received and agreed.	On-Track	
Internal Audit Quality		
Actual vs Budgeted days of audits are provided to ARAC.	On-Track	

FOR MORE INFORMATION:

Claire Robertson
Head of Digital and Risk Advisory Services Scotland
Claire.Robertson@bdo.co.uk

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POLICE SCOTLAND

INTERNAL AUDIT REPORT – FINAL

Q1 FOLLOW UP OF PRIOR RECOMMENDATIONS

JULY 2026

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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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FOR INFORMATION	Audit, Risk & Assurance Committee Members

REPORT STATUS	
DATES WORK PERFORMED:	13.07.26 - 21.07.26
DRAFT REPORT ISSUED:	27.07.26
FINAL REPORT ISSUED:	03.08.2026

EXECUTIVE SUMMARY

BACKGROUND

As part of the provision of continual assurance over the design, effectiveness of controls and closure on control gaps, we have undertaken a review to assess the degree of implementation of the recommendations made in prior years in accordance with the Annual Internal Audit Plan.

If recommendations are not implemented on a timely basis, weaknesses identified through internal audits in control, risk management and governance activities will remain in place. Furthermore, a reluctance or inability to implement recommendations reflects poorly on management's commitment towards maintaining a robust internal control and governance environment. Therefore, confirmation of the implementation status of recommendations is a key determinant of our annual opinion over your governance, risk, and internal control framework.

SCOPE

In accordance with the 2026-27 Internal Audit Plan, we have considered the implementation status of all recommendations raised from the work carried out by Internal Audit which were due to be implemented by 30th June 2026 (Q1). This resulted in a total of 74 recommendations to be followed up. The recommendations relate to 19 audit areas, as shown in the tables below and overleaf.

METHODOLOGY

During our testing we followed up on all recommendations which had a target completion date of on or before 30th June 2026 (Q1).

Management's Internal Audit recommendation progress was reviewed to establish the degree of implementation achieved. Where it was confirmed that the recommendation had been implemented, evidence was sought, and testing was undertaken to verify the ongoing operation of the recommended controls. Where Management's response in the Internal Audit report differed from the original recommendation, we tested the agreed management actions.

We noted that the previous Internal Auditor for the Scottish Police Authority rated their recommendations on a grading 1-4, Police Scotland equated this to their risk levels of low-very high whilst SPA Forensic Services retained the 1-4 grading; we have therefore used both labels in the table below.

STATUS OF RECOMMENDATIONS AT JULY 2026

The table below outlines the implementation status of the recommendations followed up:

Audit Area		STATUS AT July 2026						
	Action Significance Rating	Fully implemented	Being implemented	Not implemented	Superseded	No Further Action	Not due for implementation this quarter	Total
Recommendations from 2022/23 - 2025/26								
Compliance PAVA Airwave 2022/23	High	1	2	-	-		-	3
Compliance PAVA Airwave 2022/23	Medium	1	-	-	-		-	1
Vetting 2022/23	High	-	1	-	-	-	-	1

EXECUTIVE SUMMARY

Audit Area	Action Significance Rating	Continued from previous slide						
		Fully implemented	Being implemented	Not implemented	Superseded	No Further Action	Not due for implementation this quarter	Total
Biometrics (Forensic Services) 2023/24	Medium	-	-	-	-	-	3	3
Biometrics (Police Scotland) 2023/24	Medium	-	2	-	-	-	6	8
Biometrics (Police Scotland) 2023/24	Low	-	-	-	-	-	2	2
Core Financial Systems 2023/24	Low	-	-	-	-	-	1	1
Electronic Data Retention plus iVPD Focus 2023/24	Medium	-	-	-	-	1	-	1
Electronic Data Retention plus iVPD Focus 2023/24	Low	-	-	-	-	1	-	1
Grievance Process 2023/24	High	1	-	-	-	-	-	1
Investment Prioritisation 2023/24	Medium	-	-	-	-	-	1	1
Review of IT General Controls 2023/2024	Medium	1	-	-	-	-	1	2
Review of IT General Controls 2023/2024	Low	1	-	-	-	-	1	2
Cash and Drugs Productions and High-Value Stores 2024/25	High	1	1	-	-	-	4	6
Cash and Drugs Productions and High-Value Stores 2024/25	Medium	2	8	-	-	1	2	13

EXECUTIVE SUMMARY

Audit Area	Action Significance Rating	Continued from previous slide						
		Fully implemented	Being implemented	Not implemented	Superseded	No Further Action	Not due for implementation this quarter	Total
Cos - Core Operating Solutions 2024/25	Medium	-	-	-	-	1	-	1
Cos - Core Operating Solutions 2024/25	Low	-	-	-	-	1	-	1
Equality and Human Rights Impact Assessment (EqHRIA) 2024/25	High	-	2	-	-	-	2	4
Equality and Human Rights Impact Assessment (EqHRIA) 2024/25	Medium	1	1	-	-	-	5	7
Estates and Asset Management 2024/25	Medium	2	-	-	-	-	-	2
Forensic Performance Management & Reporting 2024/25	Medium	-	-	-	-	-	2	2
Health and Safety - Transportation of Dangerous Goods 2024/2025	High	3	1	-	-	-	4	8
Health and Safety - Transportation of Dangerous Goods 2024/2025	Medium	1	1	-	-	5	3	10
Implementation of Change Projects and Realisation of the Change benefits 2024/2025	Medium	-	-	-	1	-	2	3
Health and Safety - 2025/26	High	2	-	-	-	2	-	4
Health and Safety - 2025/26	Medium	7	1	-	-	1	4	13
Overtime Review - 2025/2026	Medium	1	1	-	-	-	2	4

EXECUTIVE SUMMARY

Audit Area	Action Significance Rating	Continued from previous slide						
		Fully implemented	Being implemented	Not implemented	Superseded	No Further Action	Not due for implementation this quarter	Total
Environmental and Sustainability - 2025/2026	Medium	2	2	-	-	-	6	10
Environmental and Sustainability - 2025/2026	Low	-	-	-	-	-	1	1
Implementation of Estates Plan - 2025/26	Medium	3	-	-	-	-	4	7
Duty Modifications - 2025/26	Medium	1	3	-	-	-	4	8
Change Review EPF - 2025/26	Medium	1	-	-	-	-	10	11
Commonwealth Games - 2025/26	Medium	2	-	-	-	-	1	3
Staff Recruitment- 2025/26	Medium	-	-	-	-	-	3	3
Insurance Obligations- 2025/26	Medium	-	-	-	-	-	11	11
Complaints Management - 2025/26	Medium	-	-	-	-	-	20	20
Cyber Security 2022/23	Medium	-	-	-	-	-	1	1
Totals		34	26	-	1	13		180

EXECUTIVE SUMMARY

CONCLUSION

We found that of the 74 recommendations due for implementation and followed up in July 2026:

- 34 (46%) are fully implemented
- 26 (35%) remain in the process of being implemented
- 1 (1%) were superseded
- 13 (18%) were proposed for no further action

No Further Action

This quarter saw the introduction of an additional recommendation status category, **'No Further Action'**. These are recommendations where Police Scotland has chosen to formally accept the associated risk and seek closure of the recommendation. We note that across the **13 recommendations** denoted under this category, there have been varying levels of implementation activity; for example, we believe some recommendations are almost complete however some still require substantial activity.

Management has advised that each of these recommendations has been presented to the Audit and Risk Board for consideration. Subject to approval, the recommendations will then be presented to the Audit, Risk and Assurance Board for final closure approval/endorsement. Upon receipt of formal confirmation of closure, BDO will update the status of these recommendations to closed.

Overview

We noted a 36% increase in the number of recommendations assessed as Fully Implemented in Q1 2026/27 compared with Q4 2025/26. Of the 31 recommendations reported as Fully Implemented, 8 were classified as high significance, 25 as medium significance, and 1 as low significance.

Of the five outstanding recommendations raised in 2022/23, two were reported as Fully Implemented, while three remain as Being Implemented. One of the recommendations classified as Being Implemented has been delayed until Q3 2026/27. For the remaining two recommendations, we acknowledge the progress made by management and note the work currently underway. Based on the progress demonstrated, we anticipate that these recommendations may be fully implemented in the near term.

APPENDIX I: DEFINITIONS

RECOMMENDATION STATUS	MEANING
●	Fully Implemented
■	Being Implemented
▲	Not Implemented
▼	Could not be tested at the time of the audit
●	No Further Action (Management are prepared to accept the risk)
■	Superseded

BDO 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 I: DEFINITIONS

PREVIOUS INTERNAL AUDITOR FORENSICS RECOMMENDATION SIGNIFICANCE	
4	Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	High risk exposure - absence/failure of key controls that create significant risks within the organisation.
2	Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues

APPENDIX II: COLLEAGUES INTERVIEWED

COLLEAGUES 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.
Audit Manager
Audit Management Officer

FOR MORE INFORMATION:

CLAIRE ROBERTSON, DIRECTOR

07583 237 579
claire.robertson@bdo.co.uk

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