AUDITOR GENERAL

News release

For immediate release

Unacceptable governance at Historic Environment Scotland

Historic Environment Scotland (HES) must put strong controls in place to prevent fraud and ensure value for money after unacceptable weaknesses were found in its governance.

The audit of HES's 2024/25 accounts reported weaknesses in governance arrangements, including: procurement issues, data breaches, unclear processes for complimentary tickets to events at its venues, and no formal register of interests for the Executive Leadership Team.

Auditors reported weaknesses in the financial management of electronic purchasing cards and hospitality. They also found that the HES board was not provided with a paper to scrutinise the cancellation of a specialist archive storage project, which has already cost £2.9 million, with a further £0.5 million likely to be spent. Together, these issues suggest a culture where organisational policies are not consistently applied or followed.

HES operated without a Chief Executive or Accountable Officer for almost six months in 2025. The Scottish Government should have appointed a substitute Accountable Officer to provide the necessary leadership and accountability in accordance with ministerial guidelines.

Stephen Boyle, Auditor General for Scotland, said:

'Historic Environment Scotland is navigating a period of significant instability and challenge, with a number of staff-related matters that need to be resolved. This includes allegations of a toxic workplace culture which needs to be fully investigated and addressed.

'My report outlines unacceptable weaknesses in HES's governance arrangements. It is critical that strong controls are now put in place to prevent the risk of fraud and demonstrate that value for money is being achieved.'

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Notes to Editor:

1. Historic Environment Scotland operated without a Chief Executive or Accountable Officer for a period of almost six months, between 2 May 2025 and 20 October 2025.

2. The Scottish Government was notified of the absence on 28 May 2025. Despite ongoing engagement between Board members and the Scottish Government sponsor team on potential solutions for an interim Chief Executive and Accountable Officer, this critical role was not filled.

3. Historic Environment Scotland has over 400 electronic purchasing cards with approximately one in every four members of staff being in possession of a card. £1.9 million was spent on electronic purchasing cards in 2024/25.

4. Historic Environment Scotland has spent £2.9 million over the past two years on the cancelled Archive House project in Bonnyrigg, with a further £0.5 million likely to be incurred until the lease break is reached in 2029.

5. As a short-term solution for the Archive House project, the existing lease of John Sinclair House in Edinburgh has been extended for a further two years, to October 2028, at a cost of £536,151 a year.

6. The Auditor General has prepared this report on Historic Environment Scotland's 2024/25 accounts under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor General to bring to the Parliament's and the public's attention matters of public interest related to the financial statements of public bodies.

7. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

8. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit.scot

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament

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