

Impact monitoring and evaluation report



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
May 2024

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Introduction and purpose

This is the third six-monthly impact report under our impact monitoring, evaluation and reporting framework and the first to include impact data on both our performance audit and annual audit work.

This report draws on:

- Monitoring data from audit products published between August 2023 and January 2024.
- Evaluation data from performance audit reports published between March 2022 and June 2023.
- Evaluation data from a sample of annual audits of the financial year ending 31 March 2023.

We take a proportionate, robust and flexible approach to evaluating our impact. Recommendations follow up is not as in depth as audit work itself. Our focus is less about reporting on each recommendation, and more on the nature of the recommendations we make across our audit work, and developing a holistic understanding of what is changing in public services due to our audit work.

Ultimately public bodies are responsible for implementing audit recommendations and we cannot compel them to do so.

Monitoring and evaluating our impact is important to us because it helps us understand whether we are making a difference to our [shared outcomes for public audit](#). It also helps inform where we should focus our audit work and recommendations and identify improvements to our audit approach that will help us increase our impact.

Key messages

Monitoring early impact

- 1 During the period August 2023 to January 2024, the Auditor General's (AGS) Section 22 report on the Water Industry Commission for Scotland received the most media attention. This was followed closely by the AGS and Accounts Commission's joint report on adult mental health.
- 2 The adult mental health performance audit also had the highest number of downloads from our website and the most parliamentary engagement activity. The Section 22 on the Water Industry Commission for Scotland achieved record levels of engagement on social media.

Evaluating early impact

- 3 We make a wide range of audit recommendations in line with the wider scope audit dimensions in the Code of Audit Practice 2021 and related to the annual report and accounts of audited bodies:
 - In our performance audit work, our recommendations were primarily related to vision, leadership and governance (47%) within audited bodies and the use of resources to improve outcomes (33%). Within these broad categories we most often made recommendations about ensuring effective governance and planning.
 - In our annual audit work, our recommendations were primarily related to the annual report and accounts (40%) of audited bodies and their financial management (23%). Within these broad categories we most often made recommendations about technical issues like asset valuation and compliance with financial reporting frameworks, as well as improving internal controls and ensuring sound budgetary processes.
- 4 Across both performance and annual audit we were **least likely to make recommendations about financial sustainability**: 5% of recommendations for performance audit and 10% of recommendations for annual audit.
- 5 **Most of our recommendations (96%) were accepted** by audited bodies: 97% for performance audit and 95% for annual audit.
- 6 Our performance audit teams assessed nearly **two thirds (62%) of recommendations as work in progress**. Less than a quarter (21%) were assessed as implemented.

- 7** We have seen **good progress with performance audit recommendations related to effective governance**. Recommendations related to effective planning and partnership working were more likely to be work in progress. The number of **work in progress recommendations is highest for joint Auditor General and Accounts Commission reports**. This is likely due to a number of factors. Joint reports often involve challenging recommendations about improving partnership working across spheres of government. They also tend to cover policy areas where we know it is difficult to make quick progress, for example tackling child poverty and early learning and childcare.
 - 8** Our performance audit briefings continue to **support parliamentary scrutiny and contribute to national and local developments** in key areas such as financial sustainability and climate change.
 - 9** In the annual audit, **more than half (57%) of the 2021/22 audit recommendations were implemented** and a further 19% were work in progress.
 - 10** Based on the sample of audits included in the annual audit pilot, overall we found **financial management and financial planning within audited bodies is effective**. The most common areas for improvement we identified were around systems of internal controls, budgetary controls and medium and long-term planning and solutions.
 - 11** **Through the annual audit we have added value** to audited bodies through our engagement with them including: providing **technical support**, building **relationships** to deliver a more efficient and effective audit, and supporting finance teams where they had **capacity** challenges.
 - 12** Overall our **stakeholders are satisfied** with the quality of the engagement they have with our audit teams. Many agree that our reports make clear recommendations that help to influence improvement. The key area for improvement is sharing best practice and insights from across public services through our audit work.
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Monitoring early impact

Scope of early impact monitoring

1. [Table 1](#) sets out the audit products in scope for monitoring early impact. The data in this section covers the period 1 August 2023 to 31 January 2024. We look at the following measures:

- Amount of media coverage
- Number of downloads (web)
- Amount of social media engagement
- Amount of parliamentary engagement.

2. This section highlights the top performing reports for the AGS and Accounts Commission for each measure, with the more detailed data available in [Appendix 1](#).

Table 1
Audit products in scope for monitoring early impact

Report	Publication date
Scotland's colleges 2023	September 2023
Adult mental health	September 2023
Best Value in Scotland	September 2023
Investing in Scotland's infrastructure	September 2023
The Scottish Government's workforce challenge	October 2023
CoA report: South Ayrshire Council	November 2023
S22: Scottish Government consolidated accounts	November 2023
CoA: Dundee City Council	November 2023
S22: NHS Forth Valley	December 2023
S22: Scottish Prison Service	December 2023

S22: Water Industry Commissioner for Scotland	December 2023
CoA report: Dumfries and Galloway Council	January 2024
Local government in Scotland: Financial bulletin 2022/23	January 2024
CoA report: Orkney Islands Council	January 2024

Media coverage

3. [Table 2](#) sets out the top reports for media coverage by author. Media coverage includes mentions in national, local and specialist publications, online titles and broadcast (radio and TV) coverage.

4. There was exceptional media interest in the Water Industry Commission for Scotland s22 given the nature of the issues being reported. The longstanding prominence of mental health issues in the national discourse led to very strong media engagement with the joint adult mental health report. This is consistent with past reports on mental health (Children and Young People’s Mental Health, 2018).

5. There was significant media interest in the Accounts Commission’s latest report on council finances. It was the lead story nationally, with coverage across print and radio, with local media focusing the story on local council budget situations. Over recent months we have seen greater pick-up by media and specialist press of our Best Value reporting. Some reports received coverage at the time of the Commission meeting and subsequently following publication of findings.

Table 2
Top reports for media coverage by author

Report	Report author	Total media coverage
S22: Water Industry Commission for Scotland	Auditor General	35
Adult Mental Health	Joint – Auditor General and Accounts Commission	32
Investing in Scotland’s Infrastructure	Auditor General	22
Investing in Scotland’s Infrastructure	Auditor General	22
LG financial bulletin 2022/23	Accounts Commission	18
CoA: South Ayrshire Council	Accounts Commission	9

Report downloads

6. [Table 3](#) shows the top reports for clicks/downloads of PDFs from the Audit Scotland website. High-profile national issues, for example mental health, naturally drew more attention than outputs with a smaller audience.

Table 3
Top reports for PDF downloads by author

Report	Author	Downloads
Adult mental health	Joint – Auditor General and Accounts Commission	3,574
Scotland's colleges 2023	Auditor General	2,891
Investing in Scotland's infrastructure	Auditor General	2,837
Best Value in Scotland	Accounts Commission	955
Local government in Scotland: Financial bulletin 2022/23	Accounts Commission	775

Social media

7. [Table 4](#) sets out the top reports for social media engagement by author. Industry experts agree a good social media engagement rate is between 1% to 5%. The majority of our reports were within those rates.

Table 4
Top reports for social media engagement

Report	Author	Engagement	Engagement rate
S22: Water Industry Commission for Scotland	Auditor General	8,884	3.9%
S22: SG Consolidated Accounts	Auditor General	2,616	3.7%

Adult mental health	Joint – Auditor General and Accounts Commission	887	3.2%
LG financial bulletin 2022/23	Accounts Commission	415	3.4%
CoA: Dumfries and Galloway Council	Accounts Commission	255	6.9%

Parliamentary engagement

8. [Table 5](#) sets out the top reports for parliamentary engagement for each author. Parliamentary mentions can range from parliamentary committee work and evidence sessions, parliamentary questions and answers, chamber debates and First Minister’s Questions.

Table 5
Parliamentary mentions by report

Report	Author	Parliamentary mentions
Adult mental health	Joint – Auditor General and Accounts Commission	11
Investing in Scotland’s infrastructure	Auditor General	7
Local government in Scotland: Financial bulletin 2022/23	Accounts Commission	3

Overall reach and engagement

9. [Table 6](#) summarises our overall reach and engagement from January 2023 to January 2024. This includes all reach and engagement and is not just related to the audit products in scope for this impact report. Most report downloads during this period came from previous years, showing the ongoing public interest in past work.

10. The increase in social media engagement was largely down to extremely high numbers of video views (70,000 +) for the Auditor General’s s22 report on the Water Industry Commission for Scotland.

11. During this period, staff attended 15 parliamentary committees. There were 25 mentions of our work in chamber debates, 53 mentions across committees and 30 questions/answers mentioning our audit work.

Table 6
Overall reach and engagement summary

Type	1 Jan 23 – 31 Jul 23	1 Aug 23 – 31 Jan 24
Media coverage	670	385
Downloads/page views	180,143	329,254 ¹
Social media engagement	102,079	136,665
Parliamentary engagement	174	123

¹ Additional security measures were added to the Audit Scotland website in the second half of 2023. This led to a significant increase in the number of downloads recorded. The Communications team is looking at how this stat will be reliably recorded in the future.

Evaluating early impact

Scope of early impact evaluation

Performance audit

12. [Table 7](#) sets out the performance audits in scope for evaluating early impact. Our performance audit evaluation approach looks at the following measures:

- Recommendations acceptance
- Recommendations implementation
- Reflections on effectiveness of recommendations
- Changes influenced by our work
- Plans and strategies that reference our work
- Improvements in public bodies resulting from our work.

Table 7
Performance audit in scope for evaluating early impact

Performance audit report	Author	Publication date	Number of recommendations
New vessels for the Clyde and Hebrides (Performance audit)	AGS	March 2022	16
Social security: Progress on implementing the devolved benefits (Performance audit)	AGS	May 2022	8
Local government in Scotland Overview 2022	Accounts Commission	May 2022	13
Integration Joint Boards - Financial analysis 2020/21 (Briefing)	Accounts Commission	June 2022	0
Scotland's financial response to Covid-19 (Performance audit)	Joint	June 2022	15

Scotland's councils' approach to addressing climate change (Briefing)	Accounts Commission	September 2022	5
Tackling child poverty (Briefing)	Joint	September 2022	8
Scotland's public finances: Challenges and risks (Briefing)	AGS	November 2022	0
How the Scottish Government is set up to deliver climate change goals (Performance audit)	AGS	April 2023	5
Early learning and childcare: Progress on delivery of the 1,140 hours expansion (Performance audit)	Joint	June 2023	5
Total			75

Annual audit

13. [Table 8](#) sets out the annual audits in scope for evaluating early impact. Our annual audit evaluation approach aims to look at the following measures:

- Recommendations acceptance
- Recommendations implementation
- Reflections on effectiveness of recommendations
- Impact of our engagement
- Quality of financial planning and management in audited bodies.

14. From October 2023 to January 2024, we ran a pilot of our impact monitoring, evaluation and reporting framework with our annual audit teams. The aim of this was to test impact data collection methods for the annual audit and we did this using a representative sample of audits: 19 audits across five teams and within each sector: local government (4), central government (8), NHS (6) and further education (1). It is important to note that the findings in this report related to the annual audit are based on this sample, rather than all our annual audits.

Table 8
Annual audits in scope for evaluating early impact

Annual audits	Number of recommendations 2021/22	Number of recommendations 2022/23
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Creative Scotland / Creative Scotland Lottery Fund	14	3
Education Scotland	7	5
Ferguson Marine Port Glasgow	6	6
Glasgow Clyde College	2	0
HITRANS	1	3
NHS Borders	8	4
NHS Dumfries and Galloway	4	6
NHS Highland	5	11
NHS Lanarkshire	2	6
NHS Lothian	5	5
NHS National Services Scotland	5	7
North Lanarkshire Council	4	6
Police Investigations and Review Commissioner	4	5
Scottish Consolidated Fund	3	3
Scottish Public Pensions Agency	7	7
Skills Development Scotland	5	4
South Ayrshire Council	8	8
South Lanarkshire Council	3	7
South of Scotland Enterprise	6	5
Total	99	101

Nature of our recommendations

15. In this section we set out the nature of our recommendations. For both performance audit and annual audit, we categorise recommendations in line with the wider scope audit dimensions set out in the Code of Audit Practice 2021. For annual audit recommendations, there is an additional category for recommendations related to the annual report and accounts. Our recommendations categories are described in more detail in [Appendix 2](#).

Performance audit

16. The performance audit products in scope for this report included 75 recommendations. [Figure 1](#) shows that nearly half (47%) of these were about vision, leadership, and governance. A third (33%) were about the use of resources to improve outcomes. We were least likely to make recommendations about financial sustainability (7%).

17. [Figure 2](#) provides a further breakdown of recommendations within vision, leadership and governance and use of resources to improve outcomes. This shows that in our performance audit work, we most often make recommendations about ensuring effective governance and planning.

Figure 1
Performance audit recommendations by category

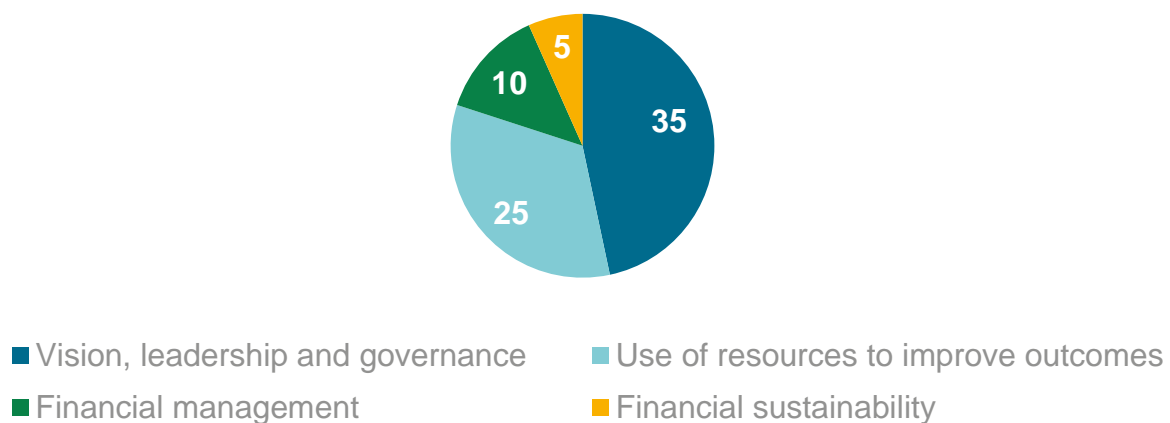
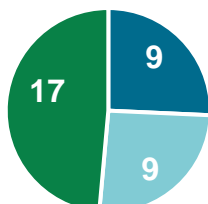


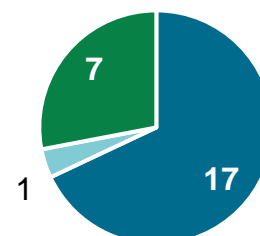
Figure 2
Breakdown of performance audit recommendations for Vision, leadership and governance and Use of resources to improve outcomes

Vision, leadership and governance



- Clarity of vision and strategy
- Partnership working
- Governance

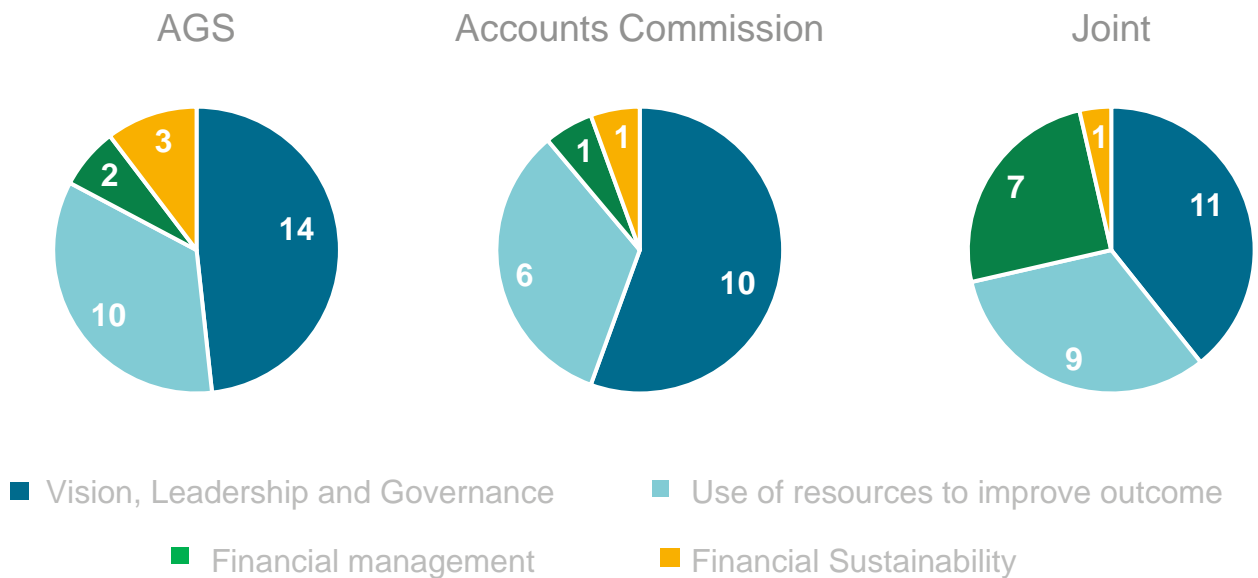
Use of resources to improve outcomes



- Effective planning
- Value for money
- Monitoring and reporting performance against outcomes

18. [Figure 3](#) shows the nature of performance audit recommendations broken down by report author.

Figure 3
Performance audit recommendations by category and by report author



Annual audit

19. We looked at audit recommendations in the 2022/23 annual audit reports for the 19 audits in scope for this report. In total we made 101 recommendations. [Figure 4](#) shows that 40% of our recommendations were about the annual report and accounts. Nearly a quarter (23%) were about financial management. We were least likely to make recommendations about financial sustainability (10%).

Figure 4
Annual audit recommendations by category

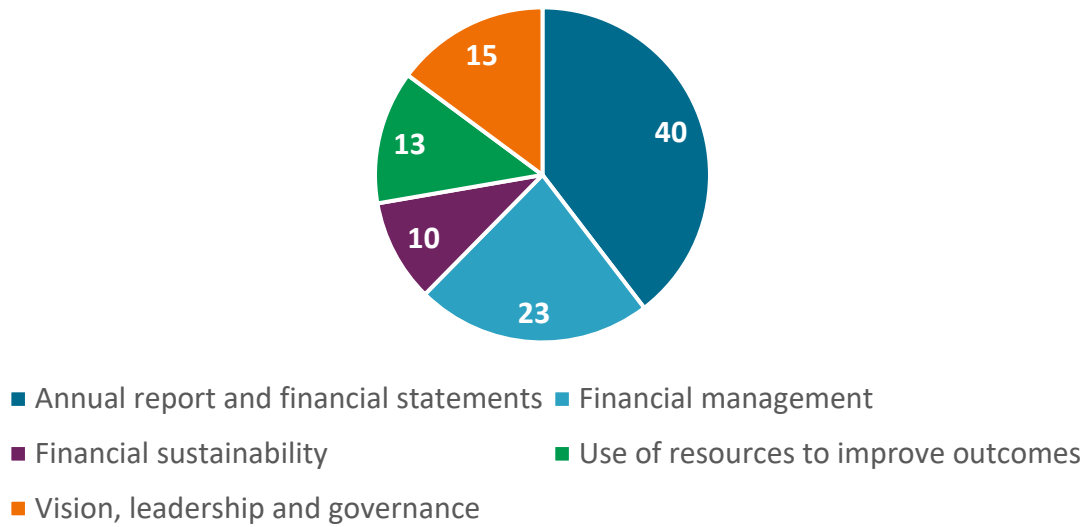


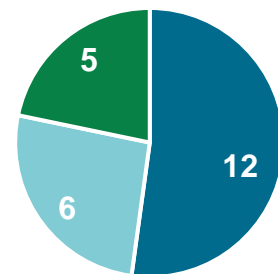
Figure 5
Breakdown of annual audit recommendations for Annual report and accounts and financial management

Annual report and financial statements



- Asset valuation
- Reporting compliance
- Capacity / timing
- Audit trail
- Other
- Treatment of leases
- Reconciliations

Financial management



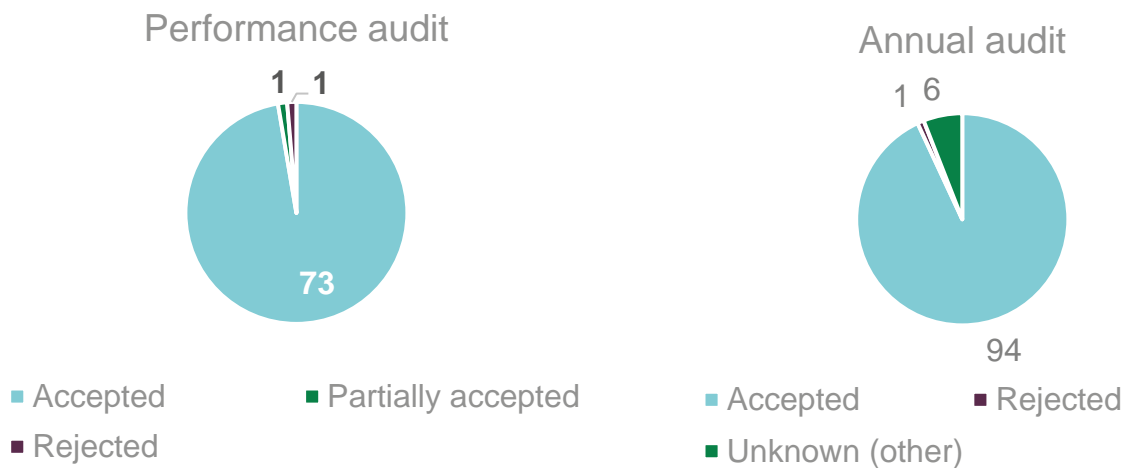
- Internal controls
- Other
- Sound budgetary processes

Recommendations acceptance

20. In this section we look at whether our recommendations are accepted. For performance audit products, audit teams currently seek this information through the clearance process, through appearances at the Public Audit Committee and through post-publication discussions with stakeholders.

21. [Figure 6](#) shows that almost all (96%) of our audit recommendations across performance and annual audit were accepted by audited bodies. During the annual audit pilot we found that sometimes the ‘management action/timing’ section of the annual audit report was too unclear to determine an acceptance status. We are looking at how to improve this in future annual audit reports.

Figure 6
Recommendations acceptance



Recommendations implementation

22. In this section we look at the progress audited bodies are making in implementing our recommendations. Within performance audit, auditors assess this using available evidence, including published reports, requests for information from audited bodies and ongoing policy monitoring and stakeholder engagement. Within annual audits, auditors assess progress on the previous year’s recommendations throughout the audit process.

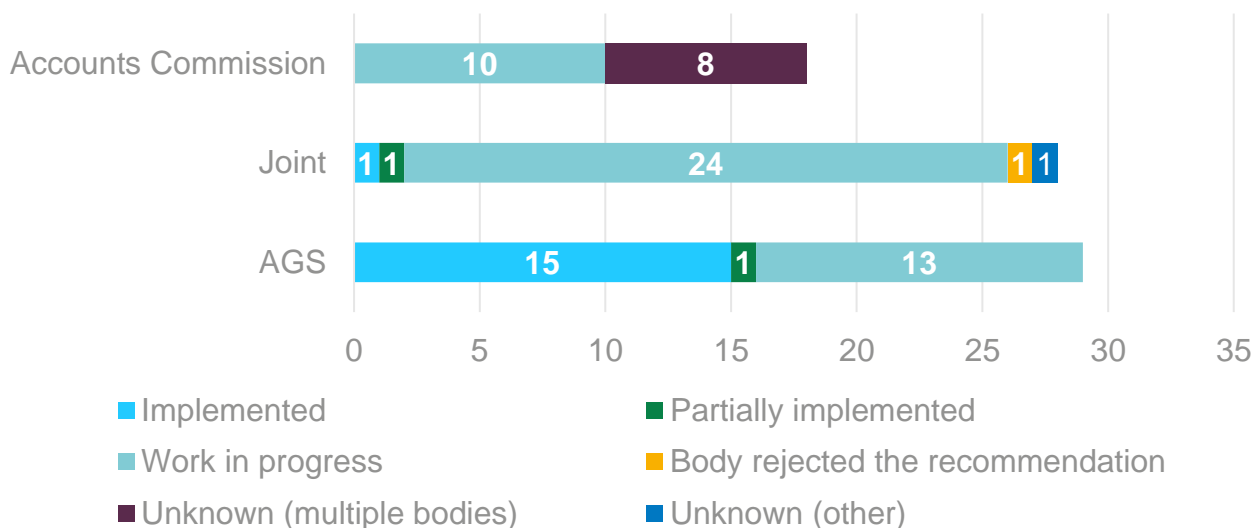
Performance audit

23. [Figure 7](#) shows that audit teams assessed nearly two thirds (47) of audit recommendations as work in progress. Recommendations related to effective planning and partnership working were most likely to be work in progress. These recommendations tend to be more challenging to implement, especially when they are related to bodies working together across sectors or improving collaboration on data to inform planning.

24. Half (24) of the work in progress recommendations were from joint AGS and Commission reports. This is likely due to a number of factors. Joint reports often involve challenging recommendations about improving partnership working across spheres of government. They also tend to cover policy areas where we know it is difficult to make quick progress, for example tackling child poverty and early learning and childcare.

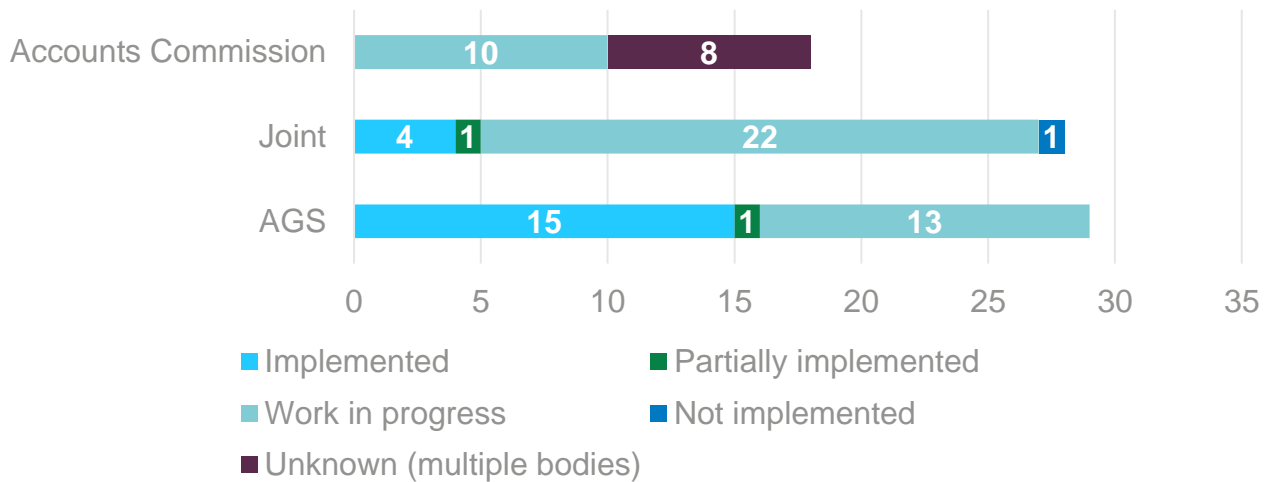
25. Less than a quarter (21%) of performance audit recommendations were assessed as implemented. Recommendations related to governance were most likely to be implemented within 18 months of publication. Recommendations were more likely to be implemented when they were very specific and included clear actions for audited bodies.

Figure 7
Recommendations by implementation status (auditor view), by author



26. [Figure 8](#) shows implementation status from the perspective of audited bodies and the picture is similar: 60% work in progress and 25% implemented.

Figure 8
Recommendations by implementation status (body view), by author



27. At this stage it is difficult to say whether the pace of recommendations implementation in performance audit is in line with our expectations. Implementation status is tied to the timing of our follow up, which ranged from 12 months to two years post publication. New guidance issued to auditors in November 2023 requires teams to develop a follow up plan with audited bodies following publication, which sets out expected timescales for implementation. As this guidance is implemented, we will be in a better position to assess whether the rate of implementation is in line with our expectations.

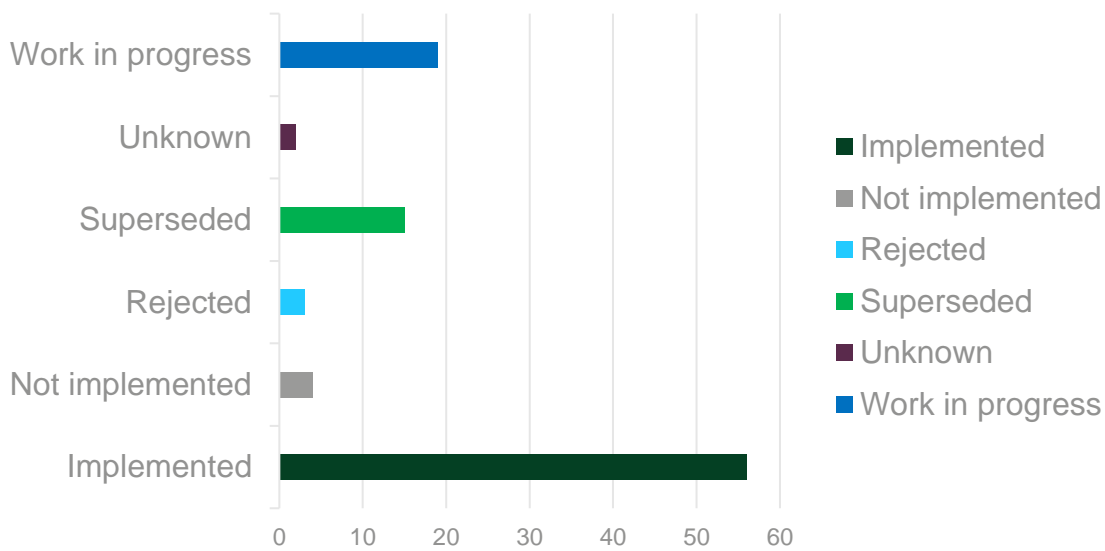
28. [Appendix 3](#) sets out specific examples of the impact of our performance audit work, including the overall impact of reports and where recommendations have been particularly effective.

Annual audit

29. We looked at audit recommendations in the 2021/22 annual audit reports for the 19 audits in scope for this report (99 recommendations in total). [Figure 9](#) shows that more than half (57%) of the 2021/22 recommendations were implemented and a further 19% were work in progress.

30. We have applied a consistent set of generic implementation statuses to show progress with audit recommendations.

Figure 9
Recommendations by implementation status, by category



Quality of financial planning and management

31. In this section we look at the quality of financial management and financial planning in audited bodies. [Figure 10](#) sets out our assessment of this for the 19 annual audits in scope, as per the levels of assurance we provided within these. It shows that overall financial management and financial planning within audited bodies is effective. The most common areas for improvement we identified were:

- **Financial management:** System of internal controls (eight audits, 13 recommendations) and budgetary controls (three audits, three recommendations).
- **Financial planning:** Medium and/or long-term planning and solutions (five audits, five recommendations).

Figure 10
Quality of financial management and financial planning



Impact of our engagement

32. In this section we look at the impact of the engagement our annual audit teams have with the bodies they audit. We gathered this data through workshops with audit teams. [Table 9](#) sets out the key themes emerging about the impact of our engagement, with the frequency of themes shown in [Figure 11](#). Overall, we found 29 specific examples of impact across the 19 audits in scope and highlights from these are included in Appendix 2.

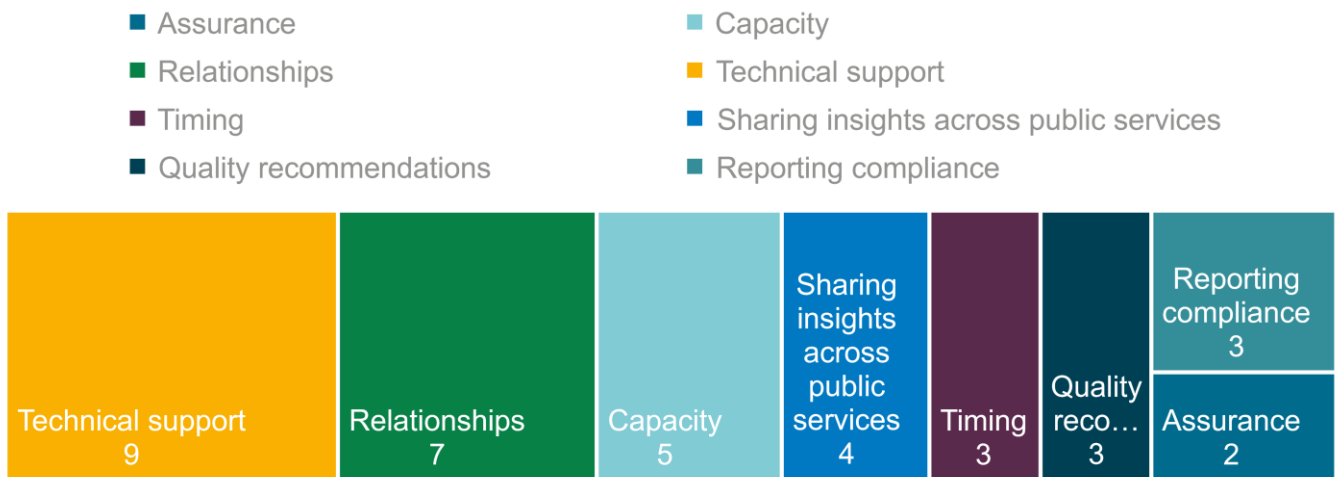
Table 9
Key themes emerging about the impact of our engagement

Theme	Description
Technical support	<p>Our audit teams added value to clients by providing support around technical accounting issues, including the treatment of leases, grants, employee benefits, IT controls and assurance, and asset valuation.</p> <p>Inaccurate asset valuation was the most common technical issue raised, including issues with data around key assumptions for asset valuation and a lack of management scrutiny around this. Also, bodies using assumptions not appropriate for a public sector context and valuers using incorrect floor space and understating values.</p> <p>Teams reflected that small central government bodies appear to struggle more with technical issues than councils and NHS boards as they don't have the same level of skills, expertise and capacity in their finance teams. We often provide technical support as reports are being developed so finance teams can address issues in real time.</p>

Theme	Description
Relationships	<p>Teams noted that building relationships at the start of the five-year audit appointment is critical to the success of the audit. Teams added value through relationship building in the following ways:</p> <ul style="list-style-type: none"> • Early and onsite engagement – providing insight and building understanding, which leads to early identification of risks and issues and more efficient, effective and timely audit delivery. • Lessons learned – delivering sessions with clients to explore what worked well about previous audits and what can be improved. • Quality of recommendations – Better relationships improve our ability to develop meaningful and impactful recommendations. <p>We often receive positive feedback from clients on our positive, supportive and collaborative approach. This enhances our reputation and helps build trust and confidence in our audit work.</p>
Capacity	<p>Capacity is a key area of added value for Audit Scotland. We strike an important balance between supporting audited bodies when they lack capacity within their finance teams and protecting our auditor independence. We are careful about recognising the resource and capacity gaps within individual bodies, taking a supportive approach and working together to get the audit over the line, while not influencing management decisions.</p>
Sharing insights across public services	<p>The range of knowledge and experience in our audit teams and their ability to identify and share insights, knowledge and experience from across public audit is a key area of added value.</p> <p>While our annual audit pilot found several examples of audit teams identifying and sharing good practice amongst audited bodies, we found no examples of good practice making it into any of the annual audit reports we analysed.</p>
Timing	<p>Audit teams have added value by negotiating with clients on delivery timelines and allocating resources in line with recovery plans to ensure more timely audit delivery. This helps build trust and confidence in Audit Scotland.</p>
Quality recommendations	<p>Audit teams have added value by ensuring the nature and tone of recommendations are useful, achievable, in the public interest and effective for driving the necessary change and improvement.</p>
Reporting compliance	<p>We worked with clients to improve their annual reports, which appear at the front-end of the annual accounts. Each sector has different requirements for this reporting and our teams have supported clients to ensure they produce annual reports that are compliant with the relevant sector guidance.</p>
Assurance	<p>Audit teams have added value by identifying potential assurance gaps, including compliance with laws and regulations or around contractual arrangements for shared services. By highlighting these during the</p>

Theme	Description
	audit process, clients have been able to ensure effective processes and assurance are in place.

Figure 11
Frequency of themes emerging about the impact of our engagement



Feedback from stakeholders

33. Gathering and learning from feedback from stakeholders is a key part of our impact framework. Stakeholder feedback helps drive continuous improvement and helps us measure progress against our outcomes for public audit.

34. Our Audit Quality & Appointments (AQA) team undertakes an annual audit quality survey that targets chief executives, directors of finance and chairs of audit committees for all audited bodies. For the 2023 survey, the response rate was 49%. While the AQA survey focuses primarily on the annual audit, there are questions within it that provide insight into the impact of both our performance audit and our annual audit work.

35. To enhance our understanding of the impact of our performance audit work, in January 2024 we piloted a survey of key stakeholders involved in the following reports, published during 2023:

- How the Scottish Government is set up to deliver climate change goals
- Criminal courts backlog
- Early learning and childcare
- Adult mental health
- Investing in Scotland's infrastructure
- Scotland's public sector workforce.

36. We received a total of seven responses across five of the reports in scope for the pilot. This equated to a survey response rate of 26%.

37. [Table 10](#) summarises the findings from both these data sources. Overall, the feedback shows that stakeholders are satisfied with the quality of the engagement they have with our audit teams. Many agree that our reports make clear recommendations that help to influence improvement. The key area for improvement is sharing best practice and insights from across public services through our audit work.

38. Due to the timing of data availability, we were unable to include qualitative data from the AQA survey related to the impact of annual audit reports or the usefulness of and areas for improvement in performance audit reports. We will aim to include this in our next impact report.

Table 10
Stakeholder feedback on performance audit reports

Measure	Performance audit	Annual audit
<p>Quality and clarity of our recommendations</p>	<p>Impact of performance audit pilot survey</p> <ul style="list-style-type: none"> • 86% of respondents agreed or strongly agreed that the recommendations in the report were clear and easy to understand. • 57% of respondents agreed or strongly agreed that our reports make useful recommendations that help to influence improvement. 29% disagreed with this. <p>AQA audit quality survey</p> <ul style="list-style-type: none"> • 3.9 out of 5 – How useful* the report was. <p>*We describe useful as: provides assurance, focuses on relevant area for development, makes useful recommendations for improvement, and influences improvement.</p>	<p>AQA audit quality survey</p> <p>4.3 out of 5 – How reader friendly the annual audit report is, with recommendations that are clear and easy to understand (on average).</p> <p>4 out of 5 – How well the annual audit report makes useful recommendations that help to influence improvement (on average).</p>
<p>Quality of our engagement</p>	<p>Impact of performance audit pilot survey</p> <p>4.43 out of 5 - Experience of being involved in the audit, including the engagement with the audit team (on average).</p> <p>When asked to explain ratings, comments included:</p> <ul style="list-style-type: none"> • ‘The team had a very good understanding of the policy. I think we established a professional and open dialogue.’ • ‘The auditors were friendly, straightforward and had a good command of the brief.’ • ‘I thought that the engagement was positive and constructive, but not always clear about how it would be used.’ 	<p>AQA audit quality survey</p> <p>4.3 out of 5 – Performance of the audit team (on average).</p>

Usefulness and insights of public audit sharing best practice and insights from across public services

Impact of performance audit pilot survey

- **43%** of respondents agreed that our reports shared examples of useful practice and insights from across public services.

AQA audit quality survey

3.3 out of 5 – How well the annual audit report shares useful practice and insights from across the public sector (on average).

Impact of our reports on change and improvement

Impact of performance audit pilot survey

- **5 out of 7** respondents agreed the report has led to changes or improvements. The main feedback related to the ability to maintain or strengthen focus on key areas covered by the audit.
-

Next steps

39. Continuous improvement is a critical part of our impact framework. Below is a summary of the key areas of learning and development we have identified through this report:

- Improving our annual audit approach to clarify action plans in annual audit reports and enhance the consistency and quality of our recommendations.
- Working collaboratively across Audit Scotland to deliver the impact framework, including promoting our recommendations, following up on recommendations and integrating data collection and analysis across teams.
- Reviewing our approach to wider scope audit dimensions to better align it with our shared outcomes for public audit.
- Improving support to audit teams to identify and share good practice through our audit work.
- Improving the promotion of and response rate to our stakeholder feedback surveys.
- Considering what reasonable and achievable recommendations look like around financial sustainability to help support improvement in this area.
- Exploring longer-term themes of impact and making connections across periods of impact.

Appendix 1. Early impact monitoring data

Total media coverage by report author

Report	Report author	Total media coverage
S22: Water Industry Commission for Scotland	Auditor General	35
Adult Mental Health	Joint – Auditor General and Accounts Commission	32
Investing in Scotland's Infrastructure	Auditor General	22
S22: SG Consolidated Accounts	Auditor General	20
Scotland's Colleges 2023	Auditor General	19
LG financial bulletin 2022/23	Accounts Commission	18
The Scottish Government's Workforce Challenge	Auditor General	17
S22: Scottish Prison Service	Auditor General	16
CoA: South Ayrshire Council	Accounts Commission	9
CoA: Orkney Islands Council	Accounts Commission	9
CoA: Dundee City Council	Accounts Commission	5
CoA: Dumfries and Galloway Council	Accounts Commission	5
S22: NHS Forth Valley	Auditor General	3
Best Value in Scotland	Accounts Commission	0

Downloads of PDF reports

Report	Author	Downloads
Adult mental health	Joint – Auditor General and Accounts Commission	3,574
Scotland's colleges 2023	Auditor General	2,891
Investing in Scotland's infrastructure	Auditor General	2,837
The Scottish Government's workforce challenge	Auditor General	1,721
S22: Scottish Government consolidated accounts	Auditor General	1,566
Best Value in Scotland	Accounts Commission	955
S22: Water Industry Commissioner for Scotland	Auditor General	922
Local government in Scotland: Financial bulletin 2022/23	Accounts Commission	775
S22: Scottish Prison Service	Auditor General	725
S22: NHS Forth Valley	Auditor General	577
CoA: South Ayrshire Council	Accounts Commission	512
CoA: Dumfries and Galloway Council	Accounts Commission	270
CoA: Dundee City Council	Accounts Commission	252
CoA: Orkney Islands Council	Accounts Commission	139

Social media impressions, engagement and engagement rate, digital content engagement

Report	Author	Impressions	Engagement	Engagement rate	Digital content engagement
S22: Water Industry Commissioner for Scotland	Auditor General	230,219	8,884	3.9%	65,519

S22: SG Consolidated Accounts	Auditor General	70,218	2,616	3.7%	5,691
Investing in Scotland's Infrastructure	Auditor General	31,868	1,338	4.2%	3,573
The Scottish Government's Workforce Challenge	Auditor General	22,848	1,029	4.5%	5,847
Adult mental health	Joint – Auditor General and Accounts Commission	27,523	887	3.2%	7,259
Scotland's Colleges 2023	Auditor General	32,599	883	2.7%	3,245
LG financial bulletin 2022/23	Accounts Commission	12,097	415	3.4%	2,167
CoA: Dumfries and Galloway Council	Accounts Commission	3,726	255	6.9%	1,008
CoA: South Ayrshire Council	Accounts Commission	5,546	224	4%	3,106
S22: Scottish Prison Service	Auditor General	7,122	222	3.1%	1,136
S22: NHS Forth Valley	Auditor General	2,428	155	6.4%	869
CoA: Dundee City Council	Accounts Commission	3,882	116	3%	1,118
CoA: Orkney Islands Council	Accounts Commission	2,898	116	4%	1,042

Best Value in Scotland	Accounts Commission	1,417	74	5.2%	N/A
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Parliamentary mentions by report

Report	Author	Parliamentary mentions
Adult mental health	Joint – Auditor General and Accounts Commission	11
Investing in Scotland's infrastructure	Auditor General	7
Scotland's colleges 2023	Auditor General	6
Local government in Scotland: Financial bulletin 2022/23	Accounts Commission	3
S22: Scottish Government consolidated accounts	Auditor General	2
The Scottish Government's workforce challenge	Auditor General	1
S22: NHS Forth Valley	Auditor General	1
Best Value in Scotland	Accounts Commission	0
CoA: South Ayrshire Council	Accounts Commission	0
CoA: Dundee City Council	Accounts Commission	0
S22: Scottish Prison Service	Auditor General	0
S22: Water Industry Commissioner for Scotland	Auditor General	0
CoA: Dumfries and Galloway Council	Accounts Commission	0
CoA: Orkney Islands Council	Accounts Commission	0

Appendix 2. Recommendations categories

Through our performance audit and annual audit work we make a wide range of audit recommendations. These are in line with the wider scope audit dimensions in the Code of Audit Practice 2021 and related to the annual report and accounts of audited bodies. Below we summarise the nature of the recommendations we make within each category.

Category	We make recommendations about
Vision, leadership and governance	<p>Improving clarity of vision and strategy, including setting priorities for improvement within strategy.</p> <p>Working with partners to improve outcomes and foster a culture of innovation.</p> <p>Ensuring clarity of planning to implement vision, strategy and priorities.</p> <p>Ensuring effective governance arrangements for delivery, including:</p> <ul style="list-style-type: none"> • Openness and transparency of decision making. • Robustness of scrutiny and shared working arrangements. • Reporting of decisions and outcomes, and financial and performance information.
Use of resources to improve outcomes	<p>Ensuring effective planning, including partnership working and service user involvement, to meet stated outcomes and improvement objectives.</p> <p>Ensuring economy, efficiency, effectiveness in deploying financial and other resources (workforce, assets, estate).</p> <p>Monitoring and reporting performance against outcomes.</p>
Financial sustainability	<p>Supporting present needs and ensuring continued service delivery, without compromising future needs.</p> <p>Ensuring sound financial planning, both medium term (2–5 years) and long term (5 years plus).</p>
Financial management	<p>Ensuring sound budgetary processes.</p> <p>Understanding the financial environment, including risks.</p> <p>Ensuring effective internal controls.</p> <p>Ensuring effective procurement arrangements.</p> <p>Reducing the risk of fraud and corruption.</p>

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Ensuring financial statements give a true and fair view and are properly prepared in accordance with the audited body's relevant financial reporting framework.

Ensuring expenditure and income are in accordance with applicable enactments and guidance.

Preparing the remuneration and staff report in accordance with the audited body's relevant financial reporting framework.

Preparing management commentary, the performance report and governance statement to ensure consistency with the financial statements and in accordance with relevant legislation and applicable guidance.

Appendix 3. Specific examples of impact

Examples of the overall impact of performance audit work

Report	Impact
New vessels for the Clyde and Hebrides	<p>The Scottish Government has strengthened its oversight arrangements. The Strategic Commercial Assets Division (SCAD) was formed during 2022/23. Within this, the Ferguson Marine Governance and Oversight Unit provides oversight of FMPG, and the SG auditor reports that the unit is being proactive in addressing the issues raised in previous audit reports.</p> <p>Transport Scotland (TS) has also implemented a number of changes to its governance arrangements, including greater use of gateway reviews, regular updates to Ministers on progress of projects; splitting the TS shareholder and sponsorship functions; greater clarity around decision making process roles and responsibilities and input of Ministers.</p> <p>Caledonian Maritime Assets Limited (CMAL) has also implemented improvements to its procurement processes.</p>
Scotland's public finances: Challenges and risks	<p>This short briefing paper set out the challenges facing the Scottish Government during a period of fiscal uncertainty caused by high inflation, the aftermath of the Covid-19 pandemic and the political changes around the UK 'mini-budget'.</p> <p>The paper gave the Auditor General a clear voice on the need for reform and the risks that could materialise if fiscal sustainability was not achieved. It was an opportunity for the Auditor General to raise a red flag about financial sustainability and raise awareness as part of the pre-budget scrutiny for the 2023/24 budget.</p> <p>The paper was well received by Parliament, and the Public Audit Committee requested a further briefing from the AGS supporting parliamentary scrutiny of the difficult and complex decisions that lie ahead.</p>
Scotland's councils' approach to addressing climate change	<p>Discussions and engagement with stakeholders in the sector suggest that the briefing is having a positive impact and helping to shape thinking and bring about important developments to the approach of councils in addressing climate change. This includes:</p> <ul style="list-style-type: none"> – Collaboration and having clear targets and area-wide emissions: the briefing highlighted a number of the issues and complications facing councils in target setting, particularly in relation to area-wide emissions due to differences in quantification methodologies, with many councils putting considerable effort and resources into devising their own

methodologies. We emphasised the need for better and more effective collaboration. An Net Zero, Energy and Transport Committee report included a recommendation for ‘the Scottish Government to work with COSLA to address concerns of the Accounts Commission that Councils are not making adequate provision for adaptation and mitigation measures in their strategic net zero planning’.

- **Strategic decision-making and enhancing the role of internal auditors:** at a national level much greater emphasis is being placed on the important role of internal auditors in helping organisations to embed climate change into decision-making at all levels within an organisation. This was identified as a key mechanism within the briefing.

The Scottish Government acted quickly to address the recommendations and the audit team consider all of them to have been implemented by March 2024. Implementation of the recommendations has resulted in improved governance and risk management processes for the climate change programme sitting under DG Net Zero, including:

- More transparent governance arrangements for the climate change programme, with distinct roles and remits and clearer reporting lines.
- A comprehensive performance monitoring framework and reporting dashboard, which provides the Global Climate Emergency Programme Board with a monthly update on progress towards climate goals.
- Risks being actively monitored and managed and escalated to appropriate forums where necessary.

In a statement to Parliament on 18 April 2024 the Cabinet Secretary for Wellbeing Economy, Net Zero and Energy said ‘To reflect on the recent Audit Scotland report on climate change governance, we will redouble efforts to ensure that net zero is fully considered in our workforce, spending, policy development and structures. That will start with the full roll-out of a net zero assessment in the Scottish Government from the end of 2024.’

The audit team would expect the governance and risk management arrangements to continue to improve and evolve in response to relevant changes and developments in the DG Net Zero area and the wider Scottish Government.

How the Scottish Government is set up to deliver climate change goals

Examples of effective performance audit recommendations

Audit	Recommendation	Category	Progress
How the Scottish Government is set up to deliver climate change goals	The Scottish Government should ensure that all climate change risks are effectively identified and managed.	Vision, leadership and governance	Our recommendation included very specific issues that we wanted to see addressed. They have all been addressed, with the result that risks to the climate change programme are now being actively monitored and managed and

escalated to appropriate forums where necessary. The Scottish Government fed back to the audit team that the risk escalation process is now much clearer and easier.

Local government in Scotland Overview 2022

Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.

Vision, leadership and governance

The Local Government Overview 2023 notes that some councils have been working to include succession planning in their workforce plans to develop future leaders or specific skills required across their workforce. Some are also now working with a three-year, rather than five-year, workforce planning cycle reflecting the more uncertain context.

New vessels for the Clyde and Hebrides

Scottish Government should be clear about the specific outcomes it expects to achieve from investing in private businesses and put appropriate measures in place to assess and report value for money.

Use of resources to improve outcomes

This recommendation has been effective to date, but the impact of the changes will only be clear as and when Scottish Government invest in another business. The Scottish Government auditor reports that work is continuing to strengthen the strategic approach to, and ongoing management of, Scottish Government's financial interventions. Scottish Government's Business Investment Framework has been updated to take account of the lessons learned reviews and was reissued in February 2024. During 2022/23, the Strategic Commercial Assets Division (SCAD) was formed. Its main purpose is to consolidate expertise and knowledge and increase capacity to respond to cases that arise seeking support or intervention from the SG and

provide support across the whole lifecycle. The Division is now fully established with five units covering initial assessment for investment through to potential exit strategy.

New vessels for the Clyde and Hebrides

CMAL should in addition to insisting on a full refund guarantee, review its contract management arrangements and consider how to encourage shipbuilders to meet its expected quality standards over the duration of new vessel projects.

Financial management

CMAL has implemented improvements to its procurement processes, including greater clarity around the expectation that no shipbuilding contract can be awarded to a successful bidder unless a Full Refund Guarantee has been provided prior to the 'Contract date of Effectiveness'. To date there have not been any significant issues identified with the procurement and delivery of the recent Turkish vessels.

Social security: Progress on implementing the devolved benefits

Social Security Scotland should strengthen its role in the prioritisation of development activity to ensure its operational needs are appropriately considered and that it has the systems and processes in place to administer benefits in the way intended.

Use of resources to improve outcomes

The safe and secure launch of new devolved benefits in Scotland, remains a priority for the Scottish Government and Social Security Scotland as set out in the Social Security Programme Business Case. Completing the complex delivery of an agile programme at pace alongside protecting the performance of live services for clients requires balancing competing priorities. A jointly owned and governed Single Prioritised Backlog is well established and is the consolidated focal point where both the Social Security Programme and Social Security Scotland jointly assess, plan and prioritise significant change activity.

Examples of impact and added value delivered through the 2022/23 annual audit

Impact theme	Sector	Example
Technical support	Central government	The audit team discovered a significant issue around balance transfers between related sets of accounts. This was identified during audit planning as a risk of material misstatement due to the significant amount (circa £20m). The audit team added value by working with the new accountant in the finance team to review complicated ledger postings, better understand the background to an overpayment of £8m to HMRC, raise awareness of these issues with the Audit and Risk Committee and ultimately ensure the balance transfers were properly disclosed.
Technical support	Further education	The audit team found an issue concerning a potential impairment of assets in the accounts. The team raised this during audit planning and the client engaged with its valuer and developed an approach to report an impairment. This resolved a potentially time-consuming issue before the start of the financial statements audit. The client was also able to use the same valuation process for other assets with identified impairments. This accelerated the audit process, which was already operating to tight timelines.
Relationships	Central government	Significant engagement with the client, its audit and risk committee and Scottish Government encouraged more effective and efficient working and helped ensure that the interim audit and final accounts audit work was progressed and concluded within set timeframes. Onsite engagement enhanced the audit team's understanding of changes to the payroll system and resulted in an update to the overall risk assessment and planned audit response. The team received positive feedback from the client on the audit process and effectiveness of the working relationships.
Relationships	Local government	Significant engagement with leadership, senior officers and elected members, including effective communication through introductory meetings at the planning stage to identify risks, scope and approach. The team considered what worked well from the previous auditors and what could be improved and used this to inform the audit plan. The nature of the BV thematic work on leadership meant there was significant early engagement with senior council leaders and elected members, which gave the team early insight and understanding of key issues the council is facing and supported the scope and approach of the BV work within the annual audit.

Impact theme	Sector	Example
Capacity	Local government	Personal circumstances meant there were significant gaps in the client's finance team, and this was leading to delivery challenges. The client fed back positively to the audit team on the support it provided to get the audit over the line. It was clear the audit team's sense of purpose and relationships with the client was a key part of this. The client recognised the lack of capacity and the impact this had and has since recruited additional team members.
Sharing insights across public services	NHS	The audit team built on the audit and risk committee chair's interest in Best Value and provided additional information, including good practice from another health board, to support annual assessment and then delivered a further presentation to members of the committee and board. The range of experience in the team (both with other NHS audits and local government audits) brought significant knowledge and insight to the audit and has led to increased interest, trust and confidence from the board in the audit findings.
Timing	Central government	The client's audit involves three sets of accounts. The audit team added value this year by recovering audit timescales, with two sets of accounts being signed off three months earlier than last year and another being signed off two months earlier than last year. They achieved this by ensuring resources were allocated in line with recovery plans. The improved timing helps ensure a timelier set of Scottish Government consolidated accounts and out-turn statement.
Quality recommendations	Local government	The audit team provided some challenging recommendations about financial sustainability and financial resilience. Management recognised the need for this tone to help with the budget setting process and to support future decision making.
Reporting compliance	NHS	The Board developed their performance report and governance statement during the year to add in weaknesses around controls. This contributed to a delay in signing off the 2022/23 accounts and the audit team brought this to the attention of audit committee members and officials. We emphasised the importance of the front end of the accounts and worked with finance team to ensure it was compliant.
Assurance	NHS	The audit team identified an assurance gap regarding shared IT services. The service audit contract did not include assurance on the controls operating in shared IT systems, meaning it did not cover IT general controls,

Impact theme	Sector	Example
		including system backup and disaster recovery for the general ledger. The team made a recommendation for improvement related to this assurance gap.

Impact monitoring and evaluation report



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