

## Appendix 3. Specific examples of impact

Impact monitoring and evaluation report  
– May 2025

### Overall impact of performance audit work

Report	Impact
<b>Integration Joint Boards: Financial analysis 2021/22</b>	In South Lanarkshire, the report triggered the implementation of a Sustainability and Value Programme to identify savings options and security of the IJB in the medium term, as part of a Budget Recovery Plan 2023/24. The reports also contributed to the revision of South Lanarkshire IJB risk register.
<b>Scotland's colleges 2022 and 2023</b>	<p>SC2022 and SC2023 have shone a light on the continuing deterioration of the college sector's financial sustainability:</p> <ul style="list-style-type: none"><li>• The Public Audit Committee has made effective use of both reports to hold the Scottish Government and the Scottish Funding Council to account.</li><li>• The Public Audit Committee held a roundtable event with representatives from the college sector, in response to the 2023 report which increased awareness of the issues highlighted in the report.</li></ul> <p>The reports have been considered by the Education, Children and Young People Committee as part of their pre-budget scrutiny.</p>
<b>Criminal courts backlog</b>	The report highlighted weaknesses in programme management arrangements for the Recover, Renew and Transform programme. Since the audit report published, the Scottish Government has established a programme management office responsible for preparing reports for the three Transformation Change Programme Boards, bringing consistency across them.
<b>Local government in Scotland: Overview 2023</b>	Solace, the Improvement Service and the Society of Personnel and Development Scotland published 'Scotland's Local Government Workforce Report 2024' in August 2024. The report includes analysis of a survey where councils were asked to rate their current level of workforce planning maturity against the Audit Scotland Workforce Planning Maturity Matrix. They reference the increased scrutiny of Audit Scotland around workforce planning in general, and the overview report specifically, as being motivating factors behind the survey.
<b>The Scottish Government's workforce challenges</b>	The report helped to focus the Scottish Government's thinking around workforce on three key issues: data, workforce planning, and links between reform and workforce. It also prompted the Scottish Government to consider the guidance needed around workforce planning, which was not previously part of the discussion.
<b>Local Government</b>	The report highlighted the importance of using financial sustainability indicators. The Local Government Benchmarking Framework (LGBF)

Report	Impact
<b>in Scotland: Financial bulletin 2022/23</b>	includes a suite of financial sustainability indicators and, linked to findings within the report, the LGBF Board are enhancing this suite of indicators with additions linked to key judgements from across our outputs. These relate to the use of reserves and the importance of identifying and delivering recurring savings.

## Effective performance audit recommendations

Audit	Recommendation	Category	Progress
<b>Criminal courts backlog</b>	The Scottish Government should as a priority, finalise and publish its three-year delivery plan supporting the Vision for Justice in Scotland, setting out actions to ensure work continues to modernise the criminal justice system.	Vision, leadership and governance	The Scottish Government published its three-year delivery plan supporting its Vision for Justice within the 3–6-month timescale set out within the report. The delivery plan sets out specific actions, milestones, timescales and lead agencies.
<b>Criminal courts backlog</b>	The Scottish Government should consult with the Scottish Courts and Tribunals Service and relevant partners around wider legislative changes that are required to support the ongoing transformation of the criminal courts system.	Vision, leadership and governance	The Scottish Government consulted on a range of legislative proposals, including virtual attendance at criminal courts and greater use of digital processes. It received responses from 22 organisations and eight individuals.
<b>NHS in Scotland 2022</b>	The Scottish Government should publish annual progress updates on the reform of services, showing the effectiveness and value for money of new innovations and ways of delivering NHS services.	Use of resources to improve outcomes	This recommendation was recorded as partially implemented. We have seen progress with updates now published for some programmes. The recommendation has been repeated in the NHS in Scotland 2023 report.

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<b>The Scottish Government's workforce challenges</b>	The Scottish Government should work with its public bodies to bring together a central analysis of current workforce costs in Scotland, as a priority. This should reflect public bodies' workforce plans.	Financial sustainability	The Scottish Government collected public bodies' workforce costs in November 2024. This represented a significant step forward.
<b>Local government in Scotland: Financial bulletin 2022/23</b>	Councils should strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability.	Financial sustainability	We identified, as part of our Financial bulletin 2023/24, that most councils reported that they assess and monitor financial sustainability and use financial indicators in financial plans. 17 councils explicitly used these within their medium- and long-term financial plans. An updated recommendation on the use of financial indicators in monitoring and reporting is included in the Financial bulletin 2023/24.

## Impact delivered through the annual audit

Impact theme	Sector	Case study
<b>Providing technical support</b>	Health / Central government	<p>As part of a health audit, we reviewed a calculator provided by a public pensions agency. We discovered that the calculations for the cash equivalent transfer value (CETV) included a common presentational issue, which led to the health body incorrectly factoring in current year inflation in the remuneration report.</p> <p>This error affected all relevant bodies, and we shared this information with all auditors involved. Necessary changes were made to the respective remuneration and staff reports, including prior year adjustments where required. We also</p>

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		raised this issue with the pensions agency to prevent future occurrences. This work has enhanced the assurance landscape across all relevant bodies and improved efficiency in auditing shared services.
<b>Providing technical support</b>	College	<p>The Scottish Funding Council (SFC)'s annual accounts directions for colleges was issued late for 2023/24 and advised changes to accounting for an ongoing job evaluation exercise, due to changes in the funding model between SFC and the Scottish Government.</p> <p>We provided technical advice on the matter, which led to significant findings, and in some cases adjustments, to several college Annual Audit Reports.</p>
<b>Providing technical support</b>	Central government	<p>During the 2022/23 and 2023/24 annual audits, we noted substantial improvements to the body's non-current asset valuation and accounting process.</p> <p>This has stemmed from our consistent reporting and recommendations in this area since our Section 22 reports in February 2022 and June 2023, following our disclaimer of opinion on the body's 2020/21 and 2021/22 annual accounts. A disclaimer is made when we are unable to provide an opinion on the financial statements due to lack of sufficient appropriate audit evidence.</p> <p>We will continue to work with the body over this appointment round to ensure we can provide an audit opinion and support it to improve its financial accounting and management.</p>
<b>Providing technical support</b>	Local government	<p>During the 2023/24 audit, the council engaged in advance of the 2024/25 financial statements audit to seek advice on the treatment of one of its assets. We provided clarity on the accounting treatment of a deposit that would be made with the council from the company running the asset.</p> <p>Since the 2022/23 audit, we have also seen positive progress in the following areas related to our recommendations:</p> <ul style="list-style-type: none"> <li>• Improved consistency in the treatment of service concession assets in line with relevant guidance.</li> <li>• Introduction of a disclosure checklist to ensure the accounts are complete and accurate and comply with required disclosures.</li> <li>• More consistent judgements and assessments in place for pension assets across group entities.</li> </ul>
<b>Building relationships</b>	Local government	The team has established good relationships with the body across a range of areas:

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		<ul style="list-style-type: none"> <li>• <b>Best Value:</b> Positive feedback on onsite meetings and relationship, with nearly all 2022/23 recommendations implemented by 2024.</li> <li>• <b>National Fraud Initiative</b> – Supporting the internal audit manager to improve progress in this area.</li> <li>• <b>System account issues:</b> Regular support and communication with the finance team.</li> <li>• <b>Collaboration:</b> The collaborative approach to auditing across the local authority, health board and pension fund has strengthened relationships. The audit team continues to notice greater engagement and openness from the audit committee members. The team also helped facilitate the sharing of best practices with another health board.</li> </ul>
<b>Building relationships</b>	Central government	<p>Following a difficult audit in 2022/23 which overran, the team identified the key challenge as a gap in understanding of what the body thought it had to produce for its financial statements. Some financial statements were shared as working documents rather than final versions. The team made a recommendation related to the annual report and financial statements and have seen significant improvements in the financial statements in 2023/24.</p> <p>Relationships have also improved, and the audit was delivered on time in 2023/24. The body is engaged, collaborative and accepting of views from the audit team, with recommendations being taken forward. The audit team have identified progress with financial planning and following the 2023/24 annual audit report, the recommendations were accepted by the body, with the IT strategy now in place and work taking place on their Best Value annual assessment.</p>
<b>Improving financial planning and management</b>	Central government	<p>During the 2022/23 audit, we recommended that the body develop a medium-term financial plan and develop its performance reporting to include performance against objectives and trend information.</p> <p>We have seen positive progress in the following areas:</p> <ul style="list-style-type: none"> <li>• The body now has a medium-term financial plan in place, which includes scenario planning. The audit and risk committee has been supportive of the new approach and we will continue to support the body to refine and develop its financial planning approach.</li> <li>• The body's board approved a revised performance measurement framework, which includes trend data to measure performance. This development should support readers to establish whether performance is improving or declining.</li> </ul>

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<b>Improving financial planning and management</b>	Central government	<p>During our audit we identified performance issues with the body's contractor responsible for a specific service. The body advised that low pay rates for staff were the primary reason for the decline in staffing levels and their ability to recruit replacements. We issued a report and made several recommendations. The body has taken positive action in response to our recommendations and performance has since improved.</p> <p>Our audit work also identified significant issues in relation to ex-gratia payments to employees for working over their contracted hours. This included control weaknesses and individuals working beyond the time limits detailed in relevant directives and the organisation's policies. In response to our findings the body launched a review of ex-gratia payments, including implementing a working group to help address the recommendations.</p>
<b>Improving financial planning and management</b>	Local government	<p>Through the 2023/24 annual audit, we reported on a significant fraud case, over £1 million, within the council. Our annual audit report highlighted the details of the case, including the council's response. Following this, a statutory report was prepared by the Controller of Audit. Management action to improve controls was taken at the time of identifying the fraud and further actions to enhance arrangements are ongoing.</p> <p>We also highlighted the findings from statutory report in a letter to all councils and appointed auditors, with the aim of raising awareness about the risk of fraud and the importance of internal controls and auditors and officers being vigilant about fraud.</p>
<b>Improving vision, leadership and governance</b>	Central government	<p>We have shone a light on the importance of auditors questioning matters that may seem immaterial, as they have the potential to mask underlying cultural issues in a client body.</p> <p>By investigating processes around expenses during the 2022/23 annual audit, we flagged underlying governance issues, which resulted in a Section 22 report. This focused on significant weaknesses in the body's governance and financial management arrangements and concerns around the culture for achieving value for money in the use of public funds.</p> <p>Although we identified no further instances of non-compliant expenditure since our December 2023 Section 22 report, we issued a qualified regularity opinion on the 2023/24 audit, raising further concerns about governance around expenses and settlement arrangements.</p>



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		<p>We have made a range of recommendations for improvement covering areas such as finance and support services capacity, embedding good financial management, organisational change, and value for money when using consultants.</p> <p>We have also shared the findings of the audit work across other audited bodies to raise awareness about the importance of good governance and financial management.</p>
<b>Improving vision, leadership and governance</b>	Central government	<p>We issued a Section 22 report following a 2023/24 audit, which identified significant governance issues. These were taken on board by the body's management team and we have seen positive progress with changes in leadership and structure, as well as governance arrangements as whole.</p> <p>Although the body still faces challenges, there have been tangible improvements over the last four years, with an internal audit function in place to support progress, following our audit recommendation. The Section 22 report is noted in most of the body's audit committee meetings and the committee is playing a key role in driving improvements.</p>
<b>Supporting Best Value</b>	Central government	<p>In our 2023/24 Annual Audit Report, we carried forward a recommendation from 2022/23 that management should produce an annual formally agreed document which details how it meets the Best Value characteristics as set out in the Scottish Public Finance Manual (SPFM). In 2023/24, the body agreed a formalised approach and undertook a high-level assessment of their arrangements for securing Best Value. It also agreed to undertake 'deep dive' self-assessments in subsequent years on the different themes outlined in the SPFM.</p> <p>During 2024/25, the body undertook deep dive assessments on the Best Value themes of vision and leadership, and governance and accountability. This highlighted the arrangements currently in place which demonstrate Best Value and identified areas for improvement. It incorporated the areas for improvement into an action plan, which will be monitored throughout 2025/26.</p>
<b>Supporting Best Value</b>	Local government	<p>In a previous review on leadership and the development of new strategic priorities, we recommended the body improve the openness and transparency around the outcomes of consultation exercises.</p> <p>When following up on this recommendation, we noted improvements to website pages and content related to consultation activities. For example, during a budget consultation, officers provided regular updates based on feedback received, including supplementing a frequently asked questions section with additional information</p>

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		throughout the process. Work is ongoing to publish online summaries of feedback received.
<b>Ensuring clear, compliant and transparent reporting</b>	Central government	<p>Since 2016, we have been recommending that a body publishes a comprehensive set of accounts, including a balance sheet. During the audit year, we noted good progress on openness and transparency, with the body publishing consolidated financial information for the first time. This improvement stemmed from our audit team challenging officials on the transparency gap and identifying a practical solution, which has enhanced transparency around public spending.</p>
<b>Ensuring clear, compliant and transparent reporting</b>	Health	<p>By sharing audit intelligence internally, we identified changes to the Remuneration Report. These found that a significant number of seconded employees were still appearing in the Remuneration Report.</p> <p>We recommended that only current employees should be reflected in its expenditure in the accounts. The body agreed and have implemented a process for annual review of secondment agreements and service level agreements with placement organisations.</p> <p>This was a key finding that resulted in a prior year adjustment to the accounts. It shines a light on the importance of transparency of public reporting, especially when there is an increased focus on the size of the public sector workforce.</p>
<b>Sharing insights across public services</b>	Health	<p>We provided a digital update to our client covering issues, risks, and developments across the public sector, including information on a cyber threat app, guidance for public sector suppliers, NIS2 regulation, and the Scottish AI register.</p> <p>We also shared insights on issues affecting other health boards. For example, information on the presentation of secondments in the accounts, the Remuneration Report disclosure, and the accuracy of figures from the public pension agency's calculation.</p> <p>We invited PABV colleagues to attend the Board's Audit and Risk Committee meeting to present the NHS in Scotland 2022 report.</p>
<b>Sharing insights across public services</b>	Local government	<p>The audit team recognised that sickness absence costs were high in the council, for areas which require cover arrangements. In 2023/24, this resulted in additional costs of £1.98 million associated with mandatory cover and an overspend of £0.65 million for employee costs attributed to temporary cover for significant and challenging absence rates.</p>



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		<p>The team recommended improvements within this area and signposted the body to benchmark data about their costs, explaining that their scrutiny should be increased.</p> <p>Lead officers for these services are now progressing a programme of work to monitor absence and effectively implement the council's absence policy, with support from HR as required. The council now reports on its sickness absence data more regularly. The audit team have shared the example as good practice with other bodies about scrutinising the cost of sickness absence post Covid.</p>
<b>Improving timescales and building capacity</b>	College	<p>This audit process was elongated due to key staff absence and the audit team stepped in to support and coach the local finance team to complete the required work. The support was well received with the board and audit committee expressing thanks and appreciation for the ongoing support from the audit team.</p>