

Public audit in Scotland

Interim evaluation



AUDITOR GENERAL  ACCOUNTS COMMISSION   AUDIT SCOTLAND

Prepared by Audit Scotland
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Key messages

- 1 Our audit work achieves an impact and can make a positive contribution to the four intended outcomes of Public audit in Scotland.** This evaluation shows that our work has the potential to make the difference we hoped. We are providing significant assurance to stakeholders on public spending and found that 94 per cent of our audit recommendations were accepted by audited bodies, showing there is buy-in and support for change and improvement. We identified a wide range of examples of public bodies making changes and improvements within their organisations and to public service delivery, linked to our audit work.
- 2 There is solid evidence of effective stakeholder relationships built during our audit work.** This is shown through examples from audit teams as well as through positive feedback from stakeholders on their engagement with us. Effective relationships enable a smoother audit, better recommendations and more buy-in from audited bodies. This is crucial to us achieving our outcomes. We identified a lack of targeted support for colleagues on developing effective relationships and we may wish to improve support in this area during the remainder of our strategy.
- 3 Our stakeholder feedback is telling us a positive story about our contribution to outcomes.** Stakeholder feedback is key to understanding our impact, and we have a wide range of feedback gathering approaches across different teams covering most stakeholder groups. There is an opportunity to improve by coordinating data collection more effectively to address data gaps and provide a more coherent picture that fully evidences our contribution to the four outcomes.
- 4 We have a positive impact on creating the climate for change in public services through our support for parliamentary scrutiny.** This is shown through our regular parliamentary engagement, positive feedback on our work from MSPs and a wide range of examples of our work enhancing parliamentary scrutiny. We must continue to prioritise parliamentary engagement, working closely with Scottish Parliament committees to support them in their scrutiny work and with the Scottish Parliament Information

Centre, to ensure our tools, resources and insights complement and add value. This is a critical aspect of our contribution to our outcomes, given we cannot compel bodies to implement our recommendations.

- 5 The pace of change from our recommendations appears slower than we might have expected.** Some recommendations are complex, and public bodies are working within a challenging financial and political context. Implementation can also be slowed by other factors. It is also difficult for us to accurately assess the pace of implementation, as we have not consistently provided target timescales. Auditors will need to follow new guidance on timebound recommendations to ensure we are able to assess pace of implementation more fully.
 - 6 Our audit work is providing assurance about public spending and supporting change against all four public audit outcomes.** Due to the higher proportion of recommendations that arise through annual audit and the focus of annual audit on financial management and transparent reporting, there is a lower proportion of recommendations across other outcome categories around collaboration and resource prioritisation and public service improvement. This raises a risk that we may not drive as much change and impact in these other outcome areas. As we move into the second half of our strategy we will want to consider the balance of our audit work, across the core value we provide through our assurance role and our focus on effecting change on public audit outcomes.
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Recommendations

Focus of our work

- Consider the balance of our work between providing assurance and contributing to outcomes, setting out more clearly what good looks like for each outcome, where we want to see progress, and how we should focus our audit work to support this progress.
- Review our approach to developing tools, resources and guidance to supplement our audit work and support improvement, to ensure more consistent coverage across all sectors and to target our supplements more clearly in service of our outcomes.
- Consider analysing conclusions in our key messages and judgements across all audit work to improve our understanding of how our assurance role is contributing to our outcomes.
- Agree whether to include data from Annual Audit Reports delivered by all appointed auditors, including private audit firms, to explore their contribution to public audit outcomes alongside those of Audit Scotland teams.

Relationship building

- Consider developing training, support and reflective practice to support staff to build and maintain effective relationships with stakeholders. As part of this, it may be helpful to engage with other scrutiny bodies to explore what can be learned about how they support their staff with relationship building.

Stakeholder feedback

- Review our approach to gathering stakeholder feedback across Audit Scotland to ensure a more efficient approach and a more coherent data set that addresses data gaps and more fully evidences our contribution to our outcomes.

Pace of change

- Monitor how well auditors are following new guidance on timebound recommendations to ensure we can assess the pace of implementation more robustly in future evaluation work.

Transformational change

- Ensure we articulate the expected efficiency gains from digital investment in modernising our audit and resourcing approaches and

evaluate what impact these have on freeing up colleague time for the more relational aspects of public audit.

- Through the Future Public Audit Model project, consider more explicitly connecting the Code of Audit Practice wider scope requirements with public audit outcomes. This has the potential to narrow the focus of our wider scope work, so it is more targeted in service of our outcomes and to clarify accountability for all audit providers for public audit outcomes.

Evaluation approach and data gaps

- Address the data gaps identified throughout this report to ensure a more robust evaluation approach in future.
- Review and improve teams' approaches to reflecting on what has worked and why across all our audit work to improve consistency, and ensure teams are reflecting on progress with the success criteria we have identified to help us explain our contribution to our outcomes.
- Consider how to ensure a sustainable evaluation approach over the long term, by agreeing a representative sampling approach for our recommendations as well as exploring the use of Artificial Intelligence to support analysis.
- Agree whether to add a fifth outcome (Public audit is efficient, effective and outcome focused) into scope for future evaluation work, allowing us to explore how well we are developing and improving Audit Scotland and public audit.

Introduction

Public audit in Scotland and aims of evaluation

- 1.** The Auditor General for Scotland (AGS) and the Accounts Commission for Scotland (Commission) are responsible for securing the independent audit of the accounts and performance of public sector bodies in Scotland.
- 2.** The AGS is appointed by the Crown, on the recommendation of the Scottish Parliament. The independent post was created under the Scotland Act 1998 to help ensure that public money is spent properly, efficiently and effectively. The current Auditor General for Scotland, Stephen Boyle, was appointed in July 2020 for an eight-year term. The AGS is responsible for the audits of Scottish Government and its agencies, NHS bodies, police and fire and further education colleges.
- 3.** The Accounts Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance. The Commission is made up of 12 members, recruited through the public appointments process to serve a four-year term, all of whom bring a wide range of experience from a variety of backgrounds. It operates impartially and independently of councils and of the Scottish Government.
- 4.** Audit Scotland is Scotland's national public sector audit agency and exists to provide the AGS and the Commission with the services they need.
- 5.** In June 2023, we published [Public audit in Scotland](#), the joint statement of purpose between the AGS, the Commission and Audit Scotland. It sets out our shared vision, mission and outcomes ([Exhibit 1](#)).

Exhibit 1

Public audit in Scotland strategic framework



Source: Audit Scotland

6. Since the introduction of the National Performance Framework more than 15 years ago, most public bodies in Scotland have been on a journey from being service-led to outcome-focused. Like all public bodies, it is critical that we evaluate our performance against our outcomes, to help us understand whether we are doing the right things to achieve our outcomes and identify where we can improve.

7. In Public audit in Scotland, we committed to evaluating and reporting on our progress against our four outcomes twice during the five years of the strategy. This interim evaluation is our first such report. It aims to:

- examine how well public audit is delivering against the outcomes in PAIS and whether we are achieving the impact we expected
- provide insight into what is working well and what can be improved, to increase our impact and inform our future strategy
- showcase and celebrate the work of public audit and the value it adds to public services in Scotland
- help us to develop our evaluation approach, ahead of delivering our final evaluation report in 2027.

1. Context for delivery

8. We published [Public audit in Scotland](#) at a time when Scotland was facing some of its biggest challenges in decades. As we set out in the statement, economic and demographic pressures mean public services face rising demand while the financial outlook is the tightest it has been since devolution. As a result, there are serious risks to the sustainability of services. The need for reform is urgent, and public bodies must find new ways to deliver public services.

9. The outlook has gotten more severe and urgent in the two years since we published that overview, with worsening fiscal pressures across the public sector.

10. At the same time, as with all public bodies, Audit Scotland must both manage its tightening resources to be effective and efficient, while making significant changes to what we do and how we do it. Our audit modernisation agenda reflects this, as do the work we are doing to strengthen our resource and performance management, and our current review of the future public audit model.

11. For this evaluation we wanted to go deeper into the context to understand how it affected our ability – both positively and negatively – to achieve the outcomes set out in [Public audit in Scotland](#).

12. To do this we used the Scottish Government's [ISM Framework](#). This explores factors at an individual, social and material level, that help or hinder our work. This supported us to generate risks and assumptions that underpin the evaluation. More detail about our ISM analysis and the risks and assumptions underpinning this evaluation is available in [Appendix 1](#) and [2](#).

2. Evaluation approach

Evaluating complexity

13. This evaluation recognises that public audit's impact is not in isolation. We operate in a complex and dynamic system. While we have clear outcomes and the interventions we make through public audit are well-established, it can often be difficult or inappropriate to attribute impact directly or solely to our audit work. Our outcomes are ambitious and require action and contributions from across public services, including:

- those working in public audit delivering work effectively
- public sector organisations and partners engaging with feedback and acting on audit recommendations
- wider stakeholders working with public audit to create the conditions for transformation.

14. Delivering public audit is fundamentally about effective relationships. While it needs to be underpinned by clear systems, processes and guidance, audits are delivered by people with people. Our evaluation approach acknowledges both the complexity we operate in and the relational nature of the audit and change processes, and the skill and judgement that goes into this.

Contribution analysis

15. We have used contribution analysis to deliver this evaluation. Contribution analysis is a theory-based approach to evaluation designed to be used in contexts where simple attribution is not available. It starts by developing a theory of change, including context analysis and risks and assumptions, then testing it by assembling available evidence against it, and building a contribution story. Once an initial contribution story is developed, evidence can be deepened over time, testing assumptions and building contribution claims with more robustness.

16. Contribution analysis is described further in the book [How do you know if you are making a difference: A Practical Handbook for Public Service Organisations](#).

17. In using the approach, we have gone through a logical and structured process of:

- analysing our operational context and key assumptions and risks ([Appendices 1](#) and [2](#))

- agreeing a theory of change showing how our work contributes to outcomes, what needs to be in place, and identifying how it makes a difference ([Chapter 3](#))
- reviewing and analysing our data to test our theory of change, including the risks and assumptions, help us understand if we are making progress towards outcomes, and where we have data gaps
- summarising key findings against each stage of the pathway to tell our contribution story.

Our impact monitoring, evaluation and reporting framework

18. Our impact monitoring, evaluation and reporting framework is in [Exhibit 2](#). We have been gathering data against this framework since 2022. This is the first time we have taken a systematic approach to impact evaluation underpinned by a theory of change. The evaluation has been an opportunity for us to trial this approach and learn from it, as well as an opportunity for us to reflect on our impact data, along with wider data we collect for performance monitoring and quality assurance purposes and national data that is publicly available.

19. Within Chapters 4–9 of the report, we assess our progress against our theory of change, setting out our evidence base and then summarising learning to inform our future work.

Exhibit 2**Our impact monitoring, evaluation and reporting framework**

| When | What | How | Who |
|---|--|---|---|
| Monitoring early impact (0–6 months) | Have our recommendations been accepted? What traction are our products getting? What do stakeholders think of the effectiveness of our work? | Product by product reach and engagement: <ul style="list-style-type: none"> • Media • Social media • Web • Conferences • Committees | <ul style="list-style-type: none"> • Audit teams • Comms |
| Evaluating early impact (0–18 months) | What's happening with our recommendations? How is our work influencing change? What do stakeholders think of us? | Product impact and recommendations tracking: <ul style="list-style-type: none"> • Progress • Effectiveness • Reflections • Stakeholder feedback | <ul style="list-style-type: none"> • Audit teams • AQA • Comms |
| Evaluating long-term impact (18 months+) | What difference have we made through public audit? | Package of products: <ul style="list-style-type: none"> • Track impact of our products on public audit outcome measures | <ul style="list-style-type: none"> • Audit teams • External perspective |

Source: Audit Scotland

3. Our theory of change

Engaging with stakeholders to deliver audits, sharing learning and supporting improvement and innovation

20. [Exhibit 3](#) shows our theory of change for our public audit outcomes, which focuses on engaging with stakeholders to deliver audits, share learning and support improvement and innovation. We have a wide range of stakeholders in public audit and through this report we are considering the cumulative impact of our engagement.

21. We developed our theory of change through workshops with colleagues from across Audit Scotland, including our Leadership Group and representatives from four business groups.

22. Our theory of change is aspirational and describes how we think stakeholders need to feel and what they need to learn, gain and do differently to ensure we make the difference we want to make. This report sets out our analysis and findings at each stage of the model:

- **Chapter 4: What we do** – The key activities we deliver.
- **Chapter 5: Who we work with** – Everyone who engages with our activities.
- **Chapter 6: How our stakeholders feel** – The positive reactions people will have when they engage with our activities.
- **Chapter 7: What our stakeholders learn and gain** – Changes to knowledge, skills and attitudes because of positive engagement with our activities.
- **Chapter 8: What our stakeholders do differently** – Positive changes to behaviour and practice based on changes in knowledge, skills and attitudes.
- **Chapter 9: What difference we're making** – What difference it makes if people change their behaviours in the way we've described.

Exhibit 3**Engaging with stakeholders to deliver audits, sharing learning and supporting improvement and innovation**

| What we do | Who with | How they feel | What they learn and gain | What they do differently | What difference does this make? |
|--|---|---|---|---|---|
| Engage with audited bodies to identify risks and issues and scope, deliver and follow up on risks | Public bodies subject to audit, including the Scottish Government | All stakeholders feel respected, valued supported, listened to and treated fairly | Assurance that public money is being spent efficiently and effectively | Audited bodies engage with tools, resources and guidance reflect on insight and act on audit recommendations | Public bodies collaborate and make tough decisions about targeting spending where it is most needed |
| Engage with wider stakeholders to provide insights, respond to issues and inform our audit work | | | | | |
| Horizon scanning and review evidence to inform risk assessment and identify emerging and key issues to public services | Audit Scotland employees, Auditor General and Accounts Commission | Audited bodies feel ready to engage in the audit process, willing to be challenged and committed to continual improvement | A greater understanding of the audit process and support to be audited | Parliament scrutinises public spending and performance and holds public bodies to account for acting on recommendations | Public bodies spend public money more efficiently and effectively |
| Deliver timely, impactful and high-quality audits | Scottish Parliament | | Evidence-based recommendations, tools, resources, insights and good practice to support | Public service stakeholders use audit findings to advocate for change and hold public | |

| What we do | Who with | How they feel | What they learn and gain | What they do differently | What difference does this make? |
|--|---|--|--|---|---|
| | | | improvement | bodies to account | |
| Promote our findings and recommendations with targeted audiences | Wider stakeholders, such as scrutiny organisations, third sector, think tanks, academia | Audit Scotland staff feel supported, listened to and equipped to do their jobs | | Public bodies work in a collaborative way to integrate services, prioritise spending and achieve better outcomes, including with citizens and communities | |
| Support parliamentary scrutiny | | | | Public bodies plan and manage public finances more effectively | |
| Develop and signpost to tools, resources and guidance to support improvement | The public | All stakeholders feel public audit is trusted, independent and influential | Independent insight into progress with public service reform | Public bodies deliver clearer and more transparent reporting | The public have confidence in and are assured about public spending and decision-making |
| | Private audit firms | | | Public bodies make positive changes, based on our audit work, that benefit people in Scotland | Public services improve for people in Scotland |

Source: Audit Scotland

4. What we do

23. This chapter discusses the key activities identified in our model that we believe are critical to achieving our public audit outcomes. These are:

- engaging with audited bodies
- delivering timely, impactful and high-quality audits
- horizon scanning and identifying risks and issues facing the public sector
- promoting our work widely
- bringing scrutiny bodies together
- and delivering audits, tools, resources and guidance to support improvement.

24. There is strong evidence to suggest we are making good progress with these activities, with a communication and engagement strategy in place, high standards for audit delivery underpinned by an independent quality assurance regime, clear processes for identifying public sector risks and issues and a range of mechanisms to influence public service improvement. There is an opportunity to make our relationship building approaches more planned and consistent.

Engaging with audited bodies

25. Our [Communications and engagement strategy 2024–28](#) recognises that to deliver the outcomes, we need to have effective and collaborative conversations with stakeholders, which can help us to focus on the right priorities, ensure our work has an impact, and strengthen and support our ability to drive improvement and provide assurance to the people of Scotland. It sets out a broad framework for engagement, by identifying stakeholders, their ask and our offer. This is supported by our stakeholder engagement approach strategy and operational plans.

26. Engagement with audited bodies is therefore one part of our wider stakeholder engagement ([paragraphs 39-43](#)), albeit the central and key part of our engagement.

27. We engage with audited bodies to build awareness and understanding of the role of audit and the audit process, identify risks and issues, and scope, deliver and follow up on audits. We aim to build effective

relationships with the right stakeholders within audited bodies at the right time.

28. Within individual public bodies we aim to assess their performance, advise on areas for improvement and share good practice. Across the public sector we aim to share information and intelligence on public sector performance and key issues.

29. Financial audit teams report that building effective relationships with finance teams and those charged with the governance of public bodies is one of the key areas where they achieve impact.

30. Similarly, performance audit teams frequently identify positive stakeholder engagement as key to the audit delivering the intended outcome.

Audit guidance and the engagement lead role

31. Within the annual audit, the engagement lead's audit management and delivery responsibilities are set out as part of compliance with ISA 220. However, these do not explicitly include engagement with the audited body.

32. Within performance audit, our Audit Management Framework states that the AGS and Commission expect 'early and ongoing engagement with stakeholders', using stakeholder engagement plans and ensuring inclusive practices. New guidance for performance audit engagement leads sets clear expectations for stakeholder engagement, including planning and support teams members.

33. Our annual learning and development programme provides generic training on skills that support relationship building and engagement, but we do not provide specific training on these two areas.

Time for relationship building

34. As part of this evaluation, we tested our assumption that we were able to build relationships with the right stakeholders and have timely discussions.

35. Our annual internal audit quality survey asks colleagues whether they have enough time and resources to deliver high-quality audits. It does not specifically ask about relationship building. Our audit quality manual does not identify building relationships as a key feature of high-quality audits.

36. In 2024/25, 45 per cent of colleagues agreed that they have enough time and resources to deliver high quality audits, 43 per cent disagreed, and 12 per cent neither agreed nor disagreed.

Reflecting on impact through relationships

37. During 2024/25, financial audit teams identified 89 examples of impact, of which 14 (16 per cent) were about building relationships.

Analysis of those examples finds that the focus and benefits of our relationship building are:

- **Early engagement:** providing insights and building understanding of the process helps risks and issues identification, and better delivery.
- **Discussion and debate:** engaging at all levels improves participation, discussion, debate and challenge around the accounts.
- **Quality of recommendations:** effective relationships help us develop relevant and achievable recommendations that are effective in driving change and improvement.
- **Lessons learned:** exploring with audited bodies what worked and what needs to improve about our audits supports ongoing improvement and relationships.

38. Performance audit post-project reviews found similar. They stated that ongoing and transparent communication on the scope of the work, on emerging issues and factual accuracy checking can streamline clearance processes within the audit.

Case study 1

Building relationships through our audit work

In one local authority audit, the audit team noted its collaborative approach to auditing across connected local authorities, health boards and other bodies as being key to building relationships, with greater engagement and openness from the council's audit committee and better best practice sharing across the bodies. The team received positive feedback from the council Best Value team about onsite meetings and relationships and supported the internal audit manager to improve progress with the National Fraud Initiative.

The audit team reported good stakeholder engagement when working on the [Criminal Courts Backlog](#) (May 2023) audit, especially with the Scottish Courts and Tribunals Service (SCTS). This was maintained through regular updates and clear communication. Close liaison on data and early factual accuracy checking helped streamline clearance.

Source: Audit Scotland

Engaging with wider stakeholders

39. We engage with wider stakeholder to provide insights, inform our performance audit work programme, audit scopes, evidence and judgements and to respond to issues of concern and whistleblowing.

We aim to support the third sector to engage with public bodies to inform, improve and help deliver services.

40. Examples of our wider engagement work include:

- our [Equalities and Human Rights Advisory Group](#), which supports us to embed equality and human rights considerations in our audit work
- our youth advisory panel, who we work with to ensure that the perspectives of children and young people inform our audits
- a community of interest group for lived experience and public participation, who have developed guidance and support for colleagues working to ensure we have the service user and citizen's views in our audits.

41. We work with other public sector scrutiny bodies to make sure scrutiny of all public services is well targeted, proportionate and coordinated. We do this through the Strategic Public Sector Scrutiny Network.

42. Sitting under the network is a Scrutiny Coordination Group where we work with partners to deliver more coordinated, efficient and effective scrutiny that:

- supports the improvement of services
- seeks to share insights and intelligence amongst partners and minimise the workload on councils from scrutiny activity.

43. More information is available on our [Improving scrutiny webpage](#).

Horizon scanning and intelligence sharing

44. A key assumption through this evaluation was that we can anticipate future issues and risks through our horizon scanning approach.

45. We undertake research and systematically use our audit evidence and intelligence to anticipate future risks and issues for public services and to inform our planned audit work. We share our findings with the Auditor General and the Accounts Commission to help inform their work programmes and we report internally and externally on key risks and issues facing the Scottish public sector. Our horizon scanning and intelligence sharing work includes the following:

- **Policy monitoring** – Monitoring risks, issues and developments within and across sectors and policy areas to inform our audit work, the development of our work programme and to feed into regular briefings for the AGS and Commission.

- **Audit intelligence and statutory report moderation** – Leads for each sector engage with appointed auditors to track emerging issues within audited bodies that should be considered for statutory reporting. This is then shared with the AGS and Controller of Audit for decision making through regular statutory moderation meetings.
- **Local government current issues reporting** – Auditors gather intelligence on significant risks, other developments, potential statutory report issues and good practice routinely as part of their audit work. We report on this quarterly to the Controller of Audit and the Accounts Commission.
- **Our correspondence and whistleblowing service** – This covers a variety of matters about the bodies we audit, including issues of concern, whistleblowing, objectives to local government accounts and enquiries. It is a valuable source of information for our audit work. See our [Correspondence and whistleblowing: Annual report 2024/25](#) for further information.

46. On an annual basis, we review the above data sources to identify changes and use this to inform our strategic and operational planning and our public reporting on [strategic risks and issues facing the Scottish public sector](#).

Delivering timely, impactful and high-quality audits

47. Delivering audits includes planning and scoping, gathering and reviewing evidence, making judgements, reporting findings, making recommendations and following up on progress. Ensuring audits are timely, impactful and high-quality is key to our outcomes as this helps ensure public audit is viewed as trusted, independent and influential, which provides more traction amongst stakeholder for our findings and recommendations.

Timeliness

48. A key assumption for this evaluation was that we can time audits effectively for the best effect. Our quality manual identifies timely communication and reporting as one of the key activities of high-quality and impactful audit.

49. Our annual audits report in line with statutory deadlines, and we aim to time our performance audits so they report at the most appropriate time to maximise our impact on supporting change and improvement in public services. Our [annual transparency report](#) sets out our performance on delivering agreed audits in line with our plans. It also highlights that the Auditor General and Accounts Commission are clear that Audit Scotland should prioritise audit quality over meeting target completion dates.

- **Annual audits:** In the 2024/25 financial year (2023/24 audit year), Audit Scotland auditors completed 64 per cent of annual audit reports to the target dates.
- **Performance audits:** In 2024/25 financial year, we delivered 83 per cent of performance outputs to planned timescales. The UK General Election meant that we had to delay publication of four outputs.

50. While the timeliness of our delivery has improved compared to previous years, significant variation remains across sectors, and recovery to target completion dates remains a key challenge.

Impact

51. In 2022, we agreed an impact monitoring, evaluation and reporting framework ([Chapter 2](#)) which aims to:

- improve the information we have that informs decision-making
- support continuous improvement and innovation in our audit approach
- improve our understanding of the difference we make and help us promote the value of public audit.

52. We report on the [impact of our audit work](#) annually and are using the data from our impact work to help us demonstrate our contribution to our outcomes through this evaluation.

Quality

53. One of the key assumptions we identified in our evaluation approach was that our audit judgements are impartial and evidence based. Our quality assurance approach plays a key role in mitigating against the risk of incorrect findings or judgements and providing assurance about the quality of our audit work.

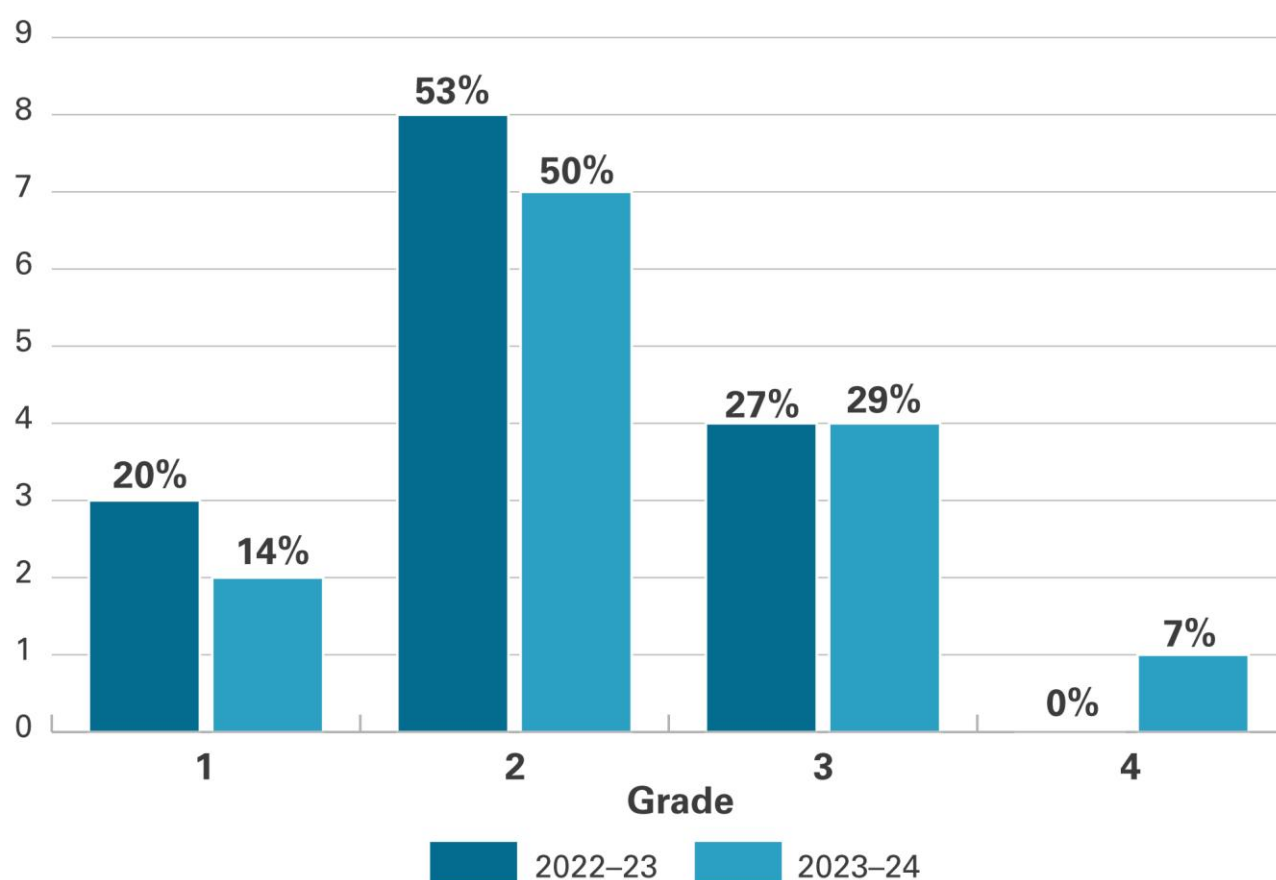
54. Our quality manual defines a high-quality audit as one that is planned and delivered in accordance with professional standards and applicable legal and regulatory requirements. Our overall system for managing quality at an organisation-level complies with international standards on quality management.

55. At an individual audit level, quality reviews assess audit performance, identify areas for improvement, and highlight examples of good practice. This includes internal 'hot' reviews, carried out while audits are in progress, and internal and external 'cold' reviews on a sample of audits after publication. External reviews are carried out independently by the Institute of Chartered Accountants in England and Wales (ICAEW).

56. Cold reviews are graded from 1 (no improvements needed) to 4 (significant improvements needed). Our target is to achieve at least 80 per cent of audits graded 1 or 2. Our performance on the 2022/23 and 2023/24 audits is shown in [Exhibit 4](#). More information on our quality assurance process is in our [Quality of public audit in Scotland annual report 2024/25](#).

Exhibit 4

Quality review scores from internal and external cold reviews 2022/23 and 2023/24



Source: Audit Scotland

Promoting our findings and recommendations with targeted audiences

57. One of the key objectives of our Communications and engagement strategy 2024–28 is to reach our audiences in ways that work for them. This includes:

- basing our approaches and activities on audiences' needs
- tailoring activities to specific audiences
- focusing on audit recommendations and key messages

- emphasising the objectivity, robustness and accuracy of work
- ensuring outputs are accessible, inclusive and diverse
- strengthening and building partnerships to better inform our work.

58. Colleagues in our Communications team promote and disseminate our reports through media relations, report design and production, web publishing, engagement with core audiences and social media.

59. We also produce supporting outputs such as videos, animations and interactive data, as well as bespoke products to meet specific needs. These include Easy Read format reports for people with neurodiverse conditions or whose first language isn't English, guidance documents for boards and flyers for people who don't use the internet.

60. Colleagues from our audit teams also play a key role in promoting our reports, including by:

- presenting findings and recommendations within audited bodies, to officials, elected members, boards and their committees
- attending conferences and events to promote findings and recommendations to relevant audiences.

Case study 2

Promoting our findings and recommendations within audited bodies, at conferences and events

- The [Local Government Overview 2022](#) (May 2022) audit team presented findings to the Improvement Service Change Managers Network and facilitated breakout discussions to explore the content of the report further with council officers. They also co-hosted an event and webinars with the Improvement Service for elected members, promoting and discussing the key messages and recommendations.
- The [Scotland's Councils' Approach to Addressing Climate Change](#) (September 2022) audit team presented key findings and recommendations to elected members from Highland Council to inform their climate change strategy. The Accounts Commission sponsor for the audit report spoke at a SOLACE leadership conference. Team members also attended the Sustainable Scotland Network's national local government forum and the Scottish Local Authority Chief Internal Auditors Group to present findings.
- A member of the [Tackling Digital Exclusion](#) (August 2024) audit team worked with the Equality and Human Rights Commission to publish a [blog](#) on the audit findings, how they link to equality law

and how organisations can ensure services are inclusive. The audit team were also involved in a joint event with Renfrewshire Council to promote the report at their digital network meeting.

- A member of the [Sustainable transport: Reducing care use](#) (January 2025) audit team [presented findings](#) and recommendations at the Zero Carbon Commuting Conference.

Source: Audit Scotland

Supporting parliamentary scrutiny

61. Public audit is an integral component in the system of democratic accountability between the Scottish Parliament, the Scottish Government, and the wider public sector. It plays a key role in supporting the Parliament's scrutiny of public spending and policy, through its focus on financial management and sustainability, good governance, and the efficient, effective, and economic delivery of public services.

62. Engagement with the Parliament helps us to promote and publicise our work and can help support the implementation of our recommendations. We support parliamentary scrutiny by sharing and promoting the work and reports of the Auditor General, the Accounts Commission and Audit Scotland, providing insights and commentary on our work to Parliament and its Committees and providing other input and support, where appropriate.

63. Formal engagement comes in the form of giving oral and written evidence, but also includes less formal activities, such as meetings and correspondence with Parliamentary staff. This engagement enables us to maintain and enhance our roles as trusted contributors to the Parliament's scrutiny activity.

Developing tools, resources and guidance to support improvement

Supplements to our audit reports and topic guides

64. We support public bodies to improve by producing supplements alongside reports. These include checklists or questions aimed at members and officers, or chief executives of public bodies.

65. We also produce and update [topic hubs on our website](#). These contain related reports, good practice guides, resources and signposting to other sites and providers of resources.

Case study 3

Developing tools, resources and guidance to support improvement

The [Local government in Scotland: Overview 2023](#) (May 2023) included two supplements:

- [Supplement 1: Case studies](#) to provide illustrative examples and practice around the five themes from the report (finance and resources, leadership, collaboration, workforce, community needs and inequalities).
- [Supplement 2: Questions for elected members](#) was designed to support elected members to scrutinise and understand how well councils are working, exploring collaboration with other partners and communities to change the way it delivers services within a very challenging financial context.

This report also includes a workforce planning maturity matrix, which SOLACE and the Improvement Service adopted in their work with councils.

Our [Integration Joint Boards: Finance and performance 2024](#) report (July 2024) included several supplements to support improvement:

- [Supplement 1: Core suite of integration indicators](#) to support IJBs to understand trend data associated with statutory care integration indicators.
- [Supplement 2: IJB members questions supplement](#) to provide IJB members with examples of questions they may wish to use to consider the IJB's financial and performance position.
- [Supplement 3: Roundtable](#) to share a summary of the critical issues in social care and social work, captured from an Accounts Commission and Audit Scotland roundtable discussion with a range of people, in strategic roles, from across the sector about the issues currently affecting social services in Scotland.

Highland and South Ayrshire councils benchmarked themselves against the transformation principles set out in our [Transformation in Councils](#) report (October 2024).

Our [Tackling Digital Exclusion](#) report (August 2024) included [Supplement 1: Enabling digital inclusion](#). It sets out questions to help public bodies scrutinise their progress and to help them develop inclusive and accessible digital services. It also includes examples and links to case studies and resources to further support public bodies in achieving this.

Source: Audit Scotland

Technical guidance

66. Our Innovation & Quality team produces technical guidance annually to support the Code of Audit Practice for all appointed auditors. Across 2022/23 to 2024/25 we provided 65 technical guidance outputs for public bodies on a range of topics. This includes:

- **Technical Guidance Notes** to support auditors in auditing the financial statements of public bodies and preparing the independent auditors reports for auditors to report on their audit and consideration of the annual accounts.
- **Technical Bulletins** on latest developments and to provide guidance on emerging risks.
- **Protocols** to provide an agreed framework for auditors to seek and provide assurances in specific areas.
- A **Helpdesk** for auditors to consult on complex technical matters, and a Frequently Asked Questions note on emerging issues.

67. We also carry out reviews of the annual accounts of public bodies each year to identify examples of good practice reporting and highlight areas where enhancements can be made.

Learning for future work

We recognise that public audit is a relational process and that achieving high-level and ambitious outcomes requires our colleagues to build positive, trusting and constructive relationships with audited bodies and wider stakeholders.

Effective relationships make for a smoother audit process through early identification of risks and issues and improved trust in and discussion and debate on audit findings. This ultimately improves the quality of and buy-in for our tools, resources, guidance and recommendations. While we have evidence of positive relationships throughout our audit work, we do not explicitly prioritise taking a relational or customer-focused approach to our work within Audit Scotland, nor do we have specific training and guidance to support colleagues in building effective relationships with stakeholders.

We aimed to test several assumptions about our engagement through this evaluation, including that it is underpinned by a clear strategy, that we apply the correct protocols in our consultation and stakeholder engagement and that we follow guidance to assure the effective and ethical engagement of people with lived experience in our audit work.

We noted the following:

- Our communications and engagement strategy sets out our key stakeholders and how we engage them, and this is supported by our stakeholder engagement strategy and plan. However, there is no specific guidance for auditors on engaging within audited bodies.
- We expect our colleagues to use their professional judgement to determine how best to build effective relationships depending on the nature of their work.
- We do not assess colleague awareness of our strategy or wider guidance on consultation and engagement. There was at least one example of a team experiencing safeguarding concerns when engaging with vulnerable services users and it highlighted opportunities to improve our safeguarding policies, as part of our lived experience and public participation work.
- Our strategy does not include specific measures associated with engaging with wider stakeholders.

This means there is a risk we are not equipping our staff as well as we could be, to take a relational and customer-focused approach to public audit across the wide range of stakeholders we engage with. To improve our skills and capacity for relationship building, we may wish to consider developing protocols, training, support and reflective practice to support this. As part of this we may wish to engage with other scrutiny bodies to see what we can learn about how they support their staff with relationship building.

We must consider the potential impact on our outcomes of findings on time and resources for high quality audit and our performance against timeliness and quality targets. While it is not clear that colleague feedback on time and resources is directly connected to time for relationship building, we may wish to explore this further through future staff surveys to get a fuller picture of the way our colleagues feel about the time they have for relationship building. We already have measures in place to improve timeliness and quality, and it will be important we continue to monitor the effectiveness of these to ensure these critical aspects of our delivery make a positive contribution to our outcomes.

We have transformation projects under way which aim to free up colleague time to focus on the more relational aspects of our audit work. It will be important that we are able to gauge whether these have delivered the efficiencies anticipated and changed the way colleagues feel about time and resources they have to deliver our work.

Where we produced supplements to our reports, these tended to be for local government reports, which may suggest a gap in our tools, resources and guidance for other sectors. We also noted that supplements have the potential to drive change in relation to our outcomes, but it is not clear that this is a factor for audit teams when considering whether to produce supplements.

In terms of data gaps in this area, we identified the following:

- Formal monitoring of staff attendance at conferences and events to promote audit reports.
 - Specific feedback from stakeholders about the quality of our supplements, topic hubs and technical guidance and how well they support improvement.
-

5. Who we work with

68. We have a wide range of internal and external stakeholders. It is important that we consider the different ways in which they engage with our activities, to support progress against public audit outcomes.

69. Our evidence shows that we are engaging with a wide range of people to deliver public audit, underpinned by clear processes and guidance. We can take confidence from the spread and reach of our engagement from public servants at all levels to wider external stakeholders such as the public and private audit firms. All of this provides us with an excellent overview of public services in Scotland, to inform our work towards our outcomes.

Public bodies

70. Public audit delivers annual audits of circa 250 sets of public sector accounts annually, across all aspects of the public sector: government, central government, NHS and further education. Audit Scotland staff deliver 62 per cent of these and firms we contract deliver 38 per cent.

71. We build relationships with a wide range of people in these bodies including:

- **Annual audit work, including integrated Best Value work:** We work with staff at all levels within audited bodies, including local finance teams, directors of finance and chief executives, as well as those charged with governance such as audit and risk committees.
- **Performance audit work:** We work with lead officials for the policy areas we audit, within Scottish Government and public bodies more widely. We engage with staff at all levels of organisations, including directly with senior leaders.

Audit Scotland staff

72. Audit Scotland employs 345 WTE staff (figure correct at 31 March 2025) based across Scotland, working in six business groups.

Scottish Parliament

73. The Auditor General has a specific relationship with the Parliament, as set out in the Public Finance and Accountability (Scotland) Act 2000 and the Parliament's Standing Orders. The AGS's primary engagement with the Parliament is with the Public Audit Committee (PAC). The PAC

considers most outputs prepared by the AGS, including reports prepared jointly with the Accounts Commission. Audit Scotland staff usually lead on regular engagement with individual subject committees and with the Scottish Parliament's Information Centre (SPICe). The AGS and the Commission also sometimes engage directly with other committees.

74. We also engage with wider groups of Parliamentary staff more informally to build and maintain relationships, explore opportunities for cooperation and alignment of activity.

Wider stakeholders

Equality and Human Rights Advisory Group

75. Through our EHRAG we work directly with the following organisations: Age Scotland, Children and Young People's Commissioner Scotland, Close the Gap, Disability Equality Scotland, Enable Scotland, Fair Work Convention, Inclusion Scotland, Interfaith Scotland, Minority Ethnic Carers of People Project, Scottish Human Rights Commission, See Me, and Shakti Women's Aid.

Strategic Public Sector Scrutiny Network

76. The Strategic Public Sector Scrutiny Network includes the following members: Care Inspectorate, Education Scotland, Healthcare Improvement Scotland, HM Inspectorate of Prosecution Scotland, Scottish Housing regulator, Scottish Public Services Ombudsman (see [Improving scrutiny](#) on our website).

Audit Scotland Youth Advisory Panel

77. Our youth panel consists of 26 young people aged 10-19 from diverse communities across Scotland.

Advocacy groups

78. In some cases, our audit teams engage with third-sector advocacy organisations as part of audit scoping and field work.

Correspondents

79. We receive correspondence from a range of people, including the public, Members of the Scottish Parliament (MSPs), Members of Parliament (MPs) and councilors.

The public

80. Our [Communications and engagement strategy 2024–28](#) sets out our mission to communicate in accessible, clear and human ways about the things that impact public services and people's lives, enhancing Audit Scotland's reputation for independence, impartiality and quality.

81. We do this through a blend of existing approaches and by developing and enhancing our work to provide new and bespoke approaches to meet

the needs of specific audiences when appropriate, and to stay ahead and abreast of changes in communications practice and our dynamic operating environment.

Private audit firms

82. We contract six private accountancy firms to deliver audits. This mixed market approach provides resilience and other benefits such as shared learning.

83. Appointed firms are selected through a transparent and rigorous procurement process. Once appointed, auditors must adhere to ethical standards and the Code of Audit Practice 2021, avoiding any actual or perceived conflicts of interest. They are required to confirm their compliance with these ethical standards annually. In addition, firms must comply with the International Standard for Quality Management (ISQM1) and confirm each year that their systems support the delivery of high-quality audits. Our annual [Quality of Public Audit in Scotland report](#) provides assurance that all audit providers have appropriately skilled and qualified staff who are delivering public audit in line with the Code.

Learning for future work

The Auditor General, Accounts Commission and Audit Scotland agreed the shared vision, mission and outcomes in Public Audit in Scotland after the Code of Audit Practice 2021 was in place. The associated contractual arrangements with private audit firms mean we do not routinely measure and report against their commitment to and delivery against public audit outcomes.

Our Future Public Audit Model transformation project is aiming to develop the Code of Audit Practice 2026 and secure the resources required by the Auditor General and Accounts Commission to carry out their functions related to the annual audit from 2027–28 onwards. As part of this we may wish to consider more explicitly connecting the Code's wider scope requirements with public audit outcomes, to ensure clear accountability for all audit providers for public audit outcomes.

In the meantime, we may wish to consider extracting findings from firm Annual Audit Reports to explore their contribution to public audit outcomes alongside those of Audit Scotland teams and using this to inform learning and planning.

6. How our stakeholders feel

84. In this section, we set out the reactions we aim for people to have when they engage with our activities. Positive engagement is key to securing buy-in and commitment to change and improvement.

85. Our evidence shows that we have a wide range of stakeholder feedback mechanisms in place. It is evident that overall feedback from stakeholders about their engagement with us is positive. While we have made good use of existing data for this evaluation, we recognise that much of our stakeholder feedback data has not been collected specifically for this purpose. This means we identified data gaps, both in relation to specific stakeholders and feedback in specific areas. There is an opportunity to better coordinate our stakeholder feedback data collection to address data gaps and provide a more coherent picture that fully evidences our contribution to the four outcomes.

All stakeholders feel respected, valued, supported, included, listened to and treated fairly

86. We want to ensure everyone involved in public audit feels respected, valued, supported, included, listened to and treated fairly.

Audited bodies

87. We do not currently gather feedback from audited bodies on these feelings specifically. Through our external audit quality survey, we ask audited bodies for feedback on the performance the annual audit team. In 2024/25, 84 per cent of stakeholders believed the audit team performed very or fairly well.

88. Through pilot work on stakeholder feedback for performance audit, stakeholders gave an average score of 4.43 out of 5 for their experience of being involved in the audit, including the engagement with the audit team.

89. More than a quarter (28 per cent) of the examples of impact that annual audit teams identified in 2023/24 were about **providing audited bodies with technical support**. Through reviewing these examples, we concluded that audit teams add value through early engagement and providing audited bodies with support around technical accounting issues. This improves coherence in reporting across the public sector through adherence to technical accounting guidance and financial reporting frameworks.

Case study 4

Providing technical support through the annual audit

During the 2022/23 and 2023/24 annual audits we noted substantial improvements to a central government body's non-current asset valuation and accounting process. This has stemmed from our consistent support, reporting and recommendations in this area since Section 22 reports in 2022 and 2023 following our disclaimers of opinion on the body's annual accounts.¹

Source: Audit Scotland

Auditor General and Accounts Commission

90. Our audit approaches aim to engage the Auditor General and Accounts Commission appropriately at the right time in the audit process.

91. Performance audit teams follow the Audit Management Framework (AMF). The AMF supports auditors to carry out high quality performance audit work and is designed to support consistent standards of audit management. The AMF outlines how teams should engage with the Auditor General and Accounts Commission:

- **Accounts Commission** – Teams are allocated Commission sponsors at the planning stage of audits, who are involved in shaping and agreeing the audit scope, consulted on emerging findings and potential recommendations and, in some cases, supporting parliamentary scrutiny. The Commission approves audit scopes and final audit reports and receives regular updates on audit impact and follow-up activities. Insights from impact activities inform future Commission decisions and audit planning.
- **Auditor General** – Audit teams consult the AGS on audit scopes and methodology and the AGS is involved in reviewing, discussing and refining emerging messages, and the key recommendations in the final audit report. The AGS leads the PAC session, supported by the audit team, including reviewing and approving all papers for PAC. The AGS receives regular updates on impact activities and supports strategic communication of audit findings.

92. Audit teams reported examples of positive engagement with Commission sponsors and the AGS that helped the audit process. However, audit teams reported difficulties coordinating engagement at various stages of the audit process, particularly for joint audits. This

¹ A disclaimer is made when we are unable to provide an opinion on the financial statements due to lack of sufficient appropriate audit evidence.

sometimes led to delays securing publication dates, considering emerging findings too early in the process, mixed views about the scope and focus of reports and needing to rearrange meetings at short notice.

93. During the annual audit process, appointed auditors attend regular sector meetings to help identify and share issues. For local government audits, the Controller of Audit participates in sector meetings and updates the Commission on specific or sector-wide issues. For other sectors, sector leads inform the AGS of any issues arising from the audit that may require additional statutory reporting through regular moderation meetings. The AGS is also responsible for signing off specific audits, including Scottish Government and the Scottish Parliamentary Corporate Body.

94. We do not gather any systematic feedback from the AGS or Commission on their engagement with the audit process. When analysing reflective practice from audit teams, we were unable to identify any illustrative examples of AGS or Commission feedback or feelings about their engagement with the audit process.

Wider stakeholders

95. Our audit teams have engaged with a range of wider stakeholders to inform our audit work, including our EHRAG, inviting the group to bring in lived experience and helping to inform our analysis. Audit advisory groups often include representation from third sector organisations involved with delivering public services.

96. Through our participation in third party annual surveys of MSPs and local government leaders, we receive some feedback on our engagement with them. In 2024, 74 per cent of survey MSPs recalled fairly or very satisfactory contact with Audit Scotland in the previous year, and three per cent were fairly dissatisfied. In 2025, 83 per cent of council chief executives and 79 per cent of council leaders were satisfied with recent contact; eight per cent of chief executives and three per cent of leaders were dissatisfied.

97. We do not currently gather systematic feedback from wider stakeholders about our engagement with them. However, when analysing reflective practice from audit teams, we were able to identify some illustrative examples of how we have respected, valued, supported, included, listened to and treated fairly the views of wider stakeholders through our audit work.

Case study 5

Youth Advisory Panel

We are keen to value and respect a wide range of views to inform our work.

Between December 2023 and November 2024, our youth advisory panel were involved in our [Alcohol and Drug Services audit](#), across key stages including scoping, evidence gathering, emerging messages and the final report and publication. As part of this the panel created a short [video](#) highlighting its innovative proposal for how the Scottish Government could implement a national prevention program to address vaping, drugs and alcohol use among young people.

We worked with A Place in Childhood (APiC) to gather reflections from the young people involved in the Alcohol and Drug Services audit. Overall, they enjoyed being involved in the audit process and felt well-supported with clear and reliable communication. They enjoyed in person meetings more than online meetings because the in-person meetings had more immediacy, energy and collaboration. They found making the video enjoyable and rewarding but were disappointed in its promotion and reach. Our learning will inform our future work with the youth advisory panel.

Source: Audit Scotland / A Place in Childhood

Audited bodies feel ready to engage, willing to be challenged and committed to continual improvement

98. We want audited bodies to feel ready to engage in the audit process, willing to be challenged and committed to continuous improvement.

99. We do not currently gather feedback from audited bodies on these areas specifically. However, audit teams reflect on their practice regularly, through post audit reviews, workshops and surveys. While this reflection does provide illustrative examples of audited bodies showing they are ready to engage, willing to be challenged and committed to continuous improvement, there are also examples of difficulties with engagement.

100. Difficulties with engagement ranged from lack of engagement due to the perceived significance of the planned audit product, delays receiving documents and complexities working across multiple directorates within Scottish Government, which led to bottlenecks in the audit process.

Case study 6

Commitment to Best Value in local government

One of our audit teams reflected on impact from its Best Value work, linked to commitment from senior leaders to continuous improvement.

In the 2021 Best Value Assurance Report, we highlighted performance reporting as an area for improvement and the council agreed to this recommendation. However, during the 2022/23 audit year, several significant issues were still found with the council's performance reporting and the audit team made further recommendations.

The appointment of a new Chief Executive has helped drive improvements, with a committed senior leadership team. The council has valued in person meetings to discuss findings and difficult messages, including with the audit team and the Controller of Audit. It sees the audit team as a critical friend to help drive change. The audit team has seen improvements with the body's accountability and transparency as a result.

Source: Audit Scotland

Case study 7

Commitment to challenge and improvement through performance audit

Our performance audit teams reported a range of examples of audited bodies being committed to challenge and improvement.

- The [Adult Mental Health](#) (September 2023) audit team reported collaborative engagement from Scottish Government with transparent and constructive conversations.
- The [How the Scottish Government is set up to delivery climate change goals](#) (April 2023) audit team reported a positive working relationship with the Scottish Government which paved the way for a constructive clearance meeting and post-publication engagement.

The [Infrastructure briefing](#) (September 2023) audit team described an approachable and open relationship with Scottish Government officials, which allowed for clarification and challenge during the audit.

Source: Audit Scotland

Audit Scotland staff feel supported, listened to and equipped to do their jobs

101. We aim to ensure our colleagues are appropriately qualified and supported and that we have the right skills and grade mix to deliver audits efficiently and effectively.

102. Some 96 per cent of our Audit Services Group staff have a financial accounting qualification or are in training for one. Our Performance Audit and Best Value team have a wide range of professional and policy backgrounds, including audit, research, and public policy-related qualifications in disciplines such as economics and social sciences. This depth and breadth of knowledge and insight enhances the delivery of high-quality work. Some of our PABV colleagues also have financial accounting qualifications, which supports flexible working across Audit Scotland.

103. Each year, we survey audit delivery colleagues on the support they receive in delivering high-quality audits. Our 2025 results showed that both the culture at Audit Scotland and our audit approaches are highly valued, with over 80 per cent of colleagues agreeing that these factors support them in delivering high-quality audits. Many participants spoke highly of our organisation's strong work ethic, as well as valuing the support and guidance they receive.

104. Through our appraisal and development approach, we support all colleagues to create a development plan, which includes the Continuing Professional Development required to maintain their qualifications and take ownership of their learning and development pathway. We use development plans to inform our annual learning and development plan.

105. Our 2025–28 Strategic Workforce Plan commits to ensuring Audit Scotland has the skills, capacity, resources and flexibility to deliver the vision and outcomes for public audit in Scotland. It recognises key skills requirements, which we are addressing through our annual learning and development plan and sets out workforce projections to 2028 to ensure we have the right grade mix to deliver audits efficiently and effectively.

106. We engage Best Companies to run our annual employee engagement survey, which measures employee sentiment across a range of factors: team, leadership, manager, company, personal growth, wellbeing, fair deal and giving something back. In 2025, we received 1-star status; a 'very good' place to work. The response rate was 79 per cent, which is very high for internal surveys.

All stakeholders feel public audit is trusted, independent and influential

107. Through our communications and engagement strategy, we want public audit to be trusted and influential and heard and understood across Scotland. This is important to ensure our work has the reach, traction and credibility it needs to support public service improvement. We monitor awareness, reach and engagement to help us understand how much stakeholders are engaging with our audit work across our range of communications channels. Awareness, reach and engagement can help build trust, confidence in our independence and influence.

Public opinion

108. Our 2024 public opinion survey told us that about half of people in Scotland had heard of the Auditor General (50 per cent) and the Accounts Commission (41 per cent), and 62 per cent had heard of Audit Scotland. Their understanding about what each entity does was mixed. In terms of specific reports, awareness was highest for national reports about key issues like health services and climate change and lower for reports about specific councils.

109. Through our public opinion survey 2024 we asked people how well or badly they thought the work of the Auditor General for Scotland and the Accounts Commission addresses the key risks and issues facing public services. Most people (70 per cent) said they don't know. This tells us that we need to do more to raise awareness of our audit work with the public. We may also want to consider asking more direct questions to the public about trust, independence and influence.

Parliamentary and political engagement

110. Engagement with the Public Audit Committee (PAC) is the primary focus of our parliamentary engagement activity. Across the 2023 and 2024 sessions, the Auditor General attended 104 PAC meetings. As of January 2025, PAC has closed scrutiny on 44 Audit Scotland reports since the beginning of the Parliamentary session, and 19 areas remain under consideration by the committee. Within the same timeframe, the Accounts Commission's parliamentary engagement increased compared to the previous year (2024).

111. The annual MSP and local government leadership surveys show:

- For MSPs we have strong scores across awareness, perceptions of effectiveness, and sentiment. 93 per cent know Audit Scotland very well or a fair amount. 91 per cent said Audit Scotland is quite effective or very effective. 87 per cent think very favourably or favourably of Audit Scotland.
- For local government chief executives and leaders, 98 per cent know Audit Scotland and the Accounts Commission very well or a fair amount, and 83 per cent regard both bodies favourably.

Media and social media engagement

112. Our audit work continues to attract substantial media attention, reinforcing its role in shaping public debate. Looking across our media coverage from 2023/24 to 2024/25, we have seen an increase from 966 to 1,212 mentions. Our social media engagement averaged 5.1 per cent during 2024/25. Engagement rates for the UK public sector vary by platform, but a good rate is considered between one and five per cent.

Learning for future work

While we have a wide range of mechanisms in place for gathering feedback from most stakeholders involved in public audit, these are managed by different teams within Audit Scotland for different purposes and do not provide us with a coherent picture of feedback that fully evidences our contribution to our outcomes. There are also gaps in data collection for some stakeholders. In summary:

- Feedback from stakeholders does not help us understand whether they feel respected, valued, supported, included, listened to and treated fairly in their work with us.
- Feedback from audited bodies does not help us understand whether they are ready to engage in the audit process, willing to be challenged and committed to continual improvement.
- While we can report on audit team reflections on engagement with the AGS and Commission through the audit process, this is only one way. We have no systematic feedback from the AGS or Accounts Commission about their engagement with the audit process.
- We have no systematic feedback from wider stakeholder that helps us understand their experience of engaging with us.
- For both wider stakeholders and the AGS and Commission, we were unable to identify any examples in audit team reflections to illustrate their feelings about their engagement with us.

While our public opinion survey and MSP and local government leaders survey do not tell us whether these stakeholders see public audit as trusted, independent and influential, it provides a positive indication of our favourability. We may wish to tailor questions in future surveys to ask more specifically about trust, independence and influence to ensure we can evidence our contribution to our outcomes.

We do not currently ask audited bodies or wider stakeholders for feedback on trust, independence and influence and we may wish to consider introducing this to help us evidence our contribution to our outcomes.

7. What our stakeholders learn and gain

113. In this section we set out the changes to stakeholder knowledge, skills and attitudes because of engagement with our activities. This is a key part of demonstrating our contribution to outcomes and explaining the value we can add to our stakeholders in our journey towards delivering public audit outcomes.

114. The significant assurance we provide on public spending is the foundation of our impact. We can be confident that we have provided assurance, along with evidence-based recommendations, tools, resources and insights from across the public sector, to support public bodies to improve. We can strengthen our understanding of our impact by getting more feedback from audited bodies on what they have learned and gained from our work.

Assurance that public money is being spent efficiently and effectively

115. A key part of our contribution to public audit outcomes is providing assurance to stakeholders on public spending, through providing an opinion on the annual accounts of public bodies and assessing the arrangements for wider scope areas within audited bodies and across the public sector. This includes vision, leadership and governance, the use of resources to improve outcomes, financial sustainability and financial management.

116. An audit opinion is the reasonable assurance conclusion expressed by the auditor on whether the financial statements of an entity are true and fair, or free from material misstatement. We know from Public audit in Scotland consultation that our stakeholders place significant value on the assurance provided by independent, external audit work.

117. Across the 2022–23 and 2023–24 audit years, Audit Scotland audit teams provided opinions on 313 public sector annual accounts.

118. In the 2023–24 audit year, we were able to provide significant assurance on the arrangements for financial management and financial sustainability within audited bodies. We assessed financial management arrangements as effective within 83 per cent of audited bodies and we assessed financial sustainability arrangements as effective within

72 per cent of audited bodies. [Exhibit 5](#) summarises our conclusions in these areas and the focus of our recommendations.

Exhibit 5

Conclusions and focus of recommendations on the arrangements for financial management and financial sustainability

| Wider scope area | Summary of our conclusions | Focus of our recommendations |
|---------------------------------|---|---|
| Financial management | <p>We consistently described arrangements for financial management as appropriate and effective, with well-established budget monitoring and reporting processes. There is scope for improvement in internal controls or financial systems.</p> <p>Most bodies operated within budget or had underspends. Overspends were often covered by use of reserves, additional funding, or brokerage arrangements. Some bodies had planned deficits or small surpluses.</p> <p>We reported frequent use of reserves to cover overspends or planned deficits and raised some concerns about unplanned use of reserves or use of non-recurring savings to cover deficits.</p> <p>We reported that key controls are generally operating effectively, though some reports mention inconsistencies, inefficiencies, or gaps, including around assurance for shared services.</p> | <p>Improving the financial control environment, including internal controls and budgetary controls</p> |
| Financial sustainability | <p>We consistently reported concerns about sustainability risks. Although financial planning is often in place, we expressed concerns about future funding constraints, the need for ongoing updates to plans, depletion of reserves and challenges with implementation.</p> <p>We reported on workforce challenges, including reliance on agency staff, high absence rates and staffing pressures, with sustainable workforce plans being difficult to achieve.</p> <p>We highlighted funding gaps and, in some cases, pointed to the need for transformation or savings plans to address these.</p> <p>We emphasised the need for increased pace on transformation, challenging the quality of some transformation plans for falling short or not being fully costed.</p> | <p>Improving medium- and long-term financial planning to demonstrate sustainability</p> <p>Addressing revenue funding gaps</p> <p>Reducing reliance on reserves</p> <p>Implementing capital funding plans</p> |

A greater understanding of the audit process and support to be audited

119. In our theory of change we identified that our audit work should give audited bodies a greater understanding of the audit process and support to be audited. However, we do not explicitly gather feedback on this from audited bodies. Looking at reflections from annual audit teams, we have identified several examples of where our teams have provided audited bodies with this insight and support.

Case study 8

Examples of building understanding of the audit process

At the start of the current audit appointment for one **local government audit**, senior members of the audit team presented to the council's elected members on the role of external audit, highlighting the team's approach, statutory responsibilities and reporting. This helped build understanding and capacity for the audit process and develop relationships at the start of the appointment round.

To support the audit of one **health board**, senior members of the audit team attended a Board workshop development session to present an external audit perspective on Best Value, answering questions from Board members and executive officers.

At one **central government body**, members of the audit team gave a presentation to staff about Audit Scotland's role in the public sector, including the range of work we do and how we aim to add value. Most of the staff attending had limited previous involvement with our work and the feedback from the session was positive.

Source: Audit Scotland

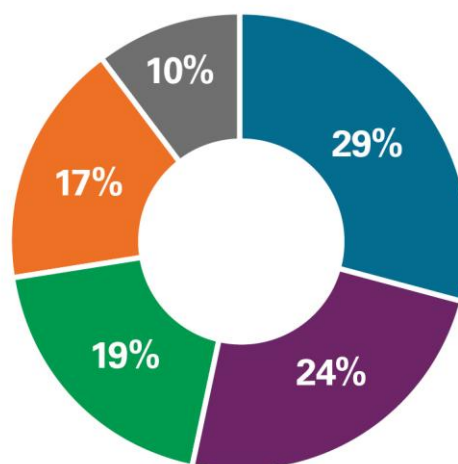
Evidence-based recommendations, tools, resources, insights and good practice to support improvement

120. We provide audited bodies with evidence-based recommendations for improvement. We also provide tools, resources and insights into issues, good practice and areas for development to support improvement.

121. We analysed 1,207 recommendations from 2021–22 to 2024–25 made through our performance audit and annual audit work. These were split across public audit wider scope areas and the annual report and financial statements of public bodies as set out in [Exhibit 6](#). Within these broader categories, our focus was primarily on disclosures and the treatment of assets in financial statements, internal controls, partnership working, effective planning and performance reporting.

Exhibit 6

Nature of our audit recommendations 2021–22 to 2024–25



Source: Audit Scotland

122. We assessed the acceptance of 697 of these recommendations. We found that 94 per cent of our recommendations were accepted by audited bodies. This tells us there is buy-in and support for improvement. In some cases, it is difficult to assess whether recommendations were accepted, for example where they are sector-wide recommendations or for multiple bodies.

Highlighting good practice and providing insights

123. Through reflections from annual audit teams, we can evidence that we highlight good practice and provide insight into issues through our audit work.

124. Four out of the 53 examples of impact identified by our annual audit teams in 2023/24 were about **sharing insights across public services**. Through reviewing these examples, we concluded that audit teams have a range of knowledge and experience and identify opportunities to share insights and good practice with audited bodies from across public audit. For our performance audit work, we regularly identify and report on good practice through case studies. We noted a gap in our data about how much stakeholders have learned and gained from our published case studies.

Case study 9

Sickness absence in the local government sector

The audit team recognised that sickness absence costs were high in one council audit, 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.

The team recommended improvements within this area and signposted the body to benchmark data about their costs, explaining that their scrutiny should be increased.

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-19.

Source: Audit Scotland

Case study 10

Providing insights through technical guidance

The Scottish Funding Council (SFC) provides an annual accounts direction to support colleges to prepare their accounts. We engaged with the SFC to clarify the accounting arrangements for an ongoing job evaluation exercise. As a result, the SFC issued an amended direction for 2023/24.

We liaised with auditors and provided technical advice on the matter, which facilitated the completion of audits across the sector, leading to significant findings, and in some cases adjustments, on several college Annual Audit Reports.

Source: Audit Scotland

Case study 11

Good practice and insights in performance audit reports

Our [NHS in Scotland 2022](#) report included a case study about the Scottish Ambulance Service introducing an integrated clinical hub to support patients with urgent care needs. This is helping ensure resources are used more efficiently throughout the healthcare system. This report also

provided insight into the issue of transparency in NHS recovery and the need for better collaboration between boards and government.

Our Best Value Transformation reports include case studies to highlight good examples of transformation. For example, in the [Best Value Report 24/25 East Ayrshire Council](#), we reported on the **Fairer Futures Partnership**, where the council is working with the Scottish Government and three local third sector delivery partners to address the impacts of inequalities within East Ayrshire communities. We also reported on the **Jobs and Training Fund**, which set an ambitious target to increase the number of young people working for the council, improving employment opportunities and providing a strategic approach to succession planning as part of its workforce strategy.

Source: Audit Scotland

Providing insights to the public

125. We provide insights to the public on how well public services are being managed, by summarising performance, highlighting issues and supporting improvement. This includes online data tools and animations about our findings. For example:

- [Sustainable transport](#) (January 2025) – Online data tool.
- [Scotland's financial response to Covid-19: Spending update](#) (March 2023) – Interactive spending tool.
- [IJB: Finance bulletin 2023/24](#) (March 2025) – Online data tool.
- Adult Mental Health (September 2023) – The BBC featured an [animation](#) created for the audit, effectively conveying key messages.

Feedback from stakeholders

126. We collect feedback from stakeholders on the usefulness and impact of our audit work across a range of surveys. The key findings from these for the annual audit for 2024-25 are as follows:

- 87 per cent responded positively that the Annual Audit Report is user friendly, with recommendations that are clear and easy to understand.
- 70 per cent responded positively that the Annual Audit Report makes useful recommendations that help to influence improvement.
- 46 per cent responded positively that the Annual Audit Report shares useful practice and insights from across the public sector.

127. For our performance audit work, we gather data on usefulness (in terms of providing assurance, focusing on relevant areas for development,

making useful recommendations for improvement and influencing improvement), and whether a report is good (comprehensive, convincing, timely, reader-friendly and balanced.) Reports published between 2021/22 and 2024/25 scored as follows:

- Usefulness of performance audit reports – Average 3.8 out of 5.
- How good performance audits were – Average 3.9 out of 5.

128. We also piloted a stakeholder feedback survey for our performance audit working during 2023/24 and it found that 43 per cent of respondents agreed that our reports shared examples of useful practice and insights from across public services.

Independent insight on progress with public service reform

129. A key part of our role and the contribution we make to public audit outcomes is providing independent insight into progress with public service reform to the Scottish Parliament and other public service stakeholders.

130. Through reflections from our performance audit teams, we have identified a wide range of examples where we have reported on and influenced progress in reform. This means we can be confident that people gain independent insight from our work.

Case study 12

Performance audit work providing insight on progress with public service reform

Our [Scotland's public finances briefing](#) (November 2022) reported that the Scottish Government is facing increased costs, including a higher public sector wage bill, while the cost-of-living crisis is driving greater demand for public services. The report called for faster reform of Scotland's public sector to ensure fiscal sustainability and to protect services in the long term and improve people's lives.

Our report on [Scottish Government workforce challenges](#) (October 2023) helped to focus Scottish Government's thinking on pay and workforce around data, workforce planning, and links between reform and workforce. A wider focus on productivity is emerging and links between workforce and reform are being established.

The AGS report on the [NHS in Scotland 2023](#) (February 2024) provided insight about how growing demand, operational challenges and increasing costs have added to the financial pressures the NHS was already facing. It called for the Scottish Government to develop a clear national strategy for health and social care to address the pressures on services and noted that the longer-term affordability of the health service is at risk without system-

wide reform. The report advocated for investment in preventative measures and early intervention to reduce long-term costs.

Source: Audit Scotland

Learning for future work

While we can report positively on the assurance we provide through the annual audit on the effectiveness of financial management and financial sustainability arrangements within audited bodies, we do not currently review and analyse these judgements across other wider scope areas within the annual audit or at all within performance audit. We may wish to consider further analysis of our conclusions, key messages and judgements to improve our understanding of how our assurance role is contributing to our outcomes.

Through our existing stakeholder feedback mechanisms, we do not ask audited bodies whether they have gained insights, good practice, tools and resources through the audit, beyond the Annual Audit Report. It is clear from audit team reflections on impact and added value that the Annual Audit report is not the main channel for sharing good practice, tools and resources. We also noted a data gap in our performance audit work to evidence examples of where we have shared good practice and insights and how stakeholders have responded to them. We may wish to consider widening our questions about good practice, tools and resources in future.

On average we are making over 500 audit recommendations per year. We must recognise the resource implications of analysing all these recommendations with the depth we are seeking through this evaluation. If we bring firm data into scope, this will increase the number of recommendations significantly. We will want to consider how to ensure a sustainable evaluation approach over the long term, by agreeing a representative sampling approach for our recommendations as well as exploring the use of Artificial Intelligence to support with the automation and analysis.

8. What our stakeholders do differently

131. In this section we set out the positive changes to behaviour and practice we see, based on the changes in knowledge, skills and attitudes. This is where we explore the specific changes we hope stakeholders will make to deliver against public audit outcomes.

132. Our support for parliamentary scrutiny is also a critical foundation for our impact. We recognise that we cannot compel public bodies to engage with our tools, resources, guidance, insights and recommendations. The findings clearly indicate that our audit work is making a significant contribution to parliamentary scrutiny, with strong examples from both annual and performance audit work, of parliamentary committees holding public bodies to account due to our audit findings.

133. We could do more to gather feedback on engagement with tools, resources and guidance, and to understand why progress with audit recommendations is slow in some areas, to uncover more about the barriers to public service reform.

Audited bodies engage with tools, resources and guidance, reflect on insights and act on audit recommendations

134. To achieve the changes set out in Public audit in Scotland, we need to ensure audited bodies engage with our tools, resources and guidance, reflect on our insights and act on our audit recommendations.

135. Of the 1,207 audit recommendations we analysed, we looked at progress with 723. Of these we assessed 49 per cent as implemented, 37 per cent as work in progress, and the remaining 14 per cent as partially or not implemented.

136. The pace of change from our recommendations appears slower than we might have expected. In our 2025 impact monitoring and evaluation report, we reported that over half (60 per cent) of recommendations in scope were work in progress or partially implemented and only four recommendations (six per cent) were implemented. For recommendations in scope for impact reporting in 2023 and 2024, we assessed more than 20 per cent of recommendations as implemented

137. Recommendations about financial sustainability and the use of resources to improve outcomes have the lowest rates of implementation, and our annual sector overview reports highlight the lack of progress on

key recommendations. We know it can be more difficult and take longer to implement performance audit recommendations due to complexities around system change and the partnership working required across multiples bodies.

138. Progress with annual audit recommendations is quicker, where the focus tends to be on the annual reports and accounts – 33 per cent – and the use of resources to improve outcomes – 24 per cent. Within annual audits, more than half (56 per cent) of the 2022/23 audit recommendations were implemented and a further 33 per cent were in progress.

Parliament scrutinises public spending and performance and holds public bodies to account for acting on recommendations

139. Supporting the Scottish Parliament to scrutinise public spending and performance and to hold public bodies to account is a critical part of our role. However, public bodies are ultimately responsible for implementing audit recommendations and we cannot compel them to do so. Through supporting parliamentary scrutiny, we can play a key role in driving change and improvement across public services. Below are examples where we have seen our audit work support parliamentary scrutiny.

Case study 13

Annual audit work supporting Parliamentary scrutiny

Ferguson Marine Port Glasgow

We issued a Section 22 report following our 2023/24 audit of Ferguson Marine Port Glasgow, 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.

The Scottish Parliament's Public Audit Committee held multiple sessions related to this audit work, including evidence from Ferguson Marine executives, senior Scottish Government officials and the AGS and Audit Scotland auditors.

In June 2025, the Committee visited the Ferguson Marine shipyard in Port Glasgow, where members met with staff and management and gained firsthand insight into operational challenges and progress. This contributed to their understanding of the audit findings. The Committee plans to produce a report summarising its short inquiry to reflect the evidence gathered and outline any recommendations or further actions.

Although the body still faces challenges, we have seen 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 its Audit Committee is playing a key role in driving improvements.

Water Industry Commission for Scotland

The 2022/23 annual audit of the Water Industry Commission for Scotland (WICS) identified and highlighted underlying governance issues, which resulted in a Section 22 report. This focused on significant weaknesses in governance and financial management arrangements and concerns around the culture and attitudes towards use of public money.

Following the 2023/24 audit, we raised further concerns about governance around expenses and the use of a settlement agreement. We made recommendations in areas such as embedding good financial management, organisational change, value for money when using consultants, and creating a culture with a focus on value for money.

The Scottish Parliament's Public Audit Committee conducted extensive scrutiny of WICS, including multiple evidence sessions with WICS board members and staff, Scottish Government officials and Audit Scotland staff; and reviewing extensive correspondence between WICS, the Scottish Government, and the Committee.

The Committee published its own report in May 2025, highlighting: failures in governance and financial oversight; and the need for stronger leadership and accountability; but acknowledging improvements being made by WICS since December 2023.

WICS accepted the Committee's findings in full and committed to continued improvement. The Scottish Government also responded, outlining steps to improve sponsorship and oversight arrangements.

We reported in our 2023/24 Annual Audit Report that WICS is implementing an organisational change programme to address the issues reported in our Section 22 report. The programme is centred on clarifying roles and responsibilities, aligning budgets effectively, and strengthening the Commission's risk and assurance functions, communication strategies, and hybrid working practices. We will follow up on progress as part of our 2024/25 audit.

Sources: Audit Scotland / Scottish Parliament / Water Industry Commission for Scotland

Case study 14

Performance audit work supporting Parliamentary scrutiny

Scotland's colleges

The AGS report on [Scotland's colleges 2023](#) (September 2023) highlighted significant financial challenges across the college sector.

Between October 2023 and January 2024, the Public Audit Committee took evidence from a range of representatives from the college sector. The PAC referred the report to the Education, Children and Young People Committee, recommending the areas where it could help the Committee in its scrutiny of the college sector.

Adult mental health

The joint AGS and Commission report on [Adult mental health](#) (September 2023) highlighted that adult mental health services in Scotland remains slow and complicated for many people, with additional barriers for ethnic minority groups, people living in rural areas and those in poverty.

The Public Audit Committee undertook comprehensive engagement on the report, including six evidence sessions between September 2023 and May 2024. It heard from Audit Scotland, NHS boards, Police Scotland, voluntary sector organisations, and Scottish Government officials.

The Committee published its own report in February 2024, making 29 recommendations aimed at improving oversight, data quality, service access, and system coordination. Following the Scottish Government's response to the Committee's report, there was a debate in Parliament on 22 May 2024 to discuss the Committee's findings and recommendations.

Source: Audit Scotland and the Scottish Parliament

Public service stakeholders use audit findings to advocate for change and hold public bodies to account

140. By promoting our work, we can support public service stakeholders with insights and areas for development, and they can use these to advocate for change and hold public bodies to account.

Case study 15

Public service stakeholders using our audit work to advocate for change

Social care reform

Our briefing paper on social care was referenced by 22 third-sector organisations in their responses to the National Care Service (NCS) Bill consultation. The Scottish Women's Budget Group cited the report in their advocacy for a universal adult social care support service. The University

of Glasgow referenced the briefing in a literature review on unmet need in social care.

Climate change

The Edinburgh Climate Change Institute and the Improvement Service referenced Scotland's councils' approach to addressing climate change in a business case to the Scottish Government for developing the Scottish Climate Intelligence Service.

Source: Audit Scotland

Public bodies work collaboratively to integrate services, prioritise spending and achieve better outcomes, including with citizens and communities

141. Our first public audit outcome recognises that tackling complex economic, social and environmental challenges such as inequalities and climate change requires a whole-systems approach and better collaboration across public bodies. This outcome is about the role public audit can have in challenging how spending decisions are made, and in promoting and supporting partnership working.

142. We set out to deliver this outcome by making recommendations about: partnership working to improve outcomes and foster innovation; the robustness of scrutiny and shared working arrangements; and planning for improved outcomes. We also sought to share good practice and promote innovation through our audit work.

143. Of the 1,108 audit recommendations we made between 2021/22 and 2024/25, four per cent (44) were related to supporting improvement in collaboration and resource prioritisation. We have assessed eight of these recommendations as implemented and 19 as work in progress.

144. A key theme of these recommendations from performance audits was improving information sharing, including taking a collaborative approach to using data. Eight of 29 performance audit recommendations under this outcome related to this. A further seven performance audit recommendations referenced the need for partners to work together to develop long-term solutions.

145. Within the annual audit we made 15 recommendations related to this outcome. These focused on considering and exploring opportunities for shared services and partnership working, particularly in terms of workforce planning.

Public bodies plan and manage public finances more effectively

146. Our second outcome recognises that public bodies are facing rising costs and increasing demands, and there are now significant sustainability

risks to public services. Public bodies in Scotland need to carefully manage their financial position now and over the longer term.

147. This outcome is about the potential for audit to support improvements to financial management and sustainability within public bodies and provide assurance that public money is being spent efficiently and effectively.

148. We set out to deliver this outcome by providing insight to audited bodies about how they can improve their financial management and sustainability and making recommendations focused on these areas.

149. More than a quarter (27 per cent) (300) of the recommendations we made were related to improving financial management and financial sustainability. As part of our follow up work to date, we have assessed 71 of these recommendations as implemented and 80 as work in progress.

150. For performance audit, the focus of these recommendations was around long-term financial planning (nine recommendations) and how financial information is gathered and used (eight recommendations).

151. In our annual audit work, we made over 260 recommendations in this area. These focused on the need for public bodies to:

- develop and implement medium- and long-term financial plans, identify and deliver recurring savings and reduce reliance on reserves and unsustainable funding sources
- strengthen budget monitoring, audit processes and internal controls, and ensure clear reporting lines, risk assessment and scrutiny mechanisms
- align workforce planning with financial goals, monitor the effectiveness of workforce strategies and capture benefits from shared roles or flexible arrangements.

Public bodies deliver clearer and more transparent reporting

152. Our third outcome recognises that openness and transparency around public spending and decision-making is a critical part of effective government. It supports democracy by ensuring citizens have the information they need to actively participate in politics and civic life, and by providing the Parliament with the information it needs to effectively scrutinise public spending. Public bodies being accountable to citizens is increasingly important in a landscape of service reduction.

153. This outcome is about the role public audit can play in ensuring clearer and more accessible reporting on decisions about how public money is spent, and the impact of that spending on the range and quality

of services provided to the public. By doing this public audit can help build trust and confidence in the public sector.

154. We set out to deliver this outcome by sharing good practice about clear and transparent reporting and making recommendations about: reporting of decisions and outcomes, and financial and performance information; and monitoring and reporting on outcomes.

155. Thirteen per cent (143) of the recommendations we made were related to improving public body reporting on spending and decision-making. As part of our follow up work to date, we have assessed 36 of these recommendations as implemented and 34 as work in progress.

156. For performance audit, the focus of these recommendations was more transparent reporting of progress with delivering outcomes (eight recommendations). We also made four performance audit recommendations around improving the transparency of financial reporting.

157. In our annual audit work, where we made over 100 recommendations, we focused on:

- improving performance reporting through SMART indicators (Specific, Measurable, Achievable, Relevant, Time-bound), ensuring performance reporting is linked to strategic objectives, and providing clear narratives and trend analysis in reports
- the need for consistent and detailed workforce data reporting, for example on turnover, vacancies and temporary staff) and monitoring and reporting on the impact of workforce strategies and recruitment efforts
- improving clarity around financial and strategic information, for example clearer financial narratives in annual accounts and management commentaries, transparent reporting on digital transformation, capital projects, and strategic priorities, and making key documents and decisions accessible to elected members and the public.

Public bodies make positive changes, based on our audit work, that benefit people in Scotland

158. Our fourth outcome recognises that credible, timely and accurate audit work can make a genuine difference to people in Scotland. By implementing our recommendations, public bodies can: improve how they manage public finances in the short term; improve the longer-term sustainability of public finances; improve the delivery of public services; and ultimately make a difference in areas such as children and young

people, education, poverty, communities, the economy, the environment and health.

159. Public awareness of our work is important in achieving this outcome as it helps ensure decision-makers act on our recommendations. We believe we can help deliver this outcome by communicating the findings of our work to get our messages out effectively, supporting parliamentary scrutiny, developing the audit profession and elevating public audit.

160. Ten per cent (112) of the audit recommendations we made through performance audit and annual audit were directly related to public service improvement. As part of our follow up work to date, we have assessed 27 of these recommendations as implemented and 42 as work in progress.

161. Transformation and the need to plan for future service delivery models was a theme in performance audits, with 13 recommendations. A further nine performance audit recommendations related to tackling inequalities in service delivery, while seven concerned using data to improve services.

162. Within the annual audit, we made 76 recommendation and these focused on demonstrating the impact of digital technology on workforce productivity and service delivery, incorporating annual self-assessments for Best Value into governance practices to better demonstrate how organisations are achieving Best Value and using performance indicators and action plans to track progress and efficiency.

Learning for future work

Our evidence is showing that audited body engagement with and action on some of our audit recommendations is challenging and potentially slower than we might expect. However, it is difficult to assess the pace of implementation because historically we have not been consistent in attaching timescales to our recommendations. We will want to ensure auditors are following new guidance on timebound recommendations to ensure we are able to assess pace more fully in future evaluation reports.

A key assumption we made in this evaluation was that public audit can't enforce action against recommendations. This is why our parliamentary scrutiny role is so critical to evidencing our contribution to outcomes. We have evidence that our reports are also helping wider public service stakeholders advocate for change and improvement in public services. However, we may wish to enhance our monitoring in this area this to follow through what happens.

Due to the higher proportion of recommendations that arise through annual audit and the focus of annual audit on financial management and transparent reporting, there is a lower proportion of recommendations across other outcome categories around collaboration and resource prioritisation and public service improvement. This raises a risk that we may not drive as much change and impact in these other outcome areas. As we move into the second half of our strategy we will want to consider the balance of our audit work, across the core value we provide through our assurance role and our focus on effecting change on public audit outcomes. As part of this, we may wish to consider in more detail the focus of recommendations we have made against each outcome, and whether we are confident we are tackling the biggest issues so that, if implemented, the changes as a result lead to the ultimate impact we are seeking.

9. What difference we're making

163. In this section we explore what we know about what difference it makes if people and organisations change their behaviours in the way we've described. We summarise the current national picture for each of our outcomes and draw on case studies and national data sets, where these are available, to help tell the story.

164. We recognise that our desired outcomes and impacts for public audit are ambitious. This is especially true given the challenging context within which public services are operating. But this context also shines a light on the importance of our outcomes on collaboration and prioritisation of resources, and financial sustainability within public services.

165. Due to the complexity of public services in Scotland, we will only ever be able to contribute to our desired outcomes and impacts. Evidencing this contribution is hard and it is not possible to make a direct causal link between our audit work and high-level outcomes and impacts. Through this evaluation, we have showed that we have engaged in a robust process and can be confident that we can make a meaningful contribution to:

- public bodies getting better at collaborating and making tough decisions about efficient and effective delivery, targeting spending where it is most needed
- public bodies spending public money more efficiently and effectively to secure the future of public services
- public confidence in and assurance about public spending and decision-making
- public service improvement in Scotland.

166. There is always more to do. Our recommendations focus predominantly on improving the annual reports and financial statements and vision, leadership and governance within public bodies. Improvements in these areas are critical to our assurance role. They will also support public bodies to spend public money more efficiently and effectively and improve reporting on public spending and decision-making.

167. However, we will want to consider how much we should increase emphasis on collaboration and resource prioritisation and public service improvement. Where we see that bodies are not progressing our

recommendations, we need to understand more about why this is and use this intelligence to inform our future audit work and increase our impact.

Public bodies collaborate and make tough decisions about targeting spending where it is most needed

168. The case for better collaboration and partnership working, public sector reform and more targeted spending has been made repeatedly over the past decade and a half. This ranges from the 2011 [Christie Commission on the future delivery of public services](#) to the 2025 [Scottish Government's Public Service Reform Strategy](#).

169. Nearly 15 years after Christie, the need for collaboration across public services is still critical. Scottish public bodies are making progress in collaborating and making tough decisions about targeting spending, but challenges remain.

170. In its [2025–26 budget scrutiny](#), the Scottish Parliament's Finance and Public Administration Committee highlighted a growing emphasis on invest-to-save initiatives, the need for prioritisation frameworks for difficult spending decisions, and concerns about public sector sustainability and pressures on social security.

171. An [Institute for Fiscal Studies report on the Scottish Budget 2025–26](#) said Scotland has made strategic choices to protect key services, but faces tough trade-offs between universalism and targeting, and that there is a need for greater transparency in how spending decisions align with outcomes.

172. Overall, Scottish public bodies continue to face systemic barriers to effective collaboration, cultural resistance to change and political difficulties disinvesting from less effective services. This is despite longstanding policy commitments and some localised success in targeting spending in areas like early intervention and digital transformation.

173. Public audit can play a role in supporting improvement in line with public service reform ambitions, by focusing key messages and recommendations in areas that support reform and collaboration. Through our strategic relationships and influencing, we can challenge protectionism and encourage collective leadership for outcomes.

Case study 16

Improving collaboration and resource prioritisation

The AGS and Commission [Social care briefing](#) (January 2022) called for urgent action to address critical issues in delivery of social care services, highlighting that action is needed now to change how Scotland's social care services are delivered so that it meets the needs, and improves the experience of, people relying on care and support.

The briefing summarised the key challenges and recent progress in social care in Scotland across key thematic areas, including instability of leadership and leaders failing to work effectively together. It recommended that: 'The Scottish Government will need to link plans for social care with developments in other policy areas, such as the NHS and housing. This includes the Scottish Government's plans to set up a new care and wellbeing portfolio to focus on reducing inequality, prioritising prevention and early intervention, and improving health and wellbeing outcomes.'

Following publication of the briefing, the Public Audit Committee took evidence in April 2022 from the Scottish Government and COSLA. They agreed with the issues and recommendations made in the report and highlighted where they were making improvement.

The Scottish Government established a new Care and Wellbeing portfolio, the board of which met for the first time in April 2022. It is difficult to demonstrate attribution, but the recommendation may have contributed to Scottish Government awareness of the need to link plans with other policy areas and commitments.

The report contributed to scrutiny and reform discussions around the National Care Service, including data sharing and commissioning improvements.

Source: Audit Scotland

Public bodies spend public money more efficiently and effectively

174. Scotland has robust systems in place to promote efficient public spending. This includes the [Scottish Public Finance Manual](#), which sets out guidance on the proper handling and reporting of public funds and standards for financial governance, risk management, procurement, and investment decisions. The oversight we provide through public audit is a critical part of this system.

175. Despite strong frameworks, the effectiveness of public spending varies across sectors, with challenges around the financial sustainability of public bodies, planning and delivering capital projects, ensuring service delivery is joined up and integrated, and linking spending to outcomes.

176. We made more recommendations about improving the efficiency and effectiveness of public spending than any other outcome area and we have seen progress with public bodies implementing these recommendations. For the remaining period of our strategy, we will want to increase our focus on the key issues we have identified to improve the sustainability of public services, including tackling workforce challenges, closing funding gaps and increasing the pace of transformation.

Case study 17

Strengthening internal controls within local government

Through the [2023/24 annual audit report for Aberdeen City Council](#), we reported on a significant fraud identified by the council in September 2023.

A former employee had diverted fraudulent payments totalling £1.109 million to his own bank accounts over a period of 17 years. Having plead guilty to criminal charges of embezzlement, the perpetrator received a four-year prison sentence at the High Court in Edinburgh in July 2024.

Our annual audit report noted failures in controls within the council that allowed this fraud to continue over a prolonged period. The Council dealt with the matter promptly, with an internal investigation after which the matter was referred to Police Scotland. Management action to improve controls was taken at the time of identifying the fraud and further actions to enhance arrangements are ongoing.

The Controller of Audit produced a statutory report (s102 report) on this, which the Commission considered and [reported on in January 2025](#). The Chair then [wrote to all local authority chief executives, directors of finance and appointed external auditors](#).

To address the expectations in the Commission's findings, the letter highlighted the lessons the local government sector as a whole can learn from Aberdeen City's experience. It provided a reminder of the importance of effective financial controls, which safeguard public assets. It called on councils to review the effectiveness of their fundamental internal controls, including:

- Segregation of duties
- Reconciliations
- System documentation
- Monitoring
- Counter-fraud arrangements.

Our letter also highlighted the important role internal and external auditors play in helping public bodies assess their control environment and evaluating the effectiveness of controls. The letter was discussed at the local government Directors of Finance group and at all councils. We are hopeful that by raising awareness of these issues across all councils, we will see improvements to internal controls to mitigate the risk of fraud.

Source: Audit Scotland

Case study 18

Improving internal controls and workforce practices in the Scottish Prison Service

During the [2022/23 audit of the Scottish Prison Service \(SPS\)](#), our work recommended that management undertake a full review of ex-gratia process. This is the process for remunerating SPS employees for working over their contracted hours.

In 2023/24 our follow-up of this recommendation concluded that the ex-gratia process was not fit for purpose. Issues identified included control weaknesses and individuals working beyond the time limits detailed in relevant directives and the organisation's policies.

Throughout our audit work we engaged with the senior leadership team at SPS as well as non-executive directors on the Risk, Management and Advisory Committee (RMAC).

Our audit work has influenced the following changes and improvements at SPS:

- **Process improvements** – SPS launched a full review of the ex-gratia claim process and put in place a working group to help address the recommendations.
- **Improved compliance with organisational policies** – Guidance for managers was improved and standardised, with increased awareness among staff and managers about the importance of compliance and control in ensuring a consistent approach to workforce management.
- **Strengthened controls, accountability and transparency in workforce management** – In February 2025 SPS introduced a new process for checking and approving all ex-gratia claims. The audit team will assess the actions implemented as part of our 2025/26 audit to ensure that all matters identified have been adequately addressed.

Source: Audit Scotland

Case study 19

Enhancing financial planning and performance reporting at Sport Scotland

During the 2022/23 audit of Sport Scotland, we recommended the body develop a medium-term financial plan and improve its performance reporting, including reporting performance against objectives and trend data.

These recommendations were aimed at strengthening financial planning and improving transparency in reporting. We aimed to influence the following changes and improvements:

- Strengthened financial planning and strategic foresight.
- Increased transparency and accountability.
- Greater confidence among stakeholders in the robustness of internal controls.

Following our recommendations, Sport Scotland:

- developed a medium-term financial plan, incorporating scenario planning to support strategic decision-making. The Audit and Risk Committee has been actively engaged and supportive of this new approach
- refreshed its performance measurement framework, including adding trend data so stakeholders can assess whether performance is improving or not.

Additional improvements were made to financial controls and reporting processes:

- Sport Scotland committed to using the National Audit Office's disclosure guide for future annual reports and accounts, ensuring compliance with FReM disclosure requirements.
- A solution was implemented to ensure a clear audit trail for year-end journal entries in the body's finance system, improving transparency and accountability.

These developments reflect a strong commitment to continuous improvement and good financial planning and management.

Source: Audit Scotland

The public have confidence in and are assured about public spending and decision making

177. The Scottish public's confidence in public spending and decision-making is mixed, with both strengths and areas of concern. The [Scottish Social Attitudes Survey \(2023\)](#) found that 47 per cent of people trusted the Scottish Government to work in Scotland's best interests. This has decreased from 61 per cent in 2019 and is now at its lowest level since the survey began. However, only 21 per cent of people said they trusted the UK Government to work in Scotland's best long-term interests.

178. The [Scottish Household Survey \(2023\)](#) showed that:

- adults in Scotland were most likely to express trust in the Health System (78 per cent) and the Police (73 per cent)
- people were most likely to express distrust in the Scottish Government (45 per cent) and Local Government (35 per cent)
- the institutions people were least likely to express distrust in were the Education system (15 per cent), the Police (16 per cent), the Civil Service (17 per cent) and the Health system (18 per cent)
- 30 per cent agreed that their council is good at letting people know how well it is performing, which is a statistically significant increase from 27 per cent in 2022.

179. Our 2024 public opinion survey found only nine per cent of people have looked for information about either public bodies' spending or decision-making. Of those, 90 per cent say spending information is easy to find and 60 per cent say it was easy to understand. Three-quarters say information about decisions was easy to find, and 72 per cent say it is easy to understand.

180. [Transparency International UK](#) reports that confidence in public spending and decision-making is conditional on transparency, accountability, and responsiveness to public concerns. The role of public audit is critical in maintaining and improving this trust.

Case study 20

Improving public reporting on spending and decision-making

Through the 2023/24 annual audit of NHS Ayrshire and Arran we focused on improving the accuracy and transparency of financial reporting, particularly in the Remuneration Report.

This work was important due to increased public scrutiny on workforce size and spending in the public sector, and the need for robust financial controls and reporting practices.

Stakeholders involved included the finance team and senior management at NHS Ayrshire and Arran. Engagement was collaborative, with the body receptive to recommendations and proactive in implementing changes.

The audit led to a key finding that three individuals listed as seconded employees in the Remuneration Report were working long-term in permanent roles within the Scottish Government. Although the associated costs were reimbursed through recharges, our opinion was that only staff directly contributing to the board's services should be included in its staff cost expenditure. This practice may also increase costs to the Scottish public purse if the board's employment terms are more generous than those of the Scottish Government.

We recommended a review of these arrangements for 2024/25. In response, NHS Ayrshire and Arran agreed to include only current employees in the Remuneration Report and introduced an annual review process for secondment and service level agreements, improving both the accuracy of workforce reporting and overall transparency.

We shared the issues identified through this audit internally to identify whether it was an issue across our health audits. This led to a short-life working group within the NHS Technical Accounting Group (TAG) to address the issue nationally. In addition to the discussions at TAG, NHS Ayrshire and Arran is engaging with the Scottish Government and Central Legal Office to find a resolution.

This audit work has increased awareness and understanding of reporting requirements and encouraged a culture of continuous improvement in financial reporting.

Source: Audit Scotland

Public services improve for people in Scotland

181. Through this evaluation we have recognised the significant challenges, risks and issues facing public services in Scotland due to rising demand and demographic pressures and a challenging fiscal position. In recent years, we have consistently reported on the need for significant reform across key sectors, including health and local government. Improving public services for people in Scotland is a challenging aspiration against this backdrop, when some might say that maintaining services is more realistic.

182. When looking at data from the Scottish Household Survey (2023), we noted that less than half the population reported positive perceptions of public services:

- 42 per cent agreed that their local council provides high-quality services

- 42 per cent agreed that their local council does the best it can with the money available
- 37 per cent agreed that their local council is good at letting people know about what services it provides
- 31 per cent agreed that their local council designs its services around the needs of the people who use them.

183. This challenging position makes it more important our work drives change and improvement. We have shown that our work can contribute to improving public services. For the remaining period of our strategy, we will want to consider what good looks like for public service improvement across key sectors and focus our work to add more value in these areas.

Case study 21

Improving public services

The AGS [Criminal Courts Backlog](#) report was published in May 2023.

The audit scope included consideration of whether Scottish Government and the Scottish Courts and Tribunals Service were introducing sustainable changes to support system transformation. This resulted in a recommendation that:

- 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.

The Scottish Government carried out a consultation from November 2023 to February 2024 on putting reforms to the criminal justice system that were initially implemented during Covid-19 on a permanent footing. The consultation received responses from 22 groups/organisations and from eight members of the public. Respondents ranged across the judiciary, legal profession, police, community justice, health and social care, public bodies, advocacy organisations, and the third sector.

The Criminal Justice Modernisation and Abusive Domestic Behaviour Reviews (Scotland) Bill was introduced to the Scottish Parliament in September 2024. The Bill makes changes to procedures in criminal courts, some of which were introduced on a temporary basis through the Coronavirus (Scotland) Act 2020 and the Coronavirus (Recovery and Reform) (Scotland) Act 2022. The Bill makes the following procedures permanent:

- using electronic signatures on court documents
- sending court documents electronically
- attending criminal court hearings virtually

- increasing fixed penalty limits (the amount of money that someone can be asked to pay to avoid being taken to court for a minor offence)
- national jurisdiction for callings from custody, which allow some criminal cases to be taken in any sheriff court in Scotland.

At August 2025, the Bill was at Stage 3 within the Scottish Parliament. If passed, this legislation will make Scotland's justice system more modern, efficient, resilient and responsive. Greater use of technology has the potential to benefit the public by reducing delays and making processes more accessible, while reducing resource requirements for the public sector.

Source: Audit Scotland

10. Wider outcome pathways

184. Through our work to develop our theory of change for public audit, we identified three outcome pathways:

- Engage with stakeholders to deliver audits, share learning and support improvement and innovation.
- Develop the audit profession and the role of public audit.
- Audit Scotland is continually learning and improving.

185. We agreed to maintain the scope of the evaluation on the first pathway because it is where we articulated our contribution to our current public audit outcomes. In the second and third pathway, we identified a potential fifth outcome for public audit:

- Public audit is efficient, effective and outcome focused.

186. By including this outcome in our evaluation approach, we can learn more about our performance against key activities to drive improvement. This would help us build credibility by widening the scope of our evaluation and showing that we are a stable and reliable public audit organisation, an efficient and effective public body and an organisation embracing transformation and change. It would also give us scope to explore our role as a system leader in public audit and the audit sector.

187. [Exhibit 7](#) sets out the key areas that would come into scope if we evaluated performance against this outcome.

Exhibit 7

Potential pathways and activities to add in scope for evaluation

| Pathway | What activities we would evaluate |
|--|--|
| Develop the audit profession and the role of public audit | <ul style="list-style-type: none"> • Bring scrutiny bodies together to coordinate scrutiny and ensure it is targeted, proportionate and risk-based • Engage domestically and internationally to lead and develop the public audit system in Scotland • Engage with the audit profession to ensure auditing and quality standards reflect the needs of public audit in Scotland • Bring scrutiny bodies together to coordinate scrutiny and ensure it is targeted, proportionate and risk-based |

| Pathway | What activities we would evaluate |
|---|---|
| Audit Scotland is continually learning and improving | <ul style="list-style-type: none"> • Monitor, assure and report on our quality, performance, learning and impact • Develop our people and their careers through consistent and transparent opportunities • Review, improve and transform our audit approaches • Ensure we have the capacity, skills and flexibility to respond to our environment and deliver our planned audit work • Prioritise and resource our work, based on identified risks and issues and stakeholder needs. |

Source: Audit Scotland

11. Conclusion and next steps

188. Overall, this interim evaluation report represents good progress against our shared outcomes for public audit. We have developed and tested our theory of change, systematically drawing on significant evidence, and we can be confident that our work can and is contributing to public audit outcomes. Despite the challenging context for public services in Scotland, we will continue to be ambitious in our efforts to support public sector reform.

189. Continuous improvement is a critical part of our impact framework. Between now and our final evaluation report we will take forward the following development areas, based on the key messages and recommendations in this report:

- **Planning for outcomes** – Develop audit guidance to support colleagues to consider contribution to outcomes at the planning stage of our audit work.
- **Stakeholder feedback** – Improve our approach to stakeholder feedback to be more efficient and address data gaps.
- **Future public audit model** – Consider the relationship between public audit outcomes and the Code of Audit Practice, as part of agreeing the future public audit model.
- **Evaluation approach** – Develop our evaluation approach to further embed our outcomes and theory of change into practice, improve reflective practice and explore sampling and automation.
- **Future outcomes** – Ensure the next iteration of Public audit in Scotland considers the efficiency and effectiveness of public audit as an outcome, with appropriate evaluation approaches to support this.

Appendix 1

ISM contextual analysis

190. This appendix sets out the contextual analysis we carried out using the Scottish Government's ISM framework. This framework looks at the individual, social and material factors that help or hinder an organisation to achieve its objectives.

191. Individual factors are those held by the individual that affect their choices and behaviours, such as their values, attitudes and skills, as well as individual calculations of costs and benefits. Individual factors supporting our work towards our outcomes include:

- Positive attitudes to audit among the people we work with.
- Our knowledge, skills and qualifications.
- Our commitment to professional and ethical standards.
- We are a values-led organisation.

192. Individual factors that hinder our work towards our outcomes:

- Negative attitudes to audit among the people we work with (eg, the feeling of being under the microscope).
- The ongoing need for our staff to keep skills up to speed in a changing environment.
- The context and importance of our work can lead to people putting a lot of pressure on themselves.

193. Social factors are those that exist beyond the individual in the social realm, yet shape people's behaviours. These influences include understandings that are shared amongst groups, such as social norms and the meanings attached to activities, as well as people's networks and relationships. Social factors supporting our work towards our outcomes include:

- Positive perceptions and high levels of trust in public audit.
- Expectations of balanced reporting. We provide assurance where things are working well and highlight opportunities for improvement.
- High rate of acceptance of our recommendations.
- Public bodies value the assurance we provide.

- Culture of integrity about what we can do from the outset – agreed scope, no surprises and expectations management.
- Strong relationships with our staff with continuity supporting this. Annual audits build understanding and trust over a five-year appointment. Relationships built during annual audits set the scene for performance audits.
- Value placed on sensitivity to organisational context and getting recommendations right. We are getting better at focusing our recommendations where there will be greatest impact?
- Leaders who are bought in to the work we do.
- Shared vision in and across Audit Scotland teams.
- Ability to highlight good practice and influence change, through our reporting, our reputation for robust work and independence, and our consistent contribution to Parliamentary scrutiny.

194. There are also social factors that hinder the work:

- Difficult for us to challenge the predominant culture for perfect data, which hinders organisations doing data well. Leadership in public organisations not actively improving data quality, clarity and diversity, which limits our ability to provide assurance.
- Audits can be seen to get in the way of innovation.
- Too much focus on negative findings.
- Lack of clarity over who owns the recommendations, who should be responsible for monitoring, and what happens when they are not implemented.

195. Material factors are those that are ‘out there’ in the environment and wider world, which both constrain and shape behaviour. These influences include infrastructures, technologies and regulations, as well as time and resources. Material factors supporting our work towards our outcomes are:

- Legal power and professional standards.
- Strong quality infrastructure.
- Rules and regulations ensure that we have the resources to do the job. This sets us apart from other organisations, including other scrutiny bodies.
- We have offices that signal we operate in a highly professional way.

- There are continuous improvements in analytics and use of technology (including AI). Technology enables organisations to take services online, which can support more transparency.
- Resource pressures may help persuade organisations to act.
- There is a public body requirement to follow up recommendations.
- Ability/capacity to run tests of change around looking differently at audit and the idea of accountability.

196. There are also material factors that hinder the work:

- **Resources and capacity:**
 - **In public bodies:** Organisations often do not have the resources to support business as usual. Therefore, investing in change and improvement is difficult. The speed of technological change is difficult to keep pace with and organisations are using old systems / measuring the wrong things.
 - **In Audit Scotland:** Being asked to do more, while maintaining timeliness and quality, in the context of fast-paced technological development and recruitment issues in the profession.
- **Financial pressures** and short-term funding arrangements make it challenging for public bodies to do long-term planning.
- **Accountability** lines for budgets and outcomes can hinder joint working between public bodies. There is no clear mechanism for enforcing audit recommendations, and some recommendations can fall through the gaps of different regulatory regimes.
- Lack of availability of data at national level.
- Legislation and standards can restrict innovation in audit practice and in public services.

Appendix 2

Risks and assumptions

197. Defining risks and assumptions helps ground the theory of change into context and to highlight where attention needs to be focused to achieve success:

- **Risks** are things that may happen that could get in the way of the change we hope to see.
- **Assumptions** are the change mechanisms at the core of the project and things that you are relying on being in place for an initiative to contribute to the outcomes it seeks.

198. We have identified the risks and assumptions in the table below as part of this evaluation and we have drawn on our evidence to test these throughout the report.

Risks and assumptions identified through this evaluation

| Risks | Assumptions |
|---|---|
| Our work isn't sufficiently objective or independent | Public audit can't enforce action against recommendations |
| Our recommendations are not sufficiently balanced across outcome areas or focused in ways that will drive change towards outcomes | We follow our guidance to ensure the effective and ethical engagement of people with lived experience in performance audits |
| The private market loses interest in delivering public audit | The audit process supports organisations towards public service reform |
| Some audited organisations feel defensive or angry | Audit Scotland models effective learning and improvement |
| Our reports may be used for political purposes | We can procure suitable quality and capacity for public audit from private audit firms |
| We work in a complex environment and can't always foresee the consequences of our recommendations | Parliament is aware of our work and their role in enforcing recommendations |

| | |
|---|---|
| Private audit firms are not accountable for the vision, mission and outcomes for public audit and we can't see the impact of their work | Through our horizon scanning we can anticipate future issues and risks |
| Staff don't have the time required to build effective relationships with audited bodies | Audited bodies experience the audit process as supportive and constructive |
| We make mistakes or the wrong judgements, or we don't adequately evidence our findings and judgements | Our audit judgements are impartial and evidence-based |
| | We can time audits effectively for the best effect |
| | Our engagement is underpinned by a clear engagement strategy |
| | We apply the correct protocols in our consultations and stakeholder engagements |
| | We build relationships with the right stakeholders and have timely discussions |
| | Everyone follows guidance and relevant standards |
| | Audit reports are written in ways that support organisations to make change |
| | Reports are cleared with relevant stakeholders to ensure factual accuracy |

Public audit in Scotland

Interim evaluation



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