

# Agenda

## Audit Scotland Board

Tuesday 24 September 2024

Audit Scotland, 102 West Port, Edinburgh

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1. Private meeting of members
  2. Welcome and apologies
  3. Declarations of interest
  4. Items to be taken in private
- 

### Standing items

- |   |                 |
|---|-----------------|
| 5. Chair's report – verbal update   | For information |
| 6. Accountable Officer's report – verbal update   | For information |
| 7. Chief Operating Officer – verbal update  | For information |
| 8. Accounts Commission Chair's report – written update  | For information |
| 9. Review of draft minutes: <ul style="list-style-type: none"><li>• Audit Committee meeting: 7 June 2024</li><li>• Board meeting: 7 June 2024</li><li>• Extraordinary Audit Committee meeting: 18 June 2024</li><li>• Extraordinary Board meeting: 18 June 2024</li><li>• Extraordinary Board meeting: 3 September 2024</li></ul> | For approval    |
| 10. Review of action tracker  | For assurance   |
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### Strategic items

- |  |                  |
|--|------------------|
| 11. SIP Programme Board update               | For assurance    |
| 12. Diversity, Equality & Inclusion Strategy | For consultation |
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### Business planning, performance and governance

- |   |              |
|---|--------------|
| 13. Annual review of Corporate Governance documents: <ul style="list-style-type: none"><li>• Standing Orders</li><li>• Scheme of Delegation</li><li>• Financial Regulations</li><li>• Code of Conduct Members</li></ul> | For approval |
|---|--------------|

- Code of Conduct Staff

<b>14. Review Staff Handbook policies:</b> Whistleblowing policy	For approval
<b>15. Annual policy review of records management policies</b>	For approval
<b>16. Quarter 1: Corporate performance reporting</b>	For assurance
<b>17. Quarter 1: Financial performance reporting</b>	For assurance
<b>18. 2025 Proposed Board and Audit Committee meeting schedule</b>	For approval

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### Items to be taken in private

<b>19. 2025/26 Draft Budget submission</b> [Item to be taken in private to support the effective conduct of business, intended for future publication]	For discussion
<b>20. Audit modernisation business case/project update</b> [Item to be taken in private to support the effective conduct of business, intended for future publication]	For assurance

### Conclusion

<b>21. Any other business</b>	For discussion
<b>22. Review of meeting</b>	For discussion
<b>23. Date of next meeting: 26 November 2024</b>	For information

## Purpose

1. This report provides an update on the work and engagements of the Chair of the Accounts Commission.

## Engagement and Commission business

2. Recent and forthcoming engagements and Commission work are as follows:

### Audit Scotland engagement

- 3 Jul: Work programme discussion with the Auditor General and PABV colleagues.
- 25 Jul: Meeting on the development of the 2024/25 Audit planning guidance, led by Paul O'Brien and attended by 3 other Commission members and Audit Scotland colleagues.
- 31 Jul: Audit Modernisation Project (AMP) overview with Kenny Oliver and Gemma Diamond, ahead of an informal discussion on the AMP with the Commission on 8 August.
- Regular meetings with members of the Audit Scotland Executive Team.

### External engagement

- 15 Aug: Meeting with Theresa Shearer (Chief Executive of Enable), alongside the Auditor General.
- 3 Sep: Private informal briefing session with the Local Government, Housing and Planning (LGHP) Committee, alongside Derek Yule and PABV colleagues, focusing on local government finances to inform the Committee's pre-budget scrutiny.
- 6 Sep: Speaking engagement at the Solace conference, covering local government financial sustainability and transformation.
- 19-20 Sep: Attendance at the COSLA Conference.
- 24 Sep: Public evidence session with the LGHP Committee, similar to above.

### Commission business

- 8 Aug: Accounts Commission meeting.
- 22 Aug: Meeting of a joint Accounts Commission and Audit Scotland working group on the Statutory Performance Information Direction.

- 11 Sep: Commission's six-monthly Strategy Seminar.
- 12 Sep: Accounts Commission meeting.
- Regular meetings with Sarah Watters, Secretary to the Commission, since she took up post on 12 August, and with other Commission Support Team staff.

### **Forthcoming work and engagements**

- 10 Oct: Accounts Commission meeting.
- 15 Oct: Visit from a delegation from the Swedish Association of Local Authorities and Regions (equivalent to COSLA) on the theme of municipal audit.
- 30 October: Annual audit planning conference.
- 7 Nov: Accounts Commission meeting.

### **Publications**

- 3.** The Commission has published a large number of outputs in the past two months, in part because some were delayed from May or June due to the pre-election period restrictions. Below is a list provided for members' information, with links to each publication.
- Delivering for the future: why leadership matters – [briefing](#) and [blog](#)
  - [Blog: The important role of a CFO](#)
  - [Integration Joint Boards' Finance and performance 2024](#)
  - [Blog: Benchmarking and good public performance reporting matter](#)
  - [Accounts Commission Annual Report 2023/24](#) (non-statutory, summary of activity)
  - [Renfrewshire Council: Update report on for Dargavel](#) (section 102 report)
  - [Tackling digital exclusion](#) (joint performance audit with the Auditor General)
  - Forthcoming: Best Value in Clackmannanshire Council (26 Sep); Briefing on sector-led transformation in councils (1 Oct)

### **Commission Strategy Seminar**

- 4.** The Accounts Commission held its latest six-monthly strategy seminar on the afternoon of 11 September at Audit Scotland's Edinburgh office. The agenda for the day included:
- Detailed discussion on the Commission's work programme, including its alignment with the Commission's strategic priorities and with the current audit risk environment.
  - Consideration of a new 'councils at a glance' resource from the Controller of Audit (CoA), summarising the current overall position of each council based on audit evidence and intelligence, and the schedule for Year 3 and Year 4 CoA Best Value reports.

- Review of the Commission's newly revised and refreshed business risk register.
  - Discussion between members on their role as audit sponsors.
  - Recap of outcomes from the previous Strategy Seminar including discussion on stakeholder engagement approaches, and Commission ways of working.
- 5.** In considering the current and future work programme, we reflected on what are the key things that the Commission is uniquely placed to comment and report on, how to prioritise different potential topic areas for reporting, what the Commission wants to achieve and the impact it seeks to have in its reporting, and how best to engage with Audit Scotland and the Auditor General as well as external stakeholders.
- 6.** Points of discussion regarding the work programme included:
- How to incorporate the issue of transformation across its work including in the overview reporting programme, and enable different areas of work to be more joined up.
  - Enhancing scrutiny coordination with regulatory bodies and using its 'convening' power to bring relevant stakeholders together on key issues.
  - Whether and how to free up capacity for contingency, to be able to be more responsive to emerging issues, as well as for other forms of work such as good practice guidance similar to that produced by the NAO and Audit Wales.
  - Placing an even greater focus on the intended impact and outcomes of particular pieces of work, when developing the work programme and from the outset of an audit.
- 7.** A range of actions were agreed for PABV colleagues, the Commission Support Team and others to take forward over the coming months ahead of another, similar review of the strategy and work programme at the next Strategy Seminar in February.

## Conclusion

- 8.** The Board is invited to:
- Note this report.

# Minutes

## Audit Committee

Friday 7 June 2024, 10.00 am  
Audit Scotland, 102 West Port, Edinburgh

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong

### Apologies:

Stephen Pringle (Wbg)

### In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Antony Clark, Executive Director of Performance and Best Value  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Ian Metcalfe, Corporate Performance Officer  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Graham Gillespie, Wbg  
Niki Ross, Forum Support Coordinator (Minutes)

### 1. Private meeting with Wylie & Bisset LLP

A private meeting was held with the Audit Committee members, internal auditors, Wylie & Bisset and external auditors, Alexander Sloan.

### 2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted there were no issues arising from the private meeting.

### 3. Declarations of interests

There were no declarations of interest.

### 4. Minutes of the last meeting: 7 May 2024

The Audit Committee members reviewed and agreed the minutes of the 7 May 2024 meeting, copies of which had been circulated previously.

## 5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had been circulated previously.

The Audit Committee noted that work is still ongoing to separate the tender process with the revision of the audit code of practice, and a paper detailing the process will be brought to the Board meeting in November 2024.

The Audit Committee noted the tracker for completeness.

## 6. 2023-24 Internal Audit annual report

Graham Gillespie, Wylie & Bisset, introduced the 2023-24 Audit Scotland annual report, copies of which had been circulated previously.

Graham highlighted the overall opinion 'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the Organisation's risk management, control and governance processes. In our opinion Audit Scotland did have adequate and effective risk management, control and governance processes to manage its achievement of the Organisation's objectives at the time of our audit work'. Graham advised that all audits but one were given a rating of strong assurance levels with the Cyber Incident Response Plan allocated a rating of substantial assurance. Graham also advised that the number and significance of the recommendations raised through the audit was lower than in benchmarked organisations.

The Audit Committee welcomed the positive assurance and noted the 2023-24 Audit Scotland annual report.

## 7. Implementation of internal audit recommendations progress report

Martin Walker provided an update on the implementation of internal audit recommendations progress report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the progress on the implementation of outstanding audit recommendations.

During discussion members noted that there was one outstanding recommendation in progress which relates to the 2022-23 Internal Audits and five recommendations in progress from the 2023-24 Internal Audits.

Following discussion, the Audit Committee noted the report on internal audit recommendations and were assured of the progress made.

## 8. Q4 Financial performance report

Stuart Dennis provided an update on the Q4 Financial performance report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the audit financial results for the twelve months to 31 March 2024.

During discussion, members noted the final position for 2023-24 aligns with the budget. Members agreed that greater clarity is required in how the underspend is presented, regarding the operating outturn and the pension service cost adjustment.

Following discussion, the Audit Committee noted the Q4 Financial performance report.

## 9. Review of risk register

Martin Walker provided an update on the review of the risk register, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the updated risk register.
- Determine whether additional management action is required.

During discussion, the Audit Committee was content to note the ongoing monitoring and engagement taking place with the Firms and that plans have been developed to bring performance back to target dates incrementally.

Further discussion took place on the identified actions from the recent deep dive session on efficiency and demonstrating value for money and how this is being progressed.

Following discussion, the Audit Committee was content to note the updated risk register.

**Action:** Martin Walker to produce a summary note of the deep dive session for the Audit Committee on 3 September 2024.

## 10. 2023-24 Governance statement and certificate of assurance

*Ian Metcalfe joined the meeting.*

Martin Walker introduced the governance statement and certificate of assurance, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the certificates of assurance.
- Determine whether to raise any issues which should be drawn to the attention of the Audit Scotland Board at its meeting on 7 June 2023 with the Annual Accounts and governance statements.
- Recommend the Chief Operating Officer issues the Audit Scotland certificate of assurance to the Board as part of the annual assurance process.

Following discussion, the Audit Committee agreed, subject to minor amendments, the Chief Operating Officer, issues the Audit Scotland certificate of assurance to the Board as part of the annual assurance process.

## 11. 2023-24 External audit letter and opinion on financial year

David Jeffcoat highlighted that the accounts give a true and fair view. However, this statement is strictly on the understanding that we are currently awaiting information from the



Principal Civil Service Pension Scheme and that currently the accounts have been issued as unmodified. Members noted that the lack of information for the disclosure is outwith Audit Scotland's control.

The Audit Committee considered the draft External Auditor Report and associated documents.

Further discussion took place on the Audit Summary Report which highlights the key findings arising from the External Auditors audit of Accounts for 2023-24.

The committee noted the verbal update provided in relation to the delayed information from the provider in relation to a single pension disclosure and the consequential impact on finalising the annual report and accounts and the external audit process.

Following discussion, the Audit Committee were content to note the 2023-24 external audit letter and opinion on financial year.

## 12. Draft Annual Report and accounts – year ended 31 March 2024

Stuart Dennis introduced the draft annual report and accounts, copies of which had been circulated previously.

The Audit Committee was asked to:

- Approve the draft Annual report and accounts for the year ended 31 March 2024 and recommend that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Monday 10 June 2024 subject to receipt of the outstanding pension disclosure information.

Further discussion took place in the context of the discussion on the preceding item.

Following discussion the Audit Committee:

- Noted the draft external audit letter and opinion on financial year 2023/24 and the draft letter of representation and the draft Annual Report and Accounts
- Recommended that the Board consider the draft documents at its meeting on 7 June and note this discussion at the Audit Committee
- Agreed that an extraordinary meeting of the Audit Committee take place, at a date to be confirmed, when the appropriate material becomes available in relation to the pensions disclosure.
- Recommended that the Board hold an extraordinary meeting immediately following that meeting of the Audit Committee to progress the finalisation of the Annual Report and Accounts 2023/24.

**Action:** Extraordinary meetings of the Audit Committee and Board to be convened, on receipt of the required information/ disclosure, to facilitate the finalisation of the Annual Report and Accounts.

### **13. 2023-24 Annual report from the Chair of the Audit Committee to the Board**

The Chair introduced the 2023-24 annual report from the Audit Committee to the Board, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the draft report.
- Subject to any amendments, approve its submission to the Board.

Following discussion, the Audit Committee approved the report's submission to the Board.

### **14. 2023-24 Annual report on correspondence and whistleblowing (external)**

*Antony Clark joined the meeting.*

Antony Clark introduced the 2023-24 Annual report on correspondence and whistleblowing, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the contents of the 2023/24 Annual report on correspondence and whistleblowing. This report will be published on our website later this month.

The Audit Committee thanked the team for a very comprehensive and important report.

During discussion, the Audit Committee discussed how and why people contact us and being able to strike the right balance in terms of what support Audit Scotland can and can't provide given its remit and powers. Members noted that we demonstrate our integrity and transparency by publishing our annual report on the Audit Scotland website.

Following discussion, Audit Committee noted the annual report on correspondence and whistleblowing.

The Chair recognised that this was Antony's last attendance at Audit Committee and on behalf of the Audit Committee thanked him for his valued contribution to Audit Scotland over the years.

*Antony Clark left the meeting.*

### **15. Any other business**

There were no other items of business.

### **16. Review of meeting**

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself. The feedback was positive.

### **17. Date of next meeting**

The next meeting of the Audit Committee is scheduled for 3 September 2024.

The Chair thanked everyone for attending the meeting and for their participation.

# Minutes Board

Friday 7 June 2024, 12.30  
Audit Scotland, 102 West Port

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## Present:

Alan Alexander (Chair)  
Colin Crosby  
Stephen Boyle  
Jackie Mann  
Jo Armstrong

## Apologies:

There were no apologies

## In attendance:

Vicki Bibby, Chief Operating Officer (*Item 21*)  
Antony Clark, Executive Director of Performance Audit & Best Value  
John Cornett, Executive Director of Audit Services  
Kenny Oliver, Executive Director of Innovation & Quality (*Item 17*)  
Gemma Diamond, Director of Innovation and Transformation (*Items 7, 20*)  
Stuart Dennis, Corporate Finance Manager, (*Items 8, 16, 19*)  
Martin Walker, Director of Corporate Support (*Items 9, 12, 14, 15*)  
Owen Smith, Senior Manager Audit Quality & Appointments (*Item 11, 18*)  
Ian Metcalfe, Corporate Performance Officer (*Item 12*)  
Paul O'Brien, Director of Quality & Support (*Item 17*)  
Jennifer Doolan, Senior Auditor (*Item 18*)  
Niki Ross, Forum Support Coordinator (Minutes)

## 1. Private meeting of Board members

The Board met privately and there were no matters arising.

## 2. Welcome and apologies

Vicki Bibby, Antony Clark, John Cornett, Kenny Oliver and Martin Walker joined the meeting.

The Chair welcomed attendees to the meeting. A warm welcome was addressed to Antony Clark, as this was his last Board meeting. The Chair thanked him on behalf of the Board and Audit Scotland for his valuable contribution to public audit and Audit Scotland over many years.

## 3. Declarations of interest

There were no declarations of interest noted.

#### 4. Items to be taken in private

The Chair invited members to agree that items 13, 17, 18, 19, 20, 21 of the agenda be considered in private for the reasons stated on the agenda. Item 13 would be taken in private to enable the effective conduct of business and on the basis of future publication. The members agreed.

#### 5. Review of minutes

##### Board meeting: 21 May 2024

The Board noted the minutes of the Board meeting of 21 May 2024, copies of which had been previously circulated. The Board noted they were an accurate record of the meeting.

Vicki Bibby provided an update on the pay award negotiations. A formal meeting with PCS is scheduled for the end of June 2024. The Scottish Government has issued its three-year public sector pay policy starting in 2024-25, based on future inflation forecasts.

#### 6. Review of action tracker

The Board noted and approved the updated action tracker.

#### 7. Strategic Improvement Programme Board update

*Gemma Diamond joined the meeting.*

Gemma Diamond provided an update on the progress of the Strategic Improvement Programme (SIP), copies of which had been previously circulated.

The Board was invited to note:

- The progress with SIP projects summarised in this paper.
- The progress made improving the underpinning budget data for SIP projects.
- Future plans to develop project performance monitoring.

The Board discussed the estimated costs for the audit modernisation project and the resource and management information system. Members noted that the project team is exploring options through market analysis to better estimate costs, which will inform the outline business case.

Further discussion was on project success factors and criteria and their monitoring and reporting. Members noted that guidance has been developed and the next step is to apply it consistently across current and new SIP projects.

The Board discussed adding organisational culture to the SIP criteria, recognising that projects can affect behaviour. Members noted that metrics on staff behaviour are gathered from various sources and used to support change.

Following discussion, the Board was assured of the progress made and the future plans to develop project performance monitoring.

**Action:** Kenny/Gemma will arrange a session with Jo on audit modernisation.

*Gemma Diamond left the meeting.*

## **8. 2025-26 Budget timetable**

*Stuart Dennis joined the meeting.*

Stuart Dennis presented the proposed budget timetable for 2025-26, copies of which had been circulated previously.

The Board was invited to:

- Note the 2025-26 budget timetable.

The Board noted the budget scrutiny session on 30 September 2024 for early engagement with the SCPA on our draft budget proposal before its formal submission in early December. Members acknowledged the tight timeline and welcomed the chance to review and comment on the budget before the Board meeting on 24 September.

Following discussion, the Board was content with the direction of travel and noted the 2025-26 budget timetable.

*Stuart Dennis left the meeting.*

## **9. 2023-24 Annual report from the Chair of the Audit Committee to the Board**

The Chair of the Audit Committee introduced the annual report from the Chair of the Audit Committee to the Board, copies of which had been circulated previously and approved by the Audit Committee at its meeting on 7 June 2024.

The Board was invited to:

- Note the report.

Following discussion, the Board was content to note the annual report.

## **10. 2023-24 Annual report: Review of Remuneration and Human Resources Committee performance**

The Chair of the Remuneration and Human Resources Committee introduced the 2023-24 review of the Remuneration and Human Resources Committee, copies of which had been circulated previously.

The Board was invited to:

- Note the report and the areas which the Committee will take forward as a priority for 2024/25.

Following discussion, the Board was content to note the 2023-24 annual report of the Remuneration and Human Resources Committee.

## **11. Policy on the provision of Non-Audit Services by Audit Scotland's external auditor**

*Owen Smith joined the meeting.*

Owen Smith introduced the Policy on the provision of Non-Audit Services by Audit Scotland's external auditor, copies of which had been circulated previously.

The Board was invited to:

- Note that the draft policy was reviewed by the Audit Committee at its meeting on 7 May 2024 and was recommended to the Board for approval.
- Approve the policy.

Following discussion, the Board approved the policy on the provision of Non-Audit Services by Audit Scotland's external auditor, and agreed that in future this policy should be reviewed every three years rather than annually.

*Owen Smith left the meeting.*

## **12. 2023-24 Governance statement and certificate of assurance**

*Ian Metcalfe joined the meeting.*

Martin Walker introduced the 2023-24 governance statement and certificate of assurance, copies of which had been circulated previously.

The Board was invited to:

- Consider the certificates of assurance.

Following discussion, the Board approved the 2023-24 certificates of assurance.

*Ian Metcalfe left the meeting.*

## **13. Letters of Representation and Audit summary report for the year ended 31 March 2024**

Item taken in private.

## **14. Annual review of Counter Fraud Policy**

Martin Walker provided an overview of the annual review of the Counter Fraud Policy, copies of which had been circulated previously.

The Board was invited to:

- Note the review.
- Note that the policy had been reviewed by the Audit Committee at its meeting on 7 May 2024 and was recommended to the Board for approval.
- Approve the Counter Fraud Policy.

Following discussion, the Board approved the Counter Fraud Policy.

## 15. Q4 Corporate performance reporting

*Ian Metcalfe joined the meeting.*

Martin Walker introduced the Q4 corporate performance report, copies of which had been circulated previously.

The Board was invited to:

- Review the performance in Q4 as set out below and in appendix 1.
- Consider the issues affecting performance, the actions identified and whether any additional management action is required.

During discussion, the Board noted that some Firms are experiencing challenges in meeting deadlines and that we have measures in place to closely monitor the situation.

The Board noted that ASG has an action plan to achieve 95% audit delivery timeliness by the end of the appointment round and that audit teams are empowered to achieve this and can seek guidance from the Innovations and Quality team as needed.

The Board discussed the risk deep dive session on 'failure of people/capacity/health, safety, and wellbeing' scheduled for September 2024, and suggested exploring the establishment figure and absence turnover rates during this session.

Following discussion, the Board noted the Q4 corporate performance report and were assured of progress.

*Ian Metcalfe left the meeting.*

## 16. Q4 Financial performance reporting

*Stuart Dennis joined the meeting.*

Stuart Dennis introduced the Q4 financial performance report, copies of which had been circulated previously.

The Board was invited to:

- Note the audited financial results for the twelve months to 31 March 2024.

Following discussion, the Board noted the Q4 financial performance reporting.

*Stuart Dennis left the meeting.*

## Items taken in private

## 17. 2023-24 Transparency report

*Paul O'Brien, Owen Smith and Jennifer Doolan joined the meeting.*

Paul O'Brien introduced the 2023-24 Transparency report, copies of which had been previously circulated.



The Board was invited to:

- Comment on the draft Transparency Report.
- Approve the report for publication.

The Board noted that the draft report had been considered by the Audit Committee at its meeting on 7 May 2024.

Following discussion, the Board approved the 2023-24 Transparency report for publication in due course.

## 18. Quality of public audit in Scotland

Owen Smith introduced the report on the Quality of public audit in Scotland, copies of which had been previously circulated.

The Board was invited to:

- Approve the Quality of public audit in Scotland annual report 2023/24 for publication as part of the suite of annual reports.

The Board noted that the draft report had been considered by the Audit Committee at its meeting on 7 May 2024.

Following discussion, the Board approved the Quality of public audit in Scotland report for publication in due course.

*Paul O'Brien, Owen Smith and Jennifer Doolan left the meeting.*

## 19. 2023-24 Draft annual report and accounts: year ended 31 March 2024 and Letters of Representation and Audit summary report for the year ended 31 March 2024 (Item 13)

*Stuart Dennis joined the meeting.*

Martin Walker presented the draft Annual report and accounts, copies of which had been previously circulated.

The Board was asked to:

- Approve the draft Annual report and accounts for the year ended 31 March 2024 and recommend that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Monday 10 June 2024 subject to receipt of the outstanding pension disclosure information.

The Board noted the discussion which had taken place at the Audit Committee meeting which had preceded this Board meeting.

Following discussion the Board:

- Noted the draft external audit letter and opinion on financial year 2023/24 and the draft letter of representation and the draft Annual Report and Accounts

- Agreed that an extraordinary meeting of the Audit Committee take place, at a date to be confirmed, when the appropriate material becomes available in relation to the pensions disclosure
- Agreed with the Audit Committee recommendation that the Board hold an extraordinary meeting immediately following an extraordinary meeting of the Audit Committee to progress the finalisation of the Annual Report and Accounts 2023/24.

**Action:** Extraordinary meetings of the Audit Committee and Board to be convened, on receipt of the required information/ disclosure, to facilitate the finalisation of the Annual Report and Accounts.

*Stuart Dennis left the meeting.*

## 20. Audit Modernisation Project: update

*Gemma Diamond joined the meeting.*

Kenny Oliver provided an update on the Audit Modernisation Project (AMP), copies of which had been previously circulated.

The Board was invited to:

- Consider and note the progress to date.
- Feedback on the type and detail of information provided, including the appendices.

During discussion, the Board noted that intelligence has been sought from staff focus group sessions across all business areas and extensive market analysis.

The Board discussed the preparations for the SCPA informal session on 24 June 2024 and agreed on framing the AMP content appropriately. The members of the Board who will attend the meeting with SPCA will meet prior to the session scheduled for 20 June 2024.

The Board discussed the complexities of the procurement process and our position in relation to this and recognised and supported the need to seek legal and procurement advice in this area.

Following discussion, the Board noted the update on the Audit Modernisation Project.

*Gemma Diamond left the meeting.*

## 21. Audit Scotland Boardroom Apprentice Scheme

Vicki Bibby provided an update on the Boardroom Apprentice Scheme, copies of which had been previously circulated.

The Board was invited to:

- Note the update on further discussions on Boardroom Apprentice Scheme since 27 March.
- Agree to proceed with applying as a scheme host, subject to approval from SPCA.

During discussion, the Board was very supportive of the scheme and agreed, due to timing restrictions, that we don't approach the SCPA.

The Board noted that the apprentice is an observer at the meetings and has no decision-making powers. Therefore, there are no changes to our standing orders.

Further discussion involved assigning a board member as an apprentice board buddy. Members agreed that Jacke Mann will take on this role.

Following discussion, the Board agreed to proceed with applying as a scheme host.

## **22. Any other business**

There was no other business for discussion.

## **23. Review of meeting**

The Chair invited members to comment on the papers and the conduct of the meeting.

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion.

The Chair thanked everyone for their contributions.

## **24. Date of next meeting: 24 September 2024**

The members noted the next meeting of the Audit Scotland Board is scheduled for 24 September 2024.

# Minutes Extraordinary Audit Committee Meeting



Tuesday 18 June 2024, 09.00 am  
Audit Scotland, Microsoft Teams

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## Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong

## Apologies:

## In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Simon Ebbett, Communications Manager  
David Jeffcoat, Alexander & Sloan  
Niki Ross, Forum Support Coordinator (Minutes)

## 1. Welcome and apologies

The Chair opened the meeting, welcomed everyone and noted there were no apologies.

## 2. Declarations of interests

There were no declarations of interest.

## 3. External audit – financial year 2023-24

The Committee considered the audit summary report for year ending 31 March 2024, copies of which had been circulated previously, noting the amendment in relation to the pensions disclosure.

Members noted the previous detailed discussion which had taken place at the Audit Committee and Board meetings on 7 June 2024.

The Chair expressed thanks to the Alexander Sloan external audit team on behalf of the Audit Committee.

Following discussion, the Audit Committee were content to note the audit summary report and draft letter of representation and recommend they be considered by the Board.

#### **4. Draft Annual Report and accounts – year ended 31 March 2024**

The Committee considered the draft annual report and accounts, copies of which had been circulated previously.

The Audit Committee was asked to:

- Approve the draft Annual report and accounts for the year ended 31 March 2024 and recommend to the Board that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Tuesday 18 June 2024.

The committee noted the amendments which had been made to the report since it's consideration on 7 June 2024, which had been highlighted in the covering report.

Following discussion, the Audit Committee recommended that the draft annual report and accounts for year ending 31 March 2024 be progressed to the Board meeting on 18 June 2024 for approval, and that the Auditor General for Scotland, being Accountable Officer for Audit Scotland, sign the accounts on Tuesday 18 June 2024.

# Minutes

## Extraordinary Board Meeting

Tuesday 18 June 2024, 09.00 am  
Audit Scotland, Microsoft Teams

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### Present:

Alan Alexander (Chair)  
Jackie Mann  
Colin Crosby  
Stephen Boyle  
Jo Armstrong

### Apologies:

### In attendance:

Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Simon Ebbett, Communications Manager  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Niki Ross, Forum Support Coordinator (Minutes)

## 1. Welcome and apologies

The Chair opened the meeting, welcomed everyone and noted there were no apologies.

## 2. Declarations of interests

There were no declarations of interest.

## 3. External audit – financial year 2023-24

The Board considered the audit summary report for year ending 31 March 2024, copies of which had been circulated previously, noting the amendment in relation to the pensions disclosure.

The Board noted the discussion which had taken place at the Audit Committee meeting which preceded the Board meeting.

Following discussion, the Board were content to note the audit summary report and the draft letter of representation.

## 4. Draft Annual Report and accounts – year ended 31 March 2024

The Chair introduced the draft annual report and accounts, copies of which had been circulated previously.

The Board was invited to:

- Note the update to quality figures on page 16.
- Note the text inserted on pages 46 and 47 regarding the AGS' accrued pension.
- Note the Audit Committee's recommendation of the report to the Board.
- Approve the updated report and accounts ahead of their signing and laying.

The Board noted the discussion which had taken place at the Audit Committee meeting which preceded the Board meeting.

The Board members expressed their appreciation to the Audit Scotland colleagues involved in producing the annual report and accounts and to the external audit team from Alexander Sloan.

Following discussion, the Board approved the annual report and accounts for year ending 31 March 2024 and agreed that the Auditor General for Scotland, being Accountable Officer for Audit Scotland, sign the accounts on Tuesday 18 June 2024, and that the report be submitted for laying in the Scottish Parliament.

# Minutes

## Extraordinary Board Meeting

Tuesday 3 September 2024, 12.30  
Audit Scotland

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### Present:

Alan Alexander (Chair)  
Jackie Mann  
Colin Crosby  
Stephen Boyle  
Jo Armstrong

### Apologies:

### In attendance:

Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
John Cornett, Executive Director Audit Services  
Daniela Yaneva, Project Manager  
Niki Ross, Forum Support Coordinator (Minutes)

## 1. Welcome and apologies

The Chair opened the meeting, welcomed everyone and noted there were no apologies.

## 2. Declarations of interests

There were no declarations of interest.

## 3. Resource and Management Information Project – Tender

John Cornett gave a brief update on the Resource and Management Information Project, copies of which had been previously circulated, highlighting the requirement to move to an open tender procurement exercise.

The Board was invited to:

- Approve commencement of an open tender exercise, to be supported by Scottish Government Procurement Services, to culminate in the appointment of a preferred supplier.
- Note the updated project timescales, specifically completion of the project by 1 June 2025.
- Note that should budget constraints result in a lack of funding for this project then the process can be stopped at the tendering stage.

During discussion, the Board noted that funding for the project is expected to come from unspent Employer Pension Contributions and that the project will become self-sustaining



through efficiency savings after three years. Members noted that these contributions were originally intended for hiring up to five additional audit officers, with only two having been recruited. Members acknowledged that this would not impact audit delivery and recognised that the addition of two staff members would still contribute to an acceleration in audit delivery.

The Board thought it would be desirable to provide the Chair of the Accounts Commission with a background note on the fact that the change to the decision on employing additional auditors will have no detrimental effect on the delivery of audits.

The Board agreed that the decision to vary the previous allocation of the unspent employer's pension contributions should be communicated to the SCPA, with an indication that we will be happy to discuss it, if necessary, at our scheduled meeting on 30 September.

Members were pleased to note that both time recording and expenses will be incorporated into the new resourcing system, irrespective of which system is procured.

Following discussion, the Board were content to approve the recommendations.

**Action:** John Cornett will prepare a briefing paper for the Chair of the Accounts Commission addressing the concerns raised, ensuring it highlights that there will be no negative impact on our audit delivery performance over the next three years.

## Board action tracker 2024

Meeting date	Agenda item no	Item title	Action description	Due date	Responsible	Assigned to	Complete/ongoing	Progress notes
21/11/2023	12	Board and committee meetings 2024	The Board agreed to review further options to visit other Audit Scotland office locations in 2024/25.	26/11/2024	Martin Walker	Nic Bryson	Ongoing	<b>21/12/23:</b> Keep on radar for new Chair's meeting in 2024.
27/03/2024	12	Q3 Corporate performance report	Martin to quantify the cost of delayed audits and inform the Board.		Martin Walker		Ongoing	<b>09/05/24:</b> Ongoing <b>04/09:</b> Ongoing
03/09/2024	3	Resource and management information system	John Cornett will prepare a briefing paper for the Chair of the Accounts Commission addressing the concerns raised, ensuring it highlights that there will be no negative impact on our audit delivery performance over the next three years.	Sep-24	John Cornett		Ongoing	

# Strategic Improvement Programme: Update

Director of Innovation and Transformation and Head of Organisational Improvement

## Purpose

1. This report updates the Board on progress with the Strategic Improvement Programme (SIP), following the SIP Board meeting on 4 September 2024.

## Recommendations

2. The Board is invited to note:
  - The progress with SIP projects summarised in this paper.
  - The latest budget and performance monitoring data provided by SIP projects.
  - That a further review of SIP composition will happen in November 2024 following progress with the 2025/26 to 2027/28 operational planning process.

## Background

3. The purpose of the SIP is to provide a framework for transformational change projects to receive more capacity, scrutiny and direction to ensure that we deliver on our corporate plan strategic priorities and the outcomes in Public Audit in Scotland. The SIP currently contains the projects set out in Table 1.

**Table 1: Current SIP projects with agreed goals**

Project	Goal
<b>Audit modernisation (AMP)</b>	Transformed audit approaches that are: <ul style="list-style-type: none"><li>• Clearly defined, risk-based and data driven, to ensure compliance, quality and efficiency.</li><li>• Delivered through integrated auditing software and tools that automate and standardise processes.</li><li>• Delivered by confident teams and staff with the right skills in the right structure.</li></ul>
<b>Insights</b>	Deliver coordinated intelligence from impact monitoring and evaluation, stakeholder engagement and horizon scanning to: <ul style="list-style-type: none"><li>• Support us to respond with agility to what's coming in the future.</li><li>• Improve the information we have to inform decision making.</li><li>• Support continuous improvement and innovation.</li><li>• Better understand and report on the impact of public audit.</li></ul>

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- Help us promote the value of public audit.

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### Resource and management information (R&MI)

To renew and digitise the system that Audit Scotland uses for resourcing and reporting on all key aspects in the delivery of our work, specifically the outward facing audit work that we undertake with audited bodies across Scotland and also internally focussed corporate projects.

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### Employee performance appraisal and development (EPAD)

Develop and implement a modern and effective employee performance appraisal and development (EPAD) process that:

- Aligns to our strategic objectives and outcomes and is applied consistently across Audit Scotland.
  - Ensures colleagues are clear on their roles and responsibilities, and we have regular conversations about performance and development, based on good quality feedback.
- 

## Considerations

### SIP programme update

- At its September 2024 meeting, the SIP Board considered a programme update report, which set out the status of each project, based on supporting information including project plans, progress with project delivery and project risks. The status and expected timeline for each project is summarised in Table 2.
- The SIP Board noted that the additional management action being taken within the AMP and R&MI project teams is as follows:
  - **AMP:** Plan and budget to be updated following approval of Strategic Outline Case and in preparation for Outline Business Case. The project team had a handover plan in place following the departure of the outgoing project manager, with key tasks distributed amongst members.
  - **R&MI:** Seeking approval for the project expenditure from the AS Board so we can proceed with open procurement as quickly as possible, followed by tight management of the open procurement process to ensure it is delivered within indicative timelines from Scottish Government.
- For the Insights project the SIP Board was asked to discuss resource and capacity challenges to deliver the following planned milestones and agree whether these are still considered a priority:
  - Engage with scrutiny partners on the dynamic work programme (due by Dec 2024).
  - Deliver annual roundtable of third sector representatives (due by Dec 2024).
- The SIP Board agreed that we should aim to deliver these milestones and noted that objectives for a third sector roundtable event needed to be clearly defined. The SIP Board asked I&Q colleagues to take forward discussions with PABV, communications and the Accounts Commission Support Team on how to best to deliver these milestones.

**Table 2: Status and expected timeline of SIP projects**

Project	Status	Expected timeline	Notes
<b>Audit modernisation</b>	Amber	June 2023 - October 2026 (Dependent on procurement route)	<ul style="list-style-type: none"> <li>Baselined plan and budget are not yet fully in place and there are concerns with respect to timing of onboarding for Project Manager and capacity within team.</li> <li>The project budget is under spent by 13%.</li> <li>Additional management action required being taken within project team and no additional action was requested from SIP board.</li> </ul>
<b>Insights</b>	Amber	June 2022 to August 2025	<ul style="list-style-type: none"> <li>Progressing but with some slippage to planned milestones.</li> <li>Additional management action was required from SIP Board.</li> </ul>
<b>Resource and management information</b>	Amber	January 2024 to March 2025	<ul style="list-style-type: none"> <li>Progressing but with some slippage to planned milestones.</li> <li>Additional management action required being taken within project team and no additional action was requested from SIP board.</li> </ul>
<b>Employee performance appraisal and development</b>	Green		<ul style="list-style-type: none"> <li>Some slippage to planned milestones but project plan has been updated to account for this and no further management action is required.</li> </ul>

### Project budgets

8. Table 3 summarises the estimated total costs for each SIP project. The Audit Scotland Board is invited to consider this with the following context:
- Audit modernisation:** The estimated costs for the audit modernisation project include known costs for 2023-24 and 2024-25 only. Longer term budgets will be refined and baselined as part of development of the Outline Business Case later this year. The AMP update paper covers this in more detail, including planned funding sources for known costs. There has been a £4k increase to the total budget since May 2024, due to reprofiling internal resource to support key milestones. The budget split between internal and external has changed due to reprofiling future project manager costs as internal as the new project manager will be on a fixed term contract.
  - Insights:** All costs are accounted for in current budgets. The SIP Board asked the project team to consider the proposals for wider evaluation of impact against public audit outcomes, and whether the planned expenditure for this (circa £30 over 2024/25 and 2025/26) could be reduced and confined to 2024/25 only. This will help deal with wider budget pressures in 2025/26. The project team agreed to plan on this basis and report back on progress in November.

- R&MI:** The estimated costs for the R&MI project have increased from £147k to £179k. These costs include the new system costs for 2024-25 only (estimated at £92k) and these are covered out of existing budgets. The initial top end estimate for the annual recurring cost of a new resourcing system was £70k. Following the market research phase of the project, this has now increased to £192k. The delays to the project due to the change in procurement route mean the project will incur additional external project management costs into 2025-26 and it is expected these will be met within existing budgets. At its meeting on 3 September 2024 the Audit Scotland Board's Audit Committee agreed that this project would initially be funded by the savings from the pension scheme employers' contribution. After this, the project would be funded from direct workforce reduction because of increased efficiency in resource allocation.
- EPAD:** All internal and external costs are accounted for in current budgets.

**Table 3: Estimated total project costs as at August 2024**

Project	Estimated costs (£)	Estimated internal costs (£)	Estimated external costs (£)
AMP	697,992	527,992	170,000
Insights	108,053	78,053	30,000
R&MI	179,000	17,000	162,000
EPAD	42,076	25,076	17,000
<b>Total</b>	<b>985,045</b>	<b>623,045</b>	<b>362,000</b>

9. Table 4 sets out the phasing and spend to date since the projects started and planned annual spend for 2025/26, where this is available.

**Table 4: Planned phasing and spend versus budget (to date as at 31 July 2024)**

Project	Phased budget to 31 July 2024 (£)	Actual spend to 31 July 2024 (£)	Variance	2025/26 phasing (£)
AMP	206,911	179,112	-13%	Not yet budgeted or baselined
Insights	52,036	49,469	-5%	25,007
R&MI	40,000	40,000	0%	8,000
EPAD	30,275	29,192	-4%	N/A
<b>Total</b>	<b>314,222</b>	<b>297,773</b>	<b>-5%</b>	<b>33,007</b>

## Project performance monitoring

**10.** The SIP Board noted progress projects have made developing success criteria and success factors in line with agreed SIP project management guidance. Where projects have identified KPIs that have a quarterly reporting frequency, the current position of these is outlined in Table 5.

**Table 5: Project key performance indicators**

Project	Success criteria	KPI	Current position
AMP	<b>Schedule:</b> Project delivered on time	Milestone delivery against agreed deadlines	Some slippage to PM recruitment timelines.
	<b>Budget:</b> Project delivered on budget	Expenditure within +/- 5% of budget	-13% (budget not yet baselined)
	<b>Scope:</b> Project objectives delivered	Progress against project objectives	Not yet collected. Anecdotal feedback is positive.
Insights	<b>Schedule:</b> Project delivered on time	Milestone delivery against agreed deadlines.	Some slippage to current and upcoming milestones. This is currently not expected to impact on delivering the overall project to agreed timescales (June 2025).
	<b>Budget:</b> Project delivered on budget	Expenditure within +/-5% of budget.	Budget on track.
EPAD	<b>Schedule:</b> Project delivered on time	Milestone delivery against agreed deadlines.	Some slippage to current and upcoming milestones. This is currently not expected to impact on delivering the overall project to agreed timescales (Feb 2025).
	<b>Budget:</b> Project delivered on budget	Expenditure within +/-5% of budget.	Budget on track.

**11.** In line with SIP Board feedback, where these have been identified, project success factors have been integrated into project risk registers and are being managed in this way. Project risks that score amber or red are reported to SIP Board and these are set out in Table 6.

Table six: Project risk summary

Project	Summary of risk	Net score	Controls, mitigation and further planned actions
	<p>IF the AM project cannot secure approval for additional budget through the SCPA, and approval of the business case and a successful Gate 2 outcome</p> <p>THEN delivery of the new contract, audit approach, contract award and service maybe delayed</p> <p>RESULTING IN the need to extend the current vendor contract again, possible legal challenge and none of the strategic business objectives as outlined in the business case being met.</p>	15	<p>Develop supporting business case options analysis and benefits to support the SCPA Submission.</p> <p>Initial discussion with SCPA in June 2024 ahead of budget submission to socialize budget thinking and case for change.</p> <p>Share budget submission with Executive Team and Audit Scotland Board by mid-September.</p>
AMP	<p>IF there are departures of key staff during the lifetime of the AM project, or there is limited capacity of key staff due to absence or commitment to other projects.</p> <p>THEN there is a risk to the AM project of a lack of continuity in skills and knowledge, plus a reduction in available capacity.</p> <p>RESULTING IN delays in delivery and a lack of consistent focus across the AM project.</p>	16	<p>Develop forward looking resource profile and undertake monthly project reviews that include continuity planning.</p> <p>Monitoring plans and escalation routes for requests and needs in place.</p> <p>This risk increased in the past month due to ongoing recruitment to permanent posts within I&amp;Q relating some workstream leads. There were also unforeseen staff absences during this period in addition to holidays.</p>
	<p>IF the overall AM project fails to demonstrate and deliver value for money</p> <p>THEN there is a risk of an enquiry into the operation of Audit Scotland and/or this project</p> <p>RESULTING IN reputational damage to the organisation and colleagues.</p>	15	<p>Develop clear benefits realisation and measurement plan as part of the business case, gain approval from impacted areas and assign responsibilities for measuring and reporting.</p>
	<p>IF the procurement exercise does not result in a contract award and/or the award is for software/a supplier that subsequently is found to be unsuitable</p>	15	<p>Requirements and evaluation will be developed to reflect AS requirements and future needs for PABV and ASG, together with all non-functional</p>



Project	Summary of risk	Net score	Controls, mitigation and further planned actions
	<p>and requires significant change (also should the incumbent win during the evaluation stage)</p> <p>THEN the feasibility of successfully completing the migration to a new platform successfully or achieving the required benefits will be significantly at risk</p> <p>RESULTING IN Audit Scotland needing to consider alternative options such as the short-listed options in the Strategic Outline Case, inability to use existing toolsets fully (e.g. ASC)</p>		<p>requirements and required architectural principles. Acquisition strategy also to be developed.</p> <p>From a T&amp;C's and commercial perspective in addition to the requirements aspect, we have to ascertain the preferred supplier has the commercial appetite to provide 'flexibility' in all its forms.</p> <p>Initial capabilities of potential suppliers have been analysed through the RFI returns.</p>
Insights	<p><b>Failure of capacity</b></p> <p>If we fail to secure adequate resource to deliver the objectives of the project, there is a reputational risk as we may be seen as not listening to stakeholders or being accountable for public audit outcomes. There are also operational and strategic risks as we may miss opportunities to be more efficient and effective in how we share intelligence across the organisation and gather external perspectives to inform our plans.</p>	12	<p>Clear project plan in place with required resources identified for each milestone.</p> <p>Ongoing engagement across business groups to secure resources required to deliver objectives.</p> <p>Further engagement required to ensure adequate capacity to resource agreed stakeholder engagement milestones (third sector engagement) and to prioritise full implementation within ASG.</p>
R&MI	<p><b>Open tender</b></p> <p>If SG Procurement keep to their indicated timelines being 4 months, then the project will suffer a delay resulting in a 'go live' date of 1<sup>st</sup> June 2025 instead of the original 1<sup>st</sup> April 2025</p>	16	<p>Procurement engaged for an initial Open Tender conversation on 8 August 2024. The SG Shared Services Procurement Team are aware that project timelines are aggressive, and that the open tender exercise must be completed efficiently (and by start-November at the latest). The Project Manager is awaiting the relevant templates from the SG Shared Services Procurement Team, which must be populated as part of initiating the Open Tender.</p>

## Review of SIP composition

- 12.** The SIP Board considered the operational priorities emerging through the 2025/26 to 2027/28 operational planning process and whether any of these should be added to the SIP. The emerging priorities are as follows:
- High quality, impactful and timely annual audit programme.
  - High quality and impactful dynamic work programme.
  - Audit modernisation (already part of SIP – AMP).
  - Right staff with the right skills working on the right things at the right times to deliver Audit Scotland’s strategic priorities (Skills | Capability | Capacity) (Already part of SIP – R&MI).
  - Learning and continuous professional development to foster skills for the future.
  - Collaboration and cross-organisational working.
  - Code of Audit Practice and preparations for the new audit appointment round.
- 13.** The SIP Board agreed to wait until further work has been undertaken by the operational planning group to make the priorities more granular and specific and revisit the SIP composition at its November meeting.

## Conclusion

- 14.** Three SIP projects are reporting amber and one is green. The management action required is being taken within the project teams and the SIP Board was asked to consider the priority of planned milestones within the Insights project. Further action within the project team is now planned. Most projects have undertaken further work on performance monitoring to apply guidance and improve consistency. The SIP Board agreed to revisit the SIP composition again in November 2024 following further progress with the 2025/26 to 2027/28 operational planning process.

# Diversity, equality and inclusion strategy: Consultation

Director of Innovation and Transformation  
and Head of Organisational Improvement

**Item 12**  
Meeting date: 24 September 2024

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## Purpose

1. This report introduces our emerging diversity, equality and inclusion strategy and invites the Audit Scotland Board to feedback on this.

## Recommendations

2. The Audit Scotland Board is invited to:
  - **Respond to the consultation** on the emerging DEI strategy included in [Appendix one](#). The emerging strategy and consultation questions are summarised in Table 1 below (page two).
  - **Note** the plans for wider consultation on the strategy with colleagues internally and external stakeholders.

## Background

3. In March 2024, the Audit Scotland Board's Remuneration Committee agreed proposals to integrate the 2025-2029 equality outcomes for Audit Scotland and the Accounts Commission into a wider DEI strategy. It also agreed the goal, objectives and scope for the DEI strategy development and the proposed engagement plan with the Audit Scotland Board.

## Considerations

### Emerging DEI strategy

4. We are consulting on the emerging DEI strategy included as [Appendix one](#). The purpose of the consultation is set out on slide two. We have completed the background scoping and data diagnostic phase of the strategy development process, in line with Business in the Community's diversity and inclusion framework, and this has informed the draft content for consultation summarised in Table 1.
5. In developing the emerging strategy, we have distinguished more clearly between equality outcomes and wider activity to deliver against the Public Sector Equality Duty, including mainstreaming equality. We have used the evidence from the data diagnostic to inform this. This has helped us be more precise about the areas where we want to focus on with an equality outcome. This should help us to prioritise activity in the areas where we can make the most difference, while also ensuring we keep improving steadily across the board. Through both our equality outcomes and our mainstreaming activity, we have retained content that covers our work as an employer and our audit work.

6. The evidence has highlighted that we should not treat performance audit and annual audit in the same way. Therefore, we have proposed an equality outcome for our performance audit work only. For annual audit we concluded from the evidence that activity would be best focused on improving support to appointed auditors in undertaking the existing requirement to cover equalities once during the five-year audit appointment. This means that we can maximise the value of that work and ensure its consistency and support of our overall strategy, rather than asking financial auditors to do more.

**Table 1: Summary of emerging strategy content for consultation**

Section	Further information
<b>Context</b>	<p>Sets out the ethical, business and legal case for having a DEI strategy</p> <p>Aligns the strategy to our purpose, as set out in Public Audit in Scotland, the Accounts Commission’s strategy and the Audit Scotland corporate plan.</p> <p><b>Consultation questions:</b></p> <ul style="list-style-type: none"> <li>• Have we captured the context for the strategy adequately?</li> <li>• Is anything missing?</li> </ul>
<b>Draft equality outcomes</b>	<p>Sets out draft equality outcomes for the period 2025-2029.</p> <p>Briefly explains the evidence base for the draft outcomes and identifies actions we can take to deliver on them.</p> <p>The emerging strategy is proposing a shift in our equality outcomes. Previously our outcomes have been broad and generic, and we have aligned all our planned DEI activity to outcomes. However, guidance on setting equality outcomes advises that outcomes should be about specific changes for people, communities or society because of our actions. They should also be based on evidence and involvement with people who share protected characteristics.</p> <p>In the emerging strategy we are proposing four outcomes. These cover our organisational equalities work and our performance audit work, both areas where we have a strong evidence base to inform where we want to drive specific changes.</p> <p>There is less evidence around our annual audit work on equalities to inform a clear outcome in this area. Activity in this area is covered under the wider Public Sector Equality Duty section of the strategy.</p> <p><b>Consultation questions:</b></p> <ul style="list-style-type: none"> <li>• Are these the right outcomes for us to focus on?</li> <li>• Could any of the outcomes be made more specific?</li> <li>• What feedback do you have on the planned actions to deliver the outcomes?</li> <li>• What else could we be doing?</li> </ul>

**Delivering the Public Sector Equality Duty**

Sets out how we will mainstream the general equality duty into our work. In this section we have also set out planned activity to build capacity around human rights.

Explains our planned actions around employee information and improving our approach to impact assessment.

**Consultation questions:**

- Are these the right areas of focus for wider delivery against the Public Sector Equality Duty?
- What feedback do you have on the planned actions?
- What else could we be doing?

**Consultation plans**

7. Table 2 sets out our proposed consultation plans for the strategy beyond the Audit Scotland Board meeting in September.

**Table 2: Proposed consultation plans**

<b>Stakeholder</b>	<b>Approach</b>	<b>Timing</b>
Employee network groups	Engage directly through existing meetings.	Between September 2024 and October 2024 (to be confirmed): <ul style="list-style-type: none"> <li>• DCWG – 20 September</li> <li>• Other groups TBC</li> </ul>
PCS/Partnership Forum	Engage directly through an existing meeting.	3 October 2024
Accounts Commission	Table emerging strategy at Accounts Commission meeting and invite feedback.	10 October 2024
All colleagues	Invite colleagues to respond to a consultation survey.	28 October 2024 – 15 November 2024
Equality and Human Rights Advisory Group	Engage directly through an existing meeting.	29 October 2024
Equality and Human Rights Commission	Engage directly through a dedicated meeting	6 November 2024
Other scrutiny bodies	TBC	TBC

Audited bodies,  
including Scottish  
Government and the  
NDPB Equality  
Forum

TBC

TBC

### Next steps following consultation

- 8.** Following the consultation phase of the strategy development, we will move into the final stages of the project. These are set out in Table 3. Alongside publishing our new strategy in April next year, we also need to publish our equality mainstreaming report for 2023-2025. We are proposing to seek sign off on the mainstreaming report and the new strategy at the same time from key stakeholders.

**Table 3: Final milestones in DEI strategy project**

Milestone	Timing
Analysis of consultation feedback and strategy redrafting Development of mainstreaming equality: Progress report 2023-2025	November 2024 – February 2025
Accounts Commission sign off new DEI strategy and 2023-2025 equality mainstreaming report	March 2025 TBC
Audit Scotland Board sign off new DEI strategy and 2023-2025 equality mainstreaming report	March 2025 TBC
Publication	April 2025 TBC (Statutory deadline is 30 April 2025)

### Conclusion

- 9.** We have made good progress between March and September on the DEI strategy project. This has involved background scoping and data analysis to determine where we should focus activity in our new strategy. Our draft equality outcomes for 2025 to 2029 are evidence-based and intend to drive specific changes for people in Scotland. Wider activity around diversity, equality, inclusion and human rights is captured as part of our work to deliver against the Public Sector Equality Duty.
- 10.** The Audit Scotland Board is invited to feedback on the emerging DEI strategy as part of the consultation phase of this strategy development project.

# Diversity, equality and inclusion strategy 2025-2029

Consultation

September – November 2024

 AUDIT SCOTLAND

We want to involve people who share protected characteristics in preparing our new equality and human rights strategy, including our new equality outcomes. This includes all colleagues, staff network groups and wider external stakeholders.

Involvement helps give a voice to people who are affected by our decisions and ways of working and by our audit work. This improves decision-making. Consultation and involvement can help us understand where we have been successful in advancing equality and human rights where action is most needed.

We want to gather feedback on:

- **Context for our strategy** - Have we captured this adequately and is there anything missing?
- **Equality outcomes** - Our draft equality outcomes for 2025 to 2029 and the evidence base and action plan under-pinning these.
- **Public sector equality duty** – Our wider plans for mainstreaming the general equality duty into our work, building capacity for human rights, and improving our approaches to employee information and equality impact assessments.



# Context for our strategy

Consultation questions:

- Have we captured the context for the strategy adequately?
- Is anything missing?

# Why do we need an equality and human rights strategy?

## Ethical and business case

- People are at the heart of delivering our work and of the public services we audit. We should all have equal opportunity to develop, progress, and be rewarded and recognised at work. Citizens should have access to the services they need regardless of their background, characteristics or attributes.
- A more diverse and inclusive workforce leads to better outcomes for staff, clients and stakeholders. When people feel like they belong, they are happier in their work, have empathy for colleagues and look out for each other.
- Understanding differences can lead to a more rounded approach to our work and understanding of the diverse needs of people receiving public services and the improvements required to meet these needs
- An effective EDI strategy has a positive impact on:
  - innovation, creativity, productivity, reputation, engagement and business results
  - recruitment and retention
  - corporate reputation and image.

## Legal case

- The **Equality Act 2010** sets out the personal characteristics that are protected by the law and the behaviour that is unlawful. It aims to help Britain become a fairer society, improve public services, and help business perform well.
- The **Public Sector Equality Duty** ensures public authorities consider how they can positively contribute to a more equal society through advancing equality and good relations in their day-to-day business, to:
  - take effective action on equality
  - make the right decisions, first time around
  - develop better policies and practices, based on evidence
  - be more transparent, accessible and accountable
  - deliver improved outcomes for all.

# Public Audit in Scotland and Audit Scotland Corporate Plan



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The [Accounts Commission's 2021-2026 strategy](#) sets out that it will use its statutory powers to shine a spotlight on and support improvement around inequalities.

It notes the contribution local government makes to tackling poverty and lessening the impact of inequalities on different communities, including where multiple forms of inequality combine to create further negative outcomes for people.

It commits to reporting on the performance of local government services in relation to those impacts.

Public audit in Scotland sets out the changes we want to deliver during 2023-28 and the impact we want to have on public services and on the outcomes that people and communities in Scotland experience.

## **Public services in Scotland work better together to target resources more effectively**

Tackling inequalities requires a whole systems approach and better collaboration across public bodies. Public audit can play a role in challenging and influencing spending decisions and to support public bodies by sharing good practice and making recommendations about:

- partnership working to improve outcomes and foster innovation
- robustness of scrutiny and shared working arrangements
- planning for improved outcomes.

## **Our recommendations have a positive impact for people in Scotland**

We want our work to make a genuine difference to people, including making progress in key policy areas where we know there are persistent inequalities: education, poverty and health.

## Our strategic priorities

- **Dynamic performance audit programme** – Strengthening our focus on how well public bodies are working together to address inequalities. Scrutinising progress with change and reform, including preventative spending to reduce inequalities and promoting equalities and human rights.
- **Enhanced audit approaches** – Developing methodology for mainstreaming equality and human rights into audit reporting.
- **Developing our people and our business** – Lead by example with our organisational response to tackling inequalities.

## Our values

**Equality | Independence | Innovation | Integrity  
| Respect**

Our **equality value** sets out that we will:

- treat all people fairly and support them to have the best chance to progress and succeed
- broaden our culture of diversity and inclusion, so people are valued and engaged
- apply our standards of quality and professionalism to all our work
- embed equality in all we do and support public bodies to address inequalities.

## Equality outcomes 2021-2025

- Our work supports the public sector to address inequalities including protected characteristics and socio-economic disadvantage, and to protect human rights
- We will increase the diversity of people into Audit Scotland and their progression through every level of our organisation
- We will broaden our culture of diversity and inclusion, so all employees feel valued, engaged and contribute

## Progress highlights

- More than 70% of performance audit products reference social and economic factors and protected characteristics.
- References in recommendations has increased each year from 8% of products in 2021/22 to 26% in 2023/24.
- Expanded publications range, tailored to meet the different communications needs of our audiences.
- Significant external engagement on equality and human rights policy.
- Developing approaches to integrating service user involvement and human rights into our audit methodology.
- Increase in applications from ethnic minorities (13.8% in 2019/20 to 24.6% in 2022/23) and disabled people (3.4% in 2019/20 to 7.10% in 2022/23).
- Gender pay gap decreased from circa 10% in 2020/21 to just over 6% in 2022/23.
- Six active diversity network groups led by colleagues. These regularly seek feedback from colleagues, support each other and support our organisation to understand their needs and design and deliver policies that take these into account.

# Draft equality outcomes

Consultation questions:

- Are these the right outcomes for us to focus on?
- Could any of the outcomes be made more specific?
- What feedback do you have on the planned actions to deliver the outcomes?
- What else could we be doing?



## Outcomes are changes that:

- result for people, communities or society because of our actions.
- intend to bring practical improvements in the life chances of people who experience discrimination and disadvantage.

## Outcomes can be:

- **Short-term** – Improved service delivery, changes in knowledge, skills and attitudes.
- **Long-term** – Changes in behaviours, decision-making or social and environmental conditions.

## Legislative context

Outcomes should aim to further one or more of the needs in the general equality duty:

- **eliminate discrimination, harassment, victimisation** and any other conduct that is prohibited by or under the Act.
- **advance equality of opportunity** between persons who share a relevant protected characteristic and persons who do not share it.
- **foster good relations** between persons who share a relevant protected characteristic and persons who do not share it.

# Draft outcomes, evidence base and planned activities

<b>Situation and evidence</b> What is the issue we are trying to address?	<b>Outcome</b> What is the change we want to achieve? How does this support the General Equality Duty?	<b>Activities</b> What actions do we need to take? What will we do/deliver?
<p>In 2022/23, 6.2% of colleagues declared that they had a disability, compared to circa 22% of Scotland's working age population. 57.6% did not disclose whether they have a disability.</p> <p>Colleague disclosure rates for disability / no disability are low. Some disabled colleagues say:</p> <ul style="list-style-type: none"><li>- they don't feel comfortable discussing their disability or any adjustments they need with managers who are not their line manager.</li><li>- there are barriers to progression in Audit Scotland due to their disability.</li></ul>	<p><b>All colleagues have increased awareness about different disabilities and how to support disabled people, with more disabled colleagues feeling confident to disclose their disability and to seek support and adjustments that help Audit Scotland meet their needs.</b></p> <ul style="list-style-type: none"><li>• <b>Eliminate discrimination, harassment and victimisation</b></li><li>• <b>Advance equality of opportunity</b></li><li>• <b>Foster good relations</b></li></ul>	<p>Develop a programme of training around disability awareness and the policies and guidance we have in place to support colleagues with disabilities. This should include neurodiversity awareness, adjustments and support for colleagues.</p> <p>Introduce and embed an employee passport scheme, providing appropriate guidance and training for line managers.</p> <p>Work with staff network groups to develop communications about disabled colleagues with positive experiences of being supported.</p>

<b>Situation and evidence</b> What is the issue we are trying to address?	<b>Outcome</b> What is the change we want to achieve? How does this support the General Equality Duty?	<b>Activities</b> What actions do we need to take? What will we do/deliver?
<p>In 2022/23 25% of applicants were from a minority ethnic background and this has steadily increased from 14% in 2019/20. During the same period, the percentage of minority ethnic employees has stayed relatively constant at circa 7%, compared to circa 5% of Scotland's working age population.</p> <p>While we are attracting an increasing number of applicants from minority ethnic people, the proportion of minority ethnic colleagues has remained relatively static. There is a risk that people from minority ethnic backgrounds are less likely to be successful through our recruitment process.</p> <p>People from minority ethnic backgrounds are also under-represented in bands four and Executive Team within Audit Scotland.</p>	<p><b>An increased proportion of minority ethnic applicants secure employment with Audit Scotland and progress within the organisation.</b></p> <ul style="list-style-type: none"><li>• <b>Eliminate discrimination, harassment and victimisation</b></li><li>• <b>Advance equality of opportunity</b></li><li>• <b>Foster good relations</b></li></ul>	<p>Consult with REACH network group for ideas to support / enhance internal progression.</p> <p>Develop partnerships with organisations who can help us make improvements to recruitment training or provide support and advice for candidates both internally and externally.</p> <p>Adapt recruitment training to reflect learning from organisations with specialist guidance.</p>

<b>Situation and evidence</b> What is the issue we are trying to address?	<b>Outcome</b> What is the change we want to achieve? How does this support the General Equality Duty?	<b>Activities</b> What actions do we need to take? What will we do/deliver?
<p>As at 31 March 2024:</p> <ul style="list-style-type: none"><li>• Women made up the majority of Audit Scotland's workforce at 57 per cent, compared to circa 51 per cent of the Scottish working age population.</li><li>• Women had higher levels of representation in every pay band except for band four and Executive Team, where male representation was higher.</li></ul> <p>In 2023/24, our mean gender pay gap was 3.8% (down from 9.9% in 2020/21).</p> <p>Women are under-represented in senior roles in Audit Scotland. Overall, men are earning more than women and our gender pay gap is not zero.</p>	<p><b>An increased proportion of women fill senior roles within Audit Scotland and our gender pay gap is reduced.</b></p> <ul style="list-style-type: none"><li>• <b>Eliminate discrimination, harassment and victimisation</b></li><li>• <b>Advance equality of opportunity</b></li><li>• <b>Foster good relations</b></li></ul>	<p>Introduce and promote women in leadership training to band 2 and 3 colleagues.</p> <p>Advertise senior opportunities on women focused recruitment boards for example on <a href="https://www.workingmums.co.uk/">https://www.workingmums.co.uk/</a> and trainee roles via <a href="https://www.stemwomen.com/for-employers">https://www.stemwomen.com/for-employers</a></p> <p>Promote the return from maternity support available - colleagues available at all bands to "mentor" or buddy those returning from a period of leave.</p>

<b>Situation and evidence</b> What is the issue we are trying to address?	<b>Outcome</b> What is the change we want to achieve? How does this support the General Equality Duty?	<b>Activities</b> What actions do we need to take? What will we do/deliver?
<p>Between 2021/22 - 2023/24, 33 PABV outputs (40%) referenced protected characteristics. Of those 91% mentioned age being a factor, 67% sex and/or disability, 27% race/ ethnicity and 6% sexual orientation.</p> <p>Inequalities due to gender reassignment, marriage/civil partnership, pregnancy/maternity and religion/ beliefs were not mentioned in any output.</p> <p>Our audit work doesn't include findings/recommendations about all protected characteristics. The voices of people who use public services are not consistently included in audit work. We are testing methods for incorporating lived experience in some audits.</p>	<p><b>The voices of people with lived experience of public services are more embedded into performance audit work, with an emphasis on where there are persistent inequalities in society.</b></p> <p><b>We deliver improved scrutiny of spending decisions related to equality, reporting on good practice and making recommendations to support public bodies to tackle inequalities.</b></p> <ul style="list-style-type: none"><li>• <b>Eliminate discrimination, harassment and victimisation</b></li><li>• <b>Advance equality of opportunity</b></li><li>• <b>Foster good relations</b></li></ul>	<p>Redevelop our equalities scoping note to ensure colleagues consider all protected characteristics when scoping and to invite colleagues to consider the voice of those with lived experience in audit methodology.</p> <p>Use lived experience and public participation to inform quality and human rights findings in our audit work, make our reports more person centred and help improve outcomes for people in Scotland using public services.</p> <p>Develop a strategy, guidance and good practice for working with people with lived experience.</p>

# Delivering the Public Sector Equality Duty

Consultation questions:

- Are these the right areas of focus for mainstreaming equality and human rights?
- What feedback do you have on the planned actions?
- What else could we be doing?

## Mainstreaming is...

“making the **general equality duty** part of our functions and practices at all levels, embedding it across policies, procedures, corporate systems and reflecting it in business planning and reporting cycles.”

## Legislative context

The **general equality duty**:

- **eliminate discrimination, harassment, victimisation** and any other conduct that is prohibited by or under the Act.
- **advance equality of opportunity** between persons who share a relevant protected characteristic and persons who do not share it.
- **foster good relations** between persons who share a relevant protected characteristic and persons who do not share it.

# Mainstreaming equality and human rights into our audit work

Area of focus	Actions	Rationale
Audit methodology	<p>Review and update the equalities scoping note and related guidance in the Audit Management Framework to ensure it helps further the needs of the general equality duty, is up to date and relevant.</p> <p>Develop language guidance so that language is sensitive and appropriate towards those with protected characteristics.</p> <p>Develop new equalities guidance for appointed auditors, with a focus on further the needs of the general equality duty, to support the annual planning guidance for 2025/26 audits and beyond.</p>	<p>Auditor guidance should reflect legislation and other relevant developments.</p> <p>Our style guide includes guidance on using people first language. Social model of language is used within public sector in Scotland. Better guidance is needed as to when each is most appropriate.</p> <p>There is currently limited guidance and support for appointed auditors to ensure consistent coverage of equalities within AARs.</p>
Accessibility of audit outputs	<p>Make use of innovative approaches to publishing and disseminating outputs and key messages to maximise accessibility and target key audiences.</p>	<p>To ensure our reports and communications are accessible and our messages reach the widest possible audience, including relevant target audiences for each output.</p> <p>Technology, behaviour and societal expectations are continually evolving so making sure we are using the most appropriate methods and keeping up to date.</p>



# Mainstreaming equality and human rights into our audit work

Area of focus	Actions	Rationale
<p>Coverage of equalities in our audit work</p>	<p>Identify relevant equality issues across our performance audit work, taking a risk-based approach and aiming to include a wider range of protected characteristics in our reporting, and making specific recommendations that can effect real change.</p> <p>As part of Best Value audit work across all sectors, take a risk-based approach to evaluating and reporting on the performance of audited bodies in meeting their BV equality and fairness duty, identifying and reporting on good practice and making recommendations for improvement where appropriate.</p>	<p>We do not always mention specific protected characteristics, some are not mentioned at all (age is covered most).</p> <p>We may be inadvertently excluding some groups from our audit reports that are facing inequalities or not giving sufficient attention to those more at risk.</p> <p>Annual planning guidance requires auditors to take a risk-based approach to covering equality and fairness, reporting at least once during the five-year audit appointment.</p>

# Mainstreaming equality and human rights into our organisation

Area of focus	Actions	Rationale
Learning and development	<p>Develop and communicate inclusive and accessible learning pathways that:</p> <ul style="list-style-type: none"><li>• Improve colleague awareness and knowledge on equality and human rights</li><li>• Support managers and colleagues to tackle bullying and harassment in the workplace</li><li>• Promote a culture of inclusion</li><li>• Support inclusive leadership</li></ul>	<p>Stress survey results from 2022 and 2023 (2024 available in November) indicate stress levels are rising. Absence data supports this.</p> <p>During 2023/24 there were 129 attendances at instructor-led DEI training opportunities and 262 attendances at e-learning opportunities with a DEI focus.</p> <p>There were 240 attendances at corporate induction sessions for our diversity network groups and 232 attendances at workshops that focused on designing our new values charter.</p>
Human rights and child rights	<p>Increase our knowledge/ awareness of human rights and the implications of the UNCRIC.</p>	<p>A new human rights bill for Scotland is due to be implemented by May 2026.</p> <p>We will have duties as a listed authority and a scrutiny body.</p> <p>The United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 comes into force in July 2024. We are not a listed authority but will have a role in commenting on how public bodies are implementing it.</p>

# Mainstreaming equality and human rights into our organisation

Area of focus	Actions	Rationale
Diversity and inclusion within our workforce	<p>Widen access to careers in public audit for younger people by integrating a variety of apprenticeship models into our future workforce planning arrangements.</p> <p>Support and empower our staff diversity network groups by:</p> <ul style="list-style-type: none"><li>• Encouraging leadership group members to sponsor and be active within the diversity network groups.</li><li>• Encouraging a larger percentage of the Audit Scotland population to be involved with the diversity network groups as an ally or as active members.</li><li>• Support our diversity network groups to share good practice outside Audit Scotland and be involved in external groups.</li><li>• Retain and improve accreditations for our diversity network groups.</li></ul>	<p>Only 7.4% of our workforce is aged 16-24, compared to 16% of Scotland's working-age population. 65% is aged 25-49 (compared to just 51% of the national working-age population) while 26.2% are aged 50-64 (below the national figure of 33%). In recruitment, 29.5% of applicants for vacancies in 2022/23 were aged 16-24 (down from 42.4% in 2020/21).</p> <p>Supportive environments and feedback loops for staff network groups have a positive impact on employee engagement and retention.</p> <p>They give groups of staff a voice to influence organisational policy and provide a safe space for people who share protected characteristics.</p>

## Legislative context

Under the **Public Sector Equality Duty** we are expected to gather information on the composition of our employees and the recruitment, development and retention of our employees.

This includes the number of and relevant protected characteristics of our employees.

We should use this information to help us better perform the **general equality duty**.

## Planned actions

Gather routine data on the composition, recruitment, development and retention of our employees, and consider how this helps us perform the general equality duty, reporting:

- annually through our annual diversity report and gender pay gap report
- every four years through our equal pay report.

Expand our data collection to include data on caring responsibilities and the socio-economic status of colleagues.

Review our approach to benchmarking employee data to agree internal and external benchmarks.

## Rationale

This is a legislative requirement under the Public Sector Equality Duty.

Additional data will improve our understanding of the intersectionality between people who share different characteristics, helping ensure that certain groups are not disadvantaged from our policies and practices. We can use intersectional data to design targeted approaches for specific groups.

Benchmarking allows us to identify areas for improvement and learn from good practice in the wider public sector.

## Legislative context

Under the **Public Sector Equality Duty** we are expected to assess the impact of applying any proposed new or revised policy or practice against the needs of the **general equality duty**.

We should also take account of the results of impact assessments and publish our assessments.

Planned actions	Rationale
Develop a register of EIAs and a mechanism for monitoring EIA actions to ensure these are delivered and EIAs are refreshed as required.	We do not currently have corporate oversight of the number of EIAs that have been completed, when they are due to be reviewed or of progress against EIA action plans.
Improve consistency around the publication of EIAs by developing dedicated space on the Audit Scotland website to host these.	We do not consistently publish our EIAs.
Review how well we are fulfilling the duty to integrate the general equality duty into our impact assessment approach, consider evidence and take account of the results.	It is not always clear through our existing EIA approach and process how the actions we set out help fulfil the general equality duty.

# Annual review of corporate governance policies

Director of Corporate Support

**Item 13**  
Meeting date: 24 September 2024

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## Purpose

1. This paper invites the Board to review and approve the Standing Orders, Scheme of Delegation, Financial Regulations and Codes of Conduct for members and staff for a further year.

## Recommendations

2. The Board is invited to:
  - Note the annual review of the corporate governance documents
  - Note they were reviewed by the Audit Committee at its meeting on 3 September 2024
  - Note the Audit Committee determined to recommend the revised documents
  - Approve the suite of corporate governance documents

## Background

3. The Standing Orders state that the Audit Committee is to keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.
4. The Audit Committee's Terms of Reference (TOR) states that it will advise the Board on corporate governance requirements and are to be provided with a report on policy documentation reviews.
5. The Standing Orders, Financial Regulations, Scheme of Delegation and Codes of Conduct for members and staff were last updated as part of the normal annual cycle in September 2023.
6. The suite of documents comprises:
  - Standing Orders
  - Scheme of Delegation
  - Financial Regulations
  - Members Code of Conduct
  - Staff Code of Conduct

## Annual review

7. This report covers the proposed updates to the Standing Orders, Scheme of Delegation, Financial Regulations and the Code of Conduct for members and staff.
8. In reviewing and applying proposed amendments to the suite of corporate governance policies, the following national guidance was considered:
  - Scottish Government publication, 'On Board' guidance (2023)
  - The UK Corporate Governance Code (2018)
  - The Financial Reporting Council's Revised Ethical Standard (2024)
  - Scottish Government publication, 'Members of devolved public bodies: model code of conduct' (2021).
9. The corporate governance documents were reviewed by the Executive Team at its meeting on 13 August and, subject to minor amendments were recommended to the Board.
10. The documents were reviewed by the Audit Committee on 3<sup>rd</sup> September and recommended for Board approval.
11. The codes of conduct were also reviewed by the Ethics Partner to ensure consistency and compliance with the Ethical Standards policy.
12. All proposed changes are shown as tracked changes in the attached documents.
13. Subject to approval by the Board on 24 September 2024, the policies will come into effect on 25 September 2024.

## Annual review of corporate governance policies

14. A review of our Standing Orders, Financial Regulations and Scheme of Delegation took place in July 2024.
15. The proposed changes are:
  - Standing Orders – paragraph 13 - removal of the reference to live streaming. As meetings are open to the public (in person or via MS Teams) and given the limited public interest to date, we do not consider live streaming to be a proportionate or cost-effective provision to pursue at this time.
  - Scheme of Delegation - schedule 1.4 – further clarification on the appointments process for the Controller of Audit.
  - Financial regulations
  - new paragraph 16 – additional information/ assurance re budget revisions in relation to SCPA
  - amendment to paragraph 33 – minor change to requirements for approval of credit card allocation.

- 16.** Other minor changes relate to nomenclature and numbering. The documents are attached, and the amendments are shown as tracked change for ease of reference.

**Annual review of codes of conduct**

- 17.** The Codes of Conduct for members and staff are reviewed on an annual basis.
- 18.** The Code of Conduct for Members – paragraphs 41 and 42 have been expanded to provide an example of a potential conflict and the steps to be taken to manage and mitigate risks in this area.
- 19.** The Code of Conduct for staff has been reviewed and amendments have been applied as follows:
- Insertion of references to Chief Operating Officer, to cover business groups which do not have an Executive Director
  - New paragraphs 67 – 70 – these reflect the Bullying and Harassment policy which was approved by Board on 23 May 2023.
- 20.** The documents are attached, and the amendments are shown as tracked change for ease of reference.



# Standing Orders



Prepared by Audit Scotland

[September 2024](#)

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# Standing Orders

## Introduction

**1.** The Constitution and membership of Audit Scotland is unusual in having both members appointed by the Scottish Parliament and members with or having access to Direction giving powers. The Board will seek to operate on a consensus basis recognising that on occasion a majority decision may be reached and that the Auditor General and the Accounts Commission may issue Directions for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to either or both of them.

## Constitution

**2.** Audit Scotland is a body corporate established under section 10 of the [Public Finance and Accountability \(Scotland\) Act 2000](#) ("the Act").

**3.** The function of Audit Scotland is to provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. Section 98 of the [Local Government \(Scotland\) Act 1973](#) provides that the Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.

**4.** The Auditor General and the Accounts Commission may give directions to Audit Scotland in connection with the exercise of their functions. Detailed provisions about the operation of Audit Scotland are contained in Schedule 2 to the Act as amended by the Public Services Reform (Scotland) Act 2010.

**5.** The Board remains responsible for the exercise of all functions of Audit Scotland. It exercises its powers and authorities through the Scheme of Delegation, which it determines and approves on an annual basis.

**6.** Under [section 18](#) of the Public Finance and Accountability (Scotland) Act 2000 the Accountable Officer is responsible for ensuring the propriety and regularity of the finances of Audit Scotland and ensuring that the resources of Audit Scotland are used economically, efficiently and effectively.

**7.** The members of Audit Scotland are the Auditor General, the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit.

**8.** The three other members will be appointed under terms and conditions, including remuneration, as determined by the Scottish Commission for Public Audit. The Auditor General and the Chair of the Accounts Commission may not receive any remuneration as members of Audit Scotland.

**9.** Members of Audit Scotland may terminate their appointments at any time by notifying, in writing, the appropriate appointing body, and following the prescribed period in the letter of engagement.

**10.** In these Standing Orders the members of Audit Scotland meeting together to discharge their functions are referred to as the Board.

## Chair

**11.** The Scottish Commission for Public Audit will appoint one of the members of Audit Scotland which it has appointed to preside at the meetings of the Board ("the Chair").

## Meetings

**12.** Meetings will be held in public at times, dates and places agreed by the members. In addition, a meeting may be called at any time by the Chair or by not less than three members giving the Chief Operating Officer a written request for such a meeting stating the business to be transacted. The use of MS Teams video or telephone conferencing by members will be deemed as attendance at the meeting.

**13.** In exceptional circumstances, for example, where office locations are closed and all employees are required to work from home, meetings will take place by MS Teams. To ensure digital security during this time, these meetings may not be open to the public. ~~Meetings will be recorded and shared online alongside the agenda and reports from the meetings. Audit Scotland is currently considering live streaming of Board meetings and investigating options for extending the public access to face to face and hybrid meetings.~~

## Agenda and Papers

**14.** The Chair will approve the Board agenda, including the consideration of items to be taken in private, 10 working days prior to the scheduled meeting, following discussion with the Chief Operating Officer.

**15.** At least five clear working days before a meeting of the Board the Chief Operating Officer will send written notice of the approved time and place of the meeting and of the business to be transacted to each member. So far as possible, reports and other papers relating to agenda items will be circulated with the agenda.

**16.** At least two clear working days before a meeting of the Board the Chief Operating Officer will publish the meeting agenda and reports and papers to be taken in public on the Audit Scotland website.

## Conduct of Business

**17.** The Chair, if present, will preside. If the Chair cannot be present the Board must appoint one of the other members appointed by the Scottish Commission for Public Audit to preside at the meeting.

**18.** No business other than that stated in the notice of the meeting will be transacted at that meeting other than with the consent of the Chair and a minuted explanation of why the matter had to be conducted without the standard notice.

**19.** The Chair of the meeting will decide all questions of order, relevancy and conduct of business during the meeting.

**20.** A quorum for a meeting of the Board is three members including those present by MS Teams. The Auditor General and the Chair of the Accounts Commission must be present for a quorum to be constituted, save that in the event that the Auditor General and/or the Chair of the Accounts Commission are unable to attend a meeting of the Board, either may confirm, by giving notice in writing, by email or where circumstances require verbally by telephone prior to the commencement of the meeting, that (i) they consent to the meeting proceeding in their absence; (ii) that the meeting may be deemed to be quorate notwithstanding their absence provided the other requirements for a quorum to be constituted as set out in paragraphs 18, 19 and 20 are met; and (iii) that any business detailed on the agenda circulated pursuant to paragraph 13 and transacted at the meeting shall be deemed to be transacted validly provided that all other requirements of these Standing Orders are complied with.

**21.** Where the Auditor General and/or the Chair of the Accounts Commission consents to a meeting proceeding in their absence, they shall, within five working days of the date of the meeting, be provided with a copy of the draft minutes of the meeting produced pursuant to paragraph 22.

**22.** No business which is not detailed on the agenda circulated pursuant to paragraph 12, and which the Board deems to be material to the operation of Audit Scotland, shall be transacted at a meeting at which either the Auditor General and/or the Chair of the Accounts Commission is not present.

## Minutes

**23.** Minutes of every meeting of the Board will be drawn up and will be approved at the following meeting.

## Directions

**24.** Section 10(4) of The Public Finance and Accountability (Scotland) Act 2000 ("the Act") provides that:-

**25.** 'Directions may be given to Audit Scotland—

**26.** (a) by the Auditor General, for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to the Auditor General,

**27.** (b) by the Accounts Commission, for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to the Commission.'

**28.** Section 27(4) of the Act provides that:

**29.** 'Directions under sections 10(4) and 19(4) and paragraph 6 of schedule 3 are to be given in writing and may be varied or revoked by subsequent directions under the same provision.'

**30.** In accordance with the provisions of sections 10(4) and 27(4) of the Act any directions given by the Auditor General or the Accounts Commission to Audit Scotland must be given in writing.

**31.** Following receipt of any direction given by the Auditor General or the Accounts Commission, Audit Scotland will hold a board meeting to consider the direction with regard to its own response.

## **Vacancy**

**32.** The proceedings of the Board will not be invalidated by any vacancy in membership or by any defect in the appointment of any person.

## **Code of Conduct**

**33.** Each member will abide by the Code of Conduct for Members of the Audit Scotland Board current at any time.

## **Committees**

**34.** The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.

**35.** The Board will establish an Audit Committee with the terms of reference contained in Appendix 1.

**36.** The Board will establish a Remuneration & Human Resources Committee with the terms of reference contained in Appendix 2.

**37.** The Board will establish an Appeals Committee with the terms of reference contained in Appendix 3.

**38.** Any committee will operate within the terms of remit and any delegation made to it by the Board.

## **Deeds and Documents**

**39.** Any deed or document requiring formal execution by Audit Scotland will be signed for and on behalf of Audit Scotland by the Chair of the Accounts Commission or the Auditor General for Scotland and the Chief Operating Officer.

## **Advisers and Committee Co-optees**

**40.** The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. The co-option appointment procedure is contained in Appendix 4.

**41.** Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

## **Openness and Transparency**

**42.** The Board meet in public where possible. Agenda, minutes and papers to be considered will be published on the Audit Scotland website. Meetings may be conducted by video conference. In these instances, meetings may not be held publicly, though in the interests of inclusivity and upholding our commitment to transparency agendas, minutes, reports and recordings of meetings will be published online.

## **Board Effectiveness**

**43.** The Board will conduct a self-evaluation of its effectiveness on an annual basis.

## **Application of Standing Orders**

**44.** These Standing Orders will apply to meetings of committees of the Board subject to any due modification of details.

## **Alteration**

**45.** These Standing Orders may be altered by the Board provided that the alteration is approved by a majority of the members of the Board.



# Appendix 1: Audit Committee remit

**46.** The Audit Committee will consist of members of the Board. The Board may appoint persons who are not members of the Board to be members of or advisers to the Audit Committee and may pay them such remuneration and expenses as the Board decides. The Chair of the Board and the Accountable Officer may not be members of the Audit Committee but may attend meetings.

**47.** The purposes of the Audit Committee are detailed in the Audit Committee terms of reference. The key points are:

## Internal Control and Corporate Governance

**48.** To evaluate the framework of internal control, strategic processes for risk and corporate governance comprising the following components:

- Control Environment.
- Risk Management.
- Information and Communication.
- Control Procedures.
- Monitoring and Corrective Action.
- Audit quality monitoring and arrangements.

**49.** To review the system of internal financial control, which includes:

- The safeguarding of assets against unauthorised use and disposal.
- The maintenance of proper accounting policies and records and the reliability of financial information used within the organisation or for publication.
- To ensure that Audit Scotland's activities are within the law and regulations governing them.
- To monitor performance and best value by reviewing the economy, efficiency and effectiveness of operations.
- To present an annual statement of assurance to the Board to support the Accountable Officer's governance statement.

## Internal Audit

- To review the Terms of Reference and appointment of the internal auditors.

- To review and approve the internal audit strategic and annual plans.
- To monitor audit progress and review audit reports.
- To monitor the management action taken in response to the audit recommendations through an appropriate follow up mechanism.
- To consider internal audit's annual report and assurance statement.
- To review the operational effectiveness of internal audit by considering the audit standards, resources, staffing, technical competency and performance measures.
- To ensure that there is direct contact between the Audit Committee and internal audit and that the opportunity is given for discussions with internal audit who should attend every meeting of the Committee.

## External Audit

**50.** To consider all audit material, in particular:

- Audit Reports.
- Annual Reports.
- Management Letters.
- Management Reports.

**51.** To monitor management action taken in response to all external audit recommendations.

**52.** To hold meetings with the external auditors at least once per year and, as required, without the presence of senior management.

**53.** To review the extent of co-operation between external and internal audit.

**54.** The external auditor will be appointed by the Scottish Commission for Public Audit under Section 25 of the 2000 Act. The external auditor will examine and certify the account and report on the account to the Commission. The Commission must lay before the Parliament a copy of the account and the auditor's report and publish the account and that report.

## Annual Accounts

**55.** To review and recommend approval of the Annual Accounts.

## Standing Orders, Financial Regulations and Scheme of Delegation

**56.** To keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.

## **Other duties**

**57.** The Audit Committee may take on other duties as determined by the Audit Scotland Board.

# Appendix 2: Remuneration & Human Resources Committee remit

**58.** The Remuneration & Human Resources Committee (Remco) will consist of members of the Board. The Accountable Officer became a formal member of Remco during 2021. The Board may appoint persons who are not members of the Board to be members of or advisers to the Remuneration & Human Resources Committee and may pay them such remuneration and expenses as the Board decided.

**59.** The purposes are detailed in the Remuneration & Human Resources Committee terms of reference.

## Remuneration & Human Resources Committee responsibilities

**60.** In relation to members of Audit Scotland's Executive Team<sup>1</sup>, are to:

- Review and approve all terms & conditions of employment, including job descriptions, all pay and benefit reward elements associated with each post.
- Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.
- Set and review the overall reward structure, including the value of pay ranges and general annual pay award strategy.
- Assure itself that effective arrangements are followed for performance assessments in respect of Audit Scotland's Executive Team, including any changes to pay and benefits arising from the assessment of performance during the review period.
- Review talent management and succession planning arrangements.
- Approve remuneration packages for newly appointed members of the Executive Team.
- Recommend appointments and changes affecting Executive Team to the Board.

<sup>1</sup> Executive Team is comprised of the Accountable Officer, Chief Operating Officer, Controller of Audit, Executive Director of Audit Services Group, Executive Director of Performance Audit and Best Value and the Executive Director of Innovation and Quality

- Decide on applications for early retirement.
- Determine compensation payments for loss of office.
- Agree, oversee and review the operation of expenses policy.
- Review the expense claims of the Accountable Officer on an annual basis.

**61.** In relation to other staff employed by Audit Scotland, are to:

- Determine the remuneration policy governing all terms and conditions of employment, including pay, benefits, retirement policy and other policies relating to compensation for loss of office.
- Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.
- Approve the parameters for the annual pay award cycle.
- Review, not less than annually, the application of remuneration policy.
- Assure itself about any issues relating to the overall performance of employees.

## **Other duties**

**62.** The Remuneration & Human Resources Committee may take on other duties as determined by the Audit Scotland Board.

# Appendix 3: Appeals Committee remit

**63.** The Appeals Committee will consist of at least two members of the Board.

**64.** The purpose of the Appeals Committee is:

- To consider and dispose of any matters requiring independent deliberation which may be referred to it by the Board.
- To hear and dispose of appeals by members of the Executive Team under the Audit Scotland disciplinary and grievance procedures.

# Appendix 4: Co-option procedure

## Introduction

**65.** Audit Scotland's standing orders state that:

- The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.
- The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

## Reasons for co-option

**66.** There may be times when specialist expertise is required which the Board may be unable to fulfil, or when the current or future balance of skills available to the Board's committees may need strengthened.

**67.** The Board should discuss and agree the specification of skills and experience being sought through co-option.

## Nominations process

**68.** If the Board agrees to co-opt to its committees to fulfil requirements identified under 60 above, an advertisement seeking expressions of interest will be placed on Audit Scotland's website.

## Application process

**69.** Applicants for co-option should provide a written statement of their relevant skills and a CV.

**70.** Following a shortlisting process, applicants will be interviewed by the Chair of the Board and the Chair of the relevant committee, plus one other member of the Board.

**71.** Candidates and interviewers must declare any relationships or potential conflicts of interest to the Chair.

**72.** The Board should approve the final recommendation from the Chair.

## Term of Office

**73.** Co-option is intended to provide specific skills for a fixed term as determined by the Board.

**74.** There is potential for renewal, subject to the approval of the Board.

## **Remuneration**

**75.** Remuneration, where applicable, will be determined by the Board and will be no greater than the rate set by the SCPA for Board members.

## **Conduct of co-opted members**

**76.** Co-opted members will be required to follow the Audit Scotland Code of Conduct for Board members, and the associated disclosure requirements, and their appointment may be terminated by the Chair, subject to the approval of the Board.

## **Engagement with Scottish Commission for Public Audit**

**77.** The Board will write to the Scottish Commission for Public Audit in advance of the co-option of members to a Committee, setting out:

**77.1.** the reason for co-opting

**77.2.** the process by which any appointments will be made.



# Standing Orders



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# Scheme of Delegation



Prepared by Audit Scotland

[September 2024](#)

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# Scheme of Delegation

## Introduction

1. The Board remains responsible for the exercise of all the functions of Audit Scotland. Regardless of the provisions of this Scheme of Delegation the Board may at any time determine any matter within the competence of Audit Scotland either at the Board's initiative or on the recommendation of an officer to whom the matter is delegated.
2. This Scheme sets out the matters reserved for determination by the Board. All powers which have not been retained as reserved to the Board or specifically delegated in this Scheme will be exercised by the Executive Team or their nominees.
3. The following areas are matters reserved for the Auditor General for Scotland and the Accounts Commission under the provisions of the Local Government (Scotland) Act 1973 and the Public Finance and Accountability (Scotland) Act 2000:
  - 3.1. Appointment of auditors
  - 3.2. Approval of audit work programme

## Conditions of delegation

4. The delegations made in this Scheme are subject to the following conditions:
  - 4.1. All delegated powers will be exercised in accordance with the relevant policies decided by the Board.
  - 4.2. Before exercising any delegated function, all appropriate consultations will be undertaken and, in particular, decisions with financial or personnel consequences will be the subject of consultation with the Chief Operating Officer.
  - 4.3. Delegated powers will not be exercised in a manner which is likely to be a cause for public concern.

## Reservations to the Board

5. The following matters are reserved for determination by the Board:
  - 5.1. Approval of the Corporate Plan.
  - 5.2. Approval of annual estimates of expenditure and income.
  - 5.3. Approvals of strategic policies relating to the governance of Audit Scotland are a matter for the Board. (Approval of operational policies of Audit Scotland are a matter for the Accountable Officer and the Executive Team / Leadership Group).

- 5.4. Approval of Standing Orders, Financial Regulations and Scheme of Delegation.
- 5.5. Approval of Annual Accounts and Annual Reports.
- 5.6. Approval of internal audit arrangements.
- 5.7. Approval of conditions of service affecting all employees.
- 5.8. Approval of specific matters referred to in the attached Schedule.

6. Approvals can be remotely provided via DocuSign, an electronic signature system which allows for all parties to sign accounts remotely and securely. DocuSign is acceptable for laying accounts in Parliament and complies with all relevant legislative requirements.

7. In exceptional circumstances where a decision of the Board is required and it is not possible to convene a meeting of the Board, a member of the Executive Team <sup>1</sup>in consultation with the Chair, or another Board member if the Chair is unavailable, may take the necessary decision and report the action taken to the next meeting of the Board.

## Quorum for Executive Team

- 8. The quorum for the Executive Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others.
  - 8.1. In the event of a vacancy at Executive Team level, a member of staff at Audit Director level may attend Executive Team and will count towards the quorum.
  - 8.2. In the event of a vacancy in the role of Chief Operating Officer a member of staff nominated by the Accountable Officer and approved by the Board may take their place for the purposes of Executive Team quorum.

## Making, revocation and variation

- 9. The matters reserved to the Board and delegated to officers of Audit Scotland are as detailed above and as shown in the Schedule.
- 10. This Scheme of Delegation may be varied or revoked by the Board.

<sup>1</sup> Executive Team is comprised of the Accountable Officer, Chief Operating Officer, Controller of Audit, Executive Director of Audit Services Group, Executive Director or Performance Audit and Best Value and the Executive Director of Innovation and Quality

## Schedule

1.1	Appointment of Executive Team to	Executive Team and Board	
1.2	Appointment of employees of Audit Directors	Executive Team	
1.3	All other appointments	Executive Team, Directors or their nominees	The Accounts Commission Chair/members will select for appointment the Secretary to the Accounts Commission
1.4	Appointment of Controller of Audit	Not applicable	The Board does not have a role here. The Controller of Audit is appointed by <a href="#">Scottish Ministers on recommendation of</a> the Accounts Commission
2	<b>Personnel matters</b>		
2.1	Disciplinary action, including dismissal	Appeals Committee and as per approved disciplinary procedure	See Discipline Policy in staff handbook
2.2	Grading of Executive Team posts	Board	See also Job Evaluation procedure in staff handbook
2.3	Grading of Audit Director posts and all other posts	Executive Team	See also Job Evaluation procedure in staff handbook
2.4	Changes to Executive Team	Board	
2.5	Changes to approved establishment below Executive Team	Executive Team	
2.6	Variation of conditions of service for members of the Executive Team	Board	

2.7	Variation of conditions of service for Audit Directors and all other staff	Executive Team	All staff have a right of appeal to the Remuneration & Human Resources Committee or the Board following discussion by the Remuneration & Human Resources Committee
2.8	Decisions on applications for early retirement: <ul style="list-style-type: none"> <li>• Executive Team</li> <li>• All other employees</li> </ul>	Board Executive Team	
3			
3.1	<b>Financial matters</b> Approval of expenditure for which there is no provision in the overall budget.	Board	Financial Regulations 1567
3.2	Approval of virement within agreed budget: <ul style="list-style-type: none"> <li>• Virement between budget groups</li> <li>• Virement between budget heads</li> <li>• Virement between budget lines</li> </ul>	Executive Team  Relevant Executive Directors  Budget Holders	Financial Regulations 1768
3.3	Virement of salary budget over £250,000, cumulatively in one year	Board	Financial Regulations 1768
3.4	Approval of Accounting Policies	Board	Financial Regulation 2435
3.5	Approval for the issue of credit cards to members of staff and credit limit to be applied. (To be reported at next Executive Team meeting) Credit Card default limits: <ul style="list-style-type: none"> <li>• Executive Team £1,500</li> <li>• Other staff £1,000</li> </ul>	Accountable Officer and Chief Operating Officer	Financial Regulation 3234 – 3342 See also Credit Card Procedures. Default amounts may be varied by Executive Team, Incident Management Team (IMT) for individuals on either a permanent or temporary basis.

3.6	<p>Acceptance of tenders and placing of orders:</p> <ul style="list-style-type: none"> <li>• Above £250,000</li> <li>• Between £100,000 and £250,000</li> <li>• Up to £100,000</li> <li>• Below £50,000</li> </ul>	<p>Board Accountable Officer and Chief Operating Officer Executive Team Budget Holders</p>	<p>Financial Regulations <a href="#">4879</a> Financial Regulations <a href="#">5243</a> (appointment of auditors) See also the Procurement Handbook</p>
3.7	<p>Acceptance of offers for disposal of assets</p>	<p>As for acceptance of tenders and placing of orders</p>	
3.8	<p>Approval of expenditure within agreed budget:</p> <ul style="list-style-type: none"> <li>• Any budget group</li> <li>• Specific budget group</li> <li>• Specific cost centre budget</li> </ul>	<p>Executive Team Relevant Executive Director Budget Holder</p>	<p>Financial Regulations <a href="#">5435</a></p>
3.9	<p>Payment of accounts other than to approved auditors:</p> <ul style="list-style-type: none"> <li>• Above £50,000</li> <li>• Below £50,000</li> </ul>	<p>Executive Team Member of Executive Team or as delegated</p>	<p>Financial Regulations <a href="#">5342</a> – <a href="#">5859</a> Delegated signatories are approved by Executive Team and are responsible for the expenditure approved. As evidence a delegated purchasing authority letter will be issued. Those with delegated authority may request authority to be passed to members of their staff, but the limit of authority granted must be notified to Executive Team and Finance who will maintain a list of those approved.</p>
3.10	<p>Payment of accounts for orders placed using electronic purchase orders.</p>	<p>Member of Executive Team or as delegated</p>	<p>Electronic purchase orders are sent, via email, to be authorised. The process requires the authoriser to be selected from a list,</p>



			maintained within the finance system, of signatories delegated to sign for the cost centre and for the value of goods or services being ordered. The signatories are the same as those delegated in the previous section.
3.11	Parameters for automatic payment of electronic purchase orders.	Executive Team	<p>Financial Regulations <a href="#">69159</a></p> <p>Where an invoice is received as the result of an order placed using the electronic purchase order system it can be processed by Finance for payment if:</p> <ul style="list-style-type: none"> <li>• The order has been marked as received in the electronic purchase order system,</li> <li>• The value shown on the invoice is within the parameters of +5% or - 10% of the value authorised for that order.</li> </ul> <p>Any invoice where the value is outwith these parameters must be sent for an additional, manual, authorisation before payment can be made.</p>
3.12	<p>Certification of accounts for payment to approved auditors:</p> <ul style="list-style-type: none"> <li>• Interim invoices up to £50,000 and final invoices up to £10,000</li> <li>• Interim invoices over £50,000 and final invoices over £10,000</li> </ul>	<p>A member of the Audit Quality and Appointments team  Director, Audit Quality and Appointments or member of Executive Team</p>	<p>Financial Regulations <a href="#">6120</a></p>

3.13	Miscellaneous expenditure (including travel & subsistence)	The Chief Operating Officer, Secretary to the Accounts Commission, senior managers & other line managers as appropriate. (Details available in Finance)	Financial Regulations <del>7789</del> - <del>808179</del> Delegation requires appropriate Executive Director approval and notification to Finance. The initial delegation is £2,000. Variations from this amount may be agreed by the Budget Holder and notified to the Executive Team and Finance who will maintain a list of those approved.
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Budget Holders comprise: Executive Team members, and Corporate Services managers.

Note: Executive Team is defined in section 9 of the Financial Regulations as follows “the Executive Team consists of the Accountable Officer, the Chief Operating Officer, the Controller of Audit, the Executive Director of Audit Services, the Executive Director of Performance Audit and Best Value, and the Executive Director of Innovation and Quality or such other combination of officers as may be determined from time to time by the Board”. Decisions can only be made by Executive Team when they are quorate as defined in section 6 of this document as follows “The quorum for the Executive Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others”.

# Scheme of Delegation



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# Financial Regulations



Prepared by Audit Scotland

[September 2024](#)

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# Financial regulations

## Introduction

- 1.** Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000. It came into existence on 1 April 2000 under the Public Finance and Accountability (Scotland) Act 2000 (Commencement) Order 2000 (SSI 2000 Number 10(c.1)).
- 2.** The Board of Audit Scotland consists of the Auditor General for Scotland (AGS), the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit, one of which will be appointed as Chair.
- 3.** Audit Scotland's function is to provide such assistance and support as the AGS and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. The Accounts Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.
- 4.** Directions may be given to Audit Scotland by:
  - 4.1.** The Auditor General, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Auditor General,
  - 4.2.** The Accounts Commission, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Accounts Commission
- 5.** Audit Scotland may impose reasonable charges in respect of the exercise of its functions. In determining the amounts of the charges Audit Scotland must seek to ensure that the total sum received in respect of the charges is, taking one year with another, broadly equivalent to its expenditure. Any expenditure not met out of sums received is payable out of the Consolidated Fund.
- 6.** The Scottish Commission for Public Audit (SCPA), established under section 12 of the Public Finance and Accountability (Scotland) Act 2000, has the duty to designate an accountable officer for Audit Scotland. The SCPA has designated the Auditor General as the Accountable Officer. The responsibilities of the Accountable Officer are set out in section 18 of the 2000 Act. They are:
  - 6.1.** signing the accounts of the expenditure and receipts of Audit Scotland;
  - 6.2.** ensuring the propriety and regularity of the finances of Audit Scotland; and

**6.3.** ensuring that the resources of Audit Scotland are used economically, efficiently and effectively.

**7.** All members of the Board and all employees, shall conduct their business with diligence and with a view to the security of the property of Audit Scotland, avoiding loss, exercising economy and efficiency in the use of resources and conforming with the requirements of Standing Orders, Financial Regulations and the Scheme of Delegation.

**8.** The Board has made Standing Orders, these Regulations and a Scheme of Delegation to govern the operation of Audit Scotland. They should be read together.

## Definitions and interpretation

**9.** In these Regulations terms will have the following meanings:

**9.1.** “the 2000 Act” means the Public Finance and Accountability (Scotland) Act 2000

**9.2.** “the 1973 Act” means the Local Government (Scotland) Act 1973

**9.3.** “the Board” means the members of Audit Scotland acting together to discharge the functions of Audit Scotland

**9.4.** “the Executive Team” consists of the Accountable Officer for Audit Scotland, the Chief Operating Officer, the Controller of Audit, the Executive Director of Audit Services, the Executive Director of Performance Audit and Best Value and the Executive Director of Innovation and Quality, or such other combination of officers as may be determined from time to time by the Board.

## Corporate Plan

**10.** A Corporate Plan will be prepared and will be reviewed annually by the Board. It will set out the strategic approach to be adopted by Audit Scotland in performing its functions. So far as possible, it will outline the financial consequences of proposals contained in it.

**11.** The Corporate Plan will be approved by the Board.

## Budget

**12.** The financial year of Audit Scotland is 1 April to 31 March.

**13.** Proposals for the use of resources and expenditure for each financial year will be submitted to the SCPA at such times as the Commission requires to enable it to examine the proposals and report to the Parliament under section 11(9) of the 2000 Act.

**14.** Estimates of expenditure and income will be submitted as budget proposals to the Board for approval prior to the submission to the SCPA. Provided the SCPA report has been submitted to and approved by Parliament,

a final version of the budget will be submitted to the Board not later than 31 March in the year preceding the financial year to which it relates.

**15.** In the event that Parliament has not approved the budget, a version of the budget that includes our best estimate of operational changes will be submitted to the Board by 31 March. A final version to be submitted when the Scottish Government budget is passed.

**15-16.** Bodies funded by Parliamentary Vote, such as Audit Scotland, only have authority to spend the resources voted to them in one financial year. Audit Scotland may request for additional resources in-year as part of either the Autumn Budget Revision (ABR) or Spring Budget Revision (SBR) which are approved by Parliament. Certain types of expenditure requiring budget revisions will include pension charge adjustments, which are treated as Annually Managed Expenditure (AME) and IFRS 16 leases which is treated as non-cash Capital Departmental Expenditure Limit (CDEL). Adjustments in AME cover and IFRS 16 leases cover is re-determined once a year with HM Treasury for inclusion in the ABR and SBR.

**16-17.** No expenditure will be incurred unless there is provision for the expenditure within the overall budget approved by the Board. Approval of expenditure where there is no provision within the overall budget will be made by the Board. (Scheme of delegation 3.1)

**17-18.** There may be virement within the budget, in accordance with the Scheme of Delegation. (Scheme of delegation 3.2 and 3.3)

## Budgetary control and reporting

**18-19.** Financial performance will be monitored against budget and reported regularly to the Executive Team and at least quarterly to the Board.

**19-20.** Systems of budgetary control will be devised and maintained to include:

**19.1.20.1.** Regular financial reports as prescribed above containing -

**19.1.1.20.1.1.** income and expenditure to date and, when relevant, forecast year end position

**19.1.2.20.1.2.** explanations of any material variations

**19.1.3.20.1.3.** details of any corrective action necessary

**19.1.4.20.1.4.** virement

**19.2.20.2.** The issue of timely, accurate and comprehensible advice on financial reports to each budget holder covering the areas for which they are responsible

**19.3.20.3.** Arrangements for the authorisation of virement.

**20-21.** Each budget holder will be responsible for the management of their budgets within the approved policies of the Board.



**21-22.** In exceptional circumstances, for example, a national pandemic increased reporting on financial performance may be required by the Incident Management Team, Audit Committee and Board.

## Accounting

**22-23.** An effective system of internal financial control will be maintained including detailed financial procedures and systems incorporating the principles of separation of duties and internal checks. These will be documented and maintained.

**23-24.** Proper records will be maintained to show and explain Audit Scotland's transactions in order to disclose, with reasonable accuracy, the financial position of Audit Scotland at any time.

**24-25.** Accounting policies will be set consistent with appropriate guidance and all accounting procedures and records will be consistent with any form of accounts prescribed. Accounting policies will be approved by the Board. (Scheme of delegation 3.4)

**25-26.** Annual Accounts will be prepared and submitted to the Board for approval no later than 31 August in respect of the financial year finishing on the 31 March.

## Bank accounts

**26-27.** HM Treasury require public bodies to operate a bank account through the Government Banking Service (GBS), to allow the transfer of monies from central accounts to public bodies and vice-versa.

**27-28.** Apart from the requirement to use a bank specified by the GBS for the transfer of central funds, Audit Scotland will, for day to day banking and transactions, make arrangements for the appointment of bankers in accordance with the provisions for the letting of contracts set out in these Regulations.

**28-29.** No Audit Scotland monies will be held in any bank accounts outwith those approved by the Board.

**29-30.** Detailed arrangements and instructions on the operation of bank accounts will be prepared and maintained as Treasury Management Procedures by the finance department, and will include:

**29.1-30.1.** The conditions under which each bank account is to be operated.

**29.2-30.2.** The limit to be applied to any overdraft.

**29.3-30.3.** Those authorised to sign cheques or other orders drawn on Audit Scotland's bank accounts, and the limits of their authority in accordance with the Scheme of Delegation.

**30-31.** Banking arrangements will be reviewed at regular intervals to ensure that they reflect best practice and represent best value for money.

**31-32.** \_\_\_\_\_ Controlled stationery (e.g. cheques) will be held securely at all times and proper records will be maintained in relation to such stationery.

## Credit Cards

**32-33.** \_\_\_\_\_ Credit cards will be offered to members of the Executive Team automatically. Credit cards will also be offered to other members of staff, with the specific approval of the Accountable Officer/\_\_\_\_\_, the Chief Operating Officer, and/or [a member of the Executive Team/](#) Incident Management Team where there is an on-going requirement for credit card use.

**33-34.** \_\_\_\_\_ The default credit limit for all cards will be set in the Scheme of Delegation and variations for individual cards will be approved by the Executive Team and/or the Incident Management Team. (Scheme of delegation 3.5)

## Income

**34-35.** \_\_\_\_\_ Systems will be designed and maintained for the proper recording, invoicing, collection and coding of all monies due to Audit Scotland.

**35-36.** \_\_\_\_\_ All monies received will be banked promptly.

**36-37.** \_\_\_\_\_ Arrangements will be made for appropriate recovery action on all outstanding debts.

**37-38.** \_\_\_\_\_ Fees and charges, including fees to audited bodies, will be determined in accordance with policies decided by the Board.

## Investments and borrowings

**38-39.** \_\_\_\_\_ No borrowing or investments will be made without the expressed agreement of the Board. In exceptional circumstances the Accountable Officer may consult with the Chair of the Board and agree a short term borrowing strategy, but this must be reported to, and ratified by the full Board at the earliest opportunity.

**39-40.** \_\_\_\_\_ All short term borrowings will be kept to the minimum period of time possible, consistent with the overall cash flow position.

**40-41.** \_\_\_\_\_ Any long term borrowing must be consistent with policies decided by the Board.

**41-42.** \_\_\_\_\_ Detailed procedural instructions will be prepared on the operation of investment accounts and regular reports will be made to the Board on the performance of any investments held.

## Insurance

**42-43.** \_\_\_\_\_ Arrangements will be made to ensure that all insurance cover is effected, periodically reviewed and adjusted as necessary.

**43-44.** Insurance arrangements will be reviewed regularly and the market will be competitively tested and costs will be sought for insurance services in accordance with the provisions set out in these Regulations at least every three years.

## Tendering procedures

**44-45.** Tendering procedures are contained in the Procurement Handbook, which is published on SharePoint. This document provides information on the procedures to be adopted by Audit Scotland staff when purchasing any goods and services and the need to follow value for money principles when carrying out this activity.

**45-46.** No contract for the supply of goods and materials, the provision of services or for the execution of works will be made where the probable cost, over the contract period, exceeds £50,000 unless tenders have been invited by advertisement on Public Contracts Scotland, the Scottish Government procurement system.

**46-47.** In exceptional circumstances the Chair of the Board, on a report by the Accountable Officer, may except a contract from the above provisions and direct adoption of such other procedure for the letting of the contract as seems appropriate. The decision will be notified to the full Board at the earliest opportunity.

**47-48.** Standing contracts for the provision of goods, materials, services or works will be kept under review and competitive tenders for such standing contracts will be sought at least every three years, or later if the contract has been extended under the terms of the original contract. No extension will be greater than three additional years before retendering.

**48-49.** The overall value of the tender will determine who is required to approve the acceptance of the tender and place the order for the goods, materials or service. The Scheme of Delegation will list those authorised to accept and place orders. (Scheme of delegation 3.6)

**49-50.** All orders will be generated through the electronic ordering system. Orders will be sent for authorisation in accordance with the procedure contained within the Scheme of Delegation (Scheme of Delegation 3.10). All orders must be made in accordance with the procedures and controls and within the terms of the Scheme of Delegation.

**50-51.** Official orders will be issued for all work, goods or services to be supplied to Audit Scotland except for supplies of public utility services or periodical payments such as rent or rates or such other exceptions as may be approved by the Executive Team.

**51-52.** Government directives prescribing procedures for awarding forms of contracts shall have effect as if incorporated in these Regulations and Audit Scotland's Procurement Handbook should be followed as appropriate.

**52-53.** The appointment of auditors under section 97(6) of the 1973 Act and section 21(3) of the 2000 Act will be recommended to the Accounts

Commission and the Auditor General for Scotland respectively at such intervals as they require. With the exception of the interval between awards (see paras 42-44), the procedure relating to these contracts should follow the procedure set out in these Regulations.

## Payment of accounts

**53-54.** Before an invoice is paid the certifying officers will satisfy themselves that the account has not been previously passed for payment and is a proper liability of Audit Scotland and that:

**53.1-54.1.** The works, goods or services to which the account relates have been received or carried out satisfactorily.

**53.2-54.2.** Prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.

**53.3-54.3.** The expenditure has been authorised and is within the relevant estimate provisions.

**54-55.** All duly certified invoices shall be authorised for payment by the officer authorised under the Scheme of Delegation. (Scheme of delegation 3.8)

**55-56.** An officer shall not add any additional items to an invoice rendered to Audit Scotland by a supplier.

**56-57.** When an order has been placed using the electronic purchase ordering (EPO) system, this process incorporates authorisation of the payment prior to an order being placed. In these circumstances the authoriser will be advised of the cost of the goods or services, or an estimate if a firm cost is not available, at the time they receive the EPO. Authorisers are required to satisfy themselves that the cost displayed is reasonable and represents value for money, before they electronically sign the order. Once an EPO is signed the system will not allow any changes to the order by the authoriser or the originator.

**57-58.** The EPO system maintains a list of staff with delegated authority to authorise expenditure, as per para. 51 above.

**58-59.** When the goods or services have been received the originator records the receipt through the EPO system.

**59-60.** On receipt of the invoice, Finance will check whether the goods or services have been marked as received. The invoiced amount charged will be checked against the EPO submitted and, if the amount is within the parameters agreed by the Executive Team, the invoice will be accepted and paid. (Scheme of delegation 3.10)

**60-61.** Executive Team will set agreed parameters and if the value of the invoice is outwith the agreed parameters it will be sent back to the authoriser for an additional manual authorisation. The invoice will not be paid until the second authorisation has been received. (Scheme of delegation 3.11)

~~61-62.~~ The receipt, certification and payment of accounts to approved auditors are subject to separate arrangements under the Scheme of Delegation. (Scheme of delegation 3.12)

## Audit

~~62-63.~~ The Board will establish an Audit Committee with clearly defined terms of reference under Standing Orders.

~~63-64.~~ The external auditor is appointed by the SCPA to report on whether expenditure and income have been applied lawfully and the accounts comply with the accounts direction. The external auditor will report to the SCPA who must lay the report and accounts before Parliament and publish them.

~~64-65.~~ The internal auditor is appointed by Audit Scotland and reports to the Executive Team and the Audit Committee on systems of internal control.

~~65-66.~~ The external and internal auditor are entitled to:

~~65.4-66.1.~~ enter any Audit Scotland establishment at all reasonable times;

~~65.2-66.2.~~ have reasonable and appropriate access to all records, documents and correspondence (including computer records) relating to financial and other transactions of Audit Scotland;

~~65.3-66.3.~~ require and receive explanations as are necessary concerning any matter under examination;

~~65.4-66.4.~~ require any employee of Audit Scotland to produce cash, equipment or any other property under his/her control; and

~~65.5-66.5.~~ direct access to the Chair of the Audit Committee.

## Security and Fraud Prevention

~~66-67.~~ Arrangements will be made to develop and document effective policies on:

~~66.1-67.1.~~ Prevention of fraud and irregularity.

~~66.2-67.2.~~ IT security.

~~66.3-67.3.~~ Security of assets.

~~67-68.~~ Proper security must be maintained, at all times, for all buildings, stores, furniture, equipment, cash, information, etc.

~~68-69.~~ A register of secure key containers will be maintained by Business Support and kept under review by the Chief Operating Officer. Keys removed from the secure key containers will be signed for and are to be kept safe at all times until returned. The loss of any such keys must be reported immediately to Business Support staff.

**69-70.** A register of staff ID (office access) badges and building access fobs will be maintained by Business Support. The loss of ID badges will be reported immediately to Business Support and the [Head of Performance and Corporate Governance Manager](#). The ID badges will be deactivated immediately.

**70-71.** The Chief Operating Officer is responsible for maintaining proper security and privacy relative to information held in the computer installations.

**71-72.** Under the terms of the Counter Fraud Policy, employees are required to notify their Business Group Executive Director or Director of any financial irregularity or suspected irregularity. Such concerns may be raised under the terms of the Whistleblowing Policy if considered appropriate. The employee, or senior management to whom the concerns are reported, must also advise the Chief Operating Officer. Details of these policies are available to all staff through the staff handbook.

## Salaries, wages and pensions

**72-73.** Arrangements will be made for the payment of all salaries, wages, pensions, compensation and other emoluments due to all employees or former employees of Audit Scotland or the Accounts Commission, the Auditor General for Scotland, appropriate members of the Board and to members of the Accounts Commission.

**73-74.** Salaries and other payments will normally be paid by direct transfer to a nominated bank account.

**74-75.** A record of all matters affecting the payment of such emoluments shall be kept and in particular the following information will be recorded:

**74.4.75.1.** appointments, resignations, dismissals, suspensions, secondments and transfers;

**74.2.75.2.** absences from duty for sickness or other reason, including approved leave;

**74.3.75.3.** changes in remuneration, including those arising from normal increments and pay awards and agreements of special and general application;

**74.4.75.4.** information necessary to maintain records of service for superannuation, income tax, national insurance and the like;

**74.5.75.5.** particulars of any deduction from salary for loans, subscriptions and the like, and the authority for such deduction.

**75-76.** All deductions and changes in gross pay entitlement will be certified by Human Resources or other appropriate person and checked by a second officer prior to payment.

**76-77.** Pension payments are paid to former staff through the appropriate pension agency. Audit Scotland's role is to make the required deductions from

salary and to provide the information which is required from time to time by the pension supplier to allow them to maintain their records, provide information about pensions and make payments.

**77-78.** There are special arrangements in place relating to pensions for former Ombudsman staff and the former Auditors General, which are separate from the arrangements for Audit Scotland.

## Travelling, subsistence, expenses and other allowances

**78-79.** The Secretary to the Accounts Commission shall review, authorise and ensure all travelling or other allowances are paid to Commission Members and advisers who are entitled to claim them upon receipt of a fully completed expense claim form.

**79-80.** The Chief Operating Officer shall review, authorise and ensure all travelling or other allowances are paid to Board members and advisers who are entitled to claim them upon receipt of a fully completed expense claim form.

**80-81.** All claims by staff for payment of car mileage allowances, subsistence allowances, travelling and incidental expenses and any advances shall be submitted duly certified and made up to the end of each month and in accordance with the current travel and subsistence policy, published in the staff handbook, and the expenses procedures published on the intranet. The officers authorised to certify such records shall be determined by the Scheme of Delegation. Initial delegation is £2,000. (Scheme of delegation 3.13)

## Observance of Financial Regulations

**81-82.** It shall be the duty of the Accountable Officer to ensure that these regulations are made known to the appropriate Audit Scotland staff and to ensure that they are adhered to.

**82-83.** Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Operating Officer who will discuss the matter with the Accountable Officer in order to determine the proper action to be taken. Such concerns may be raised under the terms of the Whistleblowing Policy if considered appropriate.

## Variation of Financial Regulations

**83-84.** These Regulations may be varied from time to time by the Board on receipt of a report and recommendations from the Accountable Officer.

**84-85.** The Chair of the Board may authorise, on a report from the Accountable Officer, exceptional treatment of a matter covered by these Regulations. Any such exceptions will be reported in writing to the next available meeting of the Board.

# Financial Regulations



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# Members' Code of Conduct



Prepared by Audit Scotland  
September [2023/2024](#)

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# Guidance on the Code of Conduct

## Introduction

**1.** The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach and by embracing our core values, which are:

- Independence, integrity and objectivity.
- Valuing people and ensuring equality and fairness.
- Effective communication.

**2.** As a member of Audit Scotland, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct.

**3.** You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

**4.** The Code has been developed in line with the key principles listed in paragraph 6 and provides additional information on how the principles should be interpreted and applied in practice. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the Ethics Partner. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

**5.** You should familiarise yourself with the Scottish Government publications "On Board – a guide for board members of public bodies in Scotland" and "Members of devolved public bodies: model code of conduct - revised edition December 2021". These publications will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

## Key principles of the Code of Conduct

**6.** The general principles upon which this Code of Conduct are based are:

**Duty**

You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Audit Scotland of which you are a member and in accordance with its core functions and duties.

**Selflessness**

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

**Integrity**

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

**Objectivity**

You must make decisions solely on merit and in a way that is consistent with the functions of Audit Scotland when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

**Accountability and stewardship**

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law.

**Openness**

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

**Honesty**

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership**

You have a duty to promote and support these principles by leadership and example, to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting public business.

**Respect**

You must respect fellow members of Audit Scotland and its employees and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a member of Audit Scotland.

**7.** You should apply the principles of this Code to your dealings with fellow members of Audit Scotland, its employees and other stakeholders. Similarly, you should also observe the principles of this Code in dealings with the public when performing duties as a member of a public body.

# General conduct

8. The rules of good conduct in this section must be observed in all situations where you act as a member of Audit Scotland.

## Conduct

9. You must treat the chair, your colleagues and employees of Audit Scotland with courtesy and respect. This includes in person, in writing, at meetings, when you are online and when you are using social media.

10. You must comply with rulings from the chair in the conduct of the business of these meetings.

## Relationships with Board Members, employees of Audit Scotland and others

11. Audit Scotland values and promotes diversity and equality of opportunity. You will carry out your duties following the principles within our Diversity and Equality policy.

12. You will treat your fellow board members and any staff employed by Audit Scotland with courtesy and respect. It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy and fair working environment for all.

~~12-13.~~ 13. As a board member you should be familiar ~~with, and~~ with and understand the policies of Audit Scotland in relation to bullying and harassment in the workplace and also lead by exemplar behaviour. You will accept exhibiting certain behaviours is as important as what you communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.

~~13-14.~~ 14. You will not become involved in operational management of Audit Scotland, except where it is explicit within your role. You acknowledge and understand that operational management is the responsibility of the Chief Operating Officer and the Executive Team.

~~14-15.~~ 15. You will not undermine any individual employee or a group of employees, or raise concerns about their performance, conduct or capability in public. You will raise any concerns on such matters in private with the Executive Team as appropriate

~~15-16.~~ 16. You will not take, or seek to take, unfair advantage of your position in dealing with employees of Audit Scotland or bring undue influence to bear on employees to take a certain action. You will not ask or direct employees which you know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.

**16-17.** You will accept the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, you will support that decision, even if you did not agree with it or vote with it.

**17-18.** Relationships may be developed with you by others to influence our work or to acquire confidential or sensitive information for personal gain. Those seeking to develop a relationship with you may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and that of Audit Scotland (see Section on Bribery and Corruption). You must inform the Chair of the Board and the Ethics Partner of any such approaches, relationships or offers of financial or other benefits, and you should discuss any concerns about any such issues as soon as possible so that Audit Scotland can support and advise you.

## Remuneration, allowances and expenses

**18-19.** You must comply with any rules of Audit Scotland regarding remuneration, allowances and expenses.

## Bribery and corruption

**19-20.** Bribery is the offering, giving, receiving, or soliciting of any item of value or advantage to influence the actions of an official or any other person in charge of a public or legal duty.

**20-21.** It is important that you are aware that it is a serious criminal offence for you to:

- give, receive or solicit a bribe (i.e. to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything
- show favour or disfavour to any person in the course of your work with Audit Scotland.

**21-22.** It is also important to be aware that an act of bribery by an individual may render Audit Scotland liable of committing an offence.

**22-23.** Audit Scotland has a zero tolerance to bribery and corruption therefore corrupt actions, including bribery, can lead to dismissal and prosecution.

## Gifts and hospitality

**23-24.** You must never ask or seek gifts or hospitality.

**24-25.** You must not accept any offer by way of a gift or hospitality which could give rise to a real or substantive personal gain or reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which



you are a partner, can or would influence your judgement. The term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

**25-26.** You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in Audit Scotland. As a general guide, it is usually appropriate to refuse offers except:

- isolated gifts of a minor nature or token of modest intrinsic value offered on an infrequent basis, the value of which must not exceed £50
- normal hospitality associated with your duties, hospitality which has been approved in advance by Audit Scotland and which would reasonably be regarded as appropriate; or
- gifts received on behalf of Audit Scotland.

**26-27.** You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision Audit Scotland may be involved in determining, or who is seeking to do business with us, and which a person might reasonably consider could or would influence my judgement. If you are making a visit in your capacity as a member of Audit Scotland then, as a general rule, you should ensure that Audit Scotland pays for the cost of the visit.

**27-28.** You must not accept repeated hospitality from the same source.

**28-29.** You will not allow the promise of money or other financial advantage to induce you to act improperly in your role as a Board member. You accept that the money or advantage (including any gift or hospitality) does not have to be given to you directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.

**29-30.** You will not accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to business with Audit Scotland.

**30-31.** Members of Audit Scotland should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.

**31-32.** You must declare the giving and acceptance of any gifts or hospitality received by you or gifts and hospitality declined in your capacity as a member of Audit Scotland to the Ethics Partner who will record the declaration in a register kept for that purpose.

Audit Scotland only recognises and approves the giving of gifts or hospitality if recorded in the register and the expenditure is detailed in our financial accounting system. All reimbursement claims for gifts or hospitality given

through expenses must be in accordance with the remuneration, allowances and expenses policy.

To assist Members the following guidance indicates items that do not require recording or disclosure:

- Working lunches at audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies.
- Meals and accommodation incidental to the attendance at conferences, seminars and workshops.
- Giving or receiving gifts of modest value such as a pen or book.

Items that do require disclosure would therefore include:

- Isolated gifts in excess of £50.
- Meals in external restaurants whether working or not.
- Attendance at functions organised/hosted by professional bodies e.g. Institute Annual Dinners.
- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees e.g. gallery viewings.
- Functions where the focus of the event is an awards ceremony which involves a public sector element.
- Meals paid for by visiting delegations from other audit offices, organisations and Parliaments/Governments.
- Provision of accommodation, travel or corporate hospitality to others.

**32-33.** Details of any gift or hospitality will be made available for public inspection through publication of the register on Audit Scotland's website.

## Confidentiality requirements

**33-34.** Audit Scotland carries out its work in the public interest and is committed to the principle of openness. However, there may be times when you will be required to treat discussions, documents or other information relating to the work of Audit Scotland in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. There are provisions in other legislation, such as the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002, on the categories of confidential and exempt information and you must always respect and comply with the requirement to keep such information private.

**34-35.** You will only use confidential information to undertake your duties as a Board member. It is unacceptable to disclose any information to which you

have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purpose of personal or financial gain or used in such a way as to bring Audit Scotland into disrepute.

**35-36.** Breaches of confidentiality or information security will be treated with utmost seriousness and could prompt an investigation. Any wilful breach such as, unauthorised access or supply of information to others could lead to termination of your position with Audit Scotland and could lead to a criminal prosecution under Data Protection legislation. If you are in any doubt about a matter of confidentiality or information security, please check with the Ethics Partner.

**36-37.** If you are involved in an act that could cause Audit Scotland reputational risk or bring the organisation into disrepute e.g. you are arrested or charged for a criminal offence, you must inform Audit Scotland at the earliest available opportunity.

## Use of Audit Scotland's resources

**37-38.** Members of Audit Scotland must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services, etc must be in accordance with Audit Scotland's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of Audit Scotland.

**38-39.** You will not use, or in any way enable others to use Audit Scotland's resources imprudently, unlawfully, for any political activities or matters relating to these, or improperly.

## Other Appointments

**39-40.** Non-Executive Members must seek the approval of the SCPA prior to accepting any additional office, employment or appointment or engaging in any other occupation.

## Conflicts of Interest

**41.** You may not hold any other office, employment or appointment or engage in any other occupation which would conflict with your responsibilities and duties as a member of Audit Scotland. [This may include, but is not restricted to, being a member/ employee of a body subject to audit by the Auditor General or the Accounts Commission.](#)

**40-42.** [Members should consult with the Head of Performance and Corporate Governance and the Ethics Partner to discuss any potential/ perceived conflicts of interest and to discuss the implications and any mitigating controls which may be appropriate.](#)

# Registration of Interests

## Introduction

**41-43.** The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called 'Registerable Interests'. You must at all times ensure that these interests are registered, when you are appointed and/or within one month of whenever your circumstances change in such a way as to require change or an addition to your entry in the Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing. It is a breach of this Code not to comply with these requirements.

**42-44.** You should review regularly and at least once a year your personal circumstances. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

## Remuneration

**43-45.** You have a registrable interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm;
- appointed or nominated by Audit Scotland to another body; or
- undertaking a trade, profession or vocation or any other work.

**44-46.** In relation to [43-445](#) above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.

**45-47.** If a position is not remunerated it does not need to be registered under this category. However, you must note that unremunerated directorships may need to be registered under the category of 'Related undertakings' or 'Other roles'.

**46-48.** If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

**47-49.** When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

**48-50.** When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

**49-51.** When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and provide information about the nature of its business, organisation, undertaking, partnership or body as appropriate. You will recognise that certain employments may be incompatible with your role as a Board member of Audit Scotland in terms of lobbying and access.

**50-52.** Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication and the frequency of articles for which you are paid.

**51-53.** Registration of a pension is not required as this falls outside the scope of the category.

## Related undertakings

**52-54.** You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

**53-55.** You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

**54-56.** The situations to which the above paragraphs apply are as follows:

- You are a director of a board of an undertaking and receive remuneration declared under remuneration - and
- You are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

## Contracts

**55-57.** You have a registrable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in [59-61](#) below) have made a contract with the public body of which you are a member:

- under which goods or services are to be provided, or works are to be executed; and
- which has not been fully discharged.

**56-58.** You must register a description of the contract, including its duration, but excluding the consideration.

## Houses, land and buildings

**57-59.** You have a registrable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of Audit Scotland to which you are appointed.

**58-60.** The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision making.

## Interest in shares and securities

**59-61.** You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the nominal value of the shares is:

- (i) greater than 1% of the issued share capital of the company or other body;  
or
- (ii) greater than £25,000.

**60-62.** Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

## Non-financial interests

**61-63.** You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of Audit Scotland to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

**62-64.** In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making in Audit Scotland.

## Related party disclosure

**63-65.** Related Party Disclosures is a requirement of International Accounting Standard 24. It is a requirement of the Code of Conduct that Board

Members and Directors sign an annual declaration at the financial year end stating that you were not aware of any related party transactions in the year.

~~64-66.~~ A related party is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



# Declaration of interests

## Introduction

**65-67.** The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of Audit Scotland. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions. The objective test involved in determining whether you should make a declaration of your interests fall into three stages: connection, interest and participation as set out below:

### Connection

**65.4-67.1.** For each particular matter you are involved in as a Board Member, you will first consider whether you have a connection to that matter.

**65.2-67.2.** You understand that a connection is any link between the matter being considered and you, as a person or body you are associated with. This could be a family relationship or a social or professional contact.

**65.3-67.3.** A connection includes anything that you have registered as an interest.

**65.4-67.4.** A connection does not include being a member of a body to which you have been appointed or nominated by Audit Scotland, unless (a) the matter being considered by Audit Scotland is quasi-judicial or regulatory, or (b) You have a personal conflict by reason of your actions, your connections, or your legal obligations.

### Interest

**65.5-67.5.** You understand your connection is an interest that requires to be declared where the objective test is met - that is where a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

### Participation

**65.6-67.6.** You will declare your interest as early as possible in meetings. You will not remain in the meeting nor participate in any way in those parts of the meetings where you have declared an interest.

**65.7-67.7.** You will consider whether it is appropriate for transparency reasons to state publicly where you have a connection, which you do not consider amounts to an interest.



**65.8-67.8.** You note that you can apply to the Standards Commission and ask it to grant a dispensation to allow you to take part in the discussion and decision-making on a matter where you would otherwise have to declare an interest and withdraw (as a result of having a connection to the matter that would fall within the objective test). You note that such a dispensation is sought and that you cannot take part in any discussion or decision-making on the matter in questions, unless, and until, a conclusion is reached.

**65.9-67.9.** You note that public confidence in a public body is damaged by the perception that decisions taken by that body are substantially influenced by factors other than public interest. You will not accept a role or appointment if doing so means you will have to declare interests frequently at meetings in respect of your role as a Board member. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or personal affiliations, you will not accept the appointment or nomination.

**66-68.** Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in Audit Scotland and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

**67-69.** In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the objective test ('the objective test') which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of Audit Scotland.

**68-70.** If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.

**69-71.** As a member of Audit Scotland you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies, and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between Audit Scotland and another body. Keep particularly in mind the advice in paragraph

41 of this Code about your legal responsibilities to any limited company of which you are a director.

## Interests which require declaration

**70-72.** \_\_\_\_\_ Interests which require to be declared, if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your nonfinancial interests and (c) the interests, financial and non-financial, of other persons.

**71-73.** \_\_\_\_\_ You will also have other private and personal interests and may serve, or be associated with, bodies, societies, and organisations as a result of your private and personal interests and not because of your role as a member of Audit Scotland. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of Audit Scotland as opposed to the interest of an ordinary member of the public.

## Your financial interests

**72-74.** \_\_\_\_\_ You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in the remuneration section of this Code).

**73-75.** \_\_\_\_\_ There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

**74-76.** \_\_\_\_\_ You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

## Your non-financial interests

**75-77.** \_\_\_\_\_ You must declare, if it is known to you, any non-financial interest if:

- (i) that interest has been registered under Non-Financial Interests (paragraphs 52 and 53) of the Code; or
- (ii) that interest would fall within the terms of the objective test.

**76-78.** \_\_\_\_\_ There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

**77-79.** You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

## The financial interests of other persons

**78-80.** The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.

**79-81.** You must declare if it is known to you any financial interest of: -

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;
- (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
- (v) a person from whom you have received a registerable gift or registerable hospitality;
- (vi) a person from whom you have received registerable expenses.

**80-82.** There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

**81-83.** You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

**82-84.** This Code does not attempt the task of defining "relative" or "friend" or "associate". Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of Audit Scotland and, as such, would be covered by the objective test.

## The non-financial interests of other persons

**83-85.** You must declare if it is known to you any non-financial interest of:

-

- (i) a spouse, a civil partner or a co-habitee;
- (ii) a close relative, close friend or close associate;
- (iii) an employer or a partner in a firm;

(iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;

(v) a person from whom you have received a registerable gift or registerable hospitality;

(vi) a person from whom you have received registerable expenses.

**84-86.** There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

**85-87.** There is only a need to withdraw from the meeting if the interest is clear and substantial.

## Making a declaration

**86-88.** You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

**87-89.** The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words "I declare an interest". The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

## Frequent declarations of interest

**88-90.** Public confidence in Audit Scotland is damaged by perception that decisions taken by us are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

# Lobbying and access

## Introduction

**90-92.** In order for Audit Scotland to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which Audit Scotland conducts its business.

**91-93.** You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

**92-94.** The Lobbying (Scotland) Act 2016 (the Act) makes provisions about lobbying a member of the Scottish Parliament, a member of the Scottish Government, a junior Scottish Minister, a special adviser or the permanent secretary. Communications with the Scottish Government and Parliament by Audit Scotland are not classed as regulated lobbying by the provisions in section 22 (d) of the Schedule to the Act. This exemption only applies to engagement by members on Audit Scotland business and members should be mindful of the legislation if engaging with any of the above in any other capacity.

## Rules and guidance

**93-95.** You understand that a wide range of people will seek access to you as a Board member and try to lobby you, including individuals, organisations and companies. Using the objective test below, you must distinguish between;

**93.4.95.1.** Any role you have in dealing with enquiries from the public;

**93.2.95.2.** Any community engagement where you are working with individuals and organisations to encourage their participation and involvement, and;

**93.3.95.3.** Lobbying, which is where I am approached by any individual or organisation who is seeking to do business with Audit Scotland.

**94-96.** You must not, in relation to contact with any person or organisation who lobbies, do anything which contravenes this Code of Conduct or any other relevant rule of Audit Scotland or any statutory provision.

**95-97.** You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon Audit Scotland.

**96-98.** The public must be assured that no person or organisation will gain better access to, or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of Audit Scotland.

**97-99.** Before taking any action as a result of being lobbied, you should seek to satisfy yourself by applying the objective test about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

**98-100.** You should not accept any paid work:

- which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation
- to provide services as a strategist, adviser or consultant, for example, advising on how to influence Audit Scotland and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of Audit Scotland, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

**99-101.** If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of Audit Scotland.

# Appendix 1: Definitions

1. "Remuneration" includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. "Bullying" is inappropriate and unwelcome behaviour, which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated, or insulted.
3. "Chair" is the individual discharging a similar function to that of a Chair or Convenor under alternative decision-making structures
4. "Confidential information" includes:
  - 4.1. Any information passed on to Audit Scotland by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
  - 4.2. Information of which the law prohibits disclosure (under statute or by the order of a Court);
  - 4.3. Any legal advice provided to Audit Scotland, or;
  - 4.4. any information which could reasonably be considered a breach of confidence should it be made public.
5. "Undertaking" means:
  - (a) a body corporate or partnership; or
  - (b) an unincorporated association carrying on a trade or business, with or without a view to profit.
6. "Related undertaking" is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.
7. "Parent undertaking" is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking's memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of voting rights in the undertaking.
8. "Group of companies" has the same meaning as "group" in section 474(1) of the Companies Act 2006. A "group", within s 474(1) of the Companies Act 2006, means a parent undertaking and its subsidiary undertakings.

**9.** "A person" means a single individual or legal person and includes a group of companies.

**10.** "Any person" includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

**11.** "Spouse" does not include a former spouse or a spouse who is living separately and apart from you.

**12.** "Cohabitee" includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.

**13.** "Code" code of conduct for members of public bodies.



# Members' Code of Conduct



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# Code of Conduct

## Staff Policy



Prepared by Audit Scotland  
[September 2024](#)

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# Code of Conduct

## Introduction

1. Audit Scotland and our staff must demonstrate high standards of corporate and personal conduct. This can be achieved by embracing our core values, which are:

- Equality
- Independence
- Innovation
- Integrity
- Respect.

2. This Code of Conduct gives you clear and helpful advice about the standards of behaviour expected of you as a member of staff. The Code will be reviewed annually and is subject to change. A serious breach of the Code may lead to disciplinary action.

3. In addition, you are expected to comply with the principles of the Ethical Standards for Auditors issued by the Financial Reporting Council. Guidance on the application of those standards can be found in the Staff Handbook ('Ethical Standards'), which must be read as part of the annual Fit and Proper process. Our Ethical Standards Application Guide has five main sections which cover:

- General requirements and guidance.
- Financial, business, employment and personal relationships.
- Long association with the audit engagement and with entities relevant to engagements.
- Fees, remuneration and evaluation policies, gifts and hospitality, litigation.
- Non-audit / Additional services provided to entities.

4. You should also keep to the Codes of Conduct of the professional bodies of which you are a member.

5. The general principles upon which this Code of Conduct is based are:

- **Duty** - You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Audit Scotland of which you are a staff member and in accordance with its core functions and duties.

- **Selflessness** - You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.
- **Integrity** - You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.
- **Objectivity** - You must make decisions solely on merit and in a way that is consistent with the functions of Audit Scotland when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.
- **Accountability and stewardship** - You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law.
- **Openness** - You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.
- **Honesty** - You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** - You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting business.
- **Respect** - You must respect colleagues and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a staff member of Audit Scotland.

## Diversity and Equality

6. We value and promote diversity and equality of opportunity. We expect you to carry out your work following the principles within our Diversity and Equality policy.

## Relationships

7. You may have contact with audited bodies, other organisations or members of the public. You should deal fairly, equitably and consistently with those you come in contact with, and you should always be polite and portray a positive and professional image of Audit Scotland.

8. People may develop a relationship with you to influence our work or to acquire confidential or sensitive information for personal gain. They may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and

that of Audit Scotland (see Bribery and Corruption paragraphs 40 - 42). You must tell your line manager of any such approaches, relationships or offers of financial or other benefits, and you should do this as soon as possible so that Audit Scotland can support and advise you.

**9.** Staff must notify the Compliance Partner if applying for any employment in a public body subject to audit by auditors appointed by the Auditor General or Accounts Commission (see the Ethical standard policy, section 2).

**10.** Audit Scotland recognises that close personal or domestic relationships with colleagues may exist or develop during the course of their employment. In order that Audit Scotland's business is conducted and perceived to be conducted in a professional and proper manner it is necessary to distinguish between, and take account of, personal relationships which overlap with professional ones in the workplace. If you have any close personal or domestic relationships where that relationship may impinge on your duties and responsibilities this must be declared in confidence to your line manager or senior manager. If necessary, upon disclosure of such a relationship and after consultation with both parties, reasonable arrangements will be made to ensure that future working arrangements and potential conflicts do not arise.

### **Contractors, suppliers and consultants**

**11.** You must be fair and impartial in your dealings with contractors, suppliers and consultants. If you are involved in the procurement or tendering process to appoint contractors, suppliers or consultants you must follow Audit Scotland's [procurement handbook](#), and any other guidance issued.

**12.** If you have access to confidential information on tenders or costs for contractors, suppliers or consultants you must not show that information to any unauthorised person or organisation.

**13.** All private relationships with actual or potential contractors, suppliers or consultants must be declared, as set out below.

### **Independence, objectivity and conflicts of interest**

**14.** It is important that you carry out your work with independence and objectivity, and that you do not allow any private interest to influence your decisions. You must not use your position to further your own interests or the interests of others who do not have a right to benefit from our work.

**15.** You, or a member of your family or household, may have a private interest which relates to the work of Audit Scotland. It may be a financial one or one which a member of the public might reasonably think could influence your judgement. For example, you may be a member of a public body, an organisation or club and membership might lead to a conflict of interest with your work. This also applies to membership of organisations or clubs which are not open to the public e.g. Freemasonry.

**16.** You must declare all such interests to Audit Scotland's Compliance Partner and Ethics Partner - the Executive Director of Innovation and Quality. The best way of making such a declaration is to use the Fit & Proper Self-Assessment

Form. This information is then retained in a secure area of SharePoint for three years, after which it is destroyed. The Compliance Partner will contact you and discuss any issues arising from your disclosure, as appropriate.

**17.** Fit & Proper Self-Assessment forms are completed by all new staff and other workers when starting their employment / assignment with Audit Scotland. Audit Scotland annually requests that the form is refreshed. If, between the annual cycle, your circumstances ~~change~~change, and you have information that should be reported to the Compliance Partner then it is your responsibility to do so immediately.

**18.** The Fit & Proper Self-Assessment form is available to download from the Staff Handbook within SharePoint. Your completed form should be emailed to the Compliance Partner using the email address on the form.

### **Openness, disclosure and protection of information**

**19.** Audit Scotland carries out its work in the public interest and is committed to the principle of openness. You should follow the Freedom of Information (Scotland) Act and our Freedom of Information and Environmental Information Regulations policy.

**20.** There are occasions when information gathered during the course of your work must be kept confidential, both inside and outside the organisation and after leaving Audit Scotland. For example, when its disclosure would prejudice an investigation, breach confidentiality or contravene Data Protection legislation. This does not apply where there is a legal duty to provide information. You should follow our information management policy and procedures, including completing information management training if asked to do so.

**21.** We take information security very seriously. You must protect our information from inappropriate access, abuse, loss or damage. You must report any instance of this as quickly as possible and help fully in any investigation. Any breach of confidentiality or security may lead to an investigation under our discipline policy. Any wilful breach, such as unauthorised access or supply of information to others, could lead to the termination of your employment and to a criminal prosecution under Data Protection legislation. If you are in any doubt about a matter of confidentiality or security, please check with your manager.

**22.** If you are involved in an act that could cause Audit Scotland reputational risk or bring us into disrepute, e.g. you are arrested or charged for a criminal offence, you must tell Audit Scotland as soon as possible.

### **Paid employment outside Audit Scotland**

**23.** We will normally allow you to undertake paid employment outside Audit Scotland in your own time unless there is a conflict of interest, or it is likely to have an adverse effect on the work of Audit Scotland or on your own performance. A conflict of interest can arise where a member of staff seeks to do work for an audited body or to carry out work which relates to the work of Audit Scotland. Outside employment can adversely affect the work of Audit Scotland if it damages the organisation's reputation. It can affect your own

performance if it significantly reduces your ability to carry out your duties. If you do work outside Audit Scotland you must first get the approval of your Executive Director or the Chief Operating Officer, and then advise the Human Resources team. This procedure is in your interests. It will also allow us to meet our legal obligations in relation to family friendly benefits and Working Time Regulations. You are not allowed to use the equipment and resources of Audit Scotland in any outside employment.

**24.** If you receive a fee for a publication, broadcast, speech or lecture where you have used official information, or your own work experience you must remit that fee to Audit Scotland. This also applies to external work carried out in working hours which attracts a fee. You may keep tokens of appreciation such as book tokens or commemorative items. You should let the Chief Operating Officer know of any tokens received as it will be recorded in a register kept for that purpose.

## Hospitality

**25.** You should not accept or offer hospitality connected with your work unless you can justify it and be sure that it will not lead to criticism from colleagues or the public. In general, modest hospitality may be acceptable in some circumstances for example, a sandwich lunch.

**26.** Accepting, declining or giving of hospitality should be declared and recorded in the register kept for that purpose. When accepting or giving hospitality, you should get approval from your Executive Director or the Chief Operating Officer, ~~and then let the Chief Operating Officer know~~. Hospitality given must be recorded in the register and the expenditure detailed in our financial accounting system. You must make sure that you charge the hospitality to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for hospitality given through expenses must follow the travel and expenses policy.

**27.** To help you decide what to declare, the following guidance may be useful:

### Reporting hospitality received

**28.** Items not requiring declaration and recording are:

- Working lunches at audited bodies, partner firms, working groups/committees, boards, professional institutes and other public bodies.
- Meals and accommodation related to attendance at conferences, seminars and workshops.

**29.** Items that would require disclosure include:

- Meals in external restaurants, whether working or not.
- Attendance at functions organised/hosted by professional bodies.



- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees, e.g. gallery viewings.
- Functions where the focus of the event is an awards ceremony which involves a public-sector element.
- Meals paid for by visiting delegations from other audit offices and Parliaments/ Governments.

**30.** You should not accept offers to attend social or sporting events unless it would be of benefit to Audit Scotland or where Audit Scotland would expect to be represented.

**31.** In exceptional circumstances it may be appropriate to accept hospitality in order to avoid embarrassment or offence for example, hospitality offered from overseas hosts when we are carrying out international work.

**32.** You should not accept repeated hospitality from the same source.

#### **Reporting hospitality declined**

**33.** Any offers of hospitality that you decline must be recorded.

#### **Reporting hospitality given**

**34.** Items not requiring declaration and recording are:

- Working lunches when hosting meetings and conferences with audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies. Lunches should be modest in scale and may typically consist of a buffet/sandwiches and tea and coffee throughout the day.
- Travel costs as part of recruitment.
- Consultant travel and accommodation costs where this is part of the consultant's fee.

**35.** Items that would require disclosure would therefore include:

- Meals provided in external restaurants whether working or not.
- Meals provided to international visitors/groups.
- Provision of overnight accommodation.
- Provision of travel, e.g. flights or train tickets.
- Hospitality at or the provision of theatre or sporting event tickets.

#### **Gifts**

**36.** As a general rule, you must not accept personal gifts although you may keep isolated gifts of a trivial character such as a pen or diary, the token value

of which must not exceed £50. Sometimes it may be appropriate to accept a gift of more than token value, for example where refusal would embarrass Audit Scotland or damage an important relationship. The acceptance of such a gift should be approved by your Executive Director or the Chief Operating Officer. Where an inappropriate gift is received and you are unable to return it or the donor refuses to accept its return, you should report the circumstances to your Executive Director or the Chief Operating Officer.

**37.** All gifts above token value will belong to Audit Scotland and are not a personal gift to you. The Chief Operating Officer keeps a register to record gifts, whether they are accepted or declined and to show that acceptance was authorised. Innovation and Quality retains and maintains a subsection of the gifts register for work with other countries. Any gifts received while carrying out work for other countries should be recorded in the register.

**38.** The giving of gifts is generally limited to international visits, the rules for which are set out in the Policy on visits, and the provision and acceptance of gifts and hospitality in relation to work with other countries. Gifts to visiting delegations are given as mementoes of their visit to Audit Scotland. They should of modest value (e.g., book, Quaich, paper weight) and should exclude alcohol. Gifts given to non-international visitors or organisations should be recorded in the hospitality and gifts register. Items that would not require disclosure are modestly priced books and pens; alcohol should not be given as a gift.

**39.** Gifts recorded in the register must have the expenditure detailed in our financial accounting system. You must make sure that you charge the gift to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for gifts given through expenses must follow the travel and expenses policy.

## Bribery and corruption

**40.** Bribery is the offering, giving, receiving, or soliciting of any item of value or advantage to influence the actions of an official or any other person in charge of a public or legal duty.

**41.** It is a serious criminal offence for you to:

- give, receive or solicit a bribe (i.e., to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything
- show favour or disfavour to any person in the course of your work.

**42.** An act of bribery by an individual may make Audit Scotland liable of committing an offence. We have a zero tolerance to bribery and corruption, and such an act can lead to dismissal and prosecution.

## Use of resources

**43.** You and your colleagues serve the public, and you must remember this principle when you use Audit Scotland's equipment, materials and resources to ensure value for money and economy, efficiency and effectiveness.

**44.** The equipment of Audit Scotland is available to you for use in your personal affairs, provided that:

- it is in your own time
- the cost of any consumables, e.g. paper, postage, telephone calls is met by you
- you are not receiving any fee or reward for the purpose.
- you don't store your personal (non-work related) information on Audit Scotland equipment you follow our policy on the use of electronic media such as email and the Internet.

## Appointments

**45.** All appointments must be made on merit. If you are involved in the recruitment and selection process and have any kind of relationship which might affect your ability to be impartial, it must be declared to your Executive Director [or the Chief Operating Officer](#) and Human Resources.

**46.** Your Executive Director [or the Chief Operating Officer](#) and the person chairing the selection process will decide whether you can take part in the process. The same procedure must be followed in other HR processes such as grievance, discipline, or performance reviews.

**47.** You must not try to influence board members or a colleague either directly or indirectly to secure your own appointment or promotion, or the appointment or promotion of another person. You must report any instances of this occurring to your Executive Director [or the Chief Operating Officer](#), and the Head of HR.

## Disclosure

**48.** We have access to a broad range of sensitive data and a number of the bodies we audit request staff to be security checked. The integrity and security of public information is core to the values of Audit Scotland and therefore all employees are subject to Disclosure checks in line with our [Security Vetting and Clearance policy](#) which can be found in the Staff Handbook.

**49.** Baseline Personnel Security Standard (BPSS) is the entry level check and forms part of a package of checks that represent good recruitment and employment practice. It provides an appropriate level of assurance as to the trustworthiness and integrity of prospective and existing workers. It involves verification of identity, nationality, and immigration status together with employment history and criminal record declaration. The basic criminal record check (through Disclosure Scotland) will be carried out which will show any

unspent convictions. Everyone working with Audit Scotland will be asked to consent to this baseline level of security clearance.

**50.** The next level is called Standard Disclosure and is required for all workers across Audit Services and some across Performance Audit & Best Value. Only those who are accountants by definition require a standard check. Some workers in our Finance team may be required to participate in checks to this level due to the nature of their work as accountants. Standard Disclosure enables Audit Scotland to check for certain spent convictions.

**51.** Enhanced Disclosure will only be needed when a worker, normally within Audit Services or Performance Audit & Best Value, is working with children or vulnerable people in the course of their work. If the worker is to be involved in such work on a long-term basis then Audit Scotland may decide to include security clearance in line with the Protection of Vulnerable Groups (PVG) to ensure continuous monitoring of the workers status. If necessary, all of the foregoing is undertaken by our HR team.

**52.** Security Clearance, Counter-terrorism checks and Developed Vetting will normally only be required when workers are involved in dealing with secret or sensitive data. Your manager will discuss this with you if it is required. This may be undertaken by the HR team or by our client organisation (i.e. Scottish Police Authority, Scottish Corporate Parliamentary Body etc.).

## Media

**53.** In your work with Audit Scotland, any contact with the media is likely to come from the Audit Scotland Communications team. If you are approached directly by the media, you should speak with the Communications Manager or one of the communications officers, unless circumstances make that impossible and it is better for you to respond to the media enquiry. In this case you must tell the Communications team afterwards. More detailed advice for Audit Services staff can be found in the Audit Manual. Media training is available for staff most likely to need it. Contact the Communications team or your line manager for more information.

## Social Media

**54.** Audit Scotland has a [Social Media Hub](#) which sets out guidance for staff on how to conduct themselves on social media platforms. Employees must conduct themselves according to high standards at all times and be conscious that they act in the best interests of Audit Scotland.

**55.** In particular, when posting on social media platforms staff must be vigilant about:

- posting political views, or comments that could compromise your duty to be politically neutral in public
- commenting on issues linked to public bodies or public figures, even in a private capacity, so as to not compromise the objectivity of the audit

- posting derogatory or inflammatory comments, or getting into heated exchanges with others
- understanding whether a post is public or private. It can be easy to think you are posting to a private group but in fact be posting for anybody to see.

## Political neutrality

**56.** It is essential that Audit Scotland is seen to be free from political bias. The public expects you to carry out your work in a politically neutral way. You must follow our policies, despite any personal views, and you must not do anything which might call into question the independence and political neutrality of Audit Scotland.

**57.** We support an individual's freedom to participate in public affairs and hold personal beliefs and opinions, and to this end our people can be members of political parties, and they can engage in local and national political activities outside of the restrictions set out below.

**58.** All staff must, however, ~~must~~ receive the written permission of the Ethics Partner before any activity is undertaken. The restrictions in respect of political activity are as follows. Our people cannot:

- 58.1.** Stand as candidates for, or be co-opted into any local or national assembly.
- 58.2.** Hold roles in any party-political organisations in the field of national or local government
- 58.3.** Speak in public on matters of local or national political controversy where the impartiality of the comments may be called into question.
- 58.4.** Express views on such matters in letters to the press, books, articles, or in any other media, including social media.
- 58.5.** Canvas on behalf of candidates for any local or national assembly or on behalf of a political party.

**59.** In seeking the written permission from the Ethics Partner, individuals should give precise details of the intended activities and the period over which the activity is likely to take place. If permission is given the activity must not take place while the individual is on duty as an employee of Audit Scotland or on official premises.

**60.** Staff must observe the Official Secrets Acts at all times.

**61.** Individuals must not make any reference to their employment by Audit Scotland when speaking in public, except where they are required by law to declare an interest. If any risks to the interests of Audit Scotland arise from involvement in approved political activities, individuals will be required to withdraw their participation. Failure to do so may result in formal disciplinary procedures.

**62.** The Ethics Partner is the senior authority on what constitutes political activity and what is subject to restriction.

**63.** The above measures are not intended to discourage people from participating in public service activities such as school governors, approved non-executive directors, trade union work, or volunteering. The key consideration is that staff should avoid any possibility that their activities might impact on Audit Scotland's political neutrality.

## Health and safety at work

**64.** We have a duty to ensure that all reasonable steps are taken to provide staff with a safe and healthy working environment. We will comply with the Health and Safety at Work Act 1974, any other associated legislation and statutory codes of practice.

**65.** You have a duty under the Health and Safety at Work Act 1974 for the health, safety and welfare of yourself and others, including members of the general public who may be affected by what you do or fail to do at work. You must comply with our Health and Safety policy and cooperate with us in our compliance with health and safety legislation.

## Fair and reasonable treatment at work

**66.** You should expect fair and reasonable treatment from your colleagues and managers. If you feel that you have been unfairly treated or have been discriminated against, there is a grievance procedure that you can use.

**67.** Audit Scotland is committed to providing a working environment that is free from bullying and harassment of any nature. A workplace culture, where bullying or harassment of any nature is tolerated, is harmful to the wellbeing of our colleagues, as well as the wider organisation. We take a zero-tolerance approach to non-inclusive behaviours.

**68.** Any such action will be treated as a serious disciplinary offence. All managers have a duty to establish and maintain a working environment free from bullying and harassment. All employees must comply with these guidelines and take steps to ensure that bullying and harassment does not occur.

**69.** We expect all of our colleagues to proactively support our equality, diversity and inclusion initiatives by attending mandatory events and by attending workshops organised by Audit Scotland's Learning and Development and HR teams and employee network groups to educate themselves as appropriate on the challenges faced by others and how to help alleviate these in the workplace.

**66-70.** Our Bullying and Harassment policy is available on the staff handbook and is regularly reviewed. All colleagues should be familiar with the policy and aware of the process to disclose any bullying or harassment.

**67-71.** We expect you to support and comply with our policies, practices and procedures, both in your dealings with colleagues and those outside the organisation. You should not do anything which might undermine or adversely affect any position or decision of Audit Scotland.

**Commented [SB1]:** Added in some additional wording to strengthen our position around bullying and harassment.

**68-72.** We also have a whistleblowing policy. You should refer to this if you feel that you have been required to act in a way, or have become aware of practices in the organisation, which might be illegal, improper, unethical or in conflict with the principles of this Code.

## Working at home

**69-73.** Audit Scotland has a clear commitment to a range of flexible working options, including working at home. This provides you with the freedom to choose where and when you work.

**70-74.** Working at home can be required by the Incident Management Team for all staff during a national pandemic, and for an unspecified duration.

**74-75.** While working at home, we expect you to adhere to our policies, practices and procedures on digital security and data protection.

**72-76.** Health and safety is an organisational priority. While working at home, it is essential that you adhere to organisational requests around home workstation assessments to ensure that your health and safety needs are met. Assistance and advice is available from Digital Services and Business Support Services who will assist in determining your requirements.

# Code of Conduct



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AS.4.0



# Staff Handbook policy review – Whistleblowing policy

Head of HR

**Item 14**  
Meeting date: 24 September 2024

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## Purpose

1. This report is to allow the Board to conduct the two-yearly review of our Whistleblowing policy held within our staff handbook on SharePoint. This policy requires approval by the Board.

## Recommendations

2. The Board is invited to:
  - Consider the changes proposed to the policy at appendix one.
  - Approve the changes to the policy at appendix one.

## Background

3. The policy has been shared with our PCS union representatives and Executive Team for review, with those comments responded to and incorporation made where applicable.

## Considerations

4. It is not considered that there are any revisions which represent a significant departure from existing Audit Scotland policy, however, a summary of changes is noted in the below table.

Policy	Review outcome	Approval
Whistleblowing Policy	The policy has been revised on a mostly minor, non-substantive basis. It is proposed that in responding to a complaint, the investigating officer would normally be a member of Leadership Group, with removal of the existing ambiguous reference to a 'senior individual'.	Board

## Whistleblowing Policy

Owned and maintained by:	Human Resources
Date checked/ created:	<del>November 2022</del> August 2024
Next review date:	<del>November 2024</del> August 2026

### Introduction

1. Audit Scotland encourages an open culture in dealings between its employees and all people with whom we engage. In particular, we recognise that effective and honest communication is essential if concerns about breaches or failures are to be effectively dealt with and the organisation's success ensured.
2. All of us at one time or another have concerns about what is happening at work. Usually, these concerns are easily resolved. However, when they are about unlawful conduct, financial malpractice or actions that could damage the reputation of Audit Scotland it can be difficult to know what to do.
3. Audit Scotland has introduced this policy to enable all those who work with or within the organisation to raise their concerns about such malpractice at an early stage and in the right way. We would rather you raised the matter when it is just a concern rather than wait for proof.
4. If something is troubling you and you think we should know about it, please follow the section on how to raise a concern [internally](#). ~~However, if~~ If you are aggrieved about your personal position, please use the Grievance Policy within the staff handbook on [SharePoint](#). This policy is primarily for concerns where the interests of others or of the organisation itself are at risk. It should be read in conjunction with our Counter Fraud Policy.
5. There may be occasions when, due to individual acts, omissions or failings, it may be necessary to bring certain matters to the attention of Audit Scotland's Executive team. If you are concerned about an aspect of individual behaviour or practice, you should raise it. Your concerns may fall under one (or more) of the following categories:
  - A criminal offence has been committed, is being committed or is likely to be committed.
  - A person has failed, is failing or is likely to fail to comply with any legal obligation to which they are ~~subject~~.
  - A miscarriage of justice has occurred, is occurring or is likely to occur.
  - The health and safety of any individual has been, is being or is likely to be endangered.
  - A person has supplied, is supplying or is likely to supply Audit Scotland and / or client information, without appropriate authorisation.
  - The environment has been, is being or is likely to be damaged.

- Information tending to show any matter falling within any of the above has been, is being or is likely to be deliberately concealed.

### Personal and Vicarious Liability

6. Amendments made to the Public Interest Disclosure Act 1998 which came into force in 2013 included new rules introducing personal and vicarious liability. These changes mean that individuals can face personal liability to whistleblowers, and employers can be "vicariously" liable for the acts of their staff (irrespective of whether the acts are done with their knowledge or approval).

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## Our Assurances to you

### Your safety

7. The Board and Executive Team are committed to the aims and objectives of this policy. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result. Provided you are acting in the public interest, and Audit Scotland's Executive Team is satisfied you had a genuine belief of the wrongdoing committed and no personal gain was involved, it does not matter if you are mistaken.
8. If your concern is subsequently shown to be false or inaccurate, employees you will be informed of the discrepancy between your their report and the facts at hand.

### Your confidence

9. We will not tolerate the harassment or victimisation of anyone raising a genuine concern. However, we recognise that you may nonetheless want to raise a concern in confidence under this policy. If you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent. If the situation arises where we are not able to resolve the concern without revealing your identity (e.g. because your evidence is needed in court), we will discuss with you whether and how we can proceed.
10. ~~While we will consider anonymous disclosures, this policy is not appropriate for concerns raised anonymously.~~

### How we will handle the matter

11. Once you have told us of your concern, we will look to assess what action should be taken. This may involve an internal inquiry or alternative formal investigation. We will tell you who is handling the matter, how you can contact them and whether your further assistance may be needed. If you request, we will write to you summarising your concern and how we propose to handle it, together, with the relevant outcome (once known) save for in instances where an obligation of confidentiality arises.
12. Due to the varied nature of these sorts of concerns, which may involve internal investigators and / or the police, it is not possible to lay down precise timescales for such investigations. The

investigating officer will ensure that the investigations are undertaken as quickly as possible without affecting the quality of the investigations.

13. The investigating officer will normally be a member of Audit Scotland's Leadership Group Executive Team, senior individual from Audit Scotland, but however, the officer will not work within the same business area from where a concern has been raised against.
14. When you raise the concern, you may be asked how you think the matter might best be resolved. If you do have any personal interest in the matter, you should tell us at the outset. If your concern falls more properly within the Grievance Policy, we will discuss that with you, we will decide whether to uphold your proposal.
15. We will keep summary details of each whistleblowing matter raised and investigated to enable annual reporting of disclosures made under this policy.

#### How to raise a concern internally

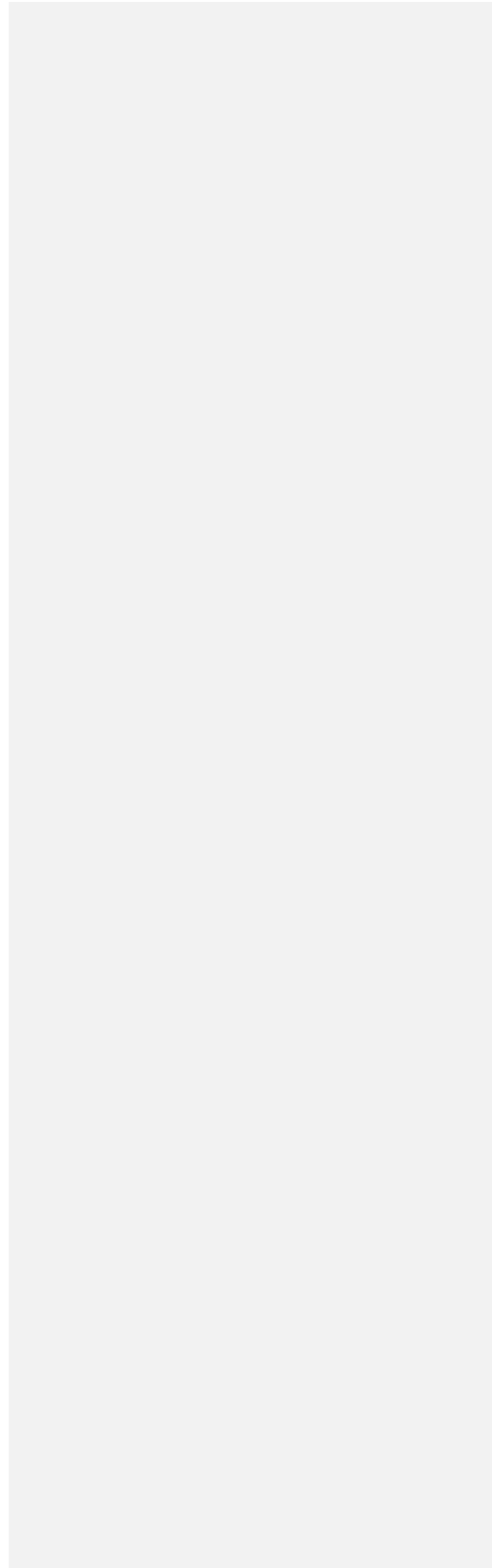
16. Step one - If you have a concern about suspected wrongdoing, malpractice, we hope you will feel able to raise it first with your manager. This may be done verbally orally or in writing.
17. Step two - If you feel unable to raise the matter with your manager, for whatever reason, please raise the matter with the Chief Operating Officer or another member of the Executive Management Team. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.
18. Step three - If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact a member of the Board. Contact details of Board members can be obtained from the Head of HR if required. Alan Alexander, Board Member on 07770 492 475 or Colin Crosby, Chair of the Audit Committee on 07976 634 836.

#### Independent advice

19. If you are unsure whether to use this procedure or you want independent advice at any stage, you may contact:
  - your union (if applicable); or
  - the independent charity Protect (formally known as Public Concern at Work) on 020 3117 2520. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious wrongdoing, malpractice at work. Alternatively, visit their website.

#### External contacts

20. While we hope this policy gives you the reassurance you need to raise such matters internally, we recognise that there may be circumstances where you can properly report matters to outside bodies, such as regulators or the police. Protect (or, if applicable, your union) will be able to advise you on such an option and on the circumstances in which you may be able to contact an outside body safely.



# Annual policy review of records management

Director of Corporate Support

Item 15  
Meeting date: 24 September 2024

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## Purpose

1. This report invites the Board to approve the submission of Audit Scotland's Records Management Policy for a further year.

## Recommendations

2. Board is invited to:
  - Approve the updated records management policy.

## Background

3. Audit Scotland has a policy, records management plan and procedures in place to ensure compliance with the [Public Records \(Scotland\) Act 2011](#) (PRSA).
4. Records management is regularly discussed at the internal forum, the Knowledge, Information and Technology Governance Group (KITGG) which meets six times a year. Records management is a standing item for scrutiny via the Information Risk Register.
5. Information Asset Owners (IAOs) from across the organisation undertake an annual review of the Information Asset Register (IAR) to ensure that all records are managed effectively and efficiently.
6. The records management policy is reviewed on an annual basis to ensure it is up to date and submitted to Executive Team and Board for approval.
7. This also forms part of the annual assurance process in support of the Accountable Officer's Governance Statement.

## Financial Implications

8. There are no financial implications related to the policy beyond officer time to carry out the review.

## Annual review of Records Management Policy

9. Corporate Governance and KITGG carried out a review of the Records Management Policy during July 2024.
10. The review found no substantive amendments were required given the formal approval of the [Records Management Plan 2021-26](#) by The Keeper of the Records, and the subsequent publication of our [assessment](#) online by National Records of Scotland (NRS) in summer 2022.

## Developments to our records management arrangements

11. We currently have development work under way in relation to records management, this includes:
- The annual review of the Information asset register and retention schedule by Information Asset Owners (IAO) over August and September 2024. The outcome of the review will be reported to KITGG in September 2024.
  - Later this year, in collaboration with Digital Services, we will start to plan the development and implementation of records management functionality in Microsoft 365 and SharePoint. This will allow us to fully utilise the records management tools available and automate a number of actions which are currently managed manually.
  - ISO 27001:2022 has new requirements for records management. We are working through the controls to identify what changes may be required. As a result, this policy may need to come back again later in the year for further approval to align with the requirements of ISO 27001:2022.

# Records Management Policy

<b>Owned and maintained by:</b>	Head of Performance and Corporate Governance
<b>Date checked/ created:</b>	September 2024
<b>Next review date:</b>	September 2025

## Introduction

1. The [Public Records \(Scotland\) Act 2011](#) (the Act) places a duty on us to prepare and implement a records management plan which sets out proper arrangements for the management of our public records.
2. We recognise that the efficient management of our knowledge, information and records is essential to support our work, to facilitate our governance and management, to manage risk and to comply with our legal obligations under the Act and other legislation as enacted from time to time.
3. Records, like any other company asset, are vital to our past, present and future work. They show decisions made and the steps taken towards those decisions. Records and the information they contain form part of our corporate memory and therefore must be managed systematically from creation to disposal.
4. Records are fundamental to our Audit Quality arrangements and professional standards and running Audit Scotland efficiently and effectively.

## Scope

5. This records management policy applies to Audit Scotland, the Accounts Commission and the Auditor General.

## Definition

6. A record is information in any medium, created, received and maintained as evidence and information by an organisation or person, in pursuance of legal obligations or in the transaction of business.

## Roles and responsibilities

7. The Chief Operating Officer is responsible for ensuring there are appropriate arrangements for managing information and records.
8. In support of the Chief Operating Officer the Head of Performance and Corporate Governance is responsible for the day-to-day records management arrangements for Audit Scotland, the Accounts Commission and the Auditor General. The security of our electronic information systems is the responsibility of Audit Scotland's Digital Services Manager.



**9.** It is the Information Governance and Management Group's (IGMG) role to ensure this policy remains relevant, represents good practice and is implemented effectively.

**10.** However, records management is the responsibility of everyone and this principle is embedded in our Code of Conduct. We are all expected to ensure the effective management of our records and the information we collect, create, store, share and dispose of, and to undergo training as required.

## **The principles of good records management**

**11.** It is our policy to fully comply with the Public Records (Scotland) Act 2011 and to apply the guiding principles of records management to ensure that information is available when and where it is needed, in an organised and efficient manner, and in a well-maintained environment.

**12.** We must therefore ensure that our records are:

### **Authentic**

It must be possible to prove that records are what they purport to be and who created them is known, by keeping a record of their management through time. Where information is later added to an existing document within a record, the added information must be signed and dated. With electronic records, changes and additions must be identifiable through audit trails.

### **Accurate**

Records must accurately reflect the transactions and other business activities that they describe.

### **Accessible**

Records must be readily available when needed.

### **Complete**

Records must be sufficient in content, context and structure to reconstruct the relevant activities and transactions that they describe.

### **Comprehensive**

Records must document the complete range of an organisation's business.

### **Compliant**

Records must comply with any record keeping requirements resulting from legislation, audit rules, professional standards and other relevant regulations.

### **Effective**

Records must be maintained for specific purposes and the information contained in them must meet those purposes. Records will be identified and linked to the business process to which they are related.

### **Secure**

Records must be securely maintained to prevent unauthorised access, alteration, damage or removal. They must be stored in a secure environment, the degree of security reflecting the sensitivity and importance of the contents. Where records are migrated across changes in technology, the evidence preserved must remain authentic and accurate.

**13.** Guidance in support of this policy has been prepared and is available to all staff in [SharePoint](#).

**14.** Business groups across Audit Scotland are responsible for the appropriate retention and disposal of files within their SharePoint sites, including the labelling of files to accurately determine ownership, sensitivity, file type and the current status of the document.

## Training and awareness

**15.** It is vital that everyone understands their information and record management responsibilities as set out in this policy. Therefore, directors and managers will ensure that staff are appropriately trained/briefed on how to manage records in accordance with this policy and our records management guidance.

**16.** In addition, training has been established to ensure that all staff are aware of their information obligations regarding Data Protection, Data Security and Freedom of Information.

## Supplementary documentation

**17.** The following Acts, policies, standards, procedures and guides should be used to support and supplement this policy:

- Audit Scotland Records Management Plan, 2021-26
- Public Records (Scotland) Act 2011
- Model Records Management Plan (revised 2019)
- Data Protection Act 2018 & UK General Data Protection Regulation (UK GDPR)
- Freedom of Information (Scotland) Act 2002 (FOISA)
- Audit Scotland's Data Protection Policy
- Audit Scotland's Freedom of Information Policy
- Audit Scotland's Clear Desk and Screen Policy
- Audit Scotland's Information Security Management Policy
- FOSIA section 61 Code of Practice on records management
- Managing records - a staff guide
- Procedure for transferring information to the National Archive of Scotland

- Audit Scotland's records retention schedule
- Audit requirements:
  - Audit standards e.g. ISA's
  - Audit Management Guides and Frameworks

# Q1 Corporate performance report

Director of Corporate Support

Item 16  
Meeting date: 24 September 2024

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## Purpose

1. This report provides the Board with a review of organisational performance as at quarter one (Q1) 2024/25.

## Recommendations

2. The Board is invited to:
  - Review the performance in Q1 as set out below and in appendix 1.
  - Consider the issues affecting performance, the actions identified and whether any additional management action is required.

## Background

3. The Performance framework and the quarter one report is aligned to the [Audit Scotland Corporate Plan 2023-2028](#) published in June 2023.
4. The sections in the slide deck attached as appendix one are:

Section	Strategic Priorities
Summary	
Delivery	Timely and impactful annual audit Dynamic performance audit programme Enhanced audit approaches
Resources	Developing our people and our business
Innovation and learning	Insights driving innovation

## Performance overview

5. The infographic below provides a summary of performance as at Q4.

### Audit Scotland Corporate Plan 2023-28: Strategic Priorities

Timely & impactful annual audit  
Dynamic performance audit programme  
Enhanced audit approaches

Developing our people and our business

Insights driving innovation and improvement

#### Delivery

#### Resources

#### Innovation and learning

Objective	Status	Objective	Status	Objective	Status
Audits delivered on time	Amber →	Our finances: Spend against budget	Green →	Innovation driving audit transformation	Amber →
Audits delivered on budget	Amber →	Our people: capacity to delivery - Establishment	Green →	Application of insights to decision-making, audit delivery & organisational change	Amber →
Audits delivered on time and on budget - Audit focus	Amber →	Our people: capacity to delivery - Cost	Green →		
Audit quality assurance results	Green →	Our people: capacity to delivery - Wellbeing	Amber →	Notes: • That not all objectives are reported quarterly. • Upward arrow indicates improving performance. • Horizontal arrow = maintaining performance. • Downward arrow = declining performance.	
Impact through our work	Green →	Our people: capacity to delivery - Working across business groups	Green →		
Progress towards net zero and climate resilience targets	Green →	Our people: right skills - Learning & Development	Amber →		
Progress against our equality outcomes	Green →				
Not progressing/ significant additional management action required		Progressing and additional management action planned		On target/ no need for additional management action	
Measures under development					

## Financial audit delivery

6. Quarter one focussed on the delivery of annual audit plans, NHS accounts and two Performance and Best Value (PABV) reports.
7. All NHS audits have been delivered and in addition we delivered 6 other accounts (1 Local Government and 5 Central Government).
8. There were no Accounts Commission (Local Government) accounts due in Q1.
9. We delivered 100 per cent of the outputs due in the quarter one and 91 per cent were on time. Performance improved in Q1, but audit delivery going forward stays at amber as projected performance indicates that delivery targets are not going to be met.
10. As at 12 September 2024, 12 of the 2022/23 financial audits remain outstanding.
  - Eight are local government audits (1 ASG, 7 Firms)
  - Four are Further Education College audits (Firms)
11. A verbal update on the most up to date position will be provided at the meeting.

## ASG delivery

12. The focus in Quarter 1 for Audit Services was the delivery of 2023/24 health audits and 12 of the 12 NHS audits (100%) were signed off by the 30 June target date (this compares to 83% last year).

## Delivery by the Firms

13. The focus in Quarter 1 for the firms was the delivery of 2023/24 health audits. Nine of the 11 Health Boards (82%) were signed off by the 30 June target date this compares to 55% in 2023/24. The two delayed reports were delivered within 1 week of the delivery date.

## Performance audit/ statutory reports/ other reports delivery

14. The General Election impacted our publications schedule in Q1. We delivered Two performance audits/ other reports were scheduled for Q1 and were delivered on time. The reports were:

- [BV Controller of Audit Report: Falkirk Council](#)
- [Local Government Budget Statement \[LG24\]](#)

15. The following reports were rescheduled in light of the general election publication moratorium:

- [Local Government performance statement](#) – published 15 May 2024
- [IJBs Finance and Performance report](#) – published 25 July 2024
- [Benchmarking and good public performance reporting matters](#) - published 1 August 2024
- Auditor General mid-term [blog](#)– published 13 August 2024
- [S102: Renfrewshire Council – Dargavel](#) – published 20 August 2024
- [Tackling Digital Exclusion](#) (joint report with AGS) – published 22 August 2024

## Resources and capacity

16. The number of FTE at end of June 2024 was 337.56, against an establishment level 366.07 FTE. Year to date this equates to 92% of establishment. The breakdown by business group is included in Appendix 1.

17. Recruitment and selection campaigns are under way to fill vacancies across the business groups.

18. Staff turnover for Q1 for all leavers was 0.57% compared to 1.17% in 2023/24.

19. The sickness absence rate for Q1 was 1.97 days - compared to 0.85 in Q1 2023/24. This remains below the average benchmarking figures for UK workplaces. The most recent CIPD health and well-being at work 2023 report explores health, wellbeing, and absences in UK workplaces. The survey has found the highest absence rate in over a decade, 7.8 days per employee and 10.6 days for public sector bodies.

20. Audit Scotland operational costs were delivered 14.9% less than budget. Additional information is contained on slide 16 of the appendix.

## Innovation & Learning

21. The pass rate for exams is 95%, this is an improvement on the 92% achieved in 2023/24.

22. The percentage of mandatory training days completed is 90%. This is an improvement on the 79% reported in Q4 2023/24, but remains below the target of 95%.

## Developments in Audit delivery

**23.** In Q1 we have seen an improvement in the delivery of the NHS audits on time compared to last year. All ASG all audits were delivered on time and, for the Firms, 82% were delivered on time and the two late audits were delivered within one week of the deadline.

**24.** The tables below show current the anticipated delivery for all sectors for both the ASG and the Firms for the 2023/24 audits.

Firms					
Expected delivery by Sector	NHS	LG	CG	FE	Total
Number of audits met or expected to meet target date	9	27	16	11	63
Total audits in sector	11	49	24	12	96
Percentage of audits met or expected to meet target sign-off date in 2023/24	82%	55%	67%	92%	66%
Percentage of audits meeting target sign off date in 2022/23	64%	27%	50%	54%	42%
Performance against prior year	↑	↑	↑	↑	↑

ASG					
Expected delivery by Sector	NHS	LG	CG	FE	Total
Number of audits met or expected to meet target date	12	42	44	7	105
Total audits in sector	12	75	60	8	155
Percentage of audits met or expected to meet target sign-off date in 2023/24	100%	56%	73%	88%	68%
Percentage of audits meeting target sign off date in 2022/23	83%	32%	57%	88%	48%
Performance against prior year	↑	↑	↑	→	↑

# Q1 Corporate Performance Report

## Appendix 1



## Audit Scotland Corporate Plan 2023-28: Strategic Priorities

Timely & impactful annual audit  
Dynamic performance audit programme  
Enhanced audit approaches

Developing our people and our business

Insights driving innovation and improvement

### Delivery

Objective	Status	
Audits delivered on time	Amber	→
Audits delivered on budget	Amber	→
Audits delivered on time and on budget - Audit focus	Amber	→
Audit quality assurance results	Green	→
Impact through our work	Green	→
Progress towards net zero and climate resilience targets	Green	→
Progress against our equality outcomes	Green	→

### Resources

Objective	Status	
Our finances: Spend against budget	Green	→
Our people: capacity to delivery - Establishment	Amber	→
Our people: capacity to delivery - Cost	Green	→
Our people: capacity to delivery - Wellbeing	Amber	→
Our people: capacity to delivery - Working across business groups	Green	→
Our people: right skills - Learning & Development	Amber	→

### Innovation and learning

Objective	Status	
Innovation driving audit transformation	Amber	→
Application of insights to decision-making, audit delivery & organisational change	Green	→

#### Notes:

- That not all objectives are reported quarterly.
- Upward arrow indicates improving performance.
- Horizontal arrow = maintaining performance.
- Downward arrow = declining performance.

Not progressing/ significant additional management action required

Progressing and additional management action planned

On target/ no need for additional management action

Measures under development

# Summary | Highlights, challenges and actions

## Highlights

### Delivery year to date

- **All NHS audits delivered** (100%)
  - 91% on time (this compares to 74% on time in Q1 2023/24)
  - ASG delivered 100% on time and the Firms 82% on time.
  - The two outstanding NHS audits were delivered within 7 days of the scheduled target date.
- 6 other audits delivered in Q1 (1 Local government , 5 Central Government) this compared to three in Q1 last year.

## Resources

- At the end of June 2024 Audit Scotland's total expenditure funded by the Scottish Consolidated Fund is £2,561k which is £434k (14.5%) less than budget.
- Net operating expenditure of £2,325k is £445k (14.9%) less than budget.
- At the end of the first quarter of the 2024/25 financial year the full year forecast is that we will be on budget.
- Staff turnover YTD for all leavers was 0.57% (1.17% Q1 last year)
- Absence levels YTD 1.97 days (0.85 Q1 days last year)
- Trainees sat 39 exams with a pass rate of 95% (target = 85%).

## Challenges

### Delivery

- Delivery of the 12 outstanding 2022/23 Audits (ASG 1, Firms 11)
- Planning Guidance targets for delivery of financial annual audits are in line with pre-covid dates.

### Resources

- The number of WTE at the end of June 2024 was 337.56 (establishment level 366.07 WTE.)
- This equates to 92% of the establishment. This is outwith the 5% tolerance margin. Recruitment campaigns are ongoing.

# Delivery

## Objective

Audits delivered on time and on budget

## KPQ

Are audits delivered on **time**?

## Target

95% of audits delivered on time

### OVERVIEW **Amber**

All NHS audits have been delivered with only two late (and these were by less than one week. This is a significant improvement on last year and should help auditors as they move on to central government and local government audits.

Where Annual audit plans are outstanding, they relate to audits that were completed late in 2022/23, some of which remain outstanding.

#### Financial Accounts:

Accounts due in Q1:

- All 23 NHS accounts were delivered (ASG 12, Firms 11).
- 21 (91%) of the NHS accounts were on time. ASG 12 on time (100%) Firms 9 on time (82%)
- 6 other audits delivered (these are reports due in Q2 (ASG 5, Firms 1)).

There are 12 outstanding 2022/23 audits (ASG 1, Firms 11)

#### Financial Annual Audit Plans:

For the 2023/24 Annual Audit plans due by 30 June 2024:

- 196 (88%) of the 222 Annual Audit plans (AAPs) delivered. This is the same percentage of AAPs delivered in Q1 last year. ASG delivered 98%, Firms delivered 74%
- 148 (67%) of the AAPs were on time. (compared to 65% last year). ASG 76% Firms 52% compared to ASG 72% and Firms 58% in Q1 last year.

#### Performance Audit

The general election publication moratorium impacted our publications schedule during Q1 (see slide 6).

Both Performance and Best Value reports were published to schedule.

- 2 for the Accounts Commission - on time
- 0 for the AGS
- 0 for Audit Scotland

## Objective

Audits delivered on time and on budget

## KPQ

Are audits delivered on **time**?

## Target

95% of audits delivered on time

## OVERVIEW **Amber**

### Financial audit

The deadlines for the 203/24 Financial Accounts due in Q1 were:

- NHS accounts 30 June 2024

### For Auditor General for Scotland in Q1:

#### Annual Audit Plans

- 116 of 123 (94%) of the NHS, CG and FE annual audit plans have been delivered year to date
- 92 (75%) on time. ASG 61(80%) on time. Firms 31 (66%) on time.

#### Accounts

- All 23 NHS accounts were delivered (ASG 12, Firms 11).
- Five Central Government Accounts delivered in Q1. These will be reported in Q2 as due date is 30 September 2024

### For Accounts Commission in Q1

#### Annual Audit Plans

- 87 of 99 (88%) of the Local Government Annual Audit plans have been delivered year to date
- 56 (56%) were on time. ASG 41(71%) on time, Firms 15 (37%) on time).

#### Accounts

- One Local Government account was delivered in Q1. LG audit delivery will be reported in Q2 as due date is 30 September 2024

### Performance Audit

Two Performance Audit products were delivered on time in Q1.

### Accounts Commission

- [BV Controller of Audit Report: Falkirk Council](#)
- [Local Government Budget Statement \[LG24\]](#)

The following reports were rescheduled in light of the general election publication moratorium:

- [Local Government performance statement](#) – published 15 May 2024
- [IJBs Finance and Performance report](#) – published 25 July 2024
- [Benchmarking and good public performance reporting matters](#) - published 1 August 2024
- Auditor General mid-term [blog](#)– published 13 August 2024
- [S102: Renfrewshire Council – Dargavel](#) – published 20 August 2024
- [Tackling Digital Exclusion](#) (joint report with AGS) – published 22 August 2024

### Reasons for delivery of audits after target dates

In Q1 two NHS audits were delivered 1 week late. Both were Firms audits.

One audit was late due to late amendments, and the other was late due to delays in the audited body providing audit evidence.

## Objective

Audits delivered on time and on budget

## KPQ

Are audits delivered on **budget**?

## Target

+/-5% of budget

### OVERVIEW **Amber**

In **ASG** the initial budget for 2023/24 audits was 23,177 days (inclusive of EAFA and Housing Benefit Performance Audit. Audit teams were asked to be cautiously ambitious and, as such, this represented 12.5% fewer days than 2022/23 actuals.

As at 1 July 2024, 13,314 days have been spent on 2023/24 audits (57.4% of budget).

For NHS audits, 3,283 days were charged as at 30 June 2024 against a budget of 3,168 days. This represents an overspend of 3.6%, or 115 days. Three boards overspent by more than 10% of budget: NHS Dumfries and Galloway, Highland and Borders.

The reasons for the overspends are being considered to ensure audit approaches and budgets are revised for 2024/25. A small amount of additional time is anticipated to be charged to NHS audits in July – but, by comparison, last year we exceeded NHS budgets by 7.2%, 233 days.

**PABV** is reporting 5% above budget.

This includes an overspend in the IJB financial and performance report 2024 due to the General Election delay resulting in re-work to the report as well as additional supplements being added to the output.

R&D in the justice portfolio was over budget in Q1 with the Community Justice Blog being removed from the work programme and the AGS requesting a longer-term plan for justice audit work. For various reasons, HMICS work also took around a month longer than planned.

### Risk register

The performance affects the following risk in the corporate risk register.

A6 – Failure of efficiency and ability to demonstrate value for money ● ⇨

A9 - Failure of timely & efficient access to performance & business management information ● ⇨

## Objective

Audits delivered on time and on budget

## KPQ

Are colleagues **audit focused**?

## Target

70% of available time on audit

### OVERVIEW **Green**

#### Colleagues are audit focused.

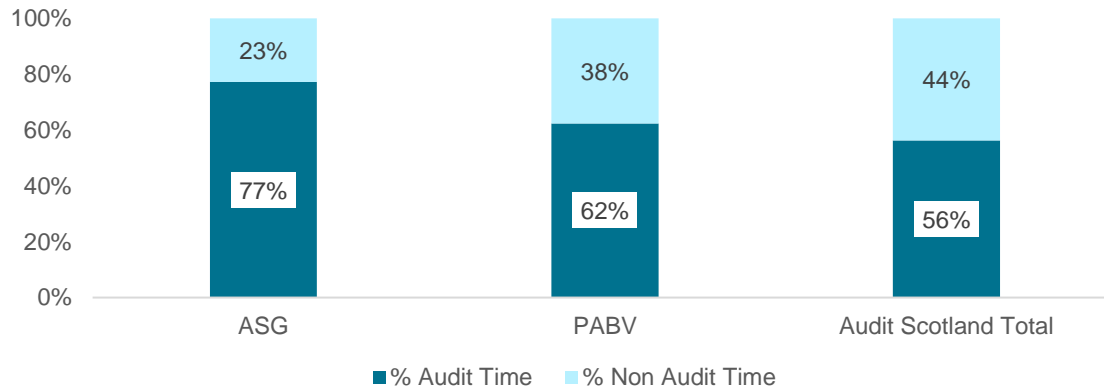
The combined time spent on audit for ASG and PABV is 73 percent, which is above target. (Available time does not include leave.)

The percentage of **colleagues delivering audit** in ASG and PABV.

- ASG 96%
- PABV 90%

(This excludes colleagues who do not work on audit and those on Maternity leave)

Q1 Percentage of available time spent on Audit

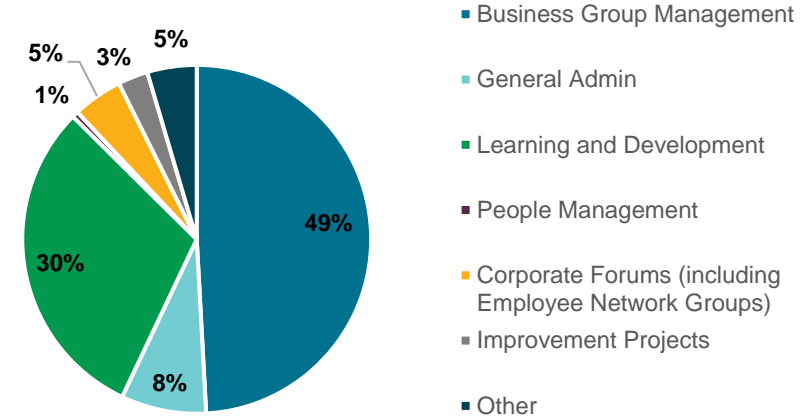


In comparison, in Q1 2023/24:

ASG – 66% Audit time and 34% Non-Audit time

PABV – 50% Audit time and 50% Non-Audit time

% Breakdown of non-audit activity for ASG & PABV



#### Non audit time includes time codes for:

Learning & development, improvement projects, business group management, meetings, travel and other (including general administration)

#### Risk

Not enough resource is available to deliver Audits on time or to sufficient quality.

#### Risk register

The performance affects the following risk in the corporate risk register.

A5 – Failure of audit quality

A3 – Failure to deliver audits to deadlines



## Objective

Audit quality assurance results

## KPQ

Are we assured about the **quality** of our work?

## Target

80% of reviews achieve level 1 or 2 (over a three year period)

### OVERVIEW **Green**

#### During Q1

I&Q held two quality feedback sessions for ASG and PABV staff in May to share the findings from internal and ICAEW cold file reviews, lessons learned and planned improvement activity. These mandatory training sessions were well attended, and the recording and materials are available online via LMS.

The Quality Team facilitated root cause analysis (RCA) discussions with selected ASG audit teams. The RCAs will inform the refresh of our quality improvement action plan which is due for update in Q2.

A summary of the RCAs was presented to ASGMT in June and the summary has been shared with all ASG staff to inform quality improvement. I&Q also assisted with various discussions with ICAEW to finalise the external monitoring visit and helped prepare the response to the final monitoring report '2022/23 QAD Review of Audit Scotland' issued in May 2024.

We completed two internal cold file reviews for Performance Audit products in April. Both achieved a grade 2 'limited improvements required' outcome.

An RCA process with selected PABV audit teams is scheduled for Q2 which will inform the update of the improvement action plan.

The Quality Team started the next phase of monitoring in Q1. This is focused on hot file reviews and a thematic review of Best Value audit work.


#### Risk

Not enough resource is available to deliver Audits on time or to sufficient quality.

#### Risk register

The performance affects the following risk in the corporate risk register.

A5 – Failure of audit quality 

A6 - Failure of efficiency and ability to demonstrate value for money 



## Objective

### We engage with stakeholders

## KPQ

How are we **engaging** with stakeholders

## Target

Engagement - time series comparison

### OVERVIEW Green

We continue to get our messages out effectively through a variety of means. Reports were rescheduled due to the General Election. We followed civil service guidance and did not publish any reports that could be used to influence voting intentions.

In Q1

#### Media / broadcast:

- Top **AGS** reports: None in the quarter
- Top **Accounts Commission** reports: CoA: Falkirk Council, Briefing: Councils' budgets 2024/25

#### Social media engagements:

- Auditor General posts = 349
- Accounts Commission posts = 6,022
- Audit Scotland posts = 9,738

#### Parliament committee attendance:

- 10 parliament committees including Public Audit Committee, Local Government, Housing and Planning Committee, Health, Social Care and Sport Committee, The Net Zero, Energy and Transport Committee and Finance and Public Administration Committee.

#### Consultations: In Q1 we responded to three consultations:

- Consultation on the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024:
- Housing (Scotland) Bill
- National Performance Framework: Inquiry into Proposed National Outcomes

### Risk

The risk is to Audit Scotland's reputation if we do not engage with key stakeholders.

### Risk register

Performance is part of the Monitoring controls for the following risk in the corporate risk register.

A12 - Failure of market capacity/ appetite for public audit work from the private sector (future appointments) ● ⇨

M1– Failure to maximise the value, impact and influence of public audit ● ⇨

Measure	Q1	Q1
	24/25	23/24
Consultation responses	3	7
Committee attendance	10	16
Downloads	463,647	153,474
Media mentions	137	428
Social media engagement	16109	13061

## Objective

We communicate with stakeholders

## KPQ

How are we responding to enquiries from the public

## Target

Communication - Better than 95% on time

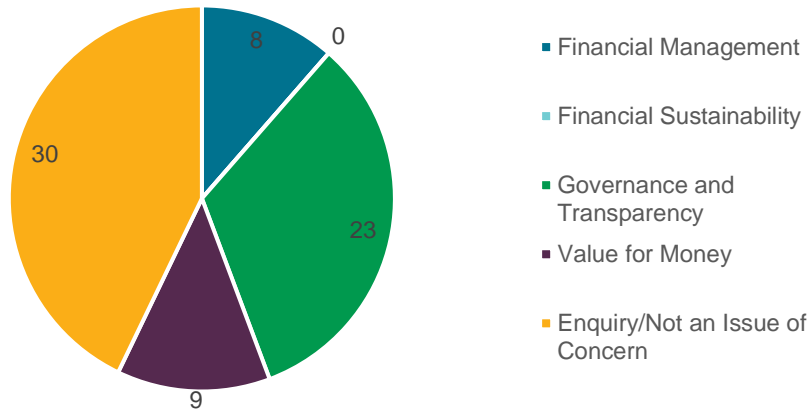


### OVERVIEW

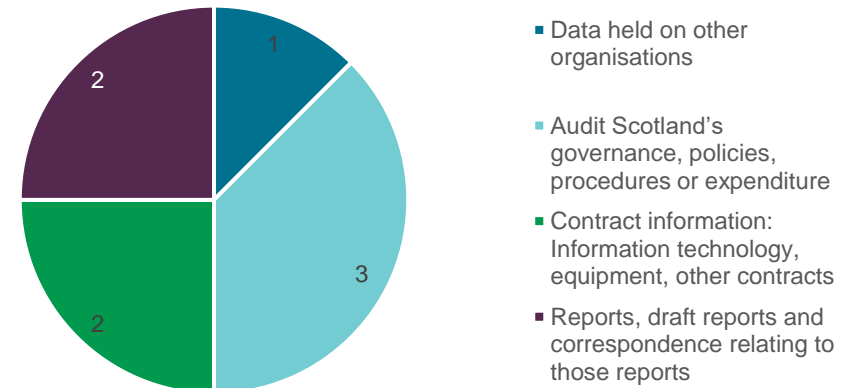
In Q1 we responded to:

	24/25 total	23/24 total	24/25 % on time	23/24 % on time
Complaints	0	4	N/A	75
FOI	8	45	100	98
DSAR	0	3	N/A	100
Correspondence	70	248	100	98

Correspondence category



FOI Categories



## Objective

Progress against our **equality outcomes**.

## KPQ

Are we progressing towards **our equality outcomes**

## Target

TBC

### OVERVIEW Green

In 2023/24 we undertook a review of progress review against 2021-2025 equality outcomes, three years into new outcomes cycle.

We are using this review to inform our new DEI strategy and next set of equality outcomes for 2025 to 2029. The key findings of the review are set out below.

We have delivered significant activity that contributes towards our equality outcomes:

- More than 70% of our performance audit products reference social and economic factors and protected characteristics and references in recommendations has increased each year from 8% of products in 2021/22 to 26% in 2023/24. We have expanded our range of publications and tailored them to meet the different communications needs of our audiences.
- We undertake significant external engagement on equality and human rights policy and are developing our approaches to integrating service user involvement and human rights into our audit methodology.
- We have seen an increase in applicant numbers amongst ethnic minorities (13.8% in 2019/20 to 24.6% in 2022/23) and disabled people (3.4% in 2019/20 to 7.10% in 2022/23).
- Our gender pay gap has decreased from circa 10% in 2020/21 to just over 6% in 2022/23.
- We have six active diversity network groups led by colleagues. These groups regularly seek feedback from colleagues who share protected characteristics, support each other and support our organisation to understand their needs and design and deliver policies that take these into account.

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
We now have data against all the new KPIs. We will monitor data over next few quarters to develop targets and ranges to allow us to assess progress.				Review and update by Q2 report 2024/25

# Resources

## Objective

Our finances: Spend against budget

## KPQ

Spend against budget - Organisation

## Target

Break even

### OVERVIEW Green

The target for Audit Scotland is to break even as required by the Public Finance and Accountability (Scotland) Act 2000.

At the end of June 2024 Audit Scotland's total expenditure funded by the Scottish Consolidated Fund is £2,561k which is £434k (14.5%) less than budget.

Net operating expenditure of £2,325k is £445k (14.9%) less than budget.

At the end of the first quarter of the 2024/25 financial year the full year forecast is that we will be on budget.

**Fee income** – recognition of income on completion of outstanding 22/23 audits for both firms and in-house work. Firms additional income £718k and in-house £22k. For 23/24 audits, in-house work behind plan on central government, FE and EAFA though the overall position remains on target. Firms slightly ahead of plan on all sectors except for local government.

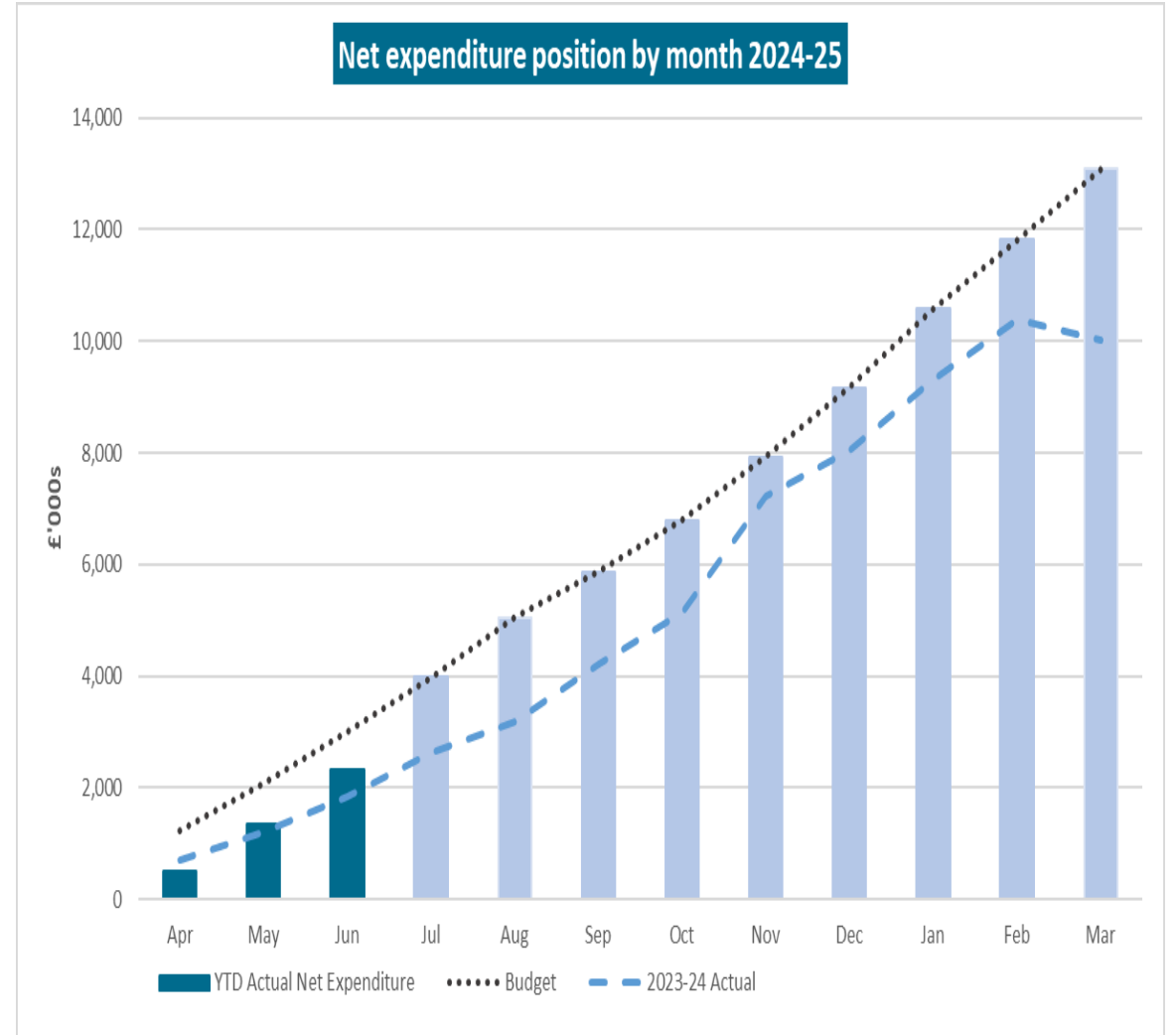
**Other income** – bank interest £12k better than budget.

**Pay** – budgets include a pay award settlement of 4% and the actual ytd position includes an accrual to account for the impact of the outstanding pay award. The pay variance of £237k is due to the average whole time equivalent position being 10.6 being below funded establishment and there is also a price variance (£53k) which is due to staff turnover. This is reduced by agency expenditure of £98k.

**Non-pay** - overspends in firms' payments, professional services and IT costs. Firms overspend offset by additional fee income and overspends in professional services and IT to be met by future savings.

**Capital** – £11k expenditure as Glasgow minor building works project.

**Forecast** - assumes on budget with first forecast to be prepared following closure of June management accounts.



## Objective

Our finances: Spend against budget

## KPQ

**Spend** against budget - Organisation

## Target

Break even

### The current financial risks are:

- Closing work in progress position for 2024/25 audit work at 31 March 2025.
- 2024 pay settlement.
- Firms additional audit work and fees.
- Outstanding 2022/23 audits.
- Impact of audit modernisation and resourcing system projects. - Procurement demand and lead times.
- Planned reduction in holiday pay accrual.

### Risk register

The performance affects the following risk in the corporate risk register.

A6 - Failure of efficiency and ability to demonstrate value for money ● ➡

## Objective

Our people: Right skills and capacity to deliver

## KPQ

**Capacity** to deliver - people establishment

## Target

+/-5% of establishment

## OVERVIEW **Amber**

Current staffing level vs **establishment**

- The number of FTE at the end of June 2024 was 337.56 (establishment level 366.07 WTE.)
- This equates to **92%** - which is under the 95% target.

At the end of June 2024, the business groups were under establishment as follows:

- Audit Services = 92.19% of establishment.
- Performance Audit and Best Value = 92.41% of establishment
- Corporate services = 92.73% of establishment
- Innovation and Quality = 87.25% of establishment.
- Audit Quality and Appointments = 125% of establishment
- Accounts Commission Support = 50% of establishment

## Objective

Our people: Right skills and capacity to deliver

## KPQ

**Capacity** to deliver - People establishment

## Target

+/-5%

### Performance, trend and RAG

Overall, this measure is rated amber due to WTE being at 326.6 which is 93% of establishment (351.2).

#### Actions include:

- Recruitment campaigns
- Focus on resourcing flexibilities within current budget envelope
- Coordination between ASG and I&Q to understand the workload and resourcing impact of changes in audit requirements and expectations.
- Closer coordination implemented between ASG and PABV in relation to the resourcing and delivery of Best Value requirements.
- Monitoring and reporting to ET, Board and AC
- Scenario planning and development of a new Target Operating Model

### Risk

If Audit delivery business groups are under establishment this increases the risk of failure to deliver audits/meet deadlines.

### Risk register

The performance affects the following risk in the corporate risk register.

A4 - Failure of capacity –establishment, deployment, skills. 

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
	Ongoing recruitment campaigns	Various	Various	



## Objective

Our people: Right skills and capacity to deliver

## KPQ

People spend against budget.

## Target

+/- %5 of budget

### OVERVIEW **Green**

The year-to-date underspend of £462k on staff pay is mainly due to:

- A favourable volume variance of £30k with the average vacancy level for the year to date being 1.8 whole time equivalents (0.5%) less than funded establishment.
- The favourable price variance of £432k relates to the inclusion of a 4% pay award uplift in the budget with pay negotiations ongoing with union representatives.

### Risk

None

### Risk register

The performance affects the following risk in the corporate risk register.

A4 - Failure of capacity – establishment, deployment, skills ● ⇨

A9 - Failure of timely & efficient access to performance & business management information ● ⇨

## Objective

Our people: Right skills and capacity to deliver

## KPQ

Capacity to deliver - **Wellbeing**

## Target

Per KPI

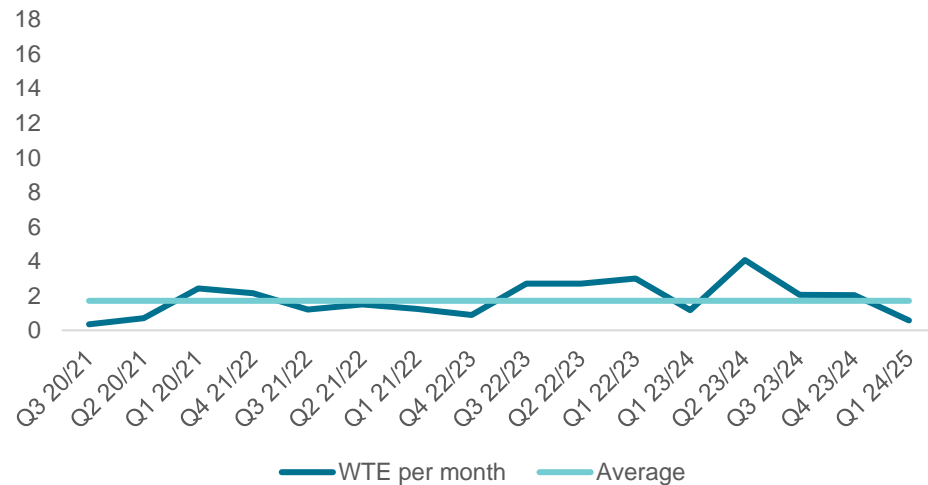


### OVERVIEW Green

**Staff turnover** YTD for all leavers was 0.57% compared to 1.17 in Q1 2023/24. The median figure for the UK is 10.3

The graph shows the variation for leavers above and below the average for the period 2020-21 to date. The variation is in most cases less than two percent above or below the average.

All leavers to Q1 2024/25



### OVERVIEW Amber

**Sickness absence** YTD was 1.97 days compared to 0.85 in Q1 2023/24. Breakdown by business group is shown in the table.

Average Sickness days by Business group

	Q1	Q2	Q3	Q4	YTD
ASG	2.47				
PABV	0.93				
I&Q	1.07				
CSG	2.20				
AS average	1.97				

## Objective

Our people: Right skills and capacity to deliver

## KPQ

Capacity to deliver - **Wellbeing**

## Target

Per KPI

### OVERVIEW **Amber**

#### Flexi Balances

Flexi reports are re-run at the end of each quarter to provide a more accurate assessment of staff balances.

Note: Is it not possible to highlight staff balances which are historically carried forward with no reset, or static in terms of flexi being used at the same rate it is being accrued.

In 2023/24, no member of staff – at any grade- was reported to have worked in excess of 48 hours in a week

#### Risk

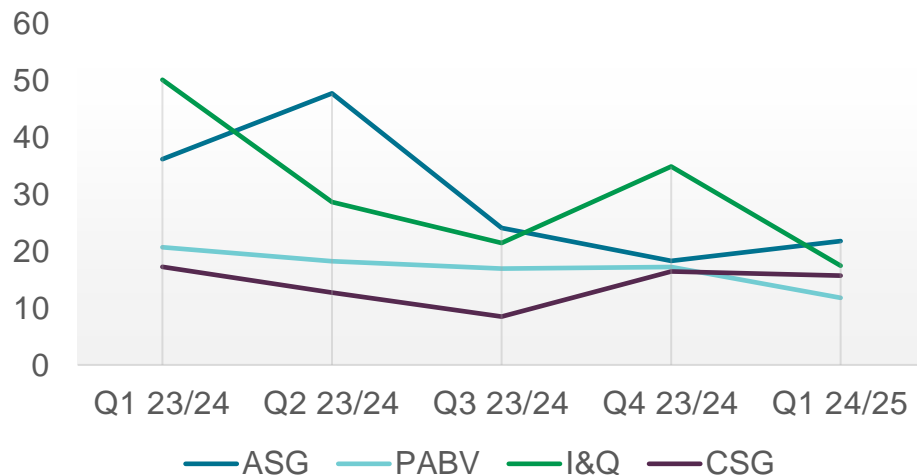
Wellbeing of colleagues is key to capacity to deliver

#### Risk register

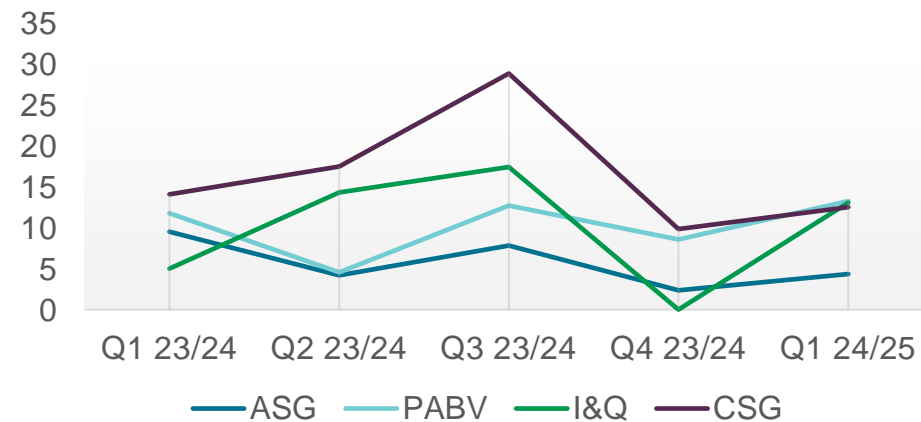
The performance affects the following risk in the corporate risk register.

A4 - Failure of capacity –establishment, deployment, skills ● ⇨

% of colleagues with greater than 14.5 hours flexi



% of colleagues with greater than -7.25 hours flexi



## Objective

Our people: right skills - Learning & Development

## KPQ

Learning (L&D)

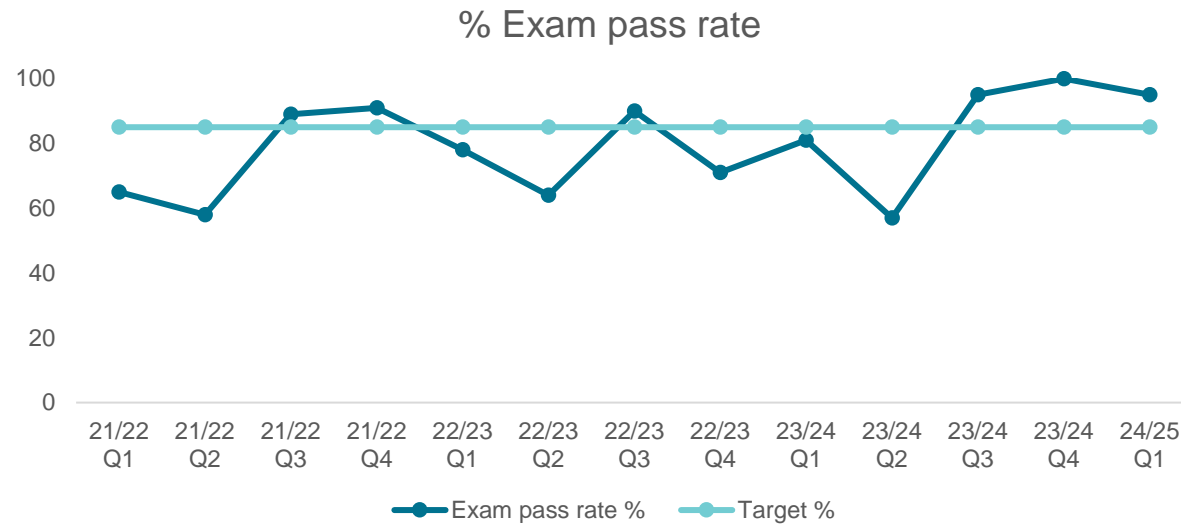
## Target

Target per KPI

### OVERVIEW Amber

#### L&D in Q1:

- Trainees sat 39 exams with 37 exams passed (95%) against a Target of 85%. This compares to 81% pass rate in Q1 2023/24.
- Percentage of **mandatory training days completed** = 90% (Target 95%). This is better than Q4 (79%)



Event	Completed
Data Protection including GDPR	95%
Digital Services Cybersecurity Training (not available on LMS)	89%
Emotional Intelligence (ILT Report)	82%
Hybrid working DSE	87%
Freedom of Information	96%
Protecting Information Part 2	92%
Protecting Information Part 3 (materials)	81%
Trust and Ethics (materials)	99%
<b>Total Mandatory training</b>	<b>90%</b>

## Objective

Our people: right skills - Learning & Development

## KPQ

Learning (L&D)

## Target

Target per KPI



### OVERVIEW **Amber**

#### Key messages

- The new “Aspiring Leaders” programme that is being run with Audit Wales was launched in May .
- eLearning continues to be used widely across the organisation.
- There has been an increase in those completing the mandatory training in Q1, this has improved the completion rate to 90%, with the most notable increase in Trust and Ethics. This continues the steady increase compared to previous quarters.
- There has been new content added to the LMS including materials that have been shared by NHS on fraud, money laundering and preventing procurement fraud.
- Work has commenced on the development of learning pathways for each of the bands.
- Materials continue to be created for technical audit utilising Easy Generator including “Housing benefit subsidy certification 2023/24” and “IFRIC 14 & pension asset ceilings”
- The L&D plan for 24/25 was published in August

#### Risk register

The performance affects the following risk in the corporate risk register.

A4 – Failure of capacity – establishment, deployment, skills  

## Objective

Our people: Right skills and capacity to deliver

## KPQ

Working across business groups

## Target

Score greater than four



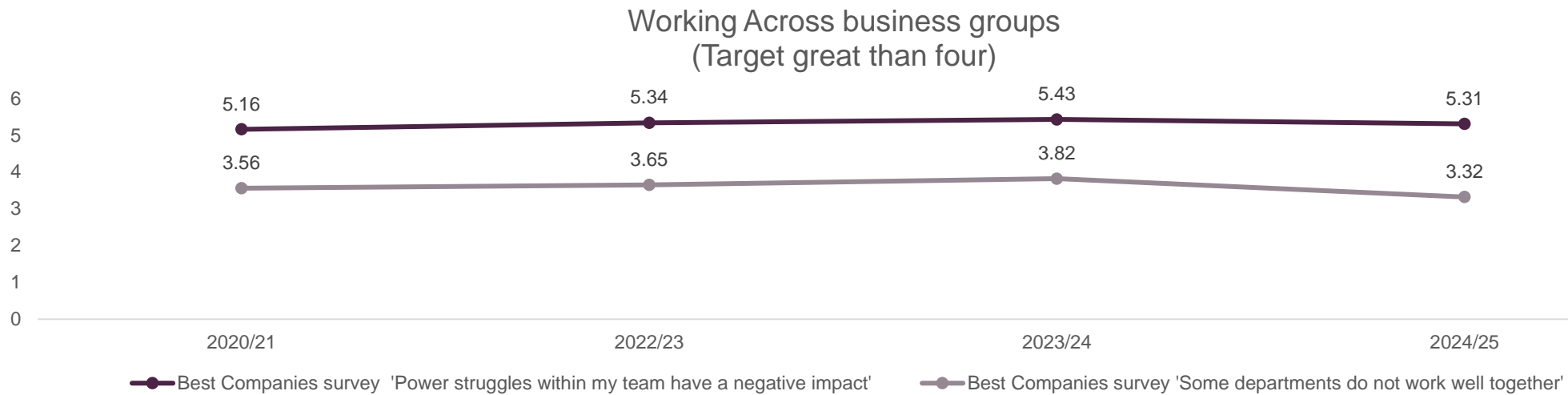
### OVERVIEW **Amber**

- Results from the Best Companies survey held in November 2023 highlighted that the two questions about colleagues working across business groups showed consistent scores for the last four years.

### Risk register

The performance affects the following risk in the corporate risk register.

A5 – Failure of capacity – establishment, deployment, skills



# Innovation & Learning

## Objective

Innovation driving audit transformation

## KPQ

Target per KPI

## Target

Prior year performance

### OVERVIEW **Amber**

#### Performance

In Q1:

##### **Audit Modernisation Project.**

- A Gate 1 assurance review on the Audit Modernisation Project has been undertaken. This was an early assessment to inform the Strategic Outline Case (SOC), procurement activities and preparation of the Outline Business Case (OBC). The assessment and report shared with SRO and finalised report and IAAP will be presented to the AAB/AMPB and SIPB in Q2. Status was assessed as amber, and an action plan has been agreed
- The Audit Modernisation project is progressing well but is currently reporting as amber. This is largely to do with capacity constraints. Recruitment for new fixed term PM started in June.
- Focus group sessions with ASG and PABV staff were completed in Q1 with high level findings presented to the AAB/AMPB and SIPB in May. Findings are being collated and will help inform requirements gathering for software and audit approach development plans. Findings from the Quality Improvement Action Plan and RCA exercises are also helping to inform this. Focus group sessions with BSS and comms are planned for June/July. Process mapping for ASG and PABV approaches underway and will continue in Q2.
- Market analysis well underway and discussions held with NAO, Audit Wales and our lawyers. PIN and RFI returns received from 5 suppliers. This information is supplementing the desktop analysis.

##### **Other**

- Centralised NHS performance analysis, sample size calculator, budget dashboard – all well received internally and externally with work starting on other dashboards
- Top tips bulletin issued in Q1 to remind auditors of some inhouse and off the shelf tools that would be useful during final accounts.
- Scottish Budget dashboard received positive feedback from teams and SPICe, SFC and Scottish Government. Work has commenced on new dashboards to support the LGO and NHSO teams.
- Continued engagement with UK PAF bodies around the development of training to improve IT audit skills and knowledge



## Objective

Innovation driving audit transformation

## KPQ

Target per KPI

## Target

Prior year performance

### OVERVIEW Amber

#### Performance

In Q1 examples of:

- Use of new products/analysis - New internal tool in the sample size calculator that has been developed and being trialled for some 23/24 audits
- We received three suggestions to our ideas board.

**Colleague Feedback** - No surveys were issued during this period. However, we received positive feedback from the focus group sessions about Asc and how it offers a more robust approach and huge potential. There were comments about the fact it takes a while to learn and get to grips with. There were also positive comments about the budget dashboard and DataClipper

#### Risk register

The performance affects the following risk in the corporate risk register.

A10 - Failure to deliver the objectives of audit modernisation ● ⇒

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Capacity constraints within I&Q and within the wider organisation has caused some slippage on AMP project.	We will have resources in place in Q1 24/25 to better support the project and deliver key milestones in Q1 and Q2. We will continue to monitor progress and escalate any issues as required, through the project board.	Head of Digital Audit/ project lead	Q1 24/25	Update Q1-  Secondment resources integrated into I&Q. Collaboration with ASG to ensure that urgent ASG work could also be supported.  Job evaluation for the PM role evaluated and recruitment started in June. This took slightly longer than anticipated so there will be a gap between project managers. This has been managed by putting robust handover procedures and notes in place.

## Objective

Innovation & Learning - Insights

## KPQ

Application of **insights** to decision making, audit delivery and organisational change

## Target

TBC



### OVERVIEW Green

**During Q1** we continued to make progress with the **Insights** project, delivering our second impact evaluation report to Scottish Parliament's Public Audit Committee and our third impact monitoring and evaluation report internally. This highlighted a range of learning and opportunities to develop and improve, which will be taken forward into our next operational planning process, including:

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

We undertook two internal insights events with an average attendance of 71 people. We also held an external event which 155 people attended.

We continue to gather feedback from stakeholders, including a public opinion survey, MSP survey, Audit Quality Surveys, and new surveys for performance audit as part of the Insights project. This information was reported to the Board, and included in the impact reporting. The impact report is available on our [website](#), and the next report will be considered by the Board in January.

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Data now collected for all KPIs. We will monitor data over next two quarters to develop targets and ranges to enable full assessment of performance.				Review and update by Q2 report 2024/25

# Q1 Financial performance report

Corporate Finance Manager



Item 17

Meeting date: 24 September 2024

## Purpose

1. This report presents the financial results for the three months to 30 June 2024.

## Recommendation

2. The Board is invited to:
  - Note the financial results for the three months to 30 June 2024.
  - Discuss and note the main financial risks in paragraphs 24 and 25.

## Background

3. A Financial Performance Executive Summary is provided in the appendix to support this report.
4. This report was discussed by Audit Committee on 3 September 2024 and has been reviewed by Leadership Group.

## Summary position

Financial Position as at end of June 2024						
	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s	FY Forecast £'000s	FY Budget £'000s	Variance YTD £'000s
Income	(6,899)	(6,277)	622	(24,504)	(24,504)	0
Pay	5,976	6,115	139	24,540	24,540	0
Non-pay	3,473	3,158	(315)	13,043	13,043	0
Capital Expenditure	11	0	(11)	150	150	0
<b>Funded by Scottish Consolidated Fund</b>	<b>2,561</b>	<b>2,995</b>	<b>434</b>	<b>13,229</b>	<b>13,229</b>	<b>0</b>

5. At the end of June 2024 Audit Scotland's total expenditure funded by the Scottish Consolidated Fund is £2,561k which is £434k (14.5%) less than budget.
6. Net operating expenditure of £2,325k is £445k (14.9%) less than budget.
7. Total capital expenditure year to date of £11k relates to the minor building work project in the Glasgow office.
8. Following the end of the first quarter of the 2024/25 financial year a forecast is being prepared to establish a possible final outturn for the year based on a number of scenarios.

At the end of the first quarter the current assumption is that we will be within our allocated budget despite a number of financial pressures.

9. Variance analysis is provided in the main body of this report.

## Income

10. Income recognition year to date of £6,899k is £622k (9.9%) more than budget.

11. In-house audit income £226k less than budget broken down as follows:

- Unbudgeted prior audit year income of £22k recognised for the completion of 2022/23 audits in the local government sector.
- 2023/24 audit fee income in local government (£31k) and health (£1k) more than budget with central government (£158k), EAFA (£56k) and further education (£66k) less than budget.
- Non-chargeable audit work is ahead of plan with the overall position for 2023/24 in-house audit work being on plan.

12. Income recognition for the firms is £836k (4.4%) more than budget due to:

- Unbudgeted prior year audit income of £718k recognised for completion of 2022/23 audits in local government (£661k), central government (£2k) and further education (£55k).
- Fee income recognition for 2023/24 audits is more than budget in health (£156k), water (£66k), central government (£77k) and further education (£44k) with local government (£225k) less than budget.
- Non-chargeable audit work is behind plan with the overall position for the firms' 2023/24 audit work on plan.

13. The balancing favourable variance of £12k is mainly due to bank interest on deposit balances being more than budget. This is due to the deposit account interest rates being higher than prior years.

## Pay expenditure

14. Expenditure on pay, pensions and agency costs of £5,976k is £139k (2.3%) less than budget.

15. The year-to-date underspend of £237k on staff pay is mainly due to:

- A favourable volume variance of £184k with the average vacancy level for the year to date being 10.6 whole time equivalents (3.1%) less than funded establishment.
- The favourable price variance of £53k relates to staff turnover and higher trainee numbers.

16. Unbudgeted agency and secondment expenditure year to date of £98k is providing additional expert support on the audit modernisation and resourcing projects. There has

also been a requirement for additional audit support within Audit Services. The variance will be funded by budget savings, additional fee income and an allocation from management contingency.

## Non-pay expenditure

17. Non-pay expenditure includes the payments to firms under the audit appointments contract and other operating expenditure. Year to date expenditure of £3,473k is £315k (10.0%) more than budget.
18. The main variances appear in Firms payments, professional services, IT and property.
19. **Firms payments** £188k (8.7%) more than budget due to additional work undertaken to complete prior year audit work. Additional prior year fee income covers the additional costs with the firms identifying a significant number of adjustments, discrepancies in the application of accounting standards and delays in the availability of working papers. The position in respect of 2023/24 audit work highlights a small overspend (£51k) which is being offset by the recognition of more fee income than planned.
20. **Professional services** £26k (18.2%) more than budget mainly due to expenditure relating to the estates management and audit modernisation projects. Estates management costs are the payments made to Space Solutions to manage the Edinburgh and Glasgow projects on our behalf. This expenditure will be met from savings in the second half of the financial year when we start to make savings on our property costs and budget adjustments will be made to cover these costs. Audit modernisation costs relate to a Gateway review of the project and these costs will be met from other budget savings within the Innovation & Quality budget allocation.
21. **IT** expenditure £54k (37.2%) more than budget due to upfront one-off payments for hardware and software. Available budgets will be re-phased in the next quarter to cover this overspend.
22. **Property** expenditure £26k (8.4%) more than budget due to application of notional interest charge for Edinburgh and Glasgow offices under IFRS 16 Leases. Future savings on completion of office re-configurations will be used to fund this variance.

## Contingency and future financial risks

23. The 2024/25 budget includes a contingency allocation of £500k to meet any unexpected financial pressures that may arise in the year. An allocation of £80k has been made to fund a project manager for the audit modernisation project. Allocations are the responsibility of the Executive Team (ET), and any further allocations will require ET approval.
24. The financial risks that have the potential to impact on our ability to deliver a balanced budget include:
  - April 2024 pay award settlement (budget 4%).
  - Work in progress position for 2024/25 audit work at 31 March 2025.
  - Additional audit work and fees.
  - Impact of audit modernisation and resourcing system projects.

- 2024/25 audit fees and potential impact on cash flow.
  - Planned reduction in IAS 19 holiday pay accrual.
- 25.** There continues to be many outside influences that will impact on longer-term financial scenario planning and future budget proposals. Factors being considered include:
- Future pay award settlements.
  - SCF funding pressures.
  - Fees and funding strategy.
  - Audit delivery, recovery and resourcing.
  - Audit modernisation.
  - Resource system.
  - Public sector audit model and impact on future procurement.

## Capital expenditure

- 26.** The approved capital programme for 2024/25 originally planned for further investment in IT hardware and software.
- 27.** Due to slippage on the Glasgow office project the IT capital investment in 2024/25 was brought forward into financial year 2023/24 with the capital budget for 2024/25 now being used to fund the Glasgow project.
- 28.** Total year to date capital expenditure of £11k relates to the commencement of the minor building work in the Glasgow office.
- 29.** The timetable for project completion is 30 August with some additional building compliance work identified. It is therefore anticipated that a future budget virement will need to take place to meet this additional cost. When the actual additional costs have been verified the budget adjustment will be requested.

## Virement

- 30.** There were no instances of budget virement in excess of £20k in the three months to 30 June 2024.

## Financial Position

**Fee income** – recognition of income on completion of outstanding 22/23 audits for both firms and in-house work. Firms additional income £718k and in-house £22k. For 23/24 audits, in-house work behind plan on central government, FE and EAFA though the overall position remains on target. Firms slightly ahead of plan on all sectors except for local government.

**Other income** – bank interest £12k better than budget.

**Pay** – budgets include a pay award settlement of 4% and the actual ytd position includes an accrual to account for the impact of the outstanding pay award. The pay variance of £237k is due to the average whole time equivalent position being 10.6 being below funded establishment and there is also a price variance (£53k) which is due to staff turnover. This is reduced by agency expenditure of £98k.

**Non-pay** - overspends in firms' payments, professional services and IT costs. Firms overspend offset by additional fee income and overspends in professional services and IT to be met by future savings.

**Capital** – £11k expenditure as Glasgow minor building works project.

**Forecast** - assumes on budget with first forecast to be prepared following closure of June management accounts.

Financial Position as at end of June 2024						
	Actual YTD	Budget YTD	Variance YTD	FY Forecast	FY Budget	Variance YTD
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Income</b>	(6,899)	(6,277)	622	(24,504)	(24,504)	0
<b>Pay</b>	5,976	6,115	139	24,540	24,540	0
<b>Non-pay</b>	3,473	3,158	(315)	13,043	13,043	0
<b>Capital Expenditure</b>	11	0	(11)	150	150	0
<b>Funded by Scottish Consolidated Fund</b>	2,561	2,995	434	13,229	13,229	0

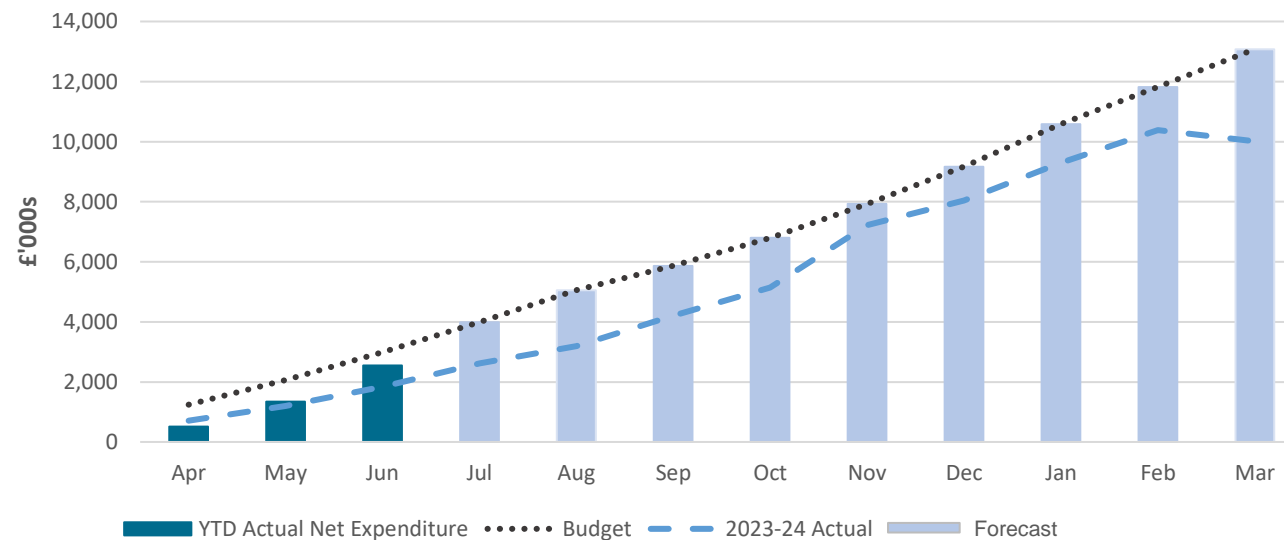
## Management Contingency £'000s

<b>Total Funding</b>	<b>500</b>
Audit Modernisation Project Manager	80
<b>Balance</b>	<b>420</b>

## Financial Risks

- Closing work in progress position for 2024/25 audit work at 31 March 2025.
- 2024 pay settlement.
- Firms additional audit work and fees.
- Outstanding 2022/23 audits.
- Impact of audit modernisation and resourcing system projects.
- Procurement demand and lead times.
- Planned reduction in holiday pay accrual.

## Net expenditure position by month 2024-25



## Summary Balance Sheet £'000s

	31/03/2024	30/06/2024
Total Non Current Assets	6,291	6,119
Total Current Assets	6,092	12,184
Total Current Liabilities	(7,375)	(11,486)
Total Non Current Liabilities	(7,746)	(7,396)
<b>Assets Less Liabilities</b>	<b>(2,738)</b>	<b>(579)</b>
<b>Taxpayers Equity</b>	<b>2,738</b>	<b>579</b>

**Non-current assets** – decrease in right-of-use assets due to depreciation higher than car lease additions and year-to-date depreciation of tangible and non-tangible assets higher than investment.

**Current assets** – increase in debtors following June invoicing and increase in WIP as progress is made on 23/24 audit work.

**Current liabilities** – increase in WIP deferred income and outstanding payroll payments due to HMRC and LPF.

**Non-current liabilities** – adjustments reflect movement in obligations under leases.

## Summary Cash Flow £'000s

Net cash outflow from operating activities	(3,926)
Cashflows from investing activities	11
Drawdown from Consolidated Funds	5,500
Obligations under leases	(58)
Net increase in cash/cash equivalents	1,527

### Net Cash requirement

- Draw down from Scottish Consolidated Fund of £5.5 million.
- Net increase in cash / cash equivalents of £1.527 million from 31 March.
- Second instalment of 23/24 audit fee invoices issued in June 24 with outstanding debt of £3.917 million on 30 June.

## Capital Expenditure £'000s

<b>Total Funding</b>	<b>150</b>
Glasgow minor building work	11

### Balance

- Glasgow minor building works project commenced in June and the £11k represents the valuation payment for the work completed to date.



## YTD financial position for each business group

The current financial position for each business group is detailed here.

- **Overall** - at the end of June the revenue position was £445k less than budget.
- **Audit Services Group** - 22/23 audits complete with some residual income recognised this financial year (£22k). Chargeable 23/24 audit work slightly behind plan with fee income of £3,071k recognised for 23/24 audit work compared to budget of £3,319k. Non-chargeable audit work is ahead of plan with the overall position being on budget. Pay less than budget due to average w.t.e. 0.6 below funded establishment and a small price variance due to staff turnover. The overall overspend in Pay occurs due to unbudgeted agency costs. Non-pay less than budget mainly due to reduced lease car expenditure.
- **Performance Audit and Best Value** - pay costs less than budget with average w.t.e. 2.3 below funded establishment. Vacant posts being filled. Non-pay costs less than budget due to reduced expenditure on professional services. This variance will reduce as payments are due for work on a S102 report.
- **Innovation and Quality** - pay costs less than budget due to average w.t.e. being 3.1 below funded establishment. This is being reduced by agency costs for project management support on audit modernisation project. Non-pay costs more than budget due to the costs of the gateway review for the audit modernisation project.
- **Audit Quality and Appointments** - overspend in pay costs due to additional temporary support from ASG.
- **Corporate Services Group and Corporate Costs** - pay less than budget due to w.t.e. being 4.1 below funded establishment. Non-pay more than budget with the most significant variances in professional services and IT costs. This will be resolved by the end of the next quarter.
- **Approved Auditors** – completion of 22/23 audit work in 24/25 financial year leading to fee income recognition being more than budget (£718k). Firms' expenditure £188k more than budget due to completion of additional 22/23 audit work. 23/24 audit work on plan.
- **Accounts Commission and Support** - pay expenditure less than budget due to vacant Secretary post. Non-pay requires some budget adjustments following agreement to return some of the change programme budget allocation.
- **Board, AGS and Exec Team** – minor overspend on non-pay costs.

Business Group	Cost type	Actual YTD	Budget YTD	Variance YTD	FY Forecast	FY Budget	Variance YTD
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Audit Services Group</b>	Income	(3,093)	(3,319)	(226)	(12,558)	(12,558)	0
	Pay	2,880	2,857	(23)	11,428	11,428	0
	Non-pay	93	99	6	487	487	0
	<b>Total</b>	<b>(120)</b>	<b>(363)</b>	<b>(242)</b>	<b>(643)</b>	<b>(643)</b>	<b>0</b>
<b>Performance Audit and Best Value</b>	Income	0	0	0	0	0	0
	Pay	1,288	1,325	36	5,299	5,299	0
	Non-pay	39	93	54	386	386	0
	<b>Total</b>	<b>1,327</b>	<b>1,418</b>	<b>90</b>	<b>5,685</b>	<b>5,685</b>	<b>0</b>
<b>Innovation and Quality</b>	Income	0	0	0	0	0	0
	Pay	501	517	16	2,066	2,066	0
	Non-pay	125	110	(15)	608	608	0
	<b>Total</b>	<b>626</b>	<b>627</b>	<b>1</b>	<b>2,674</b>	<b>2,674</b>	<b>0</b>
<b>Audit Quality and Appointments</b>	Income	0	0	0	0	0	0
	Pay	116	97	(19)	387	387	0
	Non-pay	4	2	(1)	141	141	0
	<b>Total</b>	<b>119</b>	<b>99</b>	<b>(20)</b>	<b>528</b>	<b>528</b>	<b>0</b>
<b>Corporate Services Group and Corporate costs</b>	Income	(949)	(938)	11	(3,749)	(3,749)	0
	Pay	838	939	100	3,835	3,835	0
	Non-pay	854	669	(185)	3,526	3,526	0
	<b>Total</b>	<b>743</b>	<b>670</b>	<b>(73)</b>	<b>3,611</b>	<b>3,611</b>	<b>0</b>
<b>Approved Auditors</b>	Income	(2,857)	(2,021)	836	(8,197)	(8,197)	0
	Pay	0	0	0	0	0	0
	Non-pay	2,345	2,157	(188)	7,737	7,737	0
	<b>Total</b>	<b>(512)</b>	<b>135</b>	<b>648</b>	<b>(460)</b>	<b>(460)</b>	<b>0</b>
<b>Accounts Commission and Support</b>	Income	0	0	0	0	0	0
	Pay	103	131	28	525	525	0
	Non-pay	9	24	15	102	102	0
	<b>Total</b>	<b>113</b>	<b>155</b>	<b>43</b>	<b>627</b>	<b>627</b>	<b>0</b>
<b>Board, AGS and Exec Team</b>	Income	0	0	0	0	0	0
	Pay	250	250	(0)	1,000	1,000	0
	Non-pay	5	4	(1)	57	57	0
	<b>Total</b>	<b>255</b>	<b>254</b>	<b>(1)</b>	<b>1,056</b>	<b>1,056</b>	<b>0</b>
<b>Funded by Scottish Consolidated Fund</b>		<b>2,550</b>	<b>2,995</b>	<b>445</b>	<b>13,079</b>	<b>13,079</b>	<b>0</b>

# 2025 Proposed Board and Committee meeting schedule

Chief Operating Officer

**Item 18**  
Meeting date: 24 September 2024

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## Purpose

1. This report details the proposed meeting schedule for the Audit Scotland Board and Committees in 2025.

## Recommendation

2. The Board is invited to:
  - Approve the proposed meeting dates for 2025, subject to the new Board Chair availability once in post.
  - Approve the option of holding a meeting in the Glasgow office annually.

## Background

3. The Board typically agrees its schedule of meeting dates for the year to come in September of each year. In 2024 six Board meetings were scheduled, with additional extraordinary when required.
4. We have reviewed the content, timing and profile of Board and Committee work from previous years to inform the schedule for the year to come. In doing so we have also considered key dates and actions, for example the timing of meetings to take account of:
  - The budget submission.
  - The annual assurances process.
  - The annual report and accounts.
  - Review dates for strategies, plans, policies and procedures.
  - Performance reporting.
  - Meetings of Parliamentary committees and the Accounts Commission.
5. The proposed schedule of meeting dates is attached at Appendix 1 and a schedule of indicative Board items is attached at Appendix 2.
6. Currently all meetings are scheduled to be held in West Port. However, there is an option to hold a meeting in the Glasgow office to allow the opportunity for members to meet colleagues if members would welcome this.
7. The Standing Orders provide for any additional meetings to be called should they be required.

## Proposed meeting schedule 2025

<b>Audit Committee*</b>	<b>Human Resources and Remuneration Committee*</b>	<b>Board<sup>+</sup></b>
		28 January 2025
4 March 2025	4 March 2025	
		1 April 2025
6 May 2025	6 May 2025	20 May 2025
3 June 2025 (AR&Accs)		3 June 2025 (AR&Accs)
2 September 2025		23 September 2025
11 November 2025	11 November 2025	25 November 2025

<sup>+</sup> Board meetings will be held in West Port as default and will be open to the public, with the option to hold any in Glasgow.

\* Committee meetings will be held in West Port as default, with the option to hold any in Glasgow.

## Indicative Work Programme 2025 – Audit Scotland Board

28 January 2025	1 April 2025	20 May 2025	3 June 2025	23 September 2025	25 November 2025
<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• SCPA report on budget submission</li> <li>• SIP update</li> <li>• 6 monthly Impact report</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• SIP update</li> <li>• Q3 performance reporting</li> <li>• Annual report and accounts timeline and outline plan</li> <li>• International Strategy 6 monthly update</li> <li>• Operational Planning</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Draft Annual report and accounts</li> <li>• Review of information, governance and security policies</li> <li>• Stakeholder Engagement Surveys</li> <li>• Best Companies</li> <li>• Draft Quality &amp; Public Audit in Scotland Annual Report</li> <li>• Draft Transparency Report</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Q4 performance reporting</li> <li>• Annual report and accounts</li> <li>• Annual reporting</li> <li>• Governance and assurance reporting</li> <li>• 6 monthly Impact report</li> <li>• Biodiversity Annual report</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• SIP update</li> <li>• Q1 performance reporting</li> <li>• Audit Scotland’s draft budget submission</li> <li>• 2026 meeting schedule</li> <li>• Review of policies</li> <li>• Review Scheme of delegation/Financial regulations and Standing orders</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Q2 performance reporting</li> <li>• Audit Scotland’s budget submission</li> <li>• Board development/self-evaluation.</li> <li>• Audit Quality Interim report</li> <li>• International Strategy 6 monthly update</li> </ul>