

Agenda

Audit Scotland Board

25 November 2025 09.45 - 13.15

Audit Scotland offices, West Port, Edinburgh

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. Accounts Commission Chair report – verbal update | For information |
| 8. Chief Operating Officer report – verbal update | For information |
| 9. Review of draft minutes: | |
| • Board meeting minutes: 23 September 2025 | For approval |
| • Extraordinary Board meeting minutes: 11 November 2025 | For approval |
| • Audit Committee minutes: 2 September 2025 | For information |
| • RemCo minutes and RemCo confidential minutes: 6 May 2025 | For information |
| 10. Review of Board action tracker | For assurance |

Strategic items

- | | |
|--|--------------|
| 11. Resource and Management Information Project update
(Nicola/Lisa: In-person) | For approval |
|--|--------------|

Business planning, performance and governance

- | | |
|---|---------------|
| 12. Q2 2025/26 Corporate Performance Report and Appendix
(Graeme: In-person) | For assurance |
| 13. Q2 Financial Performance Report and Appendix (Waqas:
In-person) | For assurance |
| [Considered by the Audit Committee at its meeting on 11
November 2025] | |

Annual reports

- | | |
|---|---------------|
| 14. 2024-2025 Climate Change Annual Report and Appendix
(Kenny: In-person) | For assurance |
|---|---------------|

Items to be taken in private

15. 2026-2027 Final Budget Proposal (Waqas: In-person)

For approval

[Item to be taken in private to support the effective conduct of business, intended for future publication]

16. Strategy and Impact (Kenny: In-person)

- 2023-2028 Public Audit in Scotland: Interim Report
- 2023-2028 Corporate Plan: Mid-Term Review

For approval

For discussion

[Items to be taken in private to support the effective conduct of business, intended for future publication]

Comfort Break

17. Audit Modernisation Project Update (Kenny/Gemma: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

18. Funding Scottish Public Sector Audit and Appendix (Owen/Parminder: In-person)

For discussion

[Item to be taken in private to support the effective conduct of business, intended for future publication]

19. ASG Audit Delivery Update (Lisa/Carole: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

20. Firms Audit Delivery (Owen/Parminder: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

21. Audit Quality Update Report (Kenny: In-person)

For assurance

[Considered by the Audit Committee at its meeting on 11 November 2025]

[Item to be taken in private to support the effective conduct of business, intended for future publication]

22. Audit Quality Interim Report and cover (Owen/Parminder: In-person)

For assurance

[Considered by the Audit Committee at its meeting on 11 November 2025]

[Item to be taken in private to support the effective conduct of business, intended for future publication]

**23. Partnership Working Framework
(Vicki: In-person)**

For information

[Item to be taken in private to support the effective conduct of business, intended for future publication]

Items taken by correspondence

24. VAT and Additional Fees

For approval

[Item taken by correspondence in **Private** to support the conduct of business and commercial sensitivity. Approved by correspondence]

Conclusion

25. Any other business

For discussion

26. Review of meeting

For discussion

27. Date of next meeting: 29 January 2026

For information

Minutes

Audit Scotland Board

Tuesday 3 June 2025, 12.45-15.00
Audit Scotland, 102 West Port



Present:

Colin Crosby (Chair)
Stephen Boyle
Jackie Mann
Patrick Bartlett
Catherine Maclean

Apologies:

Jo Armstrong

In attendance:

Vicki Bibby, Chief Operating Officer
Alison Cumming, Executive Director of Performance Audit & Best Value
John Cornett, Executive Director of Audit Services (*Item 10*)
Helena Gray, Controller of Audit
Fiona McKie, Director of Corporate Services
Graeme Forrester, Head of Performance & Corporate Governance (*Items 7, 15*)
Stuart Dennis, Corporate Finance Manager (*Items 8, 13, 16*)
Wojciech Kuzma, Finance Business Manager (*Item 8*)
Susan Burgess, Head of Human Resources (*Items 9, 14*)
Gemma Diamond, Director of Innovation & Transformation (*Item 10*)
Michelle Borland, Head of Organisational Improvement (*Item 10*)
Daniela Yaneva, Project Manager (*Item 10*)
Morag Campsie, Head of Digital Audit (*Item 10*)
Bobby Alikhani, Project Manager (*Item 10*)
Paul O'Brien, Director of Quality and Support (*Item 10*)
Simon Ebbett, Head of Communications (*Item 16*)
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, Alison Cumming, John Cornett, Helena Gray, Fiona McKie, and Graeme Forrester joined the meeting.

The Chair welcomed attendees to the meeting, and in particular Fiona McKie as this was her first formal Board meeting as Director of Corporate Services.

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 item 16 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

5. Review of minutes

Board meeting: 20 May 2025

The Board noted the minutes of the Board meeting of 20 May 2025, copies of which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting, subject to minor amendments.

6. Review of action tracker

The Board noted and approved the updated action tracker. Members requested that the action concerning the cost of delayed audits be marked as 'on hold' to ensure it remains visible on the tracker.

Further discussion was on the Transparency Report noting that the final position remains uncertain regarding whether the findings will impact the audit opinion. It was acknowledged that a response from the Engagement Leads is expected by close of play on 3 June 2025. Following this, the Transparency Report will be updated accordingly and will inform the QPAS Report. From a governance perspective, the Board agreed that the proposed changes will be approved by Vicki Bibby, Chief Operating Officer, and Patrick Bartlett, Chair of the Audit Committee, with Stephen Boyle, Auditor General, kept informed throughout the process. In addition, the Board was reassured that steps are being taken to ensure lessons are learned from this experience, and that appropriate support mechanisms are in place for colleagues.

7. 2024/25 Quarter 4 Corporate Performance Report

Graeme Forrester introduced the Quarter 4 Corporate Performance Report, copies of which had been previously circulated.

The Board was invited to:

- Review the performance in 2024/25 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 the ongoing efforts by the Performance Audit and Best Value business group to increase audit time to meet the 70% target. This includes the development of a new resourcing approach, with the new R&MI project providing an opportunity to explore this area in greater depth, although recognising that both are not interdependent.

Further discussion was on audit timeliness and if we should be setting a clear target for where we expect to be with audit delivery next year and how we use data to show progress to the Board. The Board also noted that while overall audit delivery is improving, some Firms still face specific issues, and we'll continue working with them to provide support.

Following discussion, the Board was content to note the report and requested that a more detailed report is brought back to the Board at their next meeting on 23 September 2025.

Action: Vicki to work with AQA to present the Board with a comprehensive analysis on delivery including challenges and expectations around targets. This will include audits for ASG and the firms.

8. 2024/25 Quarter 4 Financial Performance Report

The Board was invited to:

- Note the audited financial results for the twelve months to 31 March 2025.

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

9. Bullying and Harassment Policy

Susan Burgess joined the meeting.

Susan Burgess introduced the Bullying and Harassment Policy, copies of which had been previously circulated.

The Audit Scotland Board was invited to:

- Note the report and changes proposed to the policy, attached as appendix one.
- Approve the changes proposed and agree that the policy can proceed to publication for colleagues.

Following discussion, the Board approved the revised policy and agreed that the policy can proceed to publication.

Susan Burgess left the meeting.

10. Strategic Improvement Portfolio Overview Report

Gemma Diamond, Michelle Borland, Daniela Yaneva, Paul Obrien, Morag Campsie and Bobby Alikhani joined the meeting.

Project Overview

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

The Board was invited to:

- Note the overall status and timelines for SIP projects.
- Note the financial and risk position of the portfolio and the agreed management action.
- Note the planned activity on supporting organisational readiness for change.

During discussion, the Board noted that there has been a strong focus at portfolio level on organisational change, recognising that each project involves significant cultural and behavioural shifts. While individual projects are addressing change locally, work is underway to coordinate these efforts across the portfolio.

Following discussion, the Board noted the progress update.

Resource and Management Information

John Cornett introduced the latest progress on the Resourcing and Management Information (R&MI) project, copies of which had been previously circulated.

The Board was invited to:

- Note progress against key milestones, risks and budget updates.

During discussion, the Board noted that finalising the terms and conditions has resulted in the 'go live' date being deferred by a couple of months, with a revised timeline now targeting October/November."

Further discussion was on project funding with the Board noting that this will be considered as part of our budget process scheduled for September.

Following discussion, the Board was content to note the progress outlined in the report.

Future Public Audit Model

John Cornett introduced the progress to date on the Future Public Audit Model, copies of which had been previously circulated.

The Board was invited to:

- Note progress to date.

- Note the approach to stakeholder engagement.

During discussion, the Board noted, despite the challenging timeline, the project is progressing as planned.

Further discussion was on the engagement programme, emphasising the importance of involving key stakeholders early and capturing their input ahead of the formal consultation process.

Following discussion, the Board was content to note the progress outlined in the report.

Audit Modernisation Project

John Cornett introduced the progress made on the Audit Modernisation Project, copies of which had been previously circulated.

The Board was invited to:

- Note the progress of the AMP.
- Agree the mitigating actions against escalated risks and issues as set out in the risks and issues section.

During discussion, the Board noted that the project is currently highly dependent on the National Audit Office (NAO) for system access and audit content. While NAO remains supportive, internal resource constraints have slowed their response. Open communication is being maintained. Despite some risks, the team still aims to meet the November Board date for the Final Business Case.

Following discussion, the Board was content to note the progress outlined in the report but asked that Vicki raise the issue of timing with the Chief Operating Officer at the National Audit Office.

Action: Vicki will raise the timing issue with the Chief Operating Officer at the National Audit Office.

Gemma Diamond, Michelle Borland, Daniela Yaneva, Paul Obrien, Morag Campsie and Bobby Alikhani left the meeting.

11. 2024/25 Annual Report from the Chair of the Audit Committee to the Board

The Chair of the Audit Committee introduced the 2024/25 Annual Report from the Chair of the Audit Committee to the Board, copies of which had been previously circulated.

The Board was invited to:

- Note the report.

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

Action: Fiona/Graeme to review year-end processes for publishing reports on the Audit Scotland website.

12. 2024/25 Review of Remuneration and Human Resources Committee Performance

The Chair of the Remuneration and Human Resources Committee introduced the 2024/25 Review of the Remuneration and Human Resources Committee, copies of which had been previously circulated.

The Board was invited to note:

- Note the report.
- Note the areas proposed which the committee will take forward as a priority for 2025/26.

Following discussion, the Board was content to note the 2024/25 the Review of the Remuneration and Human Resources Committee.

13. Letter of Representation and Audit Summary Report for the year ended 31 March 2025

The Board was content to note the Letter of Representation and Audit Summary Report for the year ended 31 March 2025.

14. Review of Counter Fraud Policy

The Board was invited to:

- Consider the changes proposed in the policy attached.
- Note the report and consultation undertaken.
- Approve the revised policy.

Following discussion, the Board approved the revised policy.

15. 2024/25 Governance Statement and Certificate of Assurance

Graeme Forrester introduced the 2024/25 Governance Statement and Certificate of Assurance, copies of which had been previously circulated.

The Board was invited to:

- Note the certificates of assurance were presented to Audit Committee on 3 June 2025
- Consider the certificates of assurance.

Following discussion, the Board approved the 2024/25 Governance Statement and Certificates of Assurance.

Items taken in private

16. Draft Annual Report and Accounts

The Board was asked to:

- Approve the draft Annual report and accounts for the year ended 31 March 2025 and recommend that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Monday 9 June 2025 subject to receipt of the outstanding pension disclosure information.

During discussion, the Board agreed that in future it would be helpful for amended versions to be shared with the Board accompanied by a 'list of amendments' report to track changes.

Following discussion, the Board approved the Annual Report and Accounts, subject to the agreed amendments and final sign-off from Patrick Bartlett, Chair of the Audit Committee Commission and Stephen Boyle, Auditor General.

Action: Simon to ensure that all amended versions of the report have tracked changes and are shared with the Board.

17. Any other business

Draft minutes

The Board requested that only formally approved Board minutes are published on the Audit Scotland website.

Action: Niki to ensure that the current published papers on the website includes approved minutes.

Action: Vicki to investigate the practices of other public bodies regarding the publication of minutes.

18. 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.

19. Date of next meeting

The members noted the next meeting of the Audit Scotland Board is scheduled for 23 September 2025.

Minutes

Audit Scotland Board



Tuesday 23 September 2025, 10.00-13.00
Audit Scotland, NMP, Glasgow

Present:

Colin Crosby (Chair)
Stephen Boyle
Jackie Mann
Jo Armstrong
Patrick Bartlett
Catherine MacLean

Apologies:

No apologies

In attendance:

Vicki Bibby, Chief Operating Officer
John Cornett, Executive Director of Audit Services
Kenny Oliver, Executive Directors of Innovation and Quality
Alison Cumming, Executive Director of Performance Audit & Best Value
Helena Gray, Controller of Audit
Fiona McKie, Director of Corporate Support
Graeme Forrester, Head of Performance & Corporate Governance
Gemma Diamond, Director of Innovation and Transformation (*Item 11*)
Michelle Borland, Head of Organisational Improvement (*Item 11*)
Nicola Paton, Digital Project Manager (*Item 11*)
Bobby Alikhani, Project Manager (*Item 11*)
David McGurk, Service Delivery Manager (*Item 13*)
Waqas Sanawar, Head of Finance (*Items 15,18*)
John Gilchrist, Manager Procurement, QA, NFI and Risk (*Items 19,20*)
Parminder Singh, Manager Audit Quality and Appointments (*Item 19,20*)
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, Alison Cumming, John Cornett, Kenny Oliver, Helena Gray
Fiona McKie and Graeme Forrester joined the meeting.

The Chair welcomed attendees to the meeting.

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 18, 19 and 20 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

5. Chair's report – verbal update

The Chair advised of routine meetings with Stephen Boyle, Auditor General for Scotland (AGS) and Vicki Bibby, Chief Operating Officer (COO). The Chair confirmed he had also met with the Jo Armstrong, Accounts Commission Chair, Vicki Bibby and Stephen Boyle to update and reflect on matters relating to the Future Public Audit Model (FPAM).

An introductory meeting took place with the new Head of Finance, Waqas Sanawar. The Chair also had a meeting with the Head of Communications to discuss engagement activity.

Regarding external meetings, the Chair met with Ian Rees, Audit Wales Chair, with the conclusion that a four-way Board Chairs meeting would be arranged for later in the year. The Chair also met with Marie Mallon, Northern Ireland Audit Office Chair.

The Chair held appraisal meetings for Board members and the Boardroom Apprentice. Ken McIntosh conducted the Chairs annual evaluation.

Upcoming engagements include an informal budget session with the Scottish Commission for Public Audit and participation in the 2025 Annual Planning Guidance Conference. The Chair will also join the joint annual session with the Board and the Accounts Commission. Additionally, a Risk Deep Dive session focusing on Data Analytics and AI is scheduled to take place in November.

The Chair will also do a short blog for Audit Scotland's 25th anniversary.

Following discussion, the Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle advised of monthly catchups with the Accounts Commission Chair and the Board Chair. Stephen attended the strategic session on the Commission's work programme as well as being involved in continued discussions on the FPAM and the next Audit Appointment round.

In terms of parliamentary business, Stephen hosted the Public Audit Committee (PAC) Business Planning session and participated in various evidence sessions with the PAC, including the Scottish Government's approach to financial interventions and the Scottish National Investment Bank AGS and Accountable Officer sessions.

Externally, Stephen met with the Cabinet Secretary for Education & Skills with Accounts Commission Chair for a report on additional support for learning. Stephen participated in a panel session at the Institute for Chartered Accountants for Scotland event in June, focusing on service delivery, reform and growth. He was also interviewed by the Mail on Sunday on the challenges with Public Audit in Scotland.

Forthcoming sessions, include speaking at the Enlighten Conference and hosting the UK and Ireland AGs & COOs session.

Following discussion, the Board welcomed the update.

7. Accounts Commission Chair's report

Jo Armstrong advised of the section 102 report on Glasgow City Council which has created an opportunity to follow up on ensuring local authorities are using the Nolan Principles.

Jo advised that the Strategy Seminar held in September on the Commission's work programme was a good and valuable session with lots of discussion and debate.

Following discussion, the Board welcomed the update.

8. Chief Operating Officer – verbal update

Vicki Bibby noted that it has been a very busy summer and will continue to be busy due to ongoing financial audits, performance programme and SIP projects.

Vicki advised of regular engagement with the Chair of the Audit Scotland Board and the Chair of the Accounts Commission. Vicki also has monthly meetings with the Chair of PCS. Vicki has continued discussions on the FPAM and the next Audit Appointment round, including the AC and SCPA Session on FPAM.

Vicki also advised Jackie Mann, Remco Chair, was a welcomed guest speaker at the Leadership Group session in August.

In terms of parliamentary business, Vicki had an introductory meeting with Heather MacLennan, Head of Office Service Holders as well as routine meetings with Michelle Hegarty, Scottish Parliament.

Vicki hosted the Ministry of Housing, Local Communities and Government event and had meetings with Ernest Young, and also KPMG/National Audit Office to discuss Audit Technology. Vicki attended the SCVO charity awards.

Forthcoming activities include the 2025 Annual Audit Planning conference and meeting with the UK and Ireland AGS and COOs which Audit Scotland is hosting.

Following discussion, the Board welcomed the update.

9. Review of minutes

Board meeting: 3 June 2025

The Board considered the minutes of the Board meeting of 3 June 2025, copies of which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting.

Audit Committee: 6 May and 3 June 2025

The Board noted the minutes of the Audit Committee meetings of 6 May and 3 June 2025, copies of which had been previously circulated, as an accurate record of the meetings.

The Board discussed the current process for publishing committee meeting minutes on the Audit Scotland website and agreed that it requires further evaluation.

Action: Vicki/Niki to review the current process for publishing committee meeting minutes on the Audit Scotland website to ensure it remains effective and fit for purpose.

10. Review of action tracker

The Board noted and approved the updated action tracker.

11. Strategic Improvement Portfolio update

Gemma Diamond, Michelle Borland, Nicola Paton and Bobby Alikhani joined the meeting.

Project Overview

Gemma Diamond provided an update on progress with the Strategic Improvement Portfolio, copies of which had been previously circulated.

The Board was invited to note:

- The overall status and timelines for SIP projects and the actions being taken by SIP Board and within project teams to mitigate project slippage and risks.
- The financial, resource and risk position of the portfolio.
- The progress with the SIP organisational change workstream plan.

During discussion, the Board was assured that resourcing issues are being closely monitored. Currently, there are no concerns, and there is sufficient capacity at key stages to keep project delivery on track and monitor any potential pressure points across the portfolio.

Further discussion focused on project interdependencies across the portfolio. The Board acknowledged the holistic approach being taken but suggested that the report could more clearly articulate ownership and delivery responsibilities for each project. The Board also noted the dependencies on the Digital Strategy and sought assurance that these were aligned.

The Board noted ongoing work to develop an overarching Communications Strategy for the Strategic Improvement Portfolio. In addition to this, there will be communications at a project level to ensure more targeted clarity and consistency.

Following discussion, the Board was content to note the update on progress.

Resource and Management Information (R&MI)

John Cornett provided an update on progress on the R&MI project, copies of which had been previously circulated.

The Board was invited to note:

- Progress against key milestones and updates to the project risks, budget and communication plans.

During discussion, the Board considered the slippage in planned milestones and were assured that delays with the project will not impact on other projects across the portfolio.

Further discussion was on the expenses functionality, with the Board noting that there are contingency measures in place to ensure a safe launch of the iTrent expenses module.

The Board noted that, due to a small number of key issues, the system implementation date for Hub Planner is currently under review.

The Board discussed the current 60% overspend and noted that it is expected to reduce to 7% by the end of Quarter 2. It was also acknowledged that multi-phase funding has been approved, and assurance was given that expenditure is being managed with transparency.

Following discussion, the Board was content to note the update on progress.

Future Public Audit Model (FPAM)

Kenny Oliver provided a progress update on FPAM, copies of which had been previously circulated.

The Board was invited to note:

- Note progress to date.
- Ask questions and / or offer any comments.

The Board was content to note the report.

Audit Modernisation Project (AMP)

Gemma Diamond provided an update on the next steps for the AMP, copies of which had been previously circulated.

The Board was invited to:

- Note the progress of the AMP for information.
- Note, for assurance, the mitigating actions being taken for the escalated risks and issues as set out in the risks and issues section.

The Board was content to note the report.

Gemma Diamond, Michelle Borland, Nicola Paton and Bobby Alikhani left the meeting.

12. Annual Review of Records Management Policy

Graeme Forrester provided an update on the Records Management Policy, copies of which had been previously circulated.

The Board was invited to:

- Approve the updated Records Management Policy.
- Approve the proposed subsequent review date.

The Board was content to approve the Records Management Policy.

13. 2025-28 Digital Services Strategy

David McGurk joined the meeting.

David McGurk provided an update on the Digital Services Strategy, copies of which had been previously circulated.

The Board was invited to:

- Review and approve the strategy, including its core principals, strategic objectives, framework, review process and budget provision.

The Board considered how objectives will be translated into measurable milestones, which will form key performance indicators within Audit Scotland's Performance Management Framework. Regular updates will be provided to both the Board and the Executive Team through this framework.

During discussion, the Board noted there are no additional staff or capital costs expected, though two milestones will require extra budget, which will be sourced either through internal efficiencies within the Corporate Service's Business area or a 2026/2027 funding bid.

The Board discussed data governance and noted that a working group has been established to explore future data capabilities and data governance arrangements. It was also noted that a Risk Deep Dive session focused on Data Analytics and AI is scheduled for November.

Following discussion, the Board was content to approve the strategy.

David McGurk left the meeting.

14. 2025-26 Quarter 1 Corporate Performance Report

Graeme Forrester provided an update on the Quarter 1 Corporate Performance Report, copies of which had been previously circulated.

The Board was invited to:

- Review the performance in Q1 2025/26 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 reflected on the Firms' grade 4 audit and noted the Firm has taken appropriate steps to address the issues in the 2024/25 audit. AQA will continue to engage with the Firm to help ensure the issues are not repeated.

The Board discussed concerns around overdue cash flow and potential shifts in its position. Reassurance was provided that cash flow is being closely monitored and pay arrangements will be reviewed as part of the next procurement process.

Following discussion, the Board was content to note the progress made.

15. 2024-25 Quarter 1 Finance performance report

The Audit Committee reviewed the 2024-25 Quarter 1 Finance performance report during its meeting on 2 September 2025 and found no amendments necessary. The Board was content to note the report.

16. Proposed Board and Audit Committee Dates for 2026

Vicky Bibby introduced the proposed Board and Audit Committee dates for 2026, copies of which had been previously circulated.

The Audit Scotland Board is invited to:

- Approve the proposed meeting dates for 2026.

The Board was content to approve the meeting dates for 2026.

17. Annual Review of Corporate Governance Reports

The Audit Committee reviewed the Corporate Governance Reports during its meeting on 2 September 2025, with only one amendment necessary in the Standing Orders.

The Board was content to approve the following reports:

- Standing Orders
- Scheme of Delegation
- Financial Regulations
- Code of Conduct Members
- Code of Conduct Staff

Items taken in private

18. 2026-27 Draft Budget Submission

Waqas Sanawar joined the meeting.

Vicki Bibby introduced Audit Scotland's Draft Budget Submission copies of which had been circulated previously.

The Board was invited to:

- Provide Discuss and note the current position in respect of the 2026/27 Draft Budget Proposal.
- Confirm the Board is content with the budget assumptions and risks set out in the paper and the accompanying slides, particularly around Pay Award and Management Contingency.
- Discuss opportunities around future voluntary redundancy schemes.
- Agree recommendation of Option 4 to discuss with SCPA.
- Note that a final budget report will be considered by the Board at its November meeting.

The Board extended its thanks to the team for their hard work in preparing the draft budget submission.

During discussion, the Board reviewed the budget assumptions and risks, particularly around the pay award and management contingency. The Board agreed that the budget must reflect the financial challenges identified in the Strategic Improvement Programme and consideration is given to future pay awards, vacancy factors, resourcing, firms' contractual obligations, operational business plans and fee income pressures.

Following discussion, the Board agreed that Option 4 will be put forward for discussion with the SCPA and noted that the final budget report will be considered by the Board at its meeting in November.

19. Audit Delivery Escalation

John Gilchrist and Parminder Singh joined the meeting.

John Gilchrist introduced the Audit Delivery Escalation report, copies of which had been circulated previously.

The Board was invited to:

- Note that
 - delivery performance in NHS was maintained at 91% and remains on track to improve across all other sectors compared to 2023/24.
 - there are 13 outstanding 2023/24 audits - 2 Audit Services Group (ASG) and 11 firms.
 - two of the 15 outstanding 2023/24 audits reported in June 2025 have been signed off.
 - based on information provided by auditors, 12 of the outstanding 2023/24 audits are aiming to be signed off by October 2025 (one Forvis Mazars Local Government (LG) audit is tbc).
 - West of Scotland European Forum is the last outstanding audit for 2022/23.

- the Chief Operating Officer wrote to all bodies in July 2025 to emphasise the importance of completing audits in a timely manner.
- on current trajectory, up to 241 of 253 (95%) audits could be completed by target dates by the end of the appointment round (see page 9).
- based on recent years we anticipate a small number of delays coming to light only as target dates approach, so we expect a deterioration in the above numbers.
- Approve the draft escalation procedure.

During discussion, the Board welcomed improved audit delivery performance across all sectors for 2023/24, with the expectation that this will continue at a similar rate for 2024/25 audits. It was noted that AQA will undertake further analysis on the audits not expected to return to target by the end of the appointment round and implement the escalation procedure to support timely recovery.

The Board noted that 95% of audits are expected to recover within two years. However, the remaining 5% present a potential reputational risk, and consideration may be needed around resourcing to prevent this from taking place.

Following discussion, the Board noted the update on progress and approved the escalation procedure, subject to further discussion on the AGS audits process in step 3 of the escalation procedure.

20. VAT on Local Government Audits

John Gilchrist introduced the VAT on Local Government Audits, copies of which had been circulated previously.

The Board was invited to:

- Note that the VAT arrangements reduce the cost of local government audit significantly.
- Note that legal advice was sought from Brodies on the proposed options for VAT arrangements to ensure that they are lawful.
- Note that AQA recommends VAT option 4 as coming closest to the legislative intent in the most proportionate way. AQA propose a de-minimis level of £3,000 which should be uprated annually in line with the fee budget based on Audit Scotland staff cost of living increases.
- Note that the expenses budget does not provide for any expenses associated with additional fees.
- Note that AQA recommend expenses option 2 with a de-minimis set at the same level as the VAT option.
- Approve option 4 for how to treat VAT recovery on additional fees for local government bodies audited by firms.

- Approve option 2 for how to treat expenses associated with additional fees.

During discussion, the Board noted the complexities of VAT recovery on audit fees, especially for local government audits, and noted the proposal to return VAT to councils.

The Board discussed the proposed de minimis approach to VAT recovery on additional fees, emphasising the need to confirm compliance with HMRC and ensure appropriate language is used in billing categorisation prior to implementation.

Following discussion, the Board approved option 4 and option 2, subject to a check with HMRC on the proposed VAT arrangements.

John Gilchrist, Parminder Singh and Waqas Sanawar left the meeting.

21. Any other business

There was no other business for discussion.

22. 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.

23. Date of next meeting

The members noted the next meeting of the Audit Scotland Board is scheduled for 25 November 2025.

Minutes

Audit Scotland Extraordinary Board Meeting



Tuesday 11 November 2025, 12.15-12.30
Audit Scotland, Westport, Edinburgh

Present:

Colin Crosby (Chair)
Stephen Boyle
Jackie Mann
Jo Armstrong
Patrick Bartlett
Catherine MacLean

Apologies:

No apologies

In attendance:

Vicki Bibby, Chief Operating Officer
Kenny Oliver, Executive Director of Innovation and Quality
Alison Cumming, Executive Director of Performance Audit & Best Value
John Cornett, Executive Director Audit Services Group
Helena Gray, Controller of Audit
Fiona McKie, Director of Corporate Services
Graeme Forrester, Head of Performance & Corporate Governance
Waqas Sanawar, Head of Finance
Niki Ross, Forum Support Coordinator (Minutes)

1. Welcome and apologies

Vicki Bibby, Alison Cumming, Kenny Oliver, Helena Gray, John Cornett, Fiona McKie and Graeme Forrester joined the meeting.

The Chair welcomed attendees to the meeting.

2. Declarations of interest

There were no declarations of interest noted.

3. 2025-26 Updated Budget Position

Waqas Sanawar and Vicki Bibby provided an overview of the 2025-26 budget position, copies of which had been previously circulated.

The Board was invited to:

- Note the updated 2025/26 budget position and the forecasted underspend of £1.738 million as at Q2.
- Agree the proposal to return £1.08 million to the SCF via the Spring Budget Revision, as set out in paragraph 4.

- Note that three of the four components of the £1.08 million are non-recurring and could not have been reasonably foreseen or budgeted for.

During discussion, the Board noted that the organisation is forecasting a £1.7 million underspend, with £450,000 of strategic expenditure identified to accelerate projects in-year, ensuring alignment with organisational priorities. The Board agreed that returning £1.08 million of the underspend proactively would be better received by the SCPA and the Scottish Government demonstrating financial prudence and transparency.

Further discussion was on the ASG additional income with Board noting that this has resulted from extra work charged to audited bodies, primarily due to unforeseen challenges and delays, and is unbudgeted for. The Board reflected on whether the increased productivity should be factored into future budgets and noted that productivity assumptions are reviewed annually.

Following discussion, the Board approved the proposed approach, subject to finalising a clear narrative around the £300,000 additional income and ensuring robust communication with the SCPA and Scottish Government.

Agenda

Audit Scotland Board

25 November 2025 09.45 - 13.15

Audit Scotland offices, West Port, Edinburgh

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. Accounts Commission Chair report – verbal update | For information |
| 8. Chief Operating Officer report – verbal update | For information |
| 9. Review of draft minutes: | |
| • Board meeting minutes: 23 September 2025 | For approval |
| • Extraordinary Board meeting minutes: 11 November 2025 | For approval |
| • Audit Committee minutes: 2 September 2025 | For information |
| • RemCo minutes and RemCo confidential minutes: 6 May 2025 | For information |
| 10. Review of Board action tracker | For assurance |

Strategic items

- | | |
|--|--------------|
| 11. Resource and Management Information Project update
(Nicola/Lisa: In-person) | For approval |
|--|--------------|

Business planning, performance and governance

- | | |
|---|---------------|
| 12. Q2 2025/26 Corporate Performance Report and Appendix
(Graeme: In-person) | For assurance |
| 13. Q2 Financial Performance Report and Appendix (Waqas:
In-person) | For assurance |
| [Considered by the Audit Committee at its meeting on 11
November 2025] | |

Annual reports

- | | |
|---|---------------|
| 14. 2024-2025 Climate Change Annual Report and Appendix
(Kenny: In-person) | For assurance |
|---|---------------|

Items to be taken in private

15. 2026-2027 Final Budget Proposal (Waqas: In-person)

For approval

[Item to be taken in private to support the effective conduct of business, intended for future publication]

16. Strategy and Impact (Kenny: In-person)

- 2023-2028 Public Audit in Scotland: Interim Report
- 2023-2028 Corporate Plan: Mid-Term Review

For approval

For discussion

[Items to be taken in private to support the effective conduct of business, intended for future publication]

Comfort Break

17. Audit Modernisation Project Update (Kenny/Gemma: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

18. Funding Scottish Public Sector Audit and Appendix (Owen/Parminder: In-person)

For discussion

[Item to be taken in private to support the effective conduct of business, intended for future publication]

19. ASG Audit Delivery Update (Lisa/Carole: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

20. Firms Audit Delivery (Owen/Parminder: In-person)

For assurance

[Item to be taken in private to support the effective conduct of business, intended for future publication]

21. Audit Quality Update Report (Kenny: In-person)

For assurance

[Considered by the Audit Committee at its meeting on 11 November 2025]

[Item to be taken in private to support the effective conduct of business, intended for future publication]

22. Audit Quality Interim Report and cover (Owen/Parminder: In-person)

For assurance

[Considered by the Audit Committee at its meeting on 11 November 2025]

[Item to be taken in private to support the effective conduct of business, intended for future publication]

**23. Partnership Working Framework
(Vicki: In-person)**

For information

[Item to be taken in private to support the effective conduct of business, intended for future publication]

Items taken by correspondence

24. VAT and Additional Fees

For approval

[Item taken by correspondence in **Private** to support the conduct of business and commercial sensitivity. Approved by correspondence]

Conclusion

25. Any other business

For discussion

26. Review of meeting

For discussion

27. Date of next meeting: 29 January 2026

For information

2025 Board action tracker



Meeting date	Item title	Action description	Due date	Responsible	Assigned to	Complete/ongoing	Progress notes
27-Mar-24	Q3 Corporate performance report	Quantify the cost of delayed audits and inform the Board.		Graeme Forrester		Onhold	09/05/24: Ongoing 04/09: Ongoing 15/11: progress delayed due to capacity challenges. Due to be progressed during December. 16/01: Work now under way with revised target date of Feb 2025. 13/03: Report on the Executive Team agenda for 24/03/25 and circulation to the Board thereafter. 01/04: At its meeting on 1 April 2025, Board members agreed that this action remains on the action tracker until the new R&MI project, once implemented, can provide the required data.
03-Jun-25	Annual Report from the Chair of the Audit Committee to the Board	Review year-end processes for publishing reports on the Audit Scotland website.	Dec-25	Graeme Forrester		Complete	08/09: The process for publishing reports including those being presented to the Board for consideration in advance of publication will be reviewed to inform the process for 2025-26 year-end. 13/11: The revised process for publication of Committee minutes agreed by the Audit Committee at its meeting on 11 November 2025 is designed to deal with the issue which was identified in process leading up to the publication of an annual report in summer 2025. This issue stemmed from the disclosure of private discussion of a draft report through publication of a Committee minute. The revised minutes process is now applied, and ensures that there is appropriate space for the private discussion of reports scheduled for future publication.
23-Sep-25	Audit Committee minutes	Review the current process for publishing committee meeting minutes on the Audit Scotland website to ensure it remains effective and fit for purpose.	Oct-25	Graeme Forrester		Complete	13/11: Audit Committee considered its Terms of Reference at its meeting on 11 November 2025. This consideration discussed options for arrangements for publishing committee minutes, and determined to align process with that in place for RemCo, with the effect that Audit Committee minutes will cease to be published on the website.

Strategic Improvement Portfolio

Resourcing & Management Information project

Item 11

Digital Project Manager & SRO

Meeting date:
25 November 2025

Purpose

1. This report provides an update on the Resourcing & Management Information Management (R&MI) project, including progress on key milestones, schedule, budget, and project risks. It includes updates on the implementation of iTrent expenses and the Hub Planner system.
2. The report is for information only and requires no decision or action by the Audit Scotland Board.

Recommendations

3. The Board is invited to note updates to key milestones, risks, budget, and communications plans.

Background

4. Digital Services took over management of the iTrent expenses and Hub Planner implementation projects on 18 August 2025.
5. The iTrent expenses module went “live” to all staff on 5 November 2025.
6. The Hub Planner system launch date is still under review and work is still ongoing to resolve the challenges associated with flexi time recording and reporting. A verbal update on the latest position will be provided at the meeting.

Progress against key milestones and upcoming milestones

Current Milestone	Due Date	Status
iTrent Expenses module	1 October	Project delivered and reporting at Green status. A key milestone for the Hub Planner implementation seen the launch of iTrent expenses on 5 November. The system launch was delayed due to the issues identified during user testing in September/October. Additionally, the rollout was impacted by limited

		availability of the consultancy resource required to resolve system defects in the system before launch to staff. Retesting in September/October uncovered a total of 30 new defects/improvements that needed to be addressed before the system could be signed off. TRS the system previously used for recording and processing expenses is now solely used for recording time and will be decommissioned upon the full launch of Hub Planner.
Hub Planner Implementation phase	Under review	Project delivery continues to report at Red status. The current issue impacting the status of the project relates to flexi time calculation within Hub Planner. Digital Services are actively working with the Hub Planner team to develop a new solution that aligns with Audit Scotland processes for flexible working and recording flexi time.

Project risks

7. The iTrent expenses module has now been deployed to all users and is functioning as expected. There are no red risks open. We continue to monitor its effectiveness of the new system with only two risks remaining open pending completion of the first expenses payment run later this month.

8. The Hub planner component of the project has one red risk (R0568) with a net score of 20 and is detailed below. All other risks are shared with the implementation group on a weekly basis.

Risks	Net score	Summary of controls, mitigation and planned actions
DST R0568 - Failure to deliver the project and launch the new system. (Under review)	20	Implementation project plan developed and tracking progress against milestones.

-
- | | |
|--|---|
| | <ul style="list-style-type: none"> • Weekly implementation group meetings to monitor progress, decision making responsibilities. • Representation across all business groups on the implementation group and as power users. • Secure the resources needed for implementation design/build/test/training phases, ensuring minimal disruption to audit delivery. • Identify optimal timing for testing and highlight additional key tasks that will necessitate audit resources during the build phase. • Progress against project plan reviews as part of supplier engagement. |
|--|---|
-

Implementation update, engagement and communications activity

iTrent Expenses module implementation update

9. The iTrent expenses system went live for all staff on 5 November 2025, marking the completion of a key milestone in the Hub Planner implementation project.

10. Detailed user testing of the system in September identified 30 defects and areas for improvement that required resolution prior to final sign-off.

11. Colleagues from across the business supported user acceptance testing and gave feedback that uncovered the system issues.

12. Securing MHR Consultant resource time was a recurring challenge throughout the testing phase. As a result, the system launch was delayed from the original date of 1 October 2025 to 5 November 2025.

13. The project team met on a weekly basis to monitor progress against the plan and to agree staff training requirements and communication plans.

14. The project team developed and tested training materials before releasing them to staff to ensure alignment with system functionality.

15. Communications were prepared before the system launch and later updated to include the new requirement for some managers to approve expenses.

16. The iTrent expenses project team met on 11 November to conduct a lessons learned session, reflecting on what went well and identifying areas of improvement.

Hub Planner implementation updates

17. Since the last update to the Board in September the following actions have been taken place to secure the safe implementation of Hub Planner:

- Implementation group established and meeting on a weekly basis with representation from all business groups.
- Commitment that all business groups will jointly launch Hub Planner's time and resourcing features at the same time, rather than a phased rollout.
- All business groups have committed Power User resources and Hub Planner is providing sessions to train them on the new system and its features. Power Users have access to a Test environment to familiarise themselves with the system and have been supporting the design phase over recent weeks.
- Work continues to develop the detailed underlying processes, including roles and responsibilities, that underpin the operation of Hub Planner and Resource Management. Power Users from across the business groups are providing input into key process and system design elements.
- Work to resolve the flexi time calculation design issue in Hub Planner is ongoing. Since the issue was identified, both the Head of Digital Services and Digital Project Manager have joined multiple meetings with the Hub Planner development team. Significant work has been done to deliver the required detail for scoping and planning development. Hub Planner understands that flexi time functionality is essential for launch.
- All design requirements were submitted to Hub Planner on time. However, some elements need extra time due to ongoing actions within Audit Scotland, for example, finalising charge rates and further discussions to clarify features such as booking which are used to tag projects or resources in the system.
- The system build was handed over by Hub Planner, however due to data inconsistencies is being rebuilt and now scheduled for handover 18 November. This is a priority for Hub Planner. Although flexi time functionality is not yet incorporated, the version expected will enable comprehensive testing of all other system features.
- A three-week period was secured from 10-28 November for user acceptance testing. Test resources have been identified with representation across all business groups. The start of testing has

been delayed due to the data issues with the system build handover. Work is ongoing by Hub Planner to resolve these issues as a priority and the testing schedule will be revised as required.

- Training plans have been agreed with Hub Planner and time secured to run staff training over two weeks from 12 January 2026. Sessions will be jointly run by Hub Planner and Audit Scotland. The training structure will be developed following testing at the end of this month and will require sign off by the implementation group.
- A dedicated session on the Communications and Engagement Strategy for the project was held on 23 October. The strategy is expected to receive formal approval from the project team by mid-November.
- Hub Planner offers an API (Application Programming Interface) for reading, modifying, adding, or deleting data from permitted accounts. We plan to use this API to synchronise holidays and staff availability between iTrent and Hub Planner. Audit Wales have successfully used the API to synchronise holidays and other events that affect availability. We are collaborating with Digital Audit Team colleagues to determine how Audit Wales techniques can be incorporated into our implementation of Hub planner and aim to provide a clearer position at the end of November.
- A lessons learned check-in is scheduled with the Hub Planner implementation group for 27 November 2025.

Budget

18. As at the end of September 2025, the total project expenditure for 2025/26 stands at £148k. This is made up of the contract for the external project manager (£45k), the Hub Planner contract (£96k) and the iTrent expenses module (£7k). The expenditure relating to the external project manager has been funded from the ASG external contractors budget and the expenditure on the Hub Planner set-up and licenses, and the iTrent module is in line with the assigned budget. No further external costs are anticipated for the remainder of the year.

19. We reported internal staff costs of £12k to the end of June 2025. For the period July to September 2025, we incurred a further £19k internal staff costs associated with the system implementation, a total of £31k to date. This does not include the input from Digital Services team who took over management of the iTrent expenses and Hub Planner implementation projects on 18 August 2025.

20. Digital Project Manager time from mid-August and in September is reported at a cost of £6k.

Conclusion

21. The priority for the Hub Planner implementation project is to secure the time needed for Hub Planner to develop flexi time calculation functionality. The handover of the build with the data needed for testing is also significant. As the project approaches the critical milestone of testing, the conclusion of user acceptance testing at the end of November will offer valuable insights into the operational effectiveness and provide assurance of the systems functionality.

22. The iTrent expenses project is now in project closure phase, lessons learned session were captured with the project team on what went well, what could be improved and will inform future projects.

Q2 2025/26 Corporate Performance Report

Item 12.

Meeting date:

25 November 2025

Head of Performance and Corporate Governance

Purpose

1. This report provides the Board with a review of organisational performance as at quarter one (Q2) 2025/26,

Recommendations

2. The Board is invited to:

- Review the performance in Q2 2025/26 as set out below and in appendix 1.
- Consider the issues affecting performance, the actions identified and whether any additional management action is required.
- Note that there is still significant work to be done to implement a revised, fit for purpose approach to performance management and the development of an effective Performance Management Framework and that this is a key priority delivery between now and the end of the financial year.

Background

3. The Performance framework and the quarterly report is aligned to the Audit Scotland Corporate Plan 2023-2028 published in June 2023.

4. In preparation of this report, individual business groups have provided relevant data, which has been analysed and quality assured by the Performance, Finance and Risk Management Group (16 October 2025), and is now presented to Executive Team for consideration in advance of being submitted for the Board meeting on 25 November 2025.

5. The sections in the slide deck attached as appendix 1 are:

Section	Strategic Priorities
Summary – Corporate Plan	
Summary – Business Plan	We are developing the quarterly report of the Business Plan

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

6. The infographic below provides a summary of performance as at Q2, 2025/26.

Summary | Key Measures



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 & Learning				
Objective	Status	RAG	Objective	Status	RAG	Objective	Status	RAG		
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	Amber	→					
Audits delivered on time and on budget - Audit focus	Green	→	Our people: capacity to delivery - Cost	Green	→	Application of insights to decision-making, audit delivery & organisational change	Green	→		
Audit quality assurance results	Amber	→	Our people: capacity to delivery - Wellbeing	Amber	→					
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	Green	→					
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	
Notes: • That not all objectives are reported quarterly. • Upward arrow indicates improving performance. • Horizontal arrow = maintaining performance. • Downward arrow = declining performance. • Net zero will be reported in Q3										

Audit delivery

Financial Audit

7. In the year to date we have delivered:

- 23 of 23 NHS accounts (due 30 June) 91% delivered on time. ASG 100% and Firms 82% delivered on time.
- 11 of 21 Central Government (due 31 August), with 29% delivered on time.
- 60 of 123 Local Government (due 30 September), with 46% delivered on time.

8. As at time of writing, one 2022/23 financial audit remains outstanding, which is a local government joint board audit being carried out by a firm.

There are 11 outstanding 2023/24 financial audits outstanding including 1 ASG Local Government audit and the Firms have 1 Further Education and 9 Local Government audits outstanding.

9. A verbal update on the most up to date position will be provided at the meeting.

Performance audit/ statutory reports/ other reports delivery

10. In Q2 seven Performance audits/reports were issued, with five being on time.

11. The Lews Castle and UHI Perth section 22 reports are recorded as 'late' as the deadline for s.22 reports is set by statute and this was not met. It should be noted that this deadline was not met by the appointed auditor, and accordingly the required timeline for the s.22 report could not be achieved.

Accounts Commission:

- [Glasgow City Council s102](#)
- [BV East Lothian](#)
- [BV thematic - Workforce](#)

Auditor General for Scotland:

- [Adult Disability Payment](#)
- [Lews Castle College s22](#)
- [UHI Perth s22](#)

Joint report:

- [Building community resilience to flooding](#)

Resources and capacity

12. Audit Scotland's net operational expenditure as at the end of Q2 was 39.7 % less than budget. Detail on key variances is included in the Appendix at slide 14.

13. The number of FTE at end of Q2 2025/26 was 337.98, against an establishment level 366.07 FTE. This equates to 93.73% of establishment. The breakdown by business group is included in Appendix 1 (slide 15).

14. Staff turnover for the year, for all leavers, was 2.28% compared to 1.41% in Q2 2024/25.

15. Sickness absence for the year to date is 3.79 days, which remains below the average benchmarking figures for UK workplaces, but is a slight increase on the 3.47 days reported in Q2 2024/25.

Innovation & Learning

16. Exam results year to date show a 97% pass rate, which is significantly above the target of 85%, and is higher than last year's average of 92%.

17. The percentage of mandatory training completed increased to 97% for training due in the quarter.

Ongoing Performance Management Framework Development

18. We continue to develop the Performance management Framework and iterative changes in how we present performance data. This will include building in information gained from the Hub Planner system over future reporting cycles

19. However, the ET Strategic Session on 15 September 2025 reaffirmed the need, and priority for, the delivery of a comprehensive overhaul of our approach to performance management. The development of a new, fit-for-purpose Performance Management Framework is overdue and now requires dedicated action to enhance how performance data is captured, presented, and accessed. This work will include a thorough review of existing methodologies and data sources to ensure the revised framework robustly supports effective performance reporting and organisational decision-making and is a key priority deliverable for CSG, and stakeholders from other business groups, between now and the end of the financial year.

20. The Executive Team have also reaffirmed the commitment to continuing iterative development of the data and analysis provided through the existing performance reporting structure. Within this Q2 report:

- Additional audit delivery information is provided for the Board setting out reasons for audits being completed late (slide 6 – ‘are audits delivered on time?’);
- Additional detail is provided on reasons and responses to audits in ASG and PABV which have exceeded budgets (slide 7 - ‘are audits delivered on budget?’);
- Additional analysis is provided to quantify the impact on audit time / non-audit time of differing departmental setups in ASG and PABV (slide 8 - ‘are colleagues audit focussed?’).

21. This report asks the Board to note Q2 2025/26 performance and the steps being taken to further develop the performance framework.

Q2 2025/26 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	RAG
Audits delivered on time	Amber	→
Audits delivered on budget	Amber	→
Audits delivered on time and on budget - Audit focus	Green	→
Audit quality assurance results	Amber	→
Impact through our work	Green	→
Progress towards net zero and climate resilience targets	Green	→
Progress against our equality outcomes	Green	→

Resources

Objective	Status	RAG
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	Green	→

Innovation & Learning

Objective	Status	RAG
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.
- Net zero will be reported in Q3

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 of Audits due by 30 September 2026

Audits delivered:

- 57% of audits delivered on time compared to 55% last year
- 26 Central Government (due 31/10/2025) audits delivered

Resources

- Both ASG and PABV show improving audit time v. non-audit time.
- All Business group colleagues ASG at 79% audit time, and PABV at 68% audit time.
- Considering 'audit delivery' colleagues only, ASG remain at 79% audit time, but PABV show 71%
- Staff turnover for YTD to Q2 leavers was 2.28 % compared to 3.92% in 2024/25.
- The average sickness absence YTD in Q2 was 3.79 days, compared to 3.47 in YTD in Q2 2024/25.
- The percentage of colleagues with flexi greater than 14 hours is 10.94
The percentage of colleagues with flexi greater than -7 hours is 7.72 %.

Other

- Exam Pass rates – Year to date is 97 percent pass rate, exceeding the three-year average and above target.

Challenges

Delivery

- One Firms Local Government 2022/23 audit remains outstanding.
- There are 11 outstanding 2023/24 audits. 1 ASG (LG audits) and 10 Firms audits (1 FE and 9 LG).

Resources

- Overspends are recorded in audit days - though the financial position is a projected underspend.
- The number of FTE at the end of September 2025 was 337.98 (establishment level 366.07 FTE.) This equates to 93.73% of establishment.
- Increase in the level of Correspondence and Freedom Of information requests (details in slide 11 and 12)

Actions

Delivery

- AQA has begun applying the new escalation procedure as approved by the Board in September 2025.

Resources

- Recruitment to vacant posts is considered by the Recruitment Board.

Delivery

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

Auditors improved delivery of Annual Audit Plans (AAPs) by target dates from 66 per cent to 80 per cent in 2024/25.

Auditors have made progress in improving the number of audits delivered or expected to be delivered by target dates, from 55 per cent for 2023/24 audits to 57 per cent for 2024/25 audits.

Within the audits which were not delivered on time, eight per cent were delivered earlier than the equivalent audit in the previous year.

Financial Accounts year to date (YTD):

NHS (due 30/06/2025): 23 of 23 accounts, 21 (91% on time)

Central Government (due 31/08/2025): 11 of 21 accounts, 6 (29% on time)

Local Government (due 30/09/2025): 60 of 123 accounts, 57 (46% on time)

To 30 September we delivered 92 of the 167 (55% on time) audits due by 30 September 2025. This compares to 54% on time in Q2 last year.

To 30 September we delivered 26 of 66 **Central Government** (due 31/10/2026). This will be reported in the Q3 report.

Performance and statutory reports

So far this year 14 performance and statutory reports have been issued, with 79% being recorded as on time.

In Q2 all reports were delivered on time including:

Accounts Commission:

Three of three reports delivered on time

- [Glasgow City Council s102](#)
- [BV East Lothian](#)
- [BV thematic - Workforce](#)

Auditor General for Scotland:

Three of three delivered one on time

- [Adult Disability Payment](#)
- [Lews Castle College s22](#)
- [UHI Perth s22](#)

Joint report:

1 of 1 report delivered on time

- [Building community resilience to flooding](#)

Reason for late audits:

The Lews Castle and UHI Perth section 22 report are recorded as 'late' as the statutory deadline for s.22 reports was not met. This deadline was not met by the appointed auditor, and accordingly the timeline for the s.22 report could not be achieved.

Objective

Audits delivered on time and on budget

KPQ

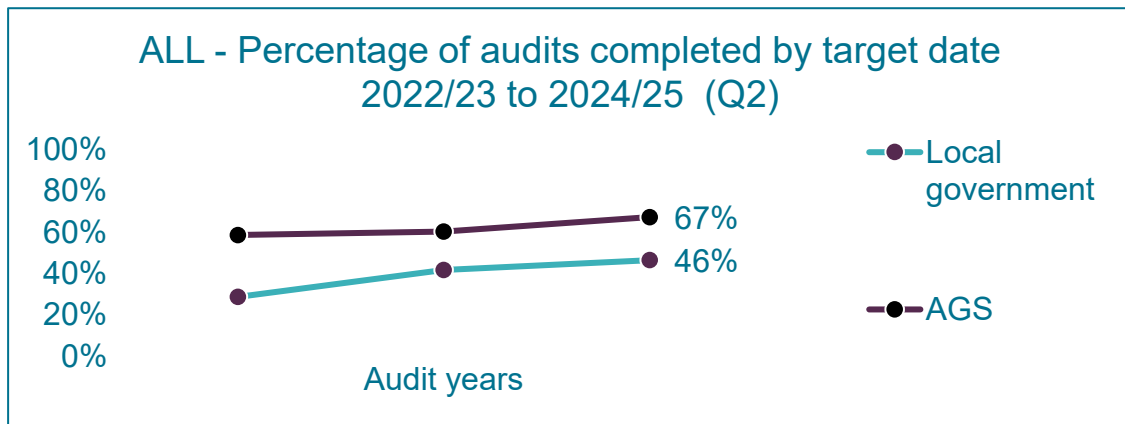
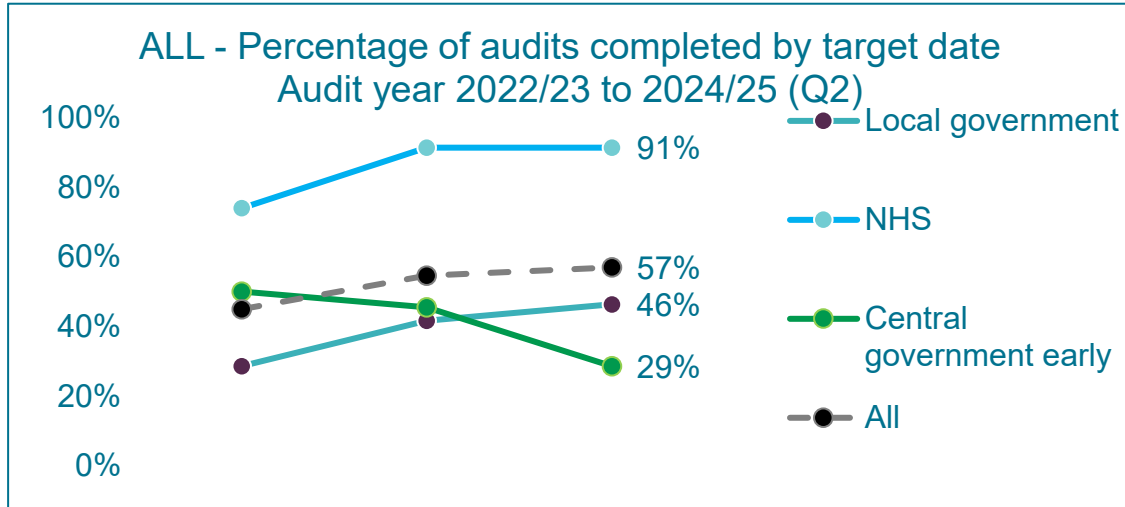
Are audits delivered on **time**?

Target

95% of audits delivered on time



OVERVIEW **Amber** - ASG and Firms Audits completed on time: percentage for each sector



Auditors are improving the proportion of audits delivered on time compared to last year.

Reasons for late audits

Central Government

- Late receipt of pension information delayed 7 CG early (31/08/2025) audits
- Late receipt of evidence delayed 3 CG early audits
- Assorted reasons delayed the remaining 5 CG early audits, only one of which was due to the auditor.

Local Government

- Late prior year sign off delayed 23 LG audits
- Prioritisation or audit staff availability delayed 21 LG audits
- Late receipt of evidence delayed 9 LG audits
- Board dates set after deadlines delayed 4 LG audits
- Finance staff availability delayed 4 LG audits
- Assorted reasons delayed the remaining 5 LG audits, none of which were due to the auditor.

For the Auditor General for Scotland Year to date:

Accounts due by 30 September 2025

- 23 of 23 (100%) of the NHS accounts due have been delivered
- 21 (91%) on time – ASG 12 (100%) on time; Firms 9 (82%) on time.
- 9 of 21 (43%) of the CG early accounts have been delivered
- 6 (29%) on time – ASG 4 (44%) on time; Firms 2 (17%) on time

For the Accounts Commission Year to date :

Accounts due by 30 September 2025

- 60 of 123 (49%) of the NHS accounts due have been delivered
- 57 (46%) on time - ASG 46 (62%) on time; Firms 11 (22%) on time.

Objective

Audits delivered on time and on budget

KPQ

Are audits delivered on **budget**?

Target

+/-5% of budget

OVERVIEW **Amber**

Audit Services Group

Budgets for ASG audit work carried out in Quarter 2 are:

4 audits delivered at 102% of budget

- 2 further audits signed off during September on budget

Local Government (end September target date)

- 13 council audits delivered at 93% of budget (note work on grant claims still to be completed)

- 6 pension funds delivered at 125% of budget (work planned to review deliverability of audit expectations within previously set budgets)

- 27 other local government audits, including 13 IJBs, at 108% of budget

Central Government (end October target date)

- 24 audits already delivered and further detail on outturn will be included in Q3 once the target date has passed

Performance Audit and Best Value:

PABV audits published during Q2 have been delivered at 111% of budget with the overspend attributed to the Flooding in Communities audit which required additional time due to scale and complexity of audit evidence, work required to finalise the audit report, and range of media material and audit products.

Actions

ASG: Budget variations continue to be under review by ASG Management Team.

PABV: Budget reporting is being further developed with work underway to enhance visibility and ownership.

General: Real time monitoring of budgets will be enhanced by the introduction of Hub Planner.

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

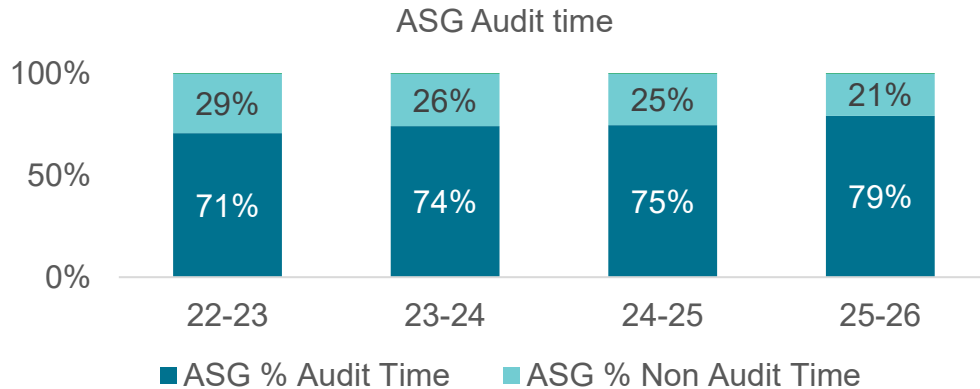
KPQ

Are colleagues **audit focused**?

Target

70% of available time on audit

OVERVIEW **Green**



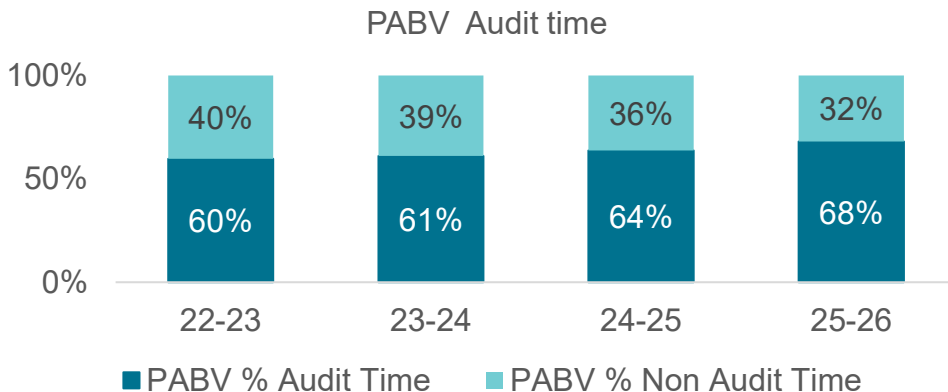
Colleagues are audit focused.

The graphs show that the proportion of time recorded as 'audit time' has improved, that it is now consistently above target for ASG, and that it continues to improve for PABV. The combined percentage audit time for ASG and PABV is 73%.

This analysis includes non-auditor colleagues, such as the business management team, which disproportionately impacts on PABV. When these colleagues are excluded the total for ASG remains the same at **79%** but PABV increases to **71%**.

Overall that target of 70% is being achieved and a RAG status of Green is applied.

Non audit time includes time codes for: Learning & development, improvement projects, business group management, meetings, travel and other (including general admin)



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 sustainably deliver audits and/ or recover to target dates due to external factors ↑

Objective

Audit quality assurance results

KPQ

Are we assured about the **quality** of our work?

Target

80% of reviews achieve grade 1 or 2 (annually)

OVERVIEW **Amber**

AQA completed a review of a sample of Annual Audit Plans and found that auditors prepared high quality Annual Audit Plans (AAPs) that comply with the Code of Audit Practice 2021 (the 2021 code). Our review identified notable improvements compared to the previous year:

There is now greater consistency in how local government pension funds outline their planned audit work on Best Value.

Sectors other than local government now provide clearer explanations of how they meet their Best Value responsibilities.

Internal quality monitoring (I&Q)

Completed two hot reviews in PABV and four hot reviews in ASG (good progress noted following up prior year issues on annual audits)

Completed a thematic review for a sample of NHS annual audits, focused on supporting teams with auditing land and building valuations. Positive feedback from ASGMT.

Hosted the Public Sector Audit Quality Group meeting in July and useful to share intelligence on quality monitoring with other UK agencies.

Quality team now providing more resource on AMP and related improvement activities; such as file review training, review of NAO approach and Apex.

We have experienced challenges in the following area:

Concluding ASG hot reviews, linked to pressure on audit teams delivering audits to target completion dates and late audit work recorded on file

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 →

Actions

.

Objective

We engage with stakeholders

KPQ

How are we **engaging** with stakeholders

Target

Engagement - time series comparison



OVERVIEW **Green**

In Q2 we continued to get our messages out effectively through a variety of means.

The joint performance report on flooding in communities generated the most media coverage across the quarter. With more communities being threatened by flooding, and high-profile recent stories of flooding in Fife and elsewhere, the report's topic had high public interest before publication.

Media / broadcast:

- Top **Auditor General for Scotland** reports: PA: Flooding in communities PA: Adult disability payment
- Top **Accounts Commission** reports: BV Thematic: Workforce innovation, s102: Glasgow City Council, BV: East Lothian Council

Social media engagements with Audit Scotland posts (likes, shares, clicks, reads, links, comments) and video views (X, Facebook, Insta, LinkedIn, YouTube):

- Auditor General posts = 642
- Accounts Commission posts = 5,630
- Audit Scotland posts = 5,750

Parliament committee attendance:

- We attended **four** parliament committees including the Public Audit Committee,

Consultations:

- We responded to 3 consultations on Draft Climate Change Plan Scrutiny 2025, Future Social Security Spending in Scotland - Budget Scrutiny 2026/27, Local Government, Housing and Planning Committee letter to the Accounts Commission Chair

Risk

The risk is to Audit Scotland's reputation if we do not engage with key stakeholders.

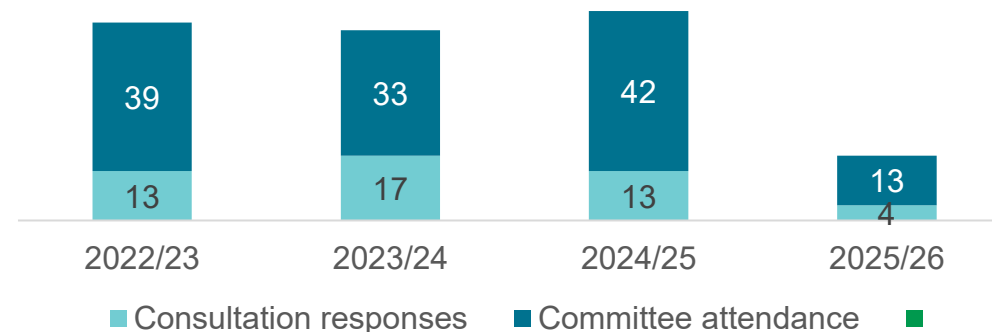
Risk register

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 →

Consultation and Committee Engagement



Objective

We engage with stakeholders

KPQ

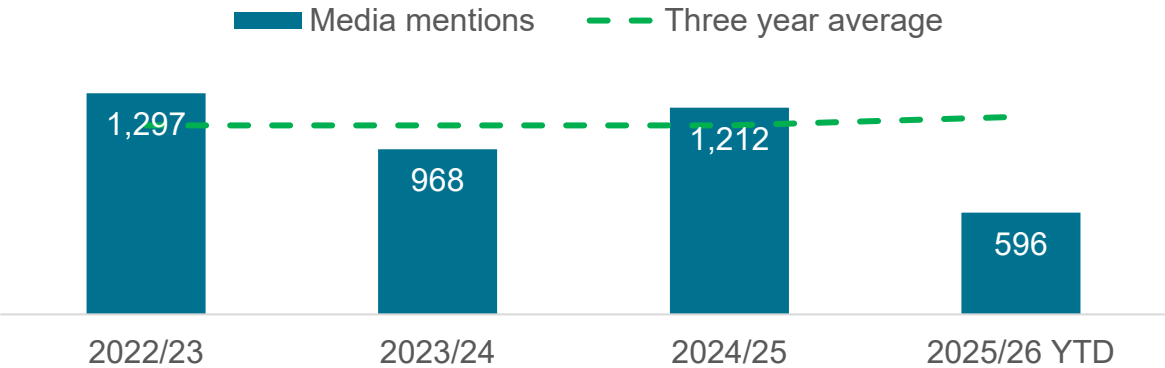
How are we engaging with stakeholders

Target

Engagement - time series comparison



OVERVIEW **Green**



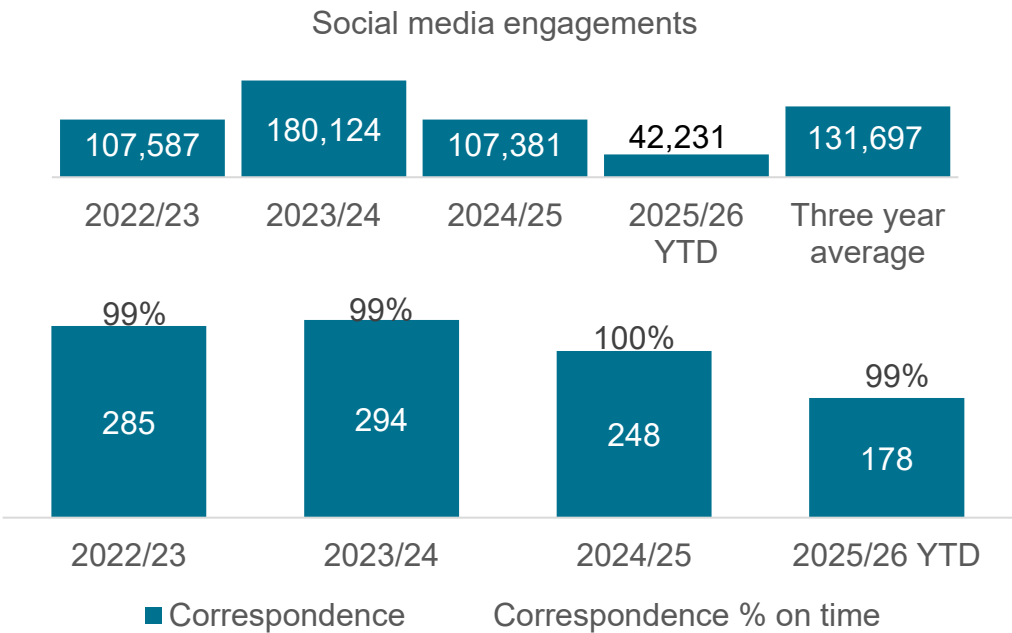
During the quarter we continued to get our messages out effectively. The comparative figures are included for completeness.

Compared to year to date in Q2 last year:

596 Media mentions compared to 202 last year.

42,231 Social media engagements compared to 17,485 last year.

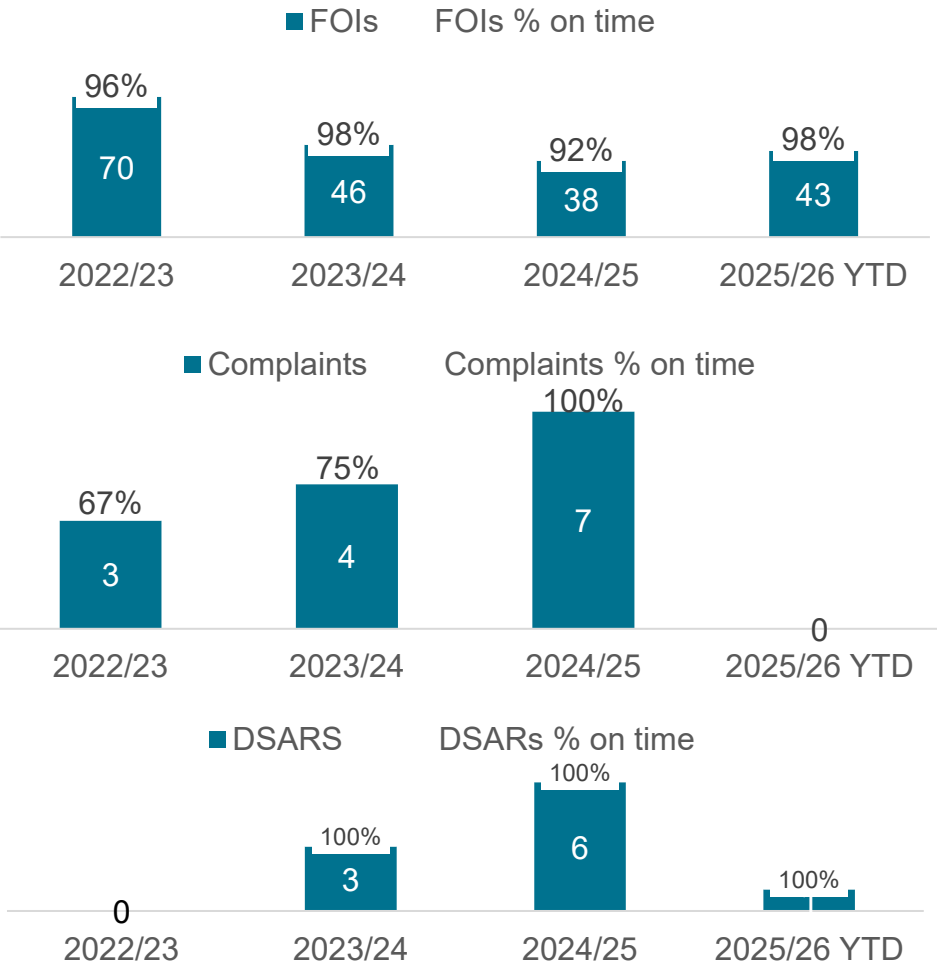
178 Correspondence cases compared to 136 last year.



A breakdown of correspondence by body and year is in the table below.

Year	Accounts Commission	Auditor general for Scotland	Audit Scotland
2025/26 YTD	65	75	38
2024/25	104	62	82
2023/24	122	103	69
2022/23	101	121	63
2021/22	78	93	86

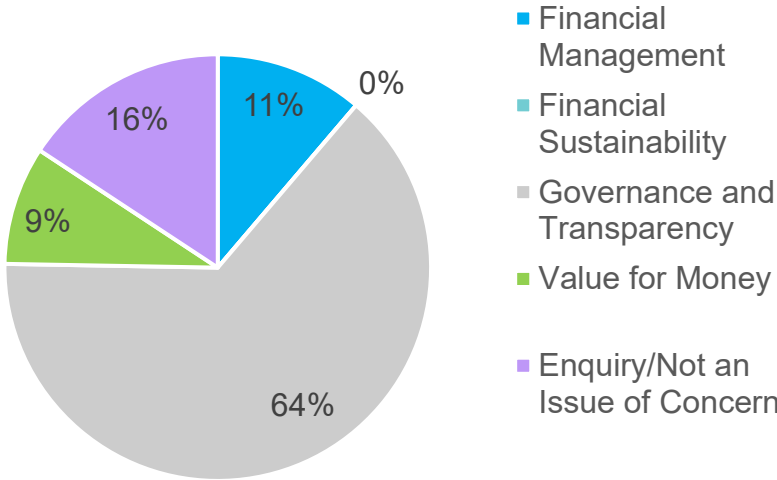
OVERVIEW Green



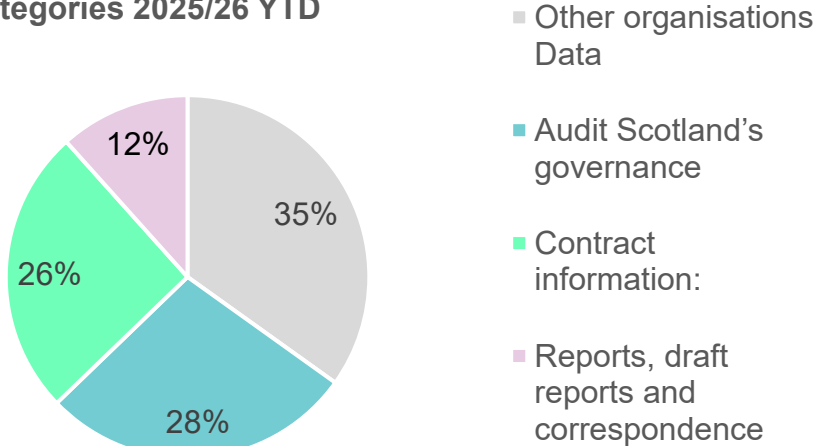
Graphs on left show the number of cases handled and the percentage on time for statutory responses, and graphs on right show categories of information being requested under FOI and Correspondence.

Corporate Governance Team publish a Freedom of Information [dashboard](#) in SharePoint. The dashboard is updated weekly and is available to all colleagues.

Correspondence categories 2025/26 YTD



FOI Categories 2025/26 YTD



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.

Net operating expenditure of £5,241k is £1,720k (24.7%) less than budget. Key variances are identified below:

Fee income – In-house chargeable audit work is currently £841k ahead of plan predominantly due to the Local Government sector.

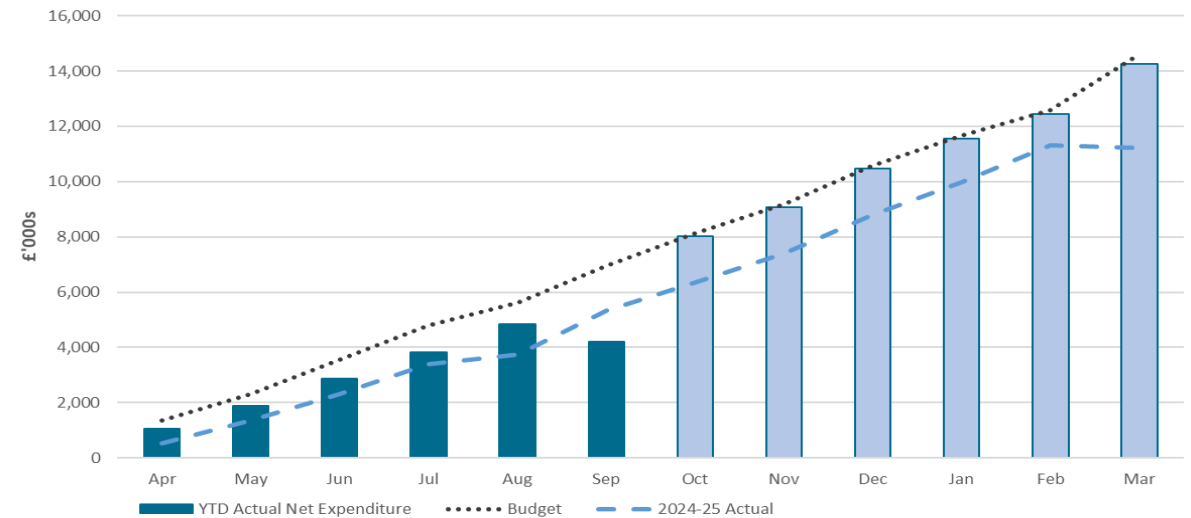
Firms income is now £858k behind plan, due to progress on Local Government audited bodies.

Pay – a YTD overspend on Agency Costs of £41k has been offset in full by £238k in savings on other staff costs resulting in an overall favourable variance of £197k.

Non-pay – a significant underspend of £1.05m reported on Firm Fees as at the end of Q2 - linked to the progress on Local Government audits referenced above. Other notable underspends include Training (£168k), Property Costs (£73k), Legal, Professional & Consultancy (£59k), Travel & Subsistence (£49k), Recruitment (£45k), Depreciation & Others such as Occupational Health totalling £67k) giving rise to an overall underspend of £1.5m.

Capital – £155k relating to laptop replacement programme.

Net expenditure position by month 2025-26



The current financial risks are:

- Closing work in progress position for 2025/26 audit work at 31 March 2026.
- Managing 5% vacancy factor
- Cash flow management and ensuring prompt payment of fee invoices.
- Audit modernisation project (potential carry forward of underspend).
- Impact of reduced working week on audit delivery
- Future public sector audit model/procurement

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 September 2025 was 337.98 (establishment level 366.07 FTE.)
- This equates to **93.73%** of establishment.
- At the end of September 2025, the business group establishments were as follows:
 - Audit Services = 94.63% of establishment.
 - Performance Audit and Best Value = 89.30% of establishment
 - Corporate services = 93.08% of establishment
 - Innovation and Quality = 98.11% of establishment.
 - Audit Quality and Appointments = 100% of establishment
 - Accounts Commission Support = 100% of establishment.

Vacancy Rate % - People

- The vacancy rate is defined as 'Vacancy Rate (%) = (Number of Vacant Positions / Total Positions) x 100'. This represents the percentage of unfilled positions within Audit Scotland at a given time
- The Vacancy Rate in Q2 is 6.3%, compared to 4.34% in Q1.
- The Vacancy rate is measured against the organisation establishment identified in the workforce plan.

Vacancy Factor % - Finance

- The vacancy factor is defined as 'Vacancy factor (%) = (Cost of Vacant Positions / Budget for Positions) x 100'. This represents the percentage cost of unfilled positions within Audit Scotland at a given time
- The Vacancy Factor in Q2 is 6.6% less than establishment and currently forecasting year end position of 6.8%.

Risk

If Audit delivery business groups are under establishment this increases the risk of failure to deliver audits and to meet deadlines, and risk to quality of audit.

Risk register

The performance affects the following risk in the corporate risk register.

A4 - Failure of capacity –establishment, deployment, skills. →

A13 – Failure of capacity to deliver the transformational change programme ↓

Objective

Our people: Right skills and capacity to deliver

KPQ

People spend against budget.

Target

+/- %5 of budget

OVERVIEW **Green**

The underspend of £197k (1.5%) on staff pay is mainly due to:

- The favourable pay variance relates to a YTD overspend on Agency Costs of £41k has been offset in full by £238k in savings on other staff costs resulting in an overall favourable variance of £197k.

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 →

M8 – Failure of incoming cashflow to support organisational activities. →

Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - Wellbeing

Target

Per KPI



OVERVIEW **Amber**

Sickness absence Average Sickness days by Business group

	Q1	Q2	Q3	Q4	YTD
ASG	1.8	2.76			4.56
PABV	1.45	2.08			3.53
I&Q	2.48	0.34			2.82
CSG	0.77	2.13			2.9
Average	1.55	2.24			3.79

Year-to-date voluntary (resignation) was 2.28% for 2025/26. This compares to 1.41 YTD in Q2 2024/25. The projected resignations for 2025/26 is approximately 5% compared to 5.04% in 2024/25.

Audit Scotland’s voluntary (resignation) turnover over the past five years has been lower than the current median voluntary turnover for the UK labour market, which is 11.7%

The resignations YTD in Q2 2025/26 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.

The average sickness absence YTD in Q2 was 3.79 days, compared to 3.47 in YTD in Q2 2024/25.

Annual sickness absence for 2024/25 was 6.54 days and 6.01 days in 2023/24 and 4.66 days in 2022/23.

Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - Wellbeing

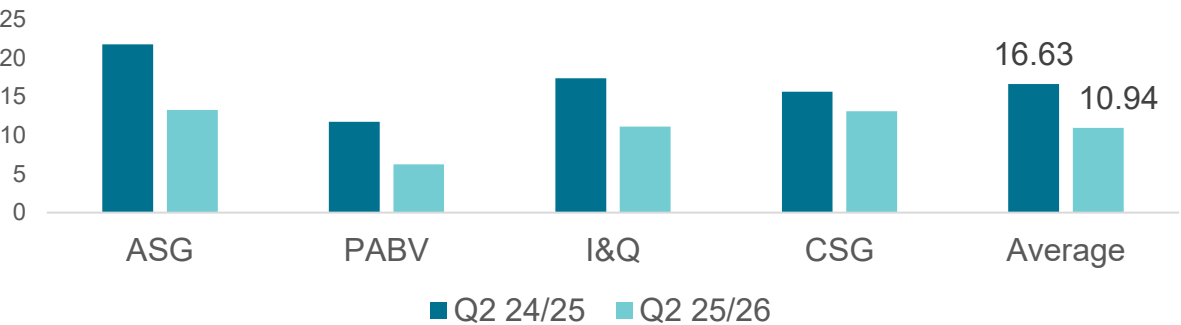
Target

Per KPI

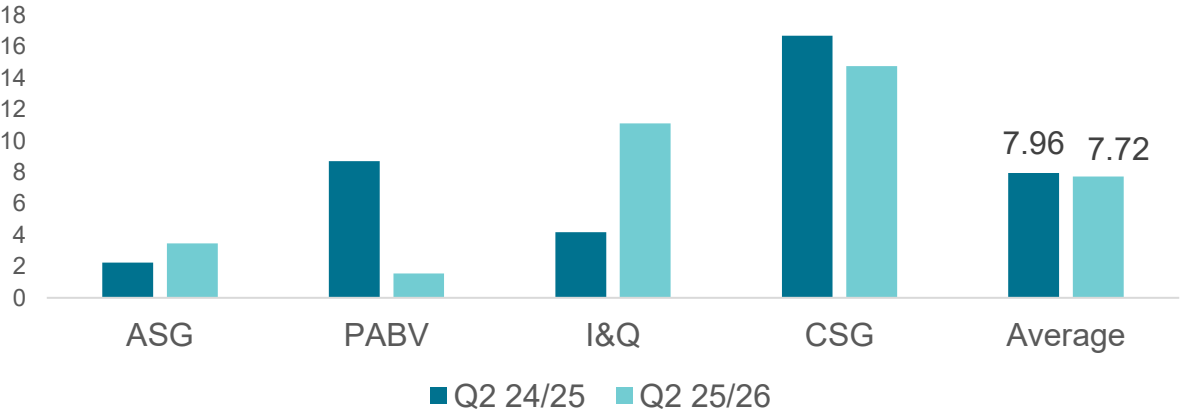


OVERVIEW **Amber**

% of colleagues with greater than 14 hours flexi



% of colleagues with a flexi balance in excess of -7 hours



Flexi Balances

The percentage of colleagues with greater than 14 hours flexi accrued (staff members in credit) continues to trend downwards. In Q2 2024/25 the average across the business groups was 16.63% - at Q2 2025/26 the average across business groups is 10.94%.

The percentage of colleagues with a negative flexi balance (staff members in debit) in excess of -7 hours reduced slightly from 7.96 in Q2 24/25 to 7.72 in Q2 25/26.

No member of staff, at any grade, is 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 ➡
- A13 – Failure of capacity to deliver the transformational change programme ↓

Objective

Our people: right skills - Learning & Development

KPQ

Learning (L&D)

Target

Target per KPI



OVERVIEW **Green**

Learning & Development:

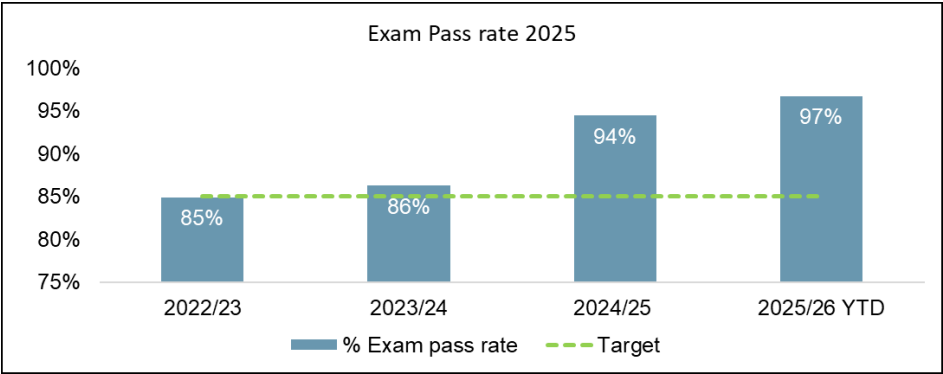
In Q2 :

- Exam Pass rate year to date is 97%. Significantly above the target.
- Issued the 2025/26 learning and development Plan in August. Content being developed to deliver tailored learning for Band pathways.
- Preparations for the business group specific development days are progressing with dates and venues agreed for all but ASG. Dates and venues are being scoped for ASG.

In Quarter 2: Number of training events - 109. Attendees – 498.

The percentage of **mandatory training completed** is 97%, which is above the target of 95%. A new Information Security training package was introduced with the original deadline for completion by 30 June 2025. The deadline was extended to accommodate colleagues doing accounts reporting. The completion of the security training is now due by November 2025, and we will continue to monitor the take up of this training and resume reporting in Q3 2025/26.

Mandatory training	Completed
Data Protection including GDPR	100%
Digital Services Cybersecurity Training (not available on LMS)	94%
Emotional Intelligence (ILT Report)	94%
Hybrid working DSE	97%
Freedom of Information	97%
Trust and Ethics (materials)	99%
Total Mandatory training	97%



Innovation & Learning

Objective

Innovation driving audit transformation

KPQ

Target per KPI

Target

Prior year performance

OVERVIEW **Amber**

Performance

In Q2

AMP update

The following activities were progressed:

Memorandum of Understanding with National Audit Office (NAO) for audit modernisation project signed in June 2025. Key members of project team now have access to NAO laptops with a full review of Apex functionality and audit content and approach underway. This includes reviewing the aligned workbooks that the NAO uses to assess whether we will want to adopt or adapt these in anyway. These decisions will be made in Q3 and Q4. The project team is also trialling potential workflows and functionality for performance audit in the NAO's Apex environment.

Improvements to our inhouse designed audit planning tool are underway with it currently undergoing testing. This helps to standardise our risk assessment processes and is a stepping stone towards the NAO risk assessment which is embedded into Apex.

Implementation plans, including proposals for pilot/pathfinder audits have been developed and will be finalised as part of the completion of the FBC.

PABV and ASG user groups are in place to help inform the project with positive engagement on testing out proposals and systems.

Hub Planner (formerly R&MI): The Digital Services Team is now managing this project following the resourcing software purchase (Hub Planner) and the decision to develop the expenses module on iTrent to replace the expenses functionality in TRS. The project team is finalising implementation plans for both systems, including system design, testing and refinement and training.

Ongoing challenges include:

Although Full Business Case and contractual arrangements with third party supplier are now being finalised, there have been delays with the procurement process over the summer due to having to request additional information on systems

Objective

Innovation & Learning - Insights

KPQ

Application of **insights** to decision making, audit delivery and organisational change

Target

TBC



OVERVIEW **Green**

During Q2 we made good progress with the following projects:

We have made good progress with SIP oversight and governance, including enhanced reporting on SIP finances, resources and risk. The SIP Board agreed an organisational change workstream and delivery is now underway.

Highlights from specific SIP projects include:

Insights: 2025 impact monitoring and evaluation report approved by Accounts Commission in August and published on our website in September. Referred to Public Audit Committee with evidence session scheduled for 8 October 2025. Public audit in Scotland interim evaluation report emerging messages considered by Leadership Group in July, with final draft report agreed by ET in September to go to Accounts Commission and AS Board in October / November.

Future Public Audit Model: We have received positive feedback from ET on discussion papers 1, 4 and 5 on the audit of the accounts, audit delivery model and communicating the audit model. The Auditor General and Accounts Commission have agreed preferred options for the audit of the accounts with some outstanding matters related to small bodies, including legal powers and an appropriate definition. Discussion papers 4 and 5 will be considered by the AGS and Commission in October. There have been some delays to discussion papers 2 and 3 on Best Value and wider scope and these are still to be considered by ET, the AGS and Commission. Engagement with stakeholders is taking place and the results are being fed onto the process.

Q2 Financial Performance Report

Item 13.

Meeting date:

25 November 2025

Head of Finance

Purpose

1. This report presents the financial results for the six months to 30 September 2025.

Recommendation

2. The Board is invited to:

- Note the financial results for the six months to 30 September 2025.
- Note the revised forecast following the actions taken to reduce the projected year-end underspend.

Background

3. A Financial Performance Executive Summary is provided in the appendix to support this report.

Summary financial position

Financial Position as at end of September 2025			
	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s
Income	(14,166)	(14,147)	20
Pay	12,754	12,951	197
Non-pay	6,654	8,157	1,504
Capital Expenditure	155	150	(5)
Funded by Scottish Consolidated Fund	5,396	7,112	1,715

Income

4. Income from in-house audit work continues to outperform expectations, currently £841k ahead of plan, largely due to strong delivery in the Local Government sector. Conversely, income from firms is £858k behind plan, reflecting slower progress on audits in the same sector. Additional income streams such as bank interest and secondments have also contributed positively, exceeding budget by £5k and £31k respectively.

Pay expenditure

5. While agency costs are £41k over budget, this has been more than offset by £238k in savings across other staff-related costs, resulting in a net favourable variance of £197k.

Non-pay expenditure

6. Firm Fees remain the largest contributor to the non-pay underspend, currently £1.05m below budget due to audit progress. Other areas of underspend include Training (£168k), Property (£73k), Legal and Consultancy (£59k), Travel (£49k), Recruitment (£45k), Depreciation and Miscellaneous costs (£67k). The total non-pay underspend stands at £1.5m.

Contingency and future financial risks

7. The 2025/26 budget includes a contingency allocation of £250k to meet any unexpected financial pressures that may arise in the year. In the year to date none of this budget was spent.

8. There continues to be many outside influences that will impact on longer-term financial planning and future budget proposals. Factors being considered include:

- Managing the impact of a 5% vacancy factor.
- Meeting the closing work in progress projections at 31 March 2026.
- Managing cash flow and ensuring prompt payment of invoices.
- Managing the audit modernisation project and ensuring any underspends are carried forward into future budgets.
- Potential impact of reduced working week on audit delivery.
- The Scottish Government budget and SCF funding pressures.
- Fees and funding strategy.
- Future pay award settlements from April 2026.
- Public sector audit model and impact on future procurement.

Capital expenditure

9. The approved capital programme for 2025/26 of £200k planned for laptop replacement. To date £155k has been used to purchase 130 new staff laptops in April and further 12 in June for the members of the Accounts Commission.

Cash Flow

10. Cash flow remains healthy, with a bank balance of £2.7m and receivables of £3.9m at quarter end. These figures have since reduced to £2.09m and £134k respectively as of 15 October.

Forecast

11. Following identification of a forecasted underspend at the end of Q2, specific actions were agreed with ET and the Board to return surplus funds of £1.08m to the Scottish Consolidated Fund (SCF). This comprised:

- Audit Modernisation Programme (AMP) Reprofitting: £430k
- Additional Fee Income: £300k
- Management Contingency: £250k
- Secondments Income: £100k

In addition, shovel ready expenditure was approved to accelerate strategic spend, as agreed at the extraordinary Board meeting on 11 November 2025.

After these actions, the revised forecasted underspend is now approximately £378k. This retained balance is intentional and important because the full £250k Management Contingency is being returned through the Spring Budget Revision (SBR). Maintaining this flexibility allows us to respond to any unforeseen costs that may arise during the remainder of the financial year. We are also hopeful that this balance can be further reduced as additional shovel ready expenditure is identified and approved throughout the year.

Business Group Performance

12. Audit Services Group: £842k ahead of budget; underspends in Staff Costs, IT, Travel, and Consultancy.

13. PABV: Secondment income offset by agency costs; underspends in Staff and Consultancy.

14. Innovation & Quality: Largest underspend in Training (£63k); overspends in Consultancy (£24k) and Staff Costs (£21k). No AMP IT

spend forecasted until we have further clarity from Supplier on costs and timelines involved impact the current financial year.

15. Audit Quality & Appointments: £9k underspend in pay; minor overspends in Consultancy and Travel.

16. Corporate Services & Costs: £5k income ahead of budget due to higher interest income; underspends in Staff (£44k) and Non-pay (£137k).

17. Approved Auditors: Audit work behind plan, impacting both income and expenditure.

18. Accounts Commission & Support: £11k underspend mainly in Travel and Training.

19. Board, AGS & Exec Team: Minor underspends across Travel, Training, and Consultancy.

Vacancy Factor

20. YTD vacancy factor is 6.6%, with a forecast year-end position of 6.8%.

Conclusion

21. The initial forecasted underspend at the end of Q2 was £1.739m. Through proactive measures, including returning surplus funds to the Scottish Consolidated Fund and approving shovel ready expenditure - the underspend has been significantly reduced to £378k.

The budget will continue to be monitored closely for the remainder of the financial year to ensure alignment with organisational priorities and to manage any emerging risks or opportunities.

Virement

22. There were no instances of budget virements to 30 September 2025.

Financial Position

Fee income – In-house chargeable audit work is currently £841k ahead of plan predominantly due to the Local Government sector.

Firms income is now £858k behind plan, due to progress on Local Government audited bodies.

Other income – bank interest and income from secondments are £5k and £31k higher than budgeted, respectively.

Pay – a YTD overspend on Agency Costs of £41k has been offset in full by £238k in savings on other staff costs resulting in an overall favourable variance of £197k.

Non-pay – a significant underspend of £1.05m reported on Firm Fees as at the end of Q2 - linked to the progress on Local Government audits referenced above. Other notable underspends include Training (£168k), Property Costs (£73k), Legal, Professional & Consultancy (£59k), Travel & Subsistence (£49k), Recruitment (£45k), Depreciation & Others such as Occupational Health totalling £67k) giving rise to an overall underspend of £1.5m.

Capital – all costs relating to laptop replacement programme.

Cash flow - healthy bank balance of £2.7m, with total outstanding receivables balance of £3.9m of which £147k was overdue by 3 months or more. As at the 15th of October, these balances had reduced down to £2.09m and £134k, respectively.

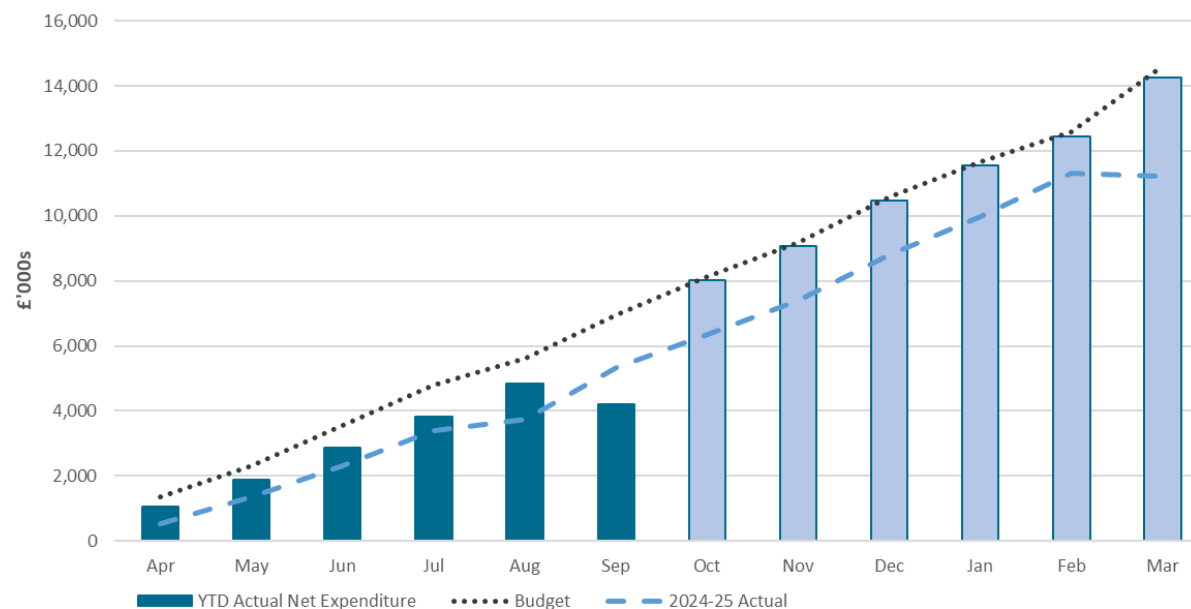
Forecast – based on feedback from all business groups as at the end of Q2.

Financial Position as at end of September 2025						
	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s	FY Forecast £'000s	FY Budget £'000s	Variance YTD £'000s
Income	(14,166)	(14,147)	20	(26,090)	(24,841)	1,249
Pay	12,754	12,951	197	25,460	25,922	462
Non-pay	6,654	8,157	1,504	13,607	13,635	28
Capital Expenditure	155	150	(5)	200	200	0
Funded by Scottish Consolidated Fund	5,396	7,112	1,715	13,176	14,915	1,739

Financial Risks

- Closing work in progress position for 2025/26 audit work at 31 March 2026.
- Managing 5% vacancy factor.
- Cash flow management and ensuring prompt payment of fee invoices.
- Impact of reduced working week on audit delivery.
- Audit modernisation project (potential carry forward of underspend).
- Future public sector audit model/procurement.

Net expenditure position by month 2025-26



Summary Balance Sheet £'000s			Summary Cash Flow £'000s		Capital Expenditure £'000s	
	31/03/2025	30/09/2025				
Total Non Current Assets	5,697	5,430	Net cash outflow from operating activities	(10,461)	Total Funding	200
Total Current Assets	5,727	9,995	Cashflows from investing activities	155	Laptop replacement programme	144
Total Current Liabilities	(7,055)	(11,126)	Drawdown from Consolidated Funds	8,000	Laptop replacement programme (for AC)	11
Total Non Current Liabilities	(7,112)	(6,859)	Obligations under leases	(186)		
Assets Less Liabilities	(2,743)	(2,560)	Net (decrease) in cash/cash equivalents	(2,492)	Balance	45
Taxpayers Equity	2,743	2,560	Net Cash requirement	10,492		

Non-current assets – reduction is due to depreciation being higher than investment and no car lease additions.

Current assets – increase in cash balance, prepaid expenses and other balances such as VAT repayable vs 31st of March 2025.

Current liabilities – mainly due to increases in balance due to SCF and deferred income accruals (WIP).

Non-current liabilities – adjustments reflect movement in obligations under leases and provisions for early retirement.

- Draw down from Scottish Consolidated Fund of £8.0 million.
- Net decrease in cash / cash equivalents of £2,492k.
- Purchase of 130 new laptops in April and further 12 in June for the members of the Accounts Commission

Appendix | Financial Performance by Business Group – September 2025

YTD financial position for each business group

The financial position for each business group is broken down as follows:

- **Overall** - at this stage of the financial year the initial forecast was that the final outturn would be an underspend of £1.739m. This has since reduced to £378k as detailed in the Q2 Financial Performance Report paper.
- **Audit Services Group** - chargeable audit work in total is £842k higher than budget. Notable underspends as at the end of Q2 include Staff Costs (£100k), IT (£43k), Travel & Subsistence (32k) and Legal, Professional & Consultancy (£27k).
- **Performance Audit and Best Value** - unbudgeted income from secondments which has been offset in full by Agency Costs. Other key movements include an underspend of £106k on Staff Costs and £41k on Legal, Professional & Consultancy.
- **Innovation and Quality** – the largest underspend as at the end of Q2 was on Training (£63k) which was partially offset by overspends in Legal, Professional & Consultancy (£24k) and Staff Costs (£21k). The forecast currently assumes no IT spend on AMP within the year, until we have firm costings and timelines from the Supplier.
- **Audit Quality and Appointments** - £9k underspend in pay costs due to staff mix (temporary posts) and minor overspend in Legal, Professional and Consultancy as well as Travel & Subsistence.
- **Corporate Services Group and Corporate Costs** – income £5k higher than budget due to higher interest income than expected. Staff costs less than budget (£44k) due to staff mix and employer NI savings due to salary sacrifice schemes. Non-pay costs £137k lower than budget with the most significant variances in Property, Recruitment, Occupational Health and non-cash items such as Depreciation.
- **Approved Auditors** – audit work behind plan based on latest progress reports which affects both income recognition as well as expenditure.
- **Accounts Commission and Support** - £11k underspend relates mainly to Travel & Subsistence and Training.
- **Board, AGS and Exec Team** – minor underspends on Travel & Subsistence, Training and Legal, Professional and Consultancy costs.

Business Group	Cost type	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s	FY Forecast £'000s	FY Budget £'000s	Variance YTD £'000s
Audit Services Group 44 & 45	Income	(7,514)	(6,672)	842	(13,302)	(13,002)	300
	Pay	6,054	6,136	81	12,056	12,218	162
	Non-pay	277	482	205	746	830	84
	Total	(1,182)	(54)	1,129	(499)	47	546
Performance Audit and Best Value 57	Income	(30)	0	30	(61)	0	61
	Pay	2,569	2,643	75	5,187	5,290	102
	Non-pay	22	69	48	94	145	51
	Total	2,560	2,713	153	5,220	5,435	214
Innovation and Quality 46 & 47	Income	0	0	0	0	0	0
	Pay	1,216	1,203	(12)	2,431	2,389	(42)
	Non-pay	174	221	47	543	1,039	496
	Total	1,389	1,424	35	2,974	3,429	454
Audit Quality and Appointments 69	Income	0	0	0	0	0	0
	Pay	182	190	9	363	381	18
	Non-pay	9	6	(3)	170	148	(22)
	Total	190	196	6	533	528	(4)
Corporate Services Group and Corporate costs 00, 61..68, 71..78	Income	(1,615)	(1,610)	5	(3,410)	(3,381)	29
	Pay	1,899	1,943	44	3,752	3,973	222
	Non-pay	1,345	1,483	137	3,099	3,373	274
	Total	1,629	1,816	186	3,441	3,965	525
Approved Auditors 35	Income	(5,007)	(5,865)	(858)	(9,318)	(8,459)	859
	Pay	0	0	0	0	0	0
	Non-pay	4,813	5,867	1,054	8,892	8,034	(858)
	Total	(194)	2	196	(426)	(425)	1
Accounts Commission and Support 20 & 23	Income	0	0	0	0	0	0
	Pay	300	301	1	602	602	0
	Non-pay	7	17	10	35	38	3
	Total	307	318	11	637	640	3
Board, AGS and Exec Team 21..22, 26	Income	0	0	0	0	0	0
	Pay	534	534	(0)	1,068	1,068	0
	Non-pay	8	13	5	28	28	(0)
	Total	542	547	5	1,096	1,096	(0)
Funded by Scottish Consolidated Fund		5,241	6,962	1,720	12,976	14,715	1,739

Staff Cost Savings as at end of September 2025						
	Actual Pay YTD	Budget Pay YTD	Variance YTD		FY Forecast Pay	FY Budget Pay
	£'000s	£'000s	%		£'000s	£'000s
ASG	6,054	6,136	1.33%		12,056	12,218
PABV	2,569	2,643	2.83%		5,187	5,290
CSG	1,899	1,943	2.27%		3,752	3,973
I&Q	1,216	1,203	-1.04%		2,431	2,389
AQA	182	190	4.61%		363	381
Commission Support	106	107	0.93%		427	427
Total Pay	12,025	12,223	1.62%		24,217	24,678
	Actual Saving YTD	Budgeted Saving YTD	Variance/Shortfall YTD		Forecast Saving FY	Budgeted Saving FY
	£'000	£'000	£'000		£'000	£'000
	847	649	(198)		1,761	1,299
			6.6%			
						Forecast Variance/Shortfall FY
						£'000
						(462)
						6.8%

Q2 2025 YTD Vacancy Factor of 6.6% - currently forecasting year end position of 6.8%.

Climate Change Annual Report 2024/25

Item 14.

Kenny Oliver, Executive Director of Innovation and Quality
and Executive Team lead for climate change

Meeting date:
25 November 2025

Purpose

1. The draft Climate Change Annual Report provides an update on our organisational environmental performance to the end of 2024/25. It also provides an update on how we are developing our approach to auditing climate change.
2. The report contributes towards meeting our statutory duties under the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020.

Recommendations

3. The Board is invited to:
 - Approve the Climate Change Annual Report 2024/25, for publication on our external website on 28 November 2025.

Background

4. As a public sector organisation, Audit Scotland has a statutory duty to contribute to the delivery of the Scottish Government's emissions reduction targets and climate change adaptation programme. We are required to report annually on compliance with this duty.
5. Responding effectively to climate change is also one of our corporate aims. Progress towards net zero and climate resilience targets is one of the key performance measures in our Corporate Plan 2023-2028.
6. We published our Environment, Sustainability and Biodiversity Plan 2021-2025 in September 2021. This set out our approach to sustainability issues and our emissions reduction aspirations, including our ambition to reach net zero emissions by 2030. We report annually on progress against the plan.

Financial implications

7. There are no direct financial implications relating to the progress reported in the annual report or the approach set out in the Climate

Change Plan. However, action taken to improve our environmental performance and how we respond to climate change may have financial – as well as carbon – implications.

8. For example, decisions that impact on our energy use and business travel; building climate considerations into procurement decisions; and the provision of external training to staff to ensure they have the skills to audit climate change. Exact costs would be identified and approved as part of existing corporate decision-making processes.

Considerations

- During the period of our current five-year plan, we reduced our emission levels by 33 per cent, from 213 tonnes of Carbon Dioxide-equivalent (tCO₂e) in 2019/20 to 142 tCO₂e in 2024/25. This exceeded our interim emissions reduction target of 178 tCO₂e by 2024/25. This was achieved because business travel did not return to pre-pandemic levels, as we continued to work in a hybrid setting.
- Emissions have risen gradually since 2021/22 as colleagues have returned to more typical patterns of working following the pandemic and we have increased the size of our Glasgow office. Looking ahead, we do not anticipate any significant changes in emissions and will focus on stabilising current levels and reducing emissions where possible.
- We are currently developing a new Climate Change Plan for the period 2026-30, which will set out our organisational response to climate change including reducing our carbon emissions. It will replace our Environment, Sustainability and Biodiversity Plan, which covered the period 2021-2025.
- Executive Team discussed a draft Climate Change Plan in November. It agreed to take more time to fully explore the scale of our climate ambitions and how we meet these in a way that complements our audit delivery needs, supports our international engagement, and reflects the size and scale of our business. A revised plan will return to Executive Team for consideration, before coming to the Board for final approval in either January or March 2026. There is no statutory timescale for publication of the plan.

Conclusion

9. The Board is invited to approve the Climate Change Annual Report 2024/25, for publication on the Audit Scotland website on 28 November 2025.

Climate change

Annual report 2024/25



 AUDIT SCOTLAND

Prepared by Audit Scotland
November 2025

Contents

Background	3
1. Our environmental performance	5
2. Auditing climate change	14
Appendix 1	18
Appendix 2	20
Appendix 3	21

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Background

Purpose

1. The purpose of this document is to provide an update on the progress we are making towards our organisational environmental targets. It also provides an update on how we are developing our approach to auditing climate change.
2. Part 1 looks at our environmental performance as an organisation. Part 2 looks at what we are doing to develop our approach to auditing climate change.

Our organisation

3. Audit Scotland delivers financial and performance audits on public bodies across Scotland. In 2024/25, we employed 345 whole-time equivalent members of staff. We lease office space in Edinburgh and Glasgow and a much smaller space in Inverness. We operate a hybrid working model, and colleagues work from home, in our offices and at the offices of the public bodies we audit.

Our ambition

4. Audit Scotland has a unique position within the public sector in Scotland, from which we aim to influence and support positive changes in how Scotland is responding to the climate emergency. This includes aiming to lead by example with our organisational response.
5. We aim to manage our own operations in a way that minimises our negative environmental impact and enhances our positive impact, wherever possible.
6. Our first [Climate change plan \(2015-2020\)](#) set a target to reduce our emissions from the baseline level of 533 tonnes of carbon dioxide equivalent (tCO₂e) to less than 292 tCO₂e by 2020. We went further than our target and recorded 215 tCO₂e in 2019/20.
7. A review of the initial plan was put on hold in 2020 due to the Covid-19 pandemic and we published our [Environment, Sustainability and Biodiversity Plan 2021-2025](#) in September 2021. The plan set out our approach to sustainability issues and reflected our emissions reduction aspirations as well as introducing a focus on reaching net zero by 2030. It included interim targets against the baseline year 2008/09.

Governance

- 8.** Climate change issues are integrated into what we do and how we work through our corporate publications including our [Annual report and accounts](#), [Public audit in Scotland 2023-28](#), and [Corporate Plan 2023-28](#).
- 9.** We have governance and risk management arrangements for climate change and wider environmental sustainability to ensure that these issues are taken into account at every level of decision-making.
- 10.** The roles and responsibilities of the groups involved in leading, managing and holding us to account for our environmental sustainability performance are set out in [Appendix 1 \(page 18\)](#).

1. Our environmental performance

Key messages

- 1 We have exceeded our interim emissions reduction target for 2024/25, as set out in our Environment, Sustainability and Biodiversity Plan 2021-2025.** During the period of our five-year plan, we have reduced our emissions by 33 per cent from pre-pandemic levels in 2019/20. This was achieved because business travel has not returned to pre-pandemic levels, as we continue to work in a hybrid setting. Business travel emissions in 2024/25 were 44 per cent less than our target for travel emissions by 2030.
 - 2 Emissions from energy use in Audit Scotland's offices increased in 2024/25.** This is the result of a decision to increase the size of our office space in Glasgow to accommodate growing staff numbers based in the west of Scotland. We have reduced the size of our office space in Edinburgh. Emissions from the energy used by staff when they work from home also increased. Emissions from working from home are not currently included in our targets, but we do estimate and report them. We are working to improve our data on emissions arising from staff commuting to and from work.
 - 3 Emissions levels are likely to remain steady in the medium-term.** Although emissions in 2024/25 were 20 per cent lower than our interim target, emissions have risen gradually over the last five years as colleagues have returned to more typical patterns of working following the pandemic and we have increased the size of our Glasgow office. Looking ahead, we do not anticipate any significant changes in emissions and will focus on stabilising current levels and reducing emissions where possible.
 - 4 We are making progress towards our commitment to become a climate resilient organisation.** In addition to reducing our emissions, Audit Scotland is taking action to integrate climate resilience into our corporate activity and audit work. During 2024/25, we self-assessed ourselves as meeting Level 1 of Adaptation Scotland's Climate Adaptation Capability Framework.
-

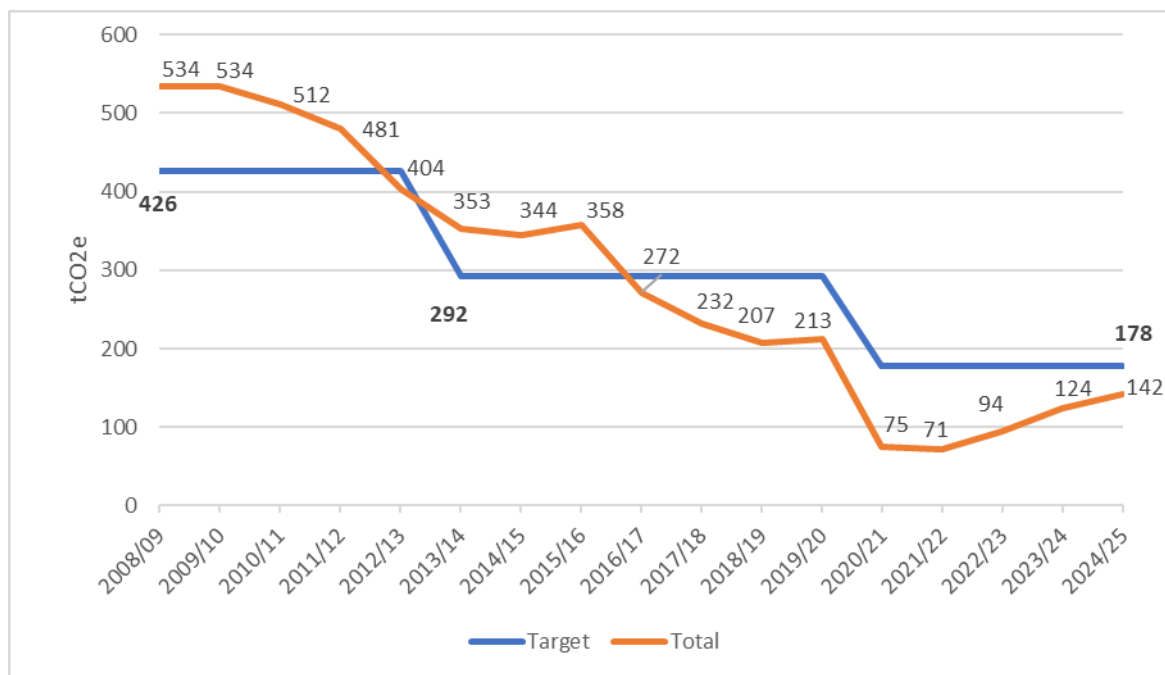
Overall emissions in 2024/25

Overall carbon emissions against targets

11. Performance against our targets to reduce total carbon emissions to date is shown in [Exhibit 1](#).

Exhibit 1

Carbon reduction since 2008 against targets



Note1: In 2023 we corrected some previously reported figures following a review of our emissions data and included the updated figures in our 2022/23 annual report.

Note 2: The graph does not include working from home emissions, as they are not included in our current targets.

Note 3: We did not report on waste and recycling emissions between 2020/21 and 2022/23 as the majority of colleagues were working from home. In 2019/20, emissions were 7 tCO₂e.

Source: Audit Scotland

12. In 2024/25, the total for the emissions that are included in our carbon reduction target was 142 tCO₂e. This is 36 tCO₂e (20 per cent) lower than our target to achieve no more than 178 tCO₂e by 2024/25. It is 9 tCO₂e (7 per cent) higher than our current 2030 emissions reduction target to emit no more than 133 tCO₂e ([Exhibit 2, page 7](#)).

13. Achieving our 2024/25 target is due largely to business travel not returning to pre-pandemic levels, as hybrid working arrangements continue.

Exhibit 2

Carbon footprint in 2024/25 compared to route map emissions reduction targets

Carbon emissions included in our carbon reduction targets	Actual 2024/25 tCO ₂ e	Target 2024/25 tCO ₂ e	Target 2029/30 tCO ₂ e
Energy	103	79	65
Business travel	35	92	63
Waste and recycling	4	6	4
Water	0.3	1	1
Total	142	178	133
Working from home (not included in carbon reduction targets)	109	-	-

Note 1: A breakdown of the sources of the emissions in this exhibit can be found in [Appendix 2, page 20](#).

Note 2: For transparency, we are including our working from home emissions in this report although they are not included in our current targets as set out in our [Environment, Sustainability and Biodiversity Plan 2021-25](#).

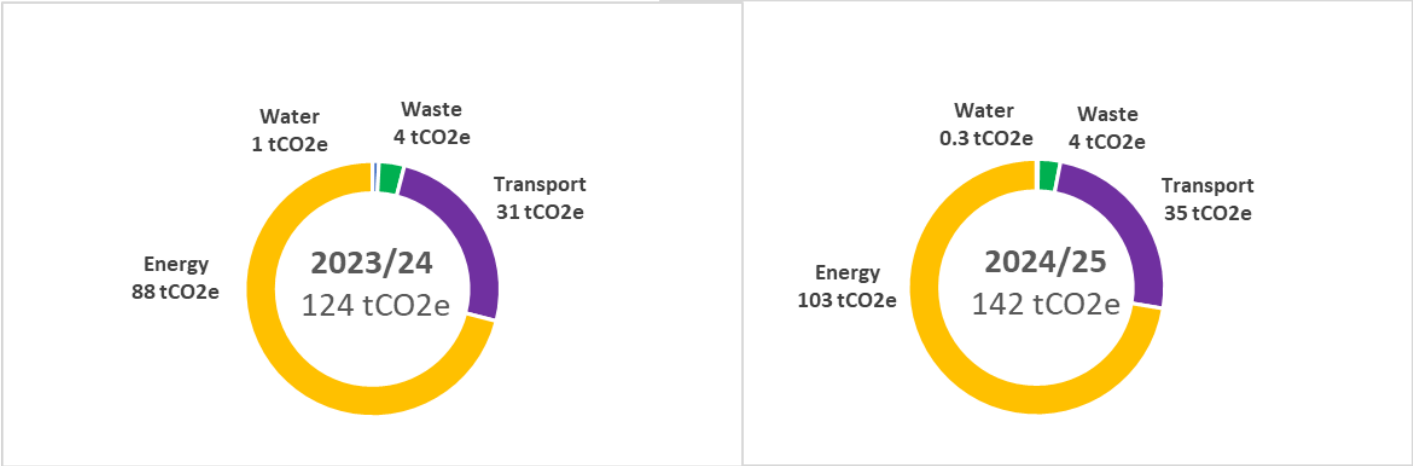
Source: Audit Scotland

Change in emissions between 2023/24 and 2024/25

14. Although we have met our 2024/25 target, emissions included in the scope of our targets increased by 18 tCO₂e (14.5 per cent) between 2023/24 and 2024/25, as shown in [Exhibit 3 \(page 8\)](#).

15. This increase is primarily due to a rise in emissions from energy use and a slight increase in emissions from business travel. The increase means that, unlike last year, our emissions are now higher than our 2030 target. We recognise that, without stabilising and reducing emissions where possible, we will fail to meet this target.

Exhibit 3
Carbon footprint in 2024/25 compared to last year



Source: Audit Scotland

Energy carbon emissions

Target	Reduce emissions from electricity and gas used in offices to no more than 79 tCO2e by 2024/25.
Performance to date	Our emissions from electricity and gas used in offices in 2024/25 were 103 tCO2e.
Summary	The changes to the sizes of our offices, since our targets were initially set, have resulted in an increase in the carbon emissions from the energy used in our offices of 15 tCO2e compared to 2023/24.

16. Compared to 2023/24, emissions from electricity use have decreased by 3 tCO2e but emissions from gas have increased by 18 tCO2e. This has been driven mainly by an increase in the size of our Glasgow office.

17. At the time of our last annual report, the increase to the size of our Glasgow office and reduction in the size our Edinburgh office had only recently been finalised. The changes to our Glasgow office took effect earlier, and we started to experience an increase in emissions from energy use in 2023/24 as a result. We have seen a reduction in the gas and electricity used in the smaller Edinburgh office this year. However, overall, our emissions from gas and electricity use in our offices in 2024/25 are higher than in 2023/24.

18. While we have already made a number of changes to reduce energy consumption in our offices, there is still more that we can do in this area. We are continuing to explore options to change the remaining fluorescent lighting in our offices to LED bulbs, which would decrease energy consumption.

Emissions from electricity and gas used when staff work from home

19. Audit Scotland's targets do not currently include carbon emissions generated as a result of the gas and electricity used by staff when they work from home. However, we do estimate and report them.

20. Working from home emissions increased to 109 tCO₂e in 2024/25, compared to 99 tCO₂e in 2023/24. This is an estimate based on the number of whole-time equivalent colleagues and an estimated breakdown of hybrid working patterns. The number of colleagues rose by 14 (4 per cent) in 2024/25.

21. Although we report our working from home emissions, we do not routinely quantify the emissions generated by staff commuting to and from work. We are continuing to explore and test possible methodologies to help us understand the net carbon impact of working from home when both staff commuting and home energy emissions are taken into account.

Business travel carbon emissions

Target	Reduce annual business travel carbon emissions to no more than 92 tCO ₂ e by 2024/25.
Performance to date	Our carbon emissions from business travel in 2024/25 were 35 tCO ₂ e, significantly below our target for 2024/25.
Summary	Compared to 2023/24, our carbon emissions increased by 4 tCO ₂ e. However, we are 70 per cent below our 2019/20 pre-pandemic levels.

22. Our business travel emissions increased between 2023/24 and 2024/25 by 15 per cent to 35 tCO₂e. Business travel emissions are 70 per cent below pre-pandemic levels of 118 tCO₂e.

23. Audit Scotland staff travelled 390,196 business kilometres in 2024/25 compared to 323,167 the previous year. Kilometres are measured across all transport modes, including car, rail and air. Business travel is still considerably less than pre-pandemic levels, when we travelled approximately one million kilometres a year.

24. Between 2023/24 and 2024/25, emissions from car travel decreased, while flight-related emissions increased by 28 per cent. The rise reflects a greater number of business flights taken over the past year, with domestic UK flights accounting for the largest proportion. The transport thematic working group is undertaking further analysis to distinguish flights taken for core audit activities from those related to other engagements, such as conferences and training events.

25. The overall reduction in business travel is due, to a large extent, to the shift to online meetings which has reduced the need to travel. Audit Scotland has invested in technology to support this, including enhanced hybrid meeting facilities. Colleagues are increasingly travelling to audit sites, but this remains significantly lower than pre-pandemic levels. Colleagues are giving careful

consideration to whether business travel is necessary and for choosing the least carbon-intensive option when it is.

26. The transport thematic working group is actively promoting more sustainable travel practices in Audit Scotland. In collaboration with the energy use thematic group, it has conducted surveys to better understand emissions associated with colleagues' commuting to office sites. Thirty-seven per cent of respondents identified rail as their primary mode of transport for commuting to the office. Rail travel generally is more carbon friendly compared to using a car. Audit Scotland will conduct regular surveys to monitor shifts in commuting travel behaviours.

27. The transport thematic working group is currently reviewing how our office environments and organisational policies enable and encourage colleagues to cycle to work. As part of this assessment, the group is using Cycling Scotland's Cycling Friendly Employer programme to evaluate how effectively Audit Scotland promotes cycling as a sustainable commuting option.

28. Based on current trends in business travel, we have demonstrated that we are able to meet our 2030 target of emitting less than 63 tCO₂e per annum. Business travel is likely to fluctuate depending on need. The thematic working group will monitor trends closely, recognising that a reduction in emissions from business travel will be needed to meet our overall 2030 target to emit no more than 133 tCO₂e.

Waste, recycling and water carbon emissions

Target	Reduce waste and recycling carbon emissions to no more than 6 tCO ₂ e by 2024/25. (There is no carbon reduction target for water, which has remained consistent at 1 tCO ₂ e or less for several years.)
Performance to date	Our waste and recycling carbon emissions in 2024/25 were 4 tCO ₂ e.
Summary	Emissions in 2024/25 are the same as in 2023/24 and below our target for 2024/25.

29. As a result of hybrid working, we have not returned to pre-pandemic levels of office waste and recycling emissions (7 tCO₂e in 2019/20).

30. We have established a thematic group to lead on activity related to waste and procurement. The group has worked with colleagues to implement several initiatives to minimise waste as much as possible. This includes reducing our stationery supplies and using glass milk bottles that are collected and reused. Based on this activity, we are confident we can maintain progress and meet our target of 4 tCO₂e by 2030.

Procurement carbon emissions

31. We focus on embedding sustainability into our procurement activity and we include sustainability clauses in our standard procurement terms and

conditions. We are also committed to maximising the life of digital equipment as much as possible and recycling previous kit for reuse in other parts of the world.

32. To date we have not included supply chain emissions in our calculations. The thematic working group for waste and procurement is considering our approach to this.

Biodiversity and responding to the nature emergency

33. The Nature Conservation (Scotland) Act 2004 places a statutory duty on all public sector bodies in Scotland to further the conservation of biodiversity. The Wildlife and Natural Environment (Scotland) Act 2011 introduced a requirement for all public bodies to report publicly on their compliance with the biodiversity duty. Biodiversity duty reports are required every three years. Our most recent [biodiversity duty report](#) was published in December 2023.

34. Audit Scotland does not own or manage land and we therefore have limited opportunity to carry out activities which encourage biodiversity. However, we can support biodiversity through:

- reducing our carbon footprint
- reducing what we buy and the resources we use
- reducing the amount of pollution we put into the environment
- minimising waste and following the waste hierarchy
- highlighting biodiversity, where relevant, through our audit work.

35. We have a thematic working group focused on supporting biodiversity. The group led activity during 2024/25 to raise awareness of biodiversity. For example, we ran two staff-led litter pick events, which provided opportunities to connect employees with the local environment and highlight the impact of waste on biodiversity.

Building climate resilience

36. In addition to reducing our emissions, Audit Scotland has also made a commitment in its [Corporate Plan 2023-28](#) to make progress towards becoming climate resilient. This means thinking about how we will adapt and respond as an organisation in the face of ever-increasing climate change impacts and the disruption they bring. This includes the impact of floods, storms, heatwaves, droughts and wildfires. There are several groups and areas of activity within the organisation that are progressing work to build climate resilience.

37. Paramount to all of this is staff wellbeing. We know that the impacts of climate change may be felt unequally by different groups. Those with particular health conditions or who live in a flood risk area, for example, may require additional support. To ensure that these issues are taken into account, climate change considerations are included in our Health, Safety and Wellbeing Plan.

Further work is under way to consider specific actions to support the climate resilience elements of this plan.

38. Risks to our operations as a result of extreme weather events are managed through our business continuity processes. These will continue to be reviewed and updated to ensure that the organisation is able to plan for, respond to and recover from climate impacts when they arise.

39. A climate resilience thematic working group has been established, which is focussed on mainstreaming climate resilience into our broader corporate activity. The group is using Adaptation Scotland's [Climate Adaptation Capability Framework](#) (ACF) to support this process. We will use the framework to drive change in the organisation in a way that makes the most effective use of limited resources. This means taking a proportionate and balanced approach, reflective of the size and nature of the organisation, and we will be transparent about this in our reporting. We consider that we have now achieved Level 1 of the ACF (see [Appendix 3](#)). We will aim to achieve Level 2 (intermediate) and Level 3 (advanced) by 2027/28, reaching full maturity (Level 4) by 2029/30.

40. We recognise that our biggest area of impact is through our auditing work (see [Part 2](#)). A thematic group has been established to bring together colleagues that are leading on the development of our approach to auditing climate change. This group will consider how climate resilience might be included in our audits and other outputs moving forward. The group has also contributed to the Scottish Government's consultation for updated public sector guidance on climate change, including issues related to climate resilience.

Validation of figures

41. Audit Scotland has introduced an internal peer review process, which means that all data is peer reviewed and quantified by at least two people.

Looking ahead: leading our drive to net zero and climate resilience

42. The new climate change governance structure introduced in 2023 is now embedded in the organisation and the Green Future Strategic Group is a key corporate decision-making forum (see [Appendix 1, page 18](#)).

43. The thematic working groups have been involved in activity throughout the year to promote actions to reduce emissions, support biodiversity and build climate resilience. The strategic group and auditing thematic group have also continued to contribute to the development of our approach to auditing climate change, to maximise the value of our work. Examples of thematic group activity are included throughout this report.

44. Audit Scotland is currently developing its new five-year climate change strategy for the period 2026-2030, which will be published in early 2026.

45. Over the next five years, we will work to improve our data to help inform target setting for the period beyond 2030. This includes building on work to estimate emissions from commuting patterns and aligning this with data on working from home emissions and energy use in our offices. We will use this information to ensure that our emissions reduction targets beyond 2030 are stretching yet realistic.

2. Auditing climate change

Key messages

- 1 Climate change will continue to feature in our performance audit work programme for the foreseeable future. We published one performance audit report specifically on climate change during 2024/25 and started work on other outputs to be published during 2025/26.
- 2 Climate change will increasingly become part of the annual audit of financial statements as public bodies are required to enhance their financial reporting disclosures on climate change. We have provided a range of materials to auditors during 2024/25 to support them in considering climate-related financial disclosures.
- 3 We have launched a new page on our [external website](#) that collates all our audit work on climate change in one place. This will help to raise awareness of our audit findings and share learning.

Our audit role

46. In January 2025, we published an update to [Auditing climate change: Our strategy](#), which outlines the role of public audit in this area and our approach to auditing climate change. It sets out our aim to hold public bodies to account and help drive change and improvement in how public bodies are working together and targeting resources to reduce emissions and build resilience to climate change.

47. We focus our attention on the areas where we can uniquely add the greatest value. Our approach focuses on:

- holding audited bodies to account for their actions and spend on climate change and offering constructive challenge
- holding audited bodies to account for climate-related disclosures in their annual accounts
- identifying and sharing learning, including good practice and areas for improvement.

Our audit work

48. During 2024/25, Audit Scotland published a report on [Sustainable transport](#) (January 2025). The report, on behalf of the Auditor General and Accounts Commission, examines the progress that the Scottish Government and councils are making towards the target to reduce car use. The report included a recommendation for the Scottish Government to clarify its commitment to reducing transport emissions through the car kilometre target as soon as possible. In March 2025, the Scottish Government announced that it was dropping the target to reduce car kilometres by 20 per cent by 2030. It will be working with COSLA to develop a revised target aligned with the next draft climate change plan.

49. We published a performance audit report on [Flooding in communities](#) in August 2025. The report, on behalf of the Auditor General and Accounts Commission, examines how well public bodies are working with each other and with communities to build resilience to flooding. This includes activity to avoid flooding where possible, but also supporting communities to prepare for, respond to and recover from flooding events. The report makes recommendations that aim to inform the further development of plans and actions to implement the Scottish Government's National Flood Resilience Strategy. The relevant Accountable Officers have accepted the recommendations in the report and are progressing them.

50. To reflect the work of the Auditor General and the Accounts Commission, Audit Scotland is developing a lessons learned output to draw together cross-cutting judgements, recommendations and learning from our audit reporting on climate change. It will highlight the elements that we see as important, and the improvements and changes we think are required, to support the public sector in delivering long-term climate change ambitions. We plan to publish this in March 2026 ([Transforming the approach to Climate Change: Lessons from public audit](#)).

51. We will continue to undertake performance audits that focus specifically on climate change policies and objectives. We also continue to integrate climate considerations into our wider work.

52. In anticipation of future accounting and auditing requirements relating to climate change, as part of the 2022/23 annual audit, all appointed auditors were asked to gather information on the arrangements for responding to climate change in public bodies. This included considering what targets, strategies and monitoring arrangements were in place, and the extent to which bodies were considering the impact of climate change on their financial statements. Auditors reported their findings in their 2022/23 annual audit reports, which were published during 2023/24.

53. During 2024/25, a review was completed of the information provided by auditors as part of the 2022/23 audit. A report was published summarising the findings providing an overview across the public sector and a breakdown by sector, where appropriate. The report provides information to help auditors:

- inform discussions on climate change with their audited bodies

- informally benchmark their audited body in the relevant sector
- identify where the audited body may be doing more than other bodies or where there is room for improvement.

54. We monitor the impact of our audit work, which helps to inform proposals for future work. We also use opportunities to speak at conferences, contribute to workshops and meet with external organisations to raise awareness of our audit findings and share learning.

55. We have launched a new [climate change hub page](#) on our website that collates all our audit work on climate change in one place. It also includes plans and reports on our organisational response to climate change and provides links to other relevant organisations.

Looking ahead: developing our audit approach

56. We continue to refine our audit methodology and approach in response to our learning and external developments, such as new legislation or standards. We have a thematic working group to coordinate activity across Audit Scotland with the aim of ensuring:

- we focus our audit work on climate change on the areas where we can uniquely add the greatest value
- that auditors are aware of climate-related accounting and disclosure requirements
- our auditors have the knowledge and skills required to undertake work on climate change.

57. Climate change considerations will increasingly become part of the annual audit of financial statements, as public bodies are required to enhance their financial reporting disclosures on climate change. Our Innovation and Quality team have prepared materials to support auditors in considering climate-related financial disclosures, for example:

- updates on Scottish Government guidance on sustainability-related disclosures in the financial statements
- briefing notes on the HM Treasury Task Force on Climate-related Financial Disclosures (TCFD) application guidance
- a summary of HM Treasury's good practice guide on sustainability disclosures in the annual report and accounts
- training materials on climate-related financial disclosure requirements and green budgeting
- a Good Practice Note that shares the findings from a review of climate change-related disclosures within the 2022/23 and 2023/24 annual accounts of a sample of Scottish public bodies. It is intended to act as a

catalyst for public bodies to assess and enhance future climate-related disclosures.

58. Learning from others and sharing learning is integral to the development of our audit approach. We are supporting our colleagues by developing tools, guidance and training on auditing climate change. We continue to liaise with audit firms to benefit from their experience of auditing climate change in the private sector. We also participate in internal and external networks, to help identify, share and promote good practice and learning.

Appendix 1

Governance arrangements for climate change and environmental sustainability

Audit Scotland Board

Membership: The Auditor General for Scotland, the Chair of the Accounts Commission and three members appointed by the Scottish Commission for Public Audit.

Role: The board is responsible for the exercise of all functions of Audit Scotland. It exercises its powers and authorities through a Scheme of Delegation, which it determines and approves. Under the Scheme of Delegation, the board formally approves Audit Scotland's Climate Change Plan. It receives annual updates on performance against the plan's targets and objectives, thereby holding Audit Scotland to account for their performance.

Executive Team

Membership: The Auditor General for Scotland; Audit Scotland's Chief Operating Officer; the Controller of Audit; Executive Directors of Audit Services, Performance Audit and Best Value, and Innovation and Quality.

Role: Executive Team is responsible for embedding environmental considerations into decision-making, approving policies that include environmental dimensions, and scrutinising performance against environmental targets.

Green Future Strategic Group

Membership: Representatives from across all business groups.

Role: The Green Future Strategic Group has an important leadership role and is empowered to make strategic decisions that will influence our response to climate change and wider environmental issues. It coordinates and oversees relevant activity across the organisation and scrutinises Audit Scotland's performance.

Green Future Thematic Groups

Membership: Representatives from across all business groups.

Role: Sitting beneath the Green Future Strategic Group are six thematic working groups, each focusing on a key area of activity to help reduce Audit Scotland's environmental impact and develop our auditing approach (energy use, travel, procurement and waste, biodiversity, climate resilience

and our audit approach). These groups report into the Green Future Strategic Group and provide information to help support decision-making and identify risks.

Business groups (Audit Services, Performance Audit and Best Value, Innovation and Quality, and Corporate Services)

Role: Audit Scotland's business groups are pivotal in ensuring that Audit Scotland meets its climate change obligations and continuously improves its environmental performance. It is through the actions of all staff that we can make the greatest difference.

Appendix 2

Sources of Audit Scotland's carbon emissions 2024/25

Category	CO2 emissions (tCO2e)
Energy use	
Natural gas	71
Grid electricity	32
Working from home	109 (not included in targets)
Travel	
Rail	9
Car travel	10
Flights - domestic	11
Flights - short haul	3
Taxi	1
Waste and recycling	
Refuse to landfill	3
Recycling	1
Water	
Water - treatment and supply	0.3
Total	142 (251 including working from home emissions)

Note: Emissions from business travel total 35 tCO2e after rounding up.

Appendix 3

Actions taken to achieve Level 1 of Adaptation Scotland's Climate Adaptation Capability Framework.

Action	Status
LEARN about Scotland's changing climate and impacts	Complete
CONSIDER how adaptation fits with your organisation's objectives	Complete
CONSIDER how you contribute to Scotland's adaptation outcomes	Complete
DEFINE your objectives and opportunities for joined up working	Complete
DEVELOP understanding of climate risk and vulnerability	Complete
IDENTIFY resources already available for adaptation	Complete
IDENTIFY existing adaptation work within your organisation	Complete
IDENTIFY relevant groups, partnerships and forums	Complete
RECORD and CONSIDER the impact of recent weather events on your organisation	Partial - we do not systematically record events or impacts but we can highlight recent events across Scotland and consider likely impacts on staff. Further action will be kept under review.
IDENTIFY key internal stakeholders for adaptation	Complete
DEFINE strategic adaptation outcomes and/or vision	Complete
JOIN/PARTICIPATE in relevant professional and adaptation networks.	Complete

Climate change

Annual report 2024/25



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot