Agenda
Audit Scotland Board

Tuesday 23 September 2025 10.00- 13.00

Audit Scotland offices, Nelson Mandela Place, Glasgow

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: 3 June 2025 — For approval
   - Audit Committee: 6 May and 3 June 2025 — For information

10. Review of Board action tracker — For assurance

Strategic items

11. Strategic Improvement Portfolio Overview Report — For assurance

   - **Project Overview**
   - **Resource and Management Information Project**
   - **Future Public Audit Model Progress Report**
   - **Audit Modernisation Progress Report**

Business planning, performance and governance

12. **Annual Review of Records Management Policy and Appendix** For approval

13. **Digital Services Strategy** For approval

14. **Q1 2025/26 Corporate Performance Report and Appendix** For assurance

15. **Q1 Financial Performance Report and Appendix** For assurance

[Considered by the Audit Committee at its meeting on 2 September 2025]

16. **2026 Proposed Committee Meeting Schedule** For approval

Annual reports

17. **Annual Review of Corporate Governance Documents** For approval

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

[Considered by the Audit Committee at its meeting on 2 September 2025]

Items to be taken in private

18. **2026/27 Draft Budget Proposal and Appendix** For discussion
[Item to be taken in private to support the effective conduct of business, intended for future publication]

19. **Audit Delivery Update and Draft Escalation Procedure Report** For assurance

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

20. **VAT on Local Government Audits Report** For Approval
[Item to be taken in private to support the effective conduct of business, intended for future publication]

Conclusion 13.00

21. Any other business   For discussion

22. Review of meeting   For discussion

23. Date of next meeting: 25 November 2025   For information

Minutes
Audit Scotland Board

Tuesday 20 May 2025, 10.00-13.00
Audit Scotland, 102 West Port

Present:

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

Apologies:

No apologies

In attendance:

Vicki Bibby, Chief Operating Officer
Alison Cumming, Executive Director of Performance Audit & Best Value
John Cornett, Executive Director of Audit Services
Helena Gray, Controller of Audit
Graeme Forrester, Head of Performance & Corporate Governance
Paul O'Brien, Director of Quality and Support *(Item 11,16 and 17)*
Nicola Paton, Digital Project Manager *(Item 12)*
Susan Burgess, Head of Human Resources *(Item 13)*
David McGurk, Digital Services Manager *(Item 14)*
Simon Ebbett, Head of Communications *(Item 15)*
Owen Smith, Director of Audit Quality and Appointments *(Item 16 and 17)*
Nic Bryson, Executive Officer (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, and Graeme Forrester joined
the meeting.

The Chair welcomed attendees to the meeting, including Fiona McKie
observing the meeting before commencing her role as Director Corporate
Services Group.

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 15 to 21 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 and Accountable Officer and Vicki Bibby, Chief Operating Officer. Additionally, he had an update meeting with Stephen, Vicki and Jo Armstrong on the Future of Public Audit Model (FPAM) project.

The Chair met with Colin Beattie, Scottish Commission for Public Audit. (SCPA) Chair, with Vicki Bibby, for an informal introductory meeting as part of the induction programme and in advance of the SCPA meetings before summer recess.

The Chair was involved in an interview with Stephen Boyle for the CA Magazine which has been well received.

The Chair noted his meeting with Dame Fiona Reynolds, Chair of the National Audit Office and plans to convene meeting with the four Chairs of the UK Audit Agencies

Regarding forthcoming activities, the Chair is meeting with the Chair of Audit Wales and Northern Ireland Audit Office over the summer. Additionally, there will be the formal Annual Report and Accounts session and an informal meeting on our FPAM with the SCPA

Following discussion, the Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle advised of regular meetings with the Chair of the Audit Scotland Board and meetings with Jo Armstrong, the Chair of the Accounts Commission and various strategic discussions on the Future of Public Audit Model (FPAM) project.

Stephen highlighted the Scottish National Investment Bank publication and upcoming college section S22 reports.

In relation to parliamentary activity, Stephen met the Public Audit Committee (PAC) to formally consult on his proposed forward work programme and the Finance and Public Administration Committee (FPAC) on their inquiry into the Scottish budget process in practice.

Externally, Stephen met with the Director General Scottish Exchequer in relation to the delay on the medium-term financial strategy and attended the COSLA Anniversary event hosted by the Parliament. Additionally, Stephen attended the Financial Reporting Council SIG meeting.

Regarding forthcoming activities, Stephen noted his participation at an ICAS event as a panel member on Service delivery, reform and growth.

Following discussion, the Board welcomed the update.

7. Accounts Commission Chair's report

Jo Armstrong reported the two latest Best Value reports published and thanked the teams for their work, as well as being kept up to date on audit delivery delays for the Councils with a formal process being developed for the Accounts Commission to take appropriate action.

Jo advised that Commission member appraisals are complete, and feedback indicates the strong endorsement of the Commission's direction and members are keen to be more engaged.

Work has commenced on the Accounts Commission work programme and consultation with SOLACE and Directors of Finance Groups has been well received.

Jo informed members that the Accounts Commission forums after each meeting are playing a great part in keeping members up to date with the external and sector environments, and noting her upcoming internal Insights session with colleagues.

Following discussion, the Board welcomed the update.

8. Chief Operating Officer – verbal update

Vicki Bibby confirmed the Director Corporate Services starts in June and the new Head of Finance in August.

Vicki advised of engagement with Janice Crerar Officeholder Services Manager in Scottish Parliament, noting the recruitment for our next Board Chair and members in line with the 2026 Scottish elections and the positive meeting with Coline Beattie, SCPA Chair.

Vicki confirmed attendance at an RSE event on Productivity of the public sector, the COSLA anniversary and meetings with the firms around internal succession planning and target operating models, and highlighted the UK&I audit agencies Chief Operating Officers meeting hosted by Audit Scotland.

Looking ahead, Vicki is attending the SCVO Chairty awards and visiting audit firms to share experience and practice on digital audit as well as implementing proactive next steps on audit delivery with public bodies.

Following discussion, the Board welcomed the update.

9. Review of minutes

Board meeting: 1 April 2025

The Board noted the minutes of the Board meeting of 1 April 2025, copies of which had been previously circulated.

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

Audit Committee meeting: 4 March 2025

The Board noted the minutes of the Audit Committee meeting of 4 March 2025, copies of which had been previously circulated.

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

Remuneration and Human Resources meeting: 4 March 2025

The Board noted the minutes of the Remuneration and Human Resources meeting of 4 March 2025, copies of which had been previously circulated.

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

10. Review of action tracker

The Board noted and approved the updated action tracker.

11. Ethics Guidance and Policies Update

Paul O'Brien joined the meeting.

Paul O'Brien introduced the update to the Ethics and Guidance Policies, copies of which had been previously circulated.

> The Board was invited to:

- Approve the accompanying updated guidance and policies for Audit Scotland staff on the application of the FRC's Ethical Standard.

During discussion, the Board noted the specific changes and adopted principles we are applying to trigger conflicts of interest and emphasis our independence as a public auditor when engaging externally.

Further discussion focused on training to colleagues and updates to Commission members on the updated guidance. Members noted that mandatory training will be applied, a further discussion with the Secretary to the Accounts Commission will take place to implement arrangements to Accounts Commission members.

Following discussion, the Board was content to approve the updated guidance and policies.

Paul O'Brien left the meeting.

12.   Information Security Management Policy

Nicola Paton joined the meeting.

Nicola Paton introduced the Information Security Management Policy, copies of which had been previously circulated.

The Board was invited to:

- Note the refreshed policy and provide approval.
- Approve the inclusion of a new objective in the policy for supplier evaluation

During discussion, the Board noted our certification to the new ISO2022 standard and thanked the team for all their hard work.

Following discussion, the Board approved the refreshed policy and inclusion of a new objective for supplier evaluation.

Nicola Paton left the meeting.

13.   Diversity and Equality Policy

Susan Burgess joined the meeting.

Susan Burgess introduced the Diversity and Equality Policy, copies of which had been previously circulated.

The Audit Scotland Board was invited to:

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

During discussion, the Board addressed the Supreme Court ruling on gender reassignment and sex, with reassurance provided that the organisation remains committed to supporting all colleagues and any changes will be made in consultation with the LBQTI Group.

Following discussion, the Board approved the revised policy.

Susan Burgess left the meeting.

14.   2024/25 Suite of Annual Assurance Reports

Graeme Forrester introduced the 2024/25 annual assurance reports, copies of which had been previously circulated.

The Audit Scotland Board was invited to:

- Note the suite of reports set out in the tables.

<u>Annual Report on Information Governance and Security</u>

David McGurk joined the meeting.

Graeme Forrester introduced the Annual Report on Information Governance and Security, copies of which had been previously circulated.

The Board was invited to note:

- The contents of this report.

During discussion, Board Members noted the diverse range of assurance, controls and accessible training in place to continue to strengthen defences and resilience to protect the organisation from potential threat.

Following discussion, the Board noted the report and was assured by our processes in place.

David McGurk left the meeting.

<u>Annual Complaints Report</u>

Graeme Forrester provided an update on the Annual Complaints Report, copies of which had been previously circulated.

The Board was invited to:

- Note the reports.

Following discussion, the Board noted the report and was assured by our processes in place.

<u>Annual Report on Freedom of Information and Environmental Information</u>

Graeme Forrester provided an update on the Annual Report on Freedom of Information and Environmental Information, copies of which had been previously circulated.

The Board was invited to:

- Note the performance in 2024/25.

Following discussion, the Board approved the report and was assured by our processes in place.

Items taken in private

15.   Annual Report on Stakeholder Engagement

Simon Ebbett introduced the Annual Report on Stakeholder Engagement, copies of which had been circulated previously.

The Board was invited to:

- Note the information about our engagement approaches in paragraphs 8-13.

- Note results of the 2024 MSP survey, 2024 local government leadership survey and 2024 audited bodies' survey.

- Consider the discussion points set out in paragraphs 36-48.

Members welcomed the report, noted the significant focus placed on improving strategic stakeholder engagement and agreed that the results give us a high level of assurance.

Members discussed the results and in particular better ways to share examples of best practice, further improvements of Audit Scotland's impact, as well as proactive induction arrangements with new MSPS following the 2026 Scottish Elections.

Following discussion, the Board noted the report on stakeholder opinion and feedback.

Simon Ebbett left the meeting.

16.   Draft Audit Transparency Report

Paul O'Brien and Owen Smith joined the meeting.

Paul O'Brien introduced the Draft Audit Transparency Report, copies of which had been circulated previously.

The Board was invited to:

- Provide Comment on the draft Transparency Report.

- Approve the report for publication.

- The Board noted that the draft report had been considered by the Audit Committee at its meeting on 5 May 2025.

During discussion, the Board noted their thanks for the changes to the report following the Audit Committee meeting.

Further discussion focused on the presentation of the grade 4 quality finding and the outcome of the ongoing work in relation to the impact of the grade 4.

Following discussion, the Board agreed for further refinement of the report and agreed to delegate final sign off to the Chair of the Audit Committee.

Action: Patrick to approve final Transparency report.

17.   Draft Quality of Public Audit in Scotland Annual Report

Owen Smith introduced the Draft Quality of Public Audit in Scotland Report, copies of which had been circulated previously.

The Board was invited to:

- Approve the Quality of public audit in Scotland annual report 2025 for publication as part of the suite of annual reports.

The Board noted that the draft report had been considered by the Audit Committee at its meeting on 5 May 2025.

During discussion, the Board noted their thanks for the changes to the report following the Audit Committee meeting.

The Board also acknowledged the significant turnaround achieved through quality improvement processes.

Following discussion and subject to further amendments and the outcome on the final audit quality review the Board approved the report.

Owen Smith and Paul O'Brien left the meeting.

18.   Confidential item

This item has been deferred to a future meeting.

Items taken by correspondence

19.   Annual Review of Freedom of Information, Environmental Information and Data Protection Policies

The Board noted the Annual Review of Freedom of Information, Environmental Information and Data Protection Policies for approval.

20.   2023/24 Annual Procurement Report

The Board noted the 2023/24 Annual Procurement Report for approval.

21.   2024/25 Draft Audit Scotland Annual Report and Accounts

The Board noted the 2024/25 Draft Audit Scotland Annual Report and Accounts for future approval at the 3 June Board meeting.

22.   Any other business

There was no other business for discussion.

23.   Review of meeting

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

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

The Chair thanked everyone for their contributions.

24.   Date of next meeting

The members noted the next meeting of the Audit Scotland Board is scheduled for 3 June 2025.

Minutes

Audit Committee

Tuesday 6 May 2025 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Patrick Bartlett (Chair)
Jackie Mann
Jo Armstrong

Apologies:

Jillian So, Alexander Sloan

In attendance:

Colin Crosby, Chair, Audit Scotland Board
Stephen Boyle, Accountable Officer and Auditor General for Scotland
Catherine MacLean, Boardroom Apprentice
Vicki Bibby, Chief Operating Officer
John Cornett, Executive Director Audit Services
Graeme Forrester, Head of Performance and Corporate Governance
Stuart Dennis, Corporate Finance Manager
Susan Burgess, Head of Human Resources
Owen Smith, Director of Audit Quality and Appointments
Paul O'Brien, Director of Quality and Support
Parminder Singh, Manager
Jennifer Doolan, Senior Auditor
Gill Miller, Senior Manager
Jonny Steen, Head of Quality
Stephen Pringle, wbg
Graham Gillespie, wbg
David Jeffcoat, Alexander & Sloan
Niki Ross (Minutes)

1. Private meeting with Internal Auditors (wbg) and External Auditors (Alexander Sloan)

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

2. Welcome and apologies

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

3.   Declarations of interest

There were no declarations of interest.

4.   Minutes of the last meeting: 4 March 2025

The Audit Committee reviewed and agreed the minutes of the 4 March 2025 meeting, copies of which had been previously circulated.

5.   Review of action tracker

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

6.   2025/26 Internal Audit Plan: verbal update

Graeme Gillespie, Wbg, provided an update on the 2025/26 Internal Audit Plan. A draft plan has been prepared which is due for review this week. There are six proposed topics: budget and financial reporting, artificial intelligence, cyber security, contract management, cash flow and risk management. The plan will be submitted to Audit Committee for approval on 3 June 2025, along with detail of other areas of work which had been considered for inclusion in the plan. The Audit Committee emphasised the importance of completing the outstanding actions, as planned, by the end of June 2025.

7.   2024/25 Internal Audit: Progress report

Graham Gillespie, Wbg, introduced the internal audit progress report 2024/25, copies of which had been previously circulated.

Graham confirmed that all audits were completed for the year, with the final two reports included on the agenda for discussion at this meeting.

8.   Internal Audit: Follow up report

Graham Gillespie, Wbg, introduced the Internal Audit: Follow up report, copies of which had been previously circulated.

Graham advised that a substantial level of assurance was provided on Audit Scotland's implementation of outstanding internal audit recommendations. Four of the nine recommendations have been fully implemented, with four recommendations being partially implemented and one being superseded.

During discussion, members reflected on cyber incidents and their potential impact on the organisation, noting that Digital Services will be

undertaking a cyber simulation exercise shortly with the Executive Team. The Committee also noted that one post within the Digital team remains vacant, and that further information will be provided at the next Audit Committee meeting on recruitment activity.

Members sought further information on the superseded recommendation on budget holder training, noting that a survey exercise has been undertaken with budget holders to assess training needs and that results will be shared with the Executive Team.

Following discussion, the Audit Committee was content to note the report.

9.   Internal Audit: Learning and Development report

Stephen Pringle, Wbg, introduced the Internal Audit: Learning and Development report, copies of which had been previously circulated.

Stephen advised that a Strong level of assurance was provided with several points of good practice, and three low grade recommendations, two of which have been completed.

During discussion, members sought understanding on how learning and development objectives are managed and monitored, and noted that the new Your Performance and Development (YPAD) approach offers a more rigorous process.

Following discussion, the Audit Committee was content to note the report.

10. 2024/25 Annual assurance reports

Graeme Forrester, introduced the 2024/25 annual assurance reports, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the suite of reports set out in the tables.

Annual review of performance management arrangements

Graeme Forrester introduced the annual review of performance management arrangements, copies of which had been previously circulated.

The Audit Committee is invited to:

- Note the performance management arrangements in place.
- Note the ongoing and planned performance management developments in 2025/26.

During discussion, members noted that an update on Audit Scotland's Best Value self-assessment action plan will be presented to Audit Committee on 2 September 2025.

Following discussion, the Audit Committee was content to note the report.

Annual report on data protection and data incidents / loss

Graeme Forrester introduced the annual report on data protection and data incidents / loss, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the report.

During discussion, members noted that the auto-complete function in Microsoft Outlook will no longer be available in Windows 10 and 11. Internal communications have been sent to staff, emphasising the risk in this area and the need to exercise additional caution when sending emails.

Further discussion focused on data breaches and whether any patterns can be identified. Members noted that the Corporate Governance Team captures lessons learned to raise staff awareness and drive continuous improvement.

Following discussion, the Audit Committee was content to note the report.

Annual report on hospitality and gifts

Graeme Forrester introduced the annual report on hospitality and gifts, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the report.

During discussion, members noted the arrangements in place for registering offers of hospitality and gifts from external organisations and suppliers, noting that occasions when hospitality may be offered form only a small part of the extensive external engagement undertaken by the organisation.

Following discussion, the Audit Committee was content to note the report.

Action: Graeme to share the engagement register with the Audit Committee.

Annual report on bribery and fraud 2024/25

Graeme Forrester introduced the annual report on bribery and fraud, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the report.

During discussion, members noted that no instances of fraud or bribery have been reported. Stringent measures are in place, including all staff completing the 'Fit and Proper' process and undergoing mandatory ethics training. Additionally, Audit Scotland participates in the National Fraud Initiative with payroll matching identifying no issues of concern.

Following discussion, the Audit Committee was content to note the report.

11.   2024/25 Annual report on whistleblowing

Graeme Forrester introduced the annual report on whistleblowing, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the report.

Following discussion, noting that no internal whistleblowing disclosures had been made during the year, and that Audit Scotland's functions as a 'prescribed person' under public interest disclosure legislation will be the subject of a separate report to the Committee, the Audit Committee was content to note the report.

12.   Review of risk register

Graeme Forrester introduced the review of the risk register, copies of which had been previously circulated.

The Audit Committee was invited to:

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

During discussion, members focused on the 'red' risk associated with cyber security and inquired about how assurance can be provided to both the Board and the Audit Committee, especially in light of recent significant events affecting other organisations. Members agreed that significant focus should be on our recovery capabilities following a cyber-attack and the measures and actions we have in place to mitigate this risk.

Following discussion, the Audit Committee considered the risk register and noted that the Risk Management Framework is currently being reviewed and will be reported at the Audit Committee meeting on 2 September 2025.

Action: Graeme to look at expediting the deep dive session on 'managing the impacts on staff from organisational change' to take place at the earliest opportunity.

13. Review of Audit Committee effectiveness

Graeme Forrester provided an update of the review of the effectiveness of the Audit Committee, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the self-evaluation findings and the positive assurance on the effectiveness of the Audit Committee.
- Agree that the assessment informs the Chair's annual report to the Board.
- Discuss the issues arising / potential development areas from the evaluation and agree the next steps.

During discussion, members noted the positive assurance regarding the Audit Committee's effectiveness. They highlighted that key areas for further discussion include the interactions and communication between the Board and the Audit Committee, as well as training and development.

Further discussion highlighted the depth of skills, capabilities, and knowledge, with members satisfied that the Committee is functioning effectively and that there is a good level of rigor and dialogue.

Members noted that the Audit Committee plays a crucial role in providing assurance to the Board, albeit membership and attendance at the Committee is made up of the Board members. It was recognised that detailed discussions take place at the Audit Committee which informs consideration at the Board, and that this process supports strong governance. In addition, the Audit Committee is attended by both Audit Scotland's internal and external auditors who have the opportunity to raise concerns as and when appropriate.

Following discussion, the Audit Committee was content to note the report and agreed the next steps.

Action: The Chair of the Board and the Chair of the Audit Committee will discuss the terms of reference for both committees to ensure appropriate division of scope and responsibilities.

14. Audit quality improvement actions

Paul O'Brien, Jonny Steen, Gill Miller, Owen Smith, Parminder Singh and Jennifer Doolan joined the meeting.

Paul O'Brien introduced the audit quality improvement actions, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the paper.
- Offer any comments and ask any questions for clarification.

During the discussion, the Audit Committee agreed that this is a good report, demonstrating a strong focus on quality and improvement.

The Committee discussed the grade 4 outcome, with members noting the ongoing efforts to learn from this audit and prevent recurrence. They acknowledged that robust plans are in place, including root cause analysis, action plan development, and hot file reviews. This work is expected to be completed this week, in advance of the Transparency Report being presented to the Board for approval on 20 May 2025.

Following discussion, the Audit Committee was content to note the paper.

15. Draft Transparency Report

Paul O'Brien introduced the draft Transparency Report, copies of which had been previously circulated.

The Audit Committee was invited to:

- Comment on the draft Transparency Report.
- Approve the report's submission to the Board on 20 May.

During discussion, members reflected on the tone and narrative, agreeing further work is required to strike the right balance between both the high and low results, and to better align with the QPAS report.

Further discussion was on how to address audit completion delays, noting that the Chief Operating Officer is writing to relevant bodies requesting recovery plans to get back on track by the end of this audit appointment round.

Following discussion, the Audit Committee approved the report's submission to the Board on 20 May 2025, subject to the required amendments.

16. Draft Quality of Public Audit in Scotland Annual Report

Owen Smith introduced the draft report on the Quality of Public Audit in Scotland, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the assurances on the quality of 2023/24 audits.
- Comment on the structure of the report to inform future reporting.
- Endorse the QPAS report 2025 for presentation to the Board on 20 May 2025.

During discussion, members agreed that it would be helpful to see tracked changes on the report, as well as a covering paper with details on timeliness and future expectations, in the version to be presented to the Board on 20 May 2025.

Following discussion, the Audit Committee endorsed the QPAS report 2025 for presentation to the Board on 20 May 2025, subject to the amendments discussed.

Paul O'Brien, Jonny Steen, Gill Miller, Owen Smith, Parminder Singh and Jennifer Doolan joined the meeting.

17. Annual review of counter fraud policy

Susan Burgess joined the meeting.

Susan Burgess introduced the annual review of the counter fraud policy, copies of which had been previously circulated.

The Audit Committee was invited to:

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

Following discussion, the Audit Committee approved the revised policy.

Susan Burgess left the meeting.

18. Unaudited financial position: verbal update

Stuart Dennis joined the meeting.

Stuart Dennis provided an update on the financial position of our unaudited accounts.

The overall financial position is a £2.1m underspend, with £1.8m relating to pension and asset lease adjustments. Overall operational underspend amounts to £0.2m, which is in line with the forecasted outcome.

In discussing the preparation of the annual report and accounts, Stuart highlighted that there may again be a challenge posed by late provision of information relating to the Auditor General's pension disclosure but assured the Committee that this is being closely monitored along with the external auditors, recognising the timeline for production and laying of the accounts.

Action: Stuart to issue the financial statements to Audit Committee by correspondence.

19. Any other business

There were no other items of business.

20. Review of meeting

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

21. Date of next meeting

The next meeting of the Audit Committee is scheduled for 3 June 2025.

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

Audit Scotland

Minutes

Audit Committee

Tuesday 3 June 2025 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Patrick Bartlett (Chair)
Jackie Mann

Apologies:

Jo Armstrong

In attendance:

Colin Crosby, Chair, Audit Scotland Board
Stephen Boyle, Accountable Officer and Auditor General for Scotland
Catherine MacLean, Boardroom Apprentice
Vicki Bibby, Chief Operating Officer
Fiona McKie, Director of Corporate Services
Graeme Forrester, Head of Performance and Corporate Governance
Stuart Dennis, Corporate Finance Manager
Simon Ebbett, Head of Communications
Wojciech Kuzma, Finance Business Partner
Rebecca Smallwood, Correspondence Manager
Andrew Dixon, Correspondence Officer
Stephen Pringle, Wbg
Graham Gillespie, Wbg
David Jeffcoat, Alexander Sloan
Jillian So, Alexander Sloan
Niki Ross (Minutes)

1. Private meeting with Internal Auditors (Wbg) and External Auditors (Alexander Sloan)

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

2. Welcome and apologies

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

3.   Declarations of interest

There were no declarations of interest.

4.   Minutes of the last meeting: 6 May 2025

The Audit Committee reviewed and agreed the minutes of the 6 May 2025 meeting, copies of which had been previously circulated.

5.   Review of action tracker

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

6.   2025/26 Internal Audit Plan

Graeme Gillespie, Wbg, provided an update on the 2025/26 Internal Audit Plan.

Graeme advised members on the new Public Sector Internal Audit Standards, highlighting that the most significant change is the introduction of root cause analysis, requiring more detailed information to support audit recommendations. He also confirmed that Wbg could deliver a short presentation on the new standards at the September Audit Committee meeting, which the Committee welcomed.

Graeme outlined the proposed audit areas, noting that other areas such as payroll, health and safety, and recruitment and retention had also been considered.

Graeme confirmed that Wbg will carry out an internal quality review to ensure compliance with the new standards. The results will be reported to the Chair of the Audit Committee in December 2025 and included in the 2025/26 Annual Report to the Audit Committee in 2026. The Committee requested that the September presentation also cover Wbg compliance with the new standards.

Graeme assured members that risk is a key factor in planning the internal audit annual report drawing on both Audit Scotland's risk register and emerging risks identified across other organisations. He also noted that a review of the revised Risk Management Framework will assist in ensuring alignment with good practice.

Following discussion, the Audit Committee noted the internal audit annual report 2025/26, and thanked Stephen and Graham for their work.

7.   2024/25 Internal Audit: Annual Report

Graham Gillespie, Wbg, introduced the Internal Audit Annual Report, copies of which had been previously circulated.

Graeme confirmed that all internal audit work undertaken for the year has been completed and that all KPIs have been fully met.

The Audit Committee welcomed the positive report and noted the strong, clear Internal Audit opinion that Audit Scotland has effective arrangements in place, with no significant weaknesses identified in its risk management, control or governance processes.

8.   Internal Audit Recommendations Report

Graeme Forrester introduced the Internal Audit Recommendations Report, copies of which had been previously circulated.

The Audit Committee was invited to:

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

During discussion, members questioned Audit Scotland's resilience in the event of a cyber incident, particularly regarding contingency plans if key personnel are unavailable. It was noted that this issue could be further explored during the upcoming cyber-attack simulation exercise on 16 June 2025.

Following discussion, the Audit Committee noted the progress on the implementation of outstanding audit recommendations.

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

David Jeffcoat, Alexander Sloan, introduced the Letter of Representation and Audit Summary Report, copies of which had been previously circulated.

David advised that the draft Audit Summary Report notes that Audit Scotland will receive an unmodified audit report with no disclosure errors. This is on the assumption of disclosure information from the Principal Civil Service Pension Scheme (PCSPS) regarding the Auditor General's pension before the Accounts are signed.

Following discussion, the Audit Committee was content to note the report and recommend the Letter of Representation to the Board.

10. 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 Audit Committee was invited to:

- Consider the certificates of assurance.
- Determine whether to raise any issues which should be drawn to the attention of the Audit Scotland Board at its meeting on 3 June 2025 with the Annual Accounts and governance statements.

During discussion, the Audit Committee observed that no major areas for control improvements were identified.

Following discussion, the Audit Committee was content to approve the report to the Board.

11. Draft Annual Report and Accounts

Simon Ebbett and Stuart Dennis joined the meeting.

Simon Ebbett and Stuart Dennis introduced the draft Annual Report and Accounts, copies of which had been previously circulated.

The Audit Committee was asked to:

- Recommend the draft Annual report and accounts for the year ended 31 March 2025 to the Board subject to receipt of the outstanding pension disclosure information.

During discussion, the Audit Committee noted that disclosure information from the Principal Civil Service Pension Scheme regarding the Auditor General's pension is still pending. This information is required for the Accountable Officer to finalise and sign off on the Accounts by 9 June 2025.

Further discussion addressed salary details in the report for the Executive Team, highlighting timing issues that impact on the presentation of pension information. Members noted the need to anticipate potential questions from the SCPA regarding these disclosures.

The Audit Committee acknowledged progress in this iteration of the Annual Report and Accounts, with members agreeing that viewing tracked amendments would be beneficial for future meetings.

Following discussion, the Audit Committee, subject to the amendments discussed and the outstanding pensions disclosure, was content to recommend the draft report to the Board.

It was noted that further steps to approve updates to the report and accounts would be discussed at the Board.

Simon Ebbett left the meeting.

12. Quarter 4 Financial Performance Report

Wojciech Kuzma joined the meeting.

Stuart Dennis introduced the Quarter 4 Financial Performance Report, copies of which had been previously circulated.

The Audit Committee was invited to:

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

During discussion, the Audit Committee welcomed the good result and thanked the team for all their hard work.

Further discussion was on the additional costs which was paid to Firms to enable them to sign off 2022/23 audit work. Members agreed it would be valuable to have a comparative perspective by reviewing the equivalent figures for Audit Scotland.

Following discussion, the Audit Committee noted the report and expressed their sincere thanks to Stuart for his significant contributions and support over the years, as this was his final meeting with the Audit Committee.

Action: Stuart to provide the Audit Committee with comparative additional costs for Audit Scotland.

Wojciech Kuzma left the meeting.

13. 2024/25 Correspondence and Whistleblowing Annual Report

Rebecca Smallwood and Andrew Dixon joined the meeting.

Rebecca Smallwood provided an update the annual report on Correspondence and Whistleblowing, copies of which had been previously circulated.

The Audit Committee was invited to:

- Note the contents of the 2024/25 Annual Report on Correspondence and Whistleblowing. This report will be published on our website on 11 June 2025.

During discussion, the Audit Committee noted increases in certain areas of correspondence, which can be particularly time-consuming for the team due to the growing complexity of some cases. Members acknowledged that the team is collaborating with the Digital Services Team to enhance the current IT system, with a view to improving data capture and identifying potential areas for further development.

Further discussion was on the scope of our powers in responding to whistleblowing concerns and the expectations surrounding this. Members acknowledged that, while we aim to signpost individuals to the appropriate channels wherever possible, we are unable to forward concerns directly to other relevant bodies.

Following discussion, the Audit Committee was content to note the report ahead of it being published on our website on 11 June 2025.

Rebecca Smallwood and Andrew Dixon left the meeting.

14. 2024-25 Annual Report from the Chair of the Audit Committee to the Board

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

The Audit Committee was invited to:

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

The Audit Committee was satisfied with the report and agreed it provided a comprehensive summary of the committee's work in 2024/25, noting that the paragraphs on audit quality would be updated to reflect ongoing work.

The Audit Committee noted the Annual report from the Chair of the Audit Committee and approved its submission to the Board.

15. Review of Risk Register

Graeme Forrester introduced the Review of Risk Register report, copies of which had been previously circulated.

The Audit Committee was invited to:

- Consider the risk register.
- Note the ongoing review of the Risk Management Framework.

During discussion, the Audit Committee welcomed the successful transition to the ISO27001/2022 standard and thanked the team for all their work on this.

The Audit Committee noted the risk register remains relatively static, raising concerns about potential complacency. Members agreed the upcoming review of the risk framework should help sharpen focus on key risks and ensure critical actions are clearly identified, managed and monitored.

Following discussion, the Audit Committee welcomed the discussion and noted the ongoing review of the risk register and look forward to seeing the new Risk Management Framework and Risk Register at September's Audit Committee.

Action: Graeme to provide an update to the Audit Committee on the cyber security independent penetration testing and investment in hardware and software.

16. Any other business

There were no other items of business.

17. Review of meeting

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

18. Date of next meeting

The next meeting of the Audit Committee is scheduled for 2 September 2025.

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

Strategic Improvement Portfolio

Portfolio overview report	**Item 11**
Director of Innovation and Transformation and Head of Organisational Improvement	Meeting date: 23 September 2025

Purpose

1. This report updates the Audit Scotland Board on Strategic Improvement Portfolio (SIP) progress, aiming to **provide assurance** that SIP projects and programmes have the capacity, scrutiny and direction they need to deliver benefits. It focuses on the agreed priorities for adopting a portfolio and programme management approach – Financial management, risk management and change management.

Recommendations

2. This Audit Scotland Board is 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.

- **Note** the financial, resource and risk position of the portfolio.

- **Note** the progress with the SIP organisational change workstream plan.

Considerations

Project status and timelines

3. Table 1 sets out the overall status of SIP projects. This is based on the red, amber, green descriptions in Appendix one.

4. The SIP Board is actively managing the risks associated with the R&MI project. We concluded the contract with the external project manager following completion of the procurement phase and are transitioning to an internal project team. The primary focus right now is finishing the iTrent expenses module implementation. The team is also working on the Hub Planner implementation plan at the same time, which will determine the go-live date. The SIP Board has requested an update on project progress at the 15 September ET meeting and can update the Board verbally on progress at its meeting.

Table 1: Status of SIP projects

Project	Current status	Prior status	Notes
Audit modernisation project (AMP)	Amber	Amber	- The project experienced **delays completing procurement activities**, so the milestone related to the contract with the third-party software supplier has been assessed as amber. Procurement delays have also put pressure on timelines for the Full Business Case (FBC). - Although key milestones have still not been achieved, the **procurement exercise has now concluded the evaluation step** and has moved towards contract award, with supplier discussions expected imminently. **Internal resource utilisation is under spent by 26%.** Discussions on resource utilisation and budgeted days with AMP team members will inform a reprofiled internal spend for 2025/26. - One **issue relating to NAO engagement has been de-escalated** to an amber risk. One risk on project team resourcing has been escalated to an issue due the **loss of the project accountant resource**, which is key to completing the FBC. The project team is currently seeking a replacement for this post.
Resource and management information (R&MI)	Red	Amber	- Significant slippage to planned milestones, including: **iTrent expenses go-live date delayed** from 1 August 2025 until at least 1 October 2025 due to issues with testing and system configuration. Revised go-live date to be confirmed and is dependent on the outcome of re-testing which is due to complete on 11 September. - Delay signing supplier terms and conditions led to revising Hub Planner go-live date from 1 August 2025 to 1 November 2025. Draft system implementation plan in place. Finalising plan and **confirming Hub Planner go live date dependent on resourcing availability** to support design and build stage of project. **External project budget has a 60% overspend.** This is due to phasing and is expected to be a 7% overspend by the end of Q2, with no further external spend expected. **Risk related to staff availability to support implementation** currently amber. This will be increased to red if resource cannot be secured to support design and build phase.
Future public audit model (FPAM)	Amber	Green	- Some slippage to planned milestones: **Delay to formal agreement of discussion papers** two and three. Knock-on impact on discussion papers

Project	Current status	Prior status	Notes
	🟧	🟩	four and five being worked through with ET and Accounts Commission secretary.

5. Figure 1 provides an overall timeline for the three SIP projects. This includes the Audit Scotland corporate planning cycle, audit years and the audit appointment cycle. We are using this timeline to support risk mitigation activities noted in Table 4, including internal resource planning and change management.

Figure 1: Timeline for SIP projects
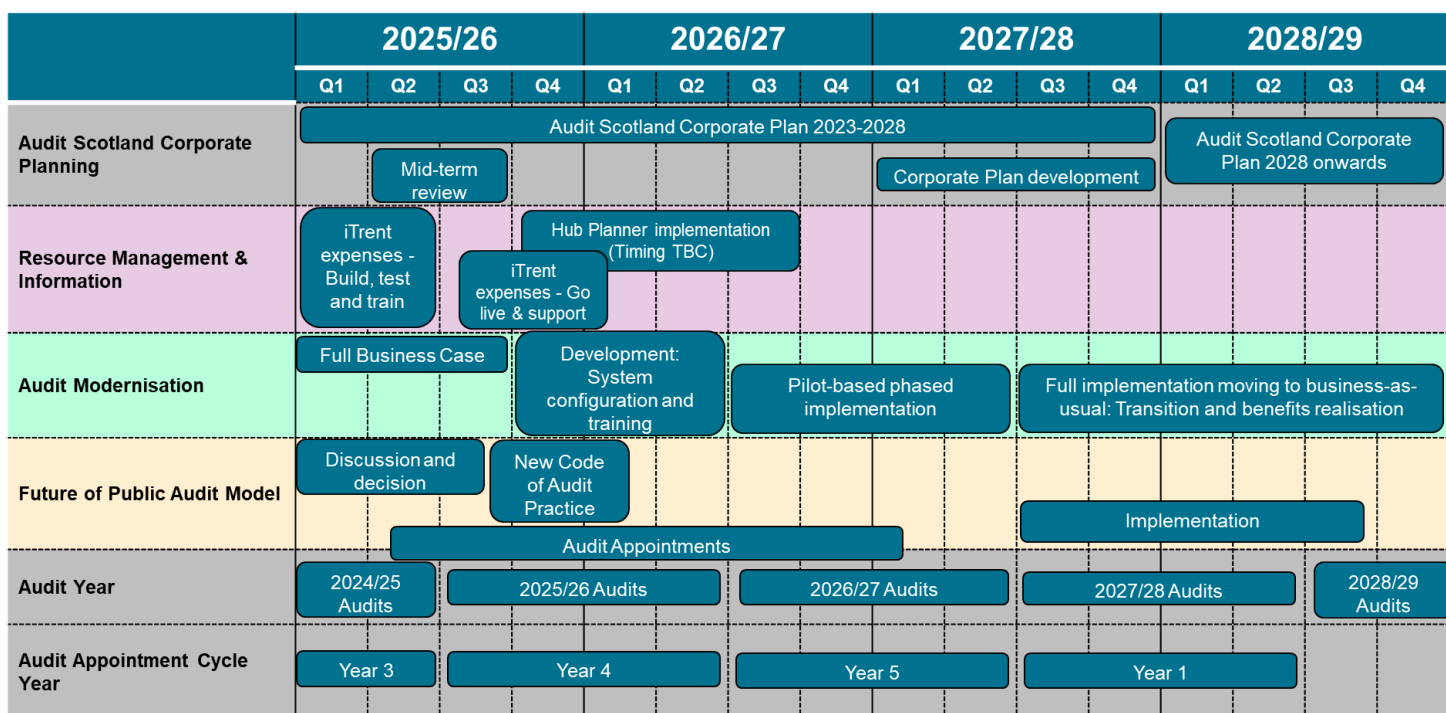
Financial overview

6. Table 2 sets out the external project budgets for 2025-26, planned quarterly phasing and spend-to-date as at the end of Q1. There is no external budget for FPAM. We are now reporting on the internal resource implications of projects as part of resource profiling work (see paras 9-10 and Tables 3 and 4).

7. Overall the portfolio is over spent by 15%. However, the 60% overspend for the R&MI project is due to budget phasing. The entire external budget for the project in 2025-26, including the new system costs, is phased to spend by the end of Q2 and the overall variance for the year is expected to be a circa 7% overspend.

8. AMP is highlighting that due to current project progress it is likely that the project will underspend against the external cost budget for this year. It will need to re-phase project expenditure over the three years, effectively handing back underspend from this year to add to following year budget.

Table 2: Project finances – External budgets and spend 2025/26

Project	External budget (£k)	Q1 phasing (£k)	Q2 phasing (£k)	Q3 phasing (£k)	Q4 phasing (£k)	Spend to date at Q1	Variance
AMP	672	39	50	46	537	38	-3%
R&MI	123	15	108	-	-	24	60%
Total	**795**	**54**	**158**	**46**	**537**	**62**	**15%**

Internal resource profiling

9. In response to the SIP risk around organisational capacity to deliver change projects, we asked each project to develop a forward-looking resource profile. Tables 3 and 4 summarise the 2025-26 internal resource requirements (in days and £), at project and portfolio level, where this has been provided. The R&MI resource profile is still work in progress due to the transition from the external project manager to internal teams.

10. The SIP Board is receiving regular updates on resourcing issues and requirements to ensure the projects have the capacity required at key stages to keep project delivery and implementation on track, ensuring we recognise interdependencies and pressure points across the portfolio.

Table 3: Internal project resource requirements (days) - 2025-26

Project	Q1 (days)	Q2 (days)	Q3 (days)	Q4 (days)	Utilisation at Q1(days)	Variance
AMP	317	326	342	388	233	-26%
FPAM	110	108	95	78	104	-5%
RMI	-	-	-	-	27	-
Total	**427**	**434**	**437**	**466**	**364**	**-15%**

Table 4: Internal project resource requirements (£) - 2025-26

Project	Q1 (£)	Q2 (£)	Q3 (£)	Q4 (£)	Utilisation at Q1(£)	Variance
AMP	£137,019	£155,350	£152,250	£652,280	£114,937	-16%
FPAM	£49,763	£49,773	£45,250	£35,756	£33,200	-33%
RMI	-	-	-	-	£11,915	-
Total	**£186,782**	**£205,123**	**£197,351**	**£688,576**	**£160,052**	**-14%**

Risk overview

11. Overall, there are seven risks in the portfolio register, with four reporting amber. Table 4 summarises the score and mitigation in place for the amber risks. The following risks are reporting green and being actively monitored:

- Availability of management information to measure improvements

- Stakeholder pressure on project delivery timelines

- Portfolio management discipline

Table 4: SIP risk overview

Summary of risk	Net score	Mitigation – Controls in place and further planned actions
Capacity to deliver change projects IF Audit Scotland does not have sufficient capacity and contingency to plan for and deliver change initiatives, including within change project teams, organisational support teams, audit delivery teams and external input required THEN the feasibility of successfully delivering projects and realising benefits will be significantly at risk RESULTING IN Audit Scotland needing to delay or consider alternative options for delivering required change and improvements.	16 (↑)	**Controls in place** • Each SIP project has identified a Senior Responsible Officer (SRO), project lead and project team. • Each project has a resource profile in place, broken down by business group and category of resource required. • Forward looking resource profile at portfolio level in place and regularly reviewed by SIP Board. • Resourcing and capacity a core requirement for project update reporting at SIP meetings. **Further planned actions** • Additional project resources required to be included in 2026/27 -2027/28 operational planning process with cases made to Recruitment Board for extensions to secondments from

Summary of risk	Net score	Mitigation – Controls in place and further planned actions
		business groups where required (September 2025).
		• SIP projects to integrate continuity planning into resource planning work (November 2025).
Organisational readiness for change IF Audit Scotland has not identified and planned for changes required to colleague behaviours and ways of working to support change initiatives THEN there is a risk that project implementation is less successful as colleagues are resistant to changes RESULTING IN delays to project delivery and benefits realisation.	12 (↑)	**Controls in place** Change management framework developed, agreed and communicated to SIP projects. Capacity building sessions on change delivered to SIP project teams. Organisational change prioritised by SIP Board as key development area for moving to a PPM approach. Organisational change workstream plan developed and being delivered. **Further planned actions** Ensure each SIP project has a clear change management plan, alongside or embedded within its communications and engagement plan (May 2025). **Action underway, completion delayed to September 2025.** Active approach to identifying behaviour / cultural change required within all project teams (September 2025). **Action delayed to October 2025.**
SIP project governance and compliance IF SIP projects do not ensure adequate project governance is in place THEN the SIP Board may not receive the necessary information to inform its scrutiny and decision-making RESULTING IN SIP projects not having adequate capacity to delivery projects on time and on budget and reputational risks around compliance with legal requirements and project management good practice.	12 (new)	**Controls in place** Project management toolkit in place with guidance and templates for key stages of project lifecycle. SROs and project teams in place to support project compliance with project management approach. **Further planned actions** Develop SIP project governance and compliance checklist and assess each project against required standards (November 2025).
Procurement processes	16	**Controls in place**

Summary of risk	Net score	Mitigation – Controls in place and further planned actions
IF the procurement processes are subject to delay and complexity THEN contract awards could be delayed impacting SIP project timelines RESULTING IN reputational damage for Audit Scotland and delays to the project implementation, ongoing delivery and benefits realisation.	(new)	Projects with active procurement processes are subject to external legal advice to ensure a balanced assessment of risk and process. **Further planned actions** Consideration of external legal advice for procurement for other SIP projects as relevant (as required). Procurement needs and model for the organisation to be considered, as part of the wider CSG situational analysis (December 2025).

Organisational readiness for change

12. Table 5 summarises progress and upcoming activity within the organisational change workstream, which was approved by the SIP Board at its September meeting. On 2 September 2025, the Audit and Risk Committee undertook a risk deep dive on managing the impacts on staff from organisational change. A key focus of this discussion was on the capabilities of leaders to manage and lead colleagues through change. This is a key aspect of the training programme 'Supporting colleagues with change' under the Consistent tools and training workstream aim in Table 5, which is timetabled to deliver by the end of March 2026.

Table 5: Progress with organisational change workstream

Aim	Planned activities	Progress and upcoming activity
Compelling vision	• Develop project destination postcards for each project and use these to create an overarching portfolio destination postcard. • Consult with Leadership Group to: – Co-develop and gain buy in to the SIP vision. – Reflect on their own readiness for change, behaviours required to support a culture for change and their role as a guiding coalition for the SIP vision. – Co-develop the communications and engagement approach and identify what support they need as change leaders.	**Progress (May 25 – Aug 25)** • Destination postcards in place for each project and overall portfolio postcard drafted. • Consultation undertaken with Leadership Group to gain buy-in to SIP vision, reflect on their readiness for change and their role as a guiding coalition, discuss communication and identify what support they need. **Upcoming activity (Sep 25 – Nov 25)** • Corporate plan stocktake underway and due to go to ET for approval on 8 September.

Aim	Planned activities	Progress and upcoming activity
	• Use mid-term review of corporate plan to communicate vision for change and to refresh priorities and aspirations in line with change vision.	
Coordinated communication	• Finalise a coordinated communications approach across the SIP, drawing on comms and engagement plans for each project, to establish a regular cadence of communication on organisational priorities for change and about progress on this journey. Ensure the approach is integrated with existing communications and engagement strategies (Leadership Group, Executive Team) and maximises use of existing channels. • Work with SIP projects to identify quick wins, learning and ongoing improvement and plan communication to celebrate this.	**Progress (May 25 – Aug 25)** • Key audiences identified and classified according to interest and influence, and analysis of needs, channels and approaches, and activity plan nearly complete. **Upcoming activity (Sep 25 – Nov 25)** • Change comms and engagement plans for each project to be finalised, embedding plans for communicating quick wins, project learning and improvements.

Consistent tools and training	• Develop tools and resources that support projects to plan and manage change and ensure these are applied consistently:
	  – Change management framework
	  – Destination postcards, including what it means for staff
	  – Change, comms and engagement strategy template
	  – Lessons learned / reflective practice templates
	• Develop tools and resources that support leaders to share the change vision, including FAQs and suggestions for communication messages and methods that they can use with their teams.
	• Develop and deliver learning opportunities to support colleagues to embrace change and managers to lead and manage change.
		Progress (May 25 – Aug 25)
		• Proposals developed for supporting colleagues with change training programme, aligned to Band learning pathways.
		
		Upcoming activity (Sep 25 – Nov 25)
		• Destination postcards for each project to be refreshed to include what changes mean for staff.
		• Comms team to support each project to develop change, comms and engagement strategy in line with agreed template.
		• Change communications resources to be developed to support Leadership Group.
		• Change management training plans to be agreed as part of 2025/26 learning and development plan.

Aim	Planned activities	Progress and upcoming activity
Critical behaviours	• Identify critical behaviours required to deliver the change vision, building on those required for each project. • Finalise critical behaviours with Leadership Group and agree how members will role model these. • Use refreshed recognition approach in Your Performance and Development to positively recognise behaviour in line with the change vision and agreed critical behaviours.	**Progress (May 25 – Aug 25)** • None. Actions not yet due. **Upcoming activity (Sep 25 – Nov 25)** • Projects to identify critical behaviours for change. • Consult with Leadership Group on critical behaviours
Ongoing evaluation	• Agree and deliver an evaluation approach to gather feedback on how the organisation is feeling about change initiatives to inform future communications and engagement.	**Progress (May 25 – Aug 25)** • None. Actions not yet due. **Upcoming activity (Sep 25 – Nov 25)** • Evaluation approach to be proposed as part of reviewing approach to engagement surveys, due to go to ET in Sep 2025.
Supportive systems, processes and structures	• As part of reviewing our risk management framework, introduce improvements to risk appetite, in line with recommended actions from the Internal Audit Review, considering how we manage risk to support our change vision. Communicate changes to risk appetite widely, linked to change vision. • Integrate messaging about our change vision and priorities on our careers website. • Refresh induction processes to integrate messaging about our change vision and priorities. • Introduce interview questions to explore critical behaviours for change amongst applicants, including their resilience and adaptability to change. • Introduce a mandatory objective on managing and leading change for all colleagues at Band 3 and 4 (optional	**Progress (May 25 – Aug 25)** • Proposals developed for improving approach to risk appetite as part of review of risk management framework, in line with internal audit recommendations. **Upcoming activity (Sep 25 – Nov 25)** • Refresh careers website, induction processes and interview questions in line with change vision, priorities and behaviours.

Aim	Planned activities	Progress and upcoming activity
	for colleagues at Band 2B and below with line management responsibility). • Introduce contracting with staff, including the need to be open and responsive to change • Refresh Your performance and development guidance to support conversations about change and identify what further support is required for colleagues. • As part of the annual review of corporate governance documents, review governance and decision-making policies and structures to challenge and improve how well they support new ideas, change and risk-taking.	

Conclusion

13. One SIP project is reporting red and the other two are reporting amber. Actions are planned within projects, at portfolio level and at SIP Board level to manage the risks arising. The Audit Scotland Board in invited to note project progress, the overall information on the financial, resourcing and risk position of the portfolio, and plans in place to support organisational readiness for change.

Appendix one: Descriptions for assessing project status

Projects assess status based on progress against milestones, budget and risks using the descriptions below. The assessment is based on the status of future planned milestones, and the budget and risk position, as at the above reporting date.

Green	• **Milestones –**
	   – All project milestones are on track - or -
	   – Some slippage to planned milestones but this is within six weeks of original plan. Project plan has been updated to account for slippage and no further management action is required.
	 • **Budget** – External project budget is on track with less than a 10% variance between phased budget and actual spend. Internal resource utilisation is on track with less than a 15% variance between planned days and actual days.
	 • **Risk** - All project risks reporting green.

Amber	• **Milestones** - Some slippage to planned milestones, within eight weeks of original plan. Additional management action required. • **Budget** – External project budget has a variance between phased budget and actual spend higher than 10%. Internal resource utilisation is off track with more than a 15% variance between planned days and actual days. • **Risk** - One or more project risks reporting amber.
Red	• **Milestones** - Significant slippage to planned milestones, more than eight weeks behind original plan. Additional management action required. • **Budget** – External project budget has a variance between phased budget and actual spend higher than 15% (on external costs). • **Risk** - One or more project risks reporting red.

Strategic Improvement Portfolio

Resourcing & Management Information project

Item 11

Digital Project Manager & SRO

Meeting date:
23 September 2025

Purpose

1. This report sets out to provide an update on the delivery of the Resourcing & Management Information Management (R&MI) project. The update covers progress against key milestones, time, cost and an update on project risks.

2. The update covers both the implementation of the iTrent expenses module and the Hub Planner implementation.

3. The report is for information only and requires no decision or action by the Audit Scotland Board.

Recommendations

4. The Board is invited to note progress against key milestones and updates to the project risks, budget and communication plans.

Background

5. The project was transferred to Digital Services on 18 August following the departure of the contract Project Manager and is now managed by the Digital Project Manager.

6. Project governance and progress on the delivery of these projects is being monitored by the SIP Board. The SIP Board received an update on both projects on 1 September and requested a further progress update at a special SIP Board meeting on 15 September. At this point there is a real focus on securing the resources needed to successfully deliver the projects and develop internal communications, with clear accurate messaging to staff on progress. The Digital Project Manager is working closely with the Implementation group on these areas.

Progress against key milestones and upcoming milestones

Current Milestone	Due Date	Status
iTrent Expenses module	1 October 2025	The delivery of this project continues to report at **Red** status. The two key elements that remain to be addressed to secure a safe

launch of the iTrent expenses module are set out below:

Based on feedback from the project team concerning the quality of testing completed in June, retesting of the new module was required. A total of 12 testers were identified from across all business groups and testing was completed on 15 September.

Since the last update, the focus has been on achieving a 1 October 2025 launch, however securing MHR consultancy resource has resulted in a delay. Confirmation received on 9 September that MHR are unable to provide the required consultancy resource to support test fixing w/c 15 September. The impact of this was that launch plans needed to be delayed to 1 November 2025.

A verbal update on the outcome of the testing will be provided to the Board on 23 September.

Hub Planner Implementation phase	Under review	The delivery of this project continues to report at **Red** status.
		The project has moved to the Implementation phase and from 18 August is being managed by Digital Services.
		Security controls have been applied through SSO to the TEST environment and disabled on LIVE until we approach the launch planning phase. Successfully tested on 9 September.
		Since the last update, a small number of key issues have been identified that will prevent the proposed 1 November launch from proceeding as planned. In summary these are:
		• securing internal resources to support the system design phase.

- addressing a system change request affecting design/build timescales and

- confirmation from Hub Planner of estimated timelines for the design/build phase.

The system Implementation date is currently under review pending progress with the design and build work being undertaken by Hub Planner to correct the flexi-time issue. We aim to provide an indicative implementation date within 4 - 6 weeks.

A verbal update on the latest position with the project will be provided to the Board on 23 September.

Project risks

7. The red scoring iTrent expenses module risks are noted below. A new risk register has been developed, and the Digital Project Manager is working with the project team to mitigate the high scoring risks.

Risks	Net score	Summary of controls, mitigation and planned actions
R0565 – Failure to deliver the project by 1 October, (now 1 November).	20	• Repeat of user acceptance testing and handover to MHR to investigate/fix issues identified. • Refresh of test scripts now include steps missing in the earlier test phase, included representation from all business groups and manager approval. • Working to secure the required project resources, internal and MHR for the outstanding tasks. • Work closely with the comms lead to prepare for a 1 November launch, agree revised communication plans and make any final amendments to the training materials.

	20	• Project plan tasks and deadlines agreed with resources and reviewed at internal weekly project reviews.
R0566 - Supplier or internal project resource not available to deliver on outstanding tasks.		• Agree workplans with MHR Consultants based on consultancy time required.
		• Annual Leave plans to be shared with the Digital Project Manager to align with project plan requirements.

8. The red scoring Hub Planner implementation risks are noted below. A new risk register has been developed and was shared with the Hub Planner Implementation group at the first meeting on 11 September 2025.

Risks	Net score	Summary of controls, mitigation and planned actions
DST R0568 - Failure to deliver the project and launch the new system by 1 November 2025 deadline.	20	• Development of a detailed project plan with input from People and Process leads. • Introduction of eight new implementation milestones which where possible will be run parallel, with weekly meetings to track progress and as necessary allocate additional resources. • Determine and secure the resources for implementation (design/build/test 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. • Establish implementation group to monitor progress on a weekly basis. • Progress against project plan reviews as part of regular supplier engagement.
DST R0571 – Resourcing requirements not identified and secured to support critical phases of the project.	20	• Process team setup, work ongoing to setup a People team to manage people requirements. • Internal review to identify audit resources for power user roles currently ongoing, request to be made at implementation group to secure I&Q resource. • HR resource to be factored into resource requirements to cover support in the design phase for building into the system Audit Scotland working patterns.

R0575 - Supplier not delivering functionality or resource as per contractual agreement.	20	• Twice weekly "progress against the plan" reviews between Audit Scotland project leads and Hub Planner are taking place. • Monitor open issues through project issues log. (Flexi calculation issue #06 on Hub Planner issues log)
R0579 - Not enough communications to staff, particularly those directly affected by phase 1 of the launch, staff not clear of the planned change and no clear timescales provided.		• Plan to tie in an update on the status of this project with progress/launch plans for the iTrent expenses system. • Communications relating to the project to be approved by the project SRO and need to tie in with other SIP project communications.

Implementation update, engagement and communications activity

iTrent Expenses module implementation update

9. Since the last update, a project plan, risk and issue registers have been developed and weekly meetings with the project team setup to manage the iTrent expenses module implementation.

10. The project team has been working towards achieving a launch on the 1 October 2025. This however has been challenging due to the need to repeat user acceptance testing, securing test resource at short notice and the availability of MHR development consultancy resource.

11. There has been no MHR resource available to support the project since 27 August 2025 and on 9 September it was confirmed that only minimal hours support could be provided week commencing 15 September as core hours are booked out to other clients. As a result of a launch on 1 October will not be possible and this will need to be delayed to 1 November 2025.

12. The Digital Project Manager is now working directly with the MHR Consultant to secure the required time to for fixing test issues.

13. Depending on the outcome of testing, training materials may need to be updated before release to staff. Based on the now confirmed resource issue, communication plans will be revised with the Comms lead later this week.

14. Prior to the transfer to Digital Services, the use of iTrent expenses on mobile apps had not been included in the test phase. MHR have failed to

provide the requested guidance documentation to support this being included in the ongoing testing phase. If it functions as expected with mobile apps, it is likely this feature will need to be pushed out as a separate release post launch. Testing with mobile apps is dependent on security controls and the protection of information.

Hub Planner implementation updates

15. The actions that have taken place since an update to the SIP Board on 1 September 2025 are set out below and include the further actions required to secure the safe implementation of Hub Planner:

- As noted at the last meeting securing project resource to support the delivery of the project is critical, particularly during design/build and test phases of the project. Securing these resources (referred to by Hub Planner as Power users) is proving challenging based on audit commitments over the coming weeks and months. Hub Planner have a team of resources ready to work with Audit Scotland as soon as power users have been identified and, in the meantime, continue to work with the Digital Project Manager and Process and People leads. We are aiming to secure Power user resource by 19 September.

- Hub Planner confirmed a requirement for 4-5 resources for process and 2-3 for the people element. Based on securing the power user resources and dedicated to the project, Hub Planner estimate that the design/build phase will take around 4 weeks to achieve. It is recommended that contingency be added to this period and for this to be set between 4-6 weeks.

- In addition to this and needed to be factored into timescales is a period of testing, estimated to be around 3 weeks in total allowing 2 weeks for internal testing and 1 for bug fixing by Hub Planner.

- Time allocated into the plan for training has yet to be agreed. Hub Planner have recommended training videos be developed as an effective method of training for staff and that these could be developed jointly between Audit Scotland project resources and the Hub Planner team.

- During a walkthrough of the system, it was identified that the system in its current state will not adequately support how Audit Scotland manage flexi time. The system does not currently support calculating flexi balance accrual in a continuous way across days and weeks. A request for change was immediately submitted to the Hub Planner development team and an update on this provided 9 September confirming that this request will take around a month to develop. This is a brand-new feature for Hub Planner and new feature requests need to tie in with other requests from clients on their development roadmap. An alternative option of a suggested workaround was not an option as it would require the staff member

to request and seek approval from their line manager to manage flexi time. This would not tie in with our flexible working process.

- The Hub Planner system can manually implement a cap of 14 hours accrued flexi as per the current process.

- Security controls for the new Hub Planner system have been applied to the TEST environment and set as disabled in the LIVE environment until we prepare the system ahead of launch. Testing has been confirmed as successful.

- Twice weekly meetings are taking place with the Hub Planner lead to walkthrough system functionality and to initiate system design requirements discussions.

- Implementation group meetings have been setup with representation from all four business groups and the first meeting took place on 11 September. One of the key responsibilities of this group will be to identifying and secure project resources from their business groups, which is crucial during the design, build, and test phases.

- As the implementation plan is refined, the comms lead will develop a parallel communications plan which will detail training materials, training plans, and provide information for the launch of Hub Planner. Planned communications will link with iTrent expenses module developments.

- Due to crossover of requirements, the Process and People workstream leads are working in collaboration and have scheduled time with the Hub Planner lead to provide the required design information required at this stage to support the system build.

Budget

16. Project budget – 2025/26

Budget	Internal costs	External costs	Phased budget Q1	Phased budget Q2	Phased budget Q3	Phased budget Q4
Staff - external		£20,000	£15,000	£5,000	-	-
System		£103,000	-	£103,000	-	-
Total: £128,000		**£123,000**	**£15,000**	**£108,000**		
	% of total budget (YTD)		12%	88%	0%	0%

17. Project spend - 2025/26

Q1 total spend	Q1 internal costs	Q1 external costs	Variance against external budget (%)
Staff - internal	£11,915		
Staff - external		£24,000	60%
System		-	-
	£11,915	**£24,000**	60%

Additional notes on budget

The external budget variance arises from an extension to the Project Manager contract resulting from delays in the procurement phase of the project. The procurement phase of the project is now complete, and the implementation phase has commenced. The contract with the external Project Manager ended with the completion of the procurement phase. Therefore, when we get to the end of Q2 in this scenario the variance becomes 7% and is only 60% at the end of Q1 because of a timing variance.

The reason for the £0k in Q3 and Q4 is because all of the external expenditure in relation to Hub Planner and iTrent has taken place in Q2 and there is no further spend required this financial year.

The internal cost is based on actual time charged to the project in Q1 by Audit Scotland staff. Internal resource profiling is being developed as part of wider SIP reporting.

Conclusion

18. The priority for the Hub Planner implementation project at this point is the design fix for the flexi calculation and to secure the resources needed internally to support the design/build/test phases of the project. An indicative implementation date is aimed to be provided within 4-6 weeks when a fix for the flexi-time issue is expected and the new feature tested.

19. The priority for the iTrent expenses module implementation project at this point is to secure MHR consultancy resource. The internal project team will continue to deliver on the outstanding tasks based on the revised launch date of 1 November 2025.

Progress Report

Future Public Audit Model project

Item 11.

Meeting date:
23 September 2025

Senior Responsible Owner

Purpose

1. This report sets out progress to date on the Future Public Audit Model (FPAM) project

Recommendations

2. Audit Scotland's Board is invited to:

- Note progress to date.

- Ask questions and / or offer any comments.

Background

3. The FPAM project has been established by Audit Scotland to support the Auditor General and Accounts Commission in developing a new model for the annual audit of public bodies from 2027/28. The project has been accepted within Audit Scotland's Strategic Improvement Programme (SIP).

4. The Board discussed the key considerations for the FPAM project at its joint session with the Accounts Commission on 12 December 2024. The Board received the first progress report in June 2025.

5. The project has four, largely sequential, phases (with a degree of overlap between each phase). The timescales and key milestones are detailed below:

Phase	Timescale	Milestones
Project initiation	November 2024 to March 2025	Establishment of governance arrangements.
		Establishment of Project team.
		Approval of Project Initiation Document
1 Discussion and decision	April to December 2025	Production of five thematic Discussion Papers which are intended to support the Auditor General and Commission in

		answering the project questions.
		Engagement with internal and external stakeholders.
		Approval of public audit model by Auditor General and Commission.
2 New Code of Audit Practice	December 2025 to May 2026	Formal consultation with stakeholders on Code of Audit Practice (which communicates the public audit model).
		Publish new Code of Audit Practice.
3 Audit Procurement and Appointments	August 2025 to May 2027	Procure audit appointments for 2027/28 audits.

6. The five Discussion Papers to inform decision-making are:

- Discussion Paper 1 - Auditing the annual accounts

- Discussion Paper 2 - Best Value in local government

- Discussion Paper 3 – Scope of audit

- Discussion Paper 4 - Delivery model

- Discussion Paper 5 - Communicating the Model

Considerations

Progress against milestones

7. The FPAM project is currently in Phase 1. Discussion and decisions on the first thematic Discussion Paper are complete, subject to following up a couple of points around smaller bodies. The Accounts Commission Sounding Board felt that, on reflection, a 'first principles' approach was required before getting into the detail of Discussion Papers 2 and Discussion Paper 3.

8. As a result, the FPAM governance forum, made up of the Executive Team and the Audit Committee Chair was paused to allow further reflection on the correct approach. Executive Team agreed that some fundamental questions on Best Value and wider scope should be posed to the Accounts Commission at its strategy seminar in September. This would help the Commission fully consider the project questions as set out in the Discussion Papers.

9. The project team has revised plans for the consideration and approval of the thematic Discussion Papers. In practical terms, this means that Discussion Papers 4 and 5 will be considered, as originally planned, by the FPAM governance forum in September, and, if approved, submitted to the Accounts Commission and Auditor General in October. Discussion Papers 2 and 3 will be revised following the Commission strategy seminar. They will then be considered by the FPAM governance forum in October, and, if approved, submitted to the Accounts Commission and Auditor General in November. If these papers are not approved by the Accounts Commission or Auditor General, or if substantive changes are required, then final decisions on the Code will be pushed into 2026.

10. So, while some of FPAM's interim milestones have shifted, the key milestone for Phase 1, final decision on all options, remains on track. However, the original timescale has become significantly tighter and the risk to timely, quality delivery has increased. While the team is hopeful that all Discussions Papers can progress through the governance arrangements as set out above, contingency within Phase 1 is now very limited, increasing the risk to timely delivery.

11. While any delays to Phase 1 may have knock-on effects on subsequent phases, including less time to draft the Code, ahead of formal consultation, the extent of the impact will depend on the duration of the delay. We can provide assurance to the Board that this risk would be mitigated by progressing elements of Phase 2 in parallel, even if Phase 1 has not fully concluded. This approach would help maintain momentum and reduce the likelihood of delays to formal procurement.

Budgets

12. There is no external budget for the FPAM project at this stage, all costs are being met in-house. The SIP Board has asked the team to consider if any external support may be required in the future, particularly for the procurement stage.

13. By the end of August 2025, there was a 41 per cent underspend against the budget for staff costs. This variation is high and so is an amber risk for the SIP Board. However, this is not considered a risk to the successful delivery of FPAM, rather it reflects the difficulties in budgeting for a project of this wide-ranging and cross-cutting nature.

Engagement activity

14. A plan for informal engagement with external stakeholders has been agreed by Executive Team. Letters updating stakeholders on FPAM and seeking views on key areas have been sent from the Auditor General and the Chair of the Accounts Commission. Meetings have been offered, and many have taken place with various members of Executive Team taking the lead.

15. Internally, a SPO news update has gone out to all staff and a SPO hub is planned. The FPAM team is working with Communications and other SIP projects to co-ordinate change activity and communications across the organisation.

Conclusion

16. The RAG status for the FPAM project is amber, due to increased risks around the timely delivery of Phase 1 and an underspend in internal budgets.

Audit Modernisation

Progress Report

Item 11.

Director of Innovation and Transformation

Meeting date:
23 September 2025

Purpose

1. This report sets out progress for the Audit Modernisation Project (AMP) and its next steps.

Recommendations

2. The Audit Scotland Board is 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.

Background

3. At its meeting on 01 April 2025, the Audit Scotland Board agreed that the Full Business Case (FBC) would be submitted to the Board for its meeting in November 2025. This timeframe was agreed as realistic, to allow the financial and commercial cases to be developed at an appropriate pace, and also to recognise the key interdependencies involved in its delivery.

4. The Board also considered an AMP update report at its previous meeting on 03 June 2025. This report highlighted the progress towards delivering the FBC and the key interdependent activities – namely NAO collaboration, audit approaches, procurement and implementation planning.

Financial Implications

5. Audit Scotland received a £672,000 allocation in the Scottish Parliament budget for Audit Modernisation in 2025/26 and a total of £2.2m over 3 years by the end of 2027/28. This budget accounts for external Audit Modernisation costs, such as professional services, supplier contracting and other digital-related costs. Associated internal costs, namely staff time, are largely captured within existing Audit Scotland budgets, such as Innovation & Quality.

6. The Audit Modernisation OBC and budget submission to the Scottish Parliament in 2024/25 made clear that the phasing of the external spend will be subject to procurement and implementation approach. Ahead of the next Scottish Parliament budget setting process in December 2025, Audit Scotland will need to inform the Scottish Commission for Public Audit (SCPA) in September 2025 if the phasing between years will need to change. We currently consider it likely that we will need to re-phase some of the 2025/26 AMP budget allocation into 2026/27.

7. We will work with colleagues in finance to finalise and agree revised costs and phasing as part of the Full Business Case which will be brought to the Board for approval in December 2025.

Considerations

8. The Audit Modernisation Project Board (AMPB) assessed the overall project status as Red at its meeting on 26 August 2025. This was due to key FBC milestones, scheduled for 31 August 2025, being delayed. This included the updated economic, financial and management cases of the FBC. These have been delayed as result of a prolonged procurement exercise for the third-party software supplier. As a result, the contract discussions with the supplier have not commenced, which would identify the proposed contractual financial costs and implementation considerations to inform the development of the FBC.

9. The Strategic Improvement Portfolio Board (SIPB), at its meeting on 01 September 2025, agreed to revise this assessment to Amber. On the basis that, although these milestones have not been achieved, the procurement exercise has now concluded the evaluation step and had moved towards contract award, with supplier discussions expected imminently. This would allow the draft FBC to be updated and for its submission, as planned, to the AMPB meeting on 29 October 2025, SIPB meeting on 10 November 2025 and Audit Scotland Board on 25 November 2025. Appendix A details an updated version of the Roadmap that the Audit Scotland Board approved at its meeting in April 2025.

10. Progress against key milestones have been summarised as below:

Milestones

- **Audit Approach and Processes** – At its meeting on 12 June 2025, the AMPB approved the high level financial, and performance 'To Be' audit approaches and the adoption of Apex by Audit Scotland for both financial and performance audit.

- **Memorandum of Understanding (MoU) with the National Audit Office (NAO)** – The agreement was signed by both parties on 23 June 2025, which was delayed from the planned milestone date of 30 April 2025. This provides Audit Scotland with the intellectual property right to use NAO's audit management software, Apex and its associated content library. As part of this agreement, Audit

Scotland now has access to Apex, the content library and their Product Owner, which allows Audit Scotland audit subject matter experts unrestricted access, to help inform implementation planning and adoption by Audit Scotland.

- **Benefits** – At its meeting on 12 June 2025, the AMPB approved, in principle, the proposed benefits and measurable improvements with follow up actions to finalise the measurable improvements to be completed by 30 September 2025.

- **Procurement** – the AMPB approval of the Sourcing (Procurement) Strategy was delayed from its planned date of 25 June 2025. The AMPB agreed at its meeting on 31 July 2025, to proceed with a compliant direct award procurement through the Back Office Software 2 Framework as set out in the sourcing strategy, which was formally approved at its meeting on 26 August 2025. The evaluation of supplier catalogues, as part of the Direct Award process, was completed on 31 August 2025. Contract Award discussions with the third-party software supplier are expected to commence imminently and the order form and schedules (Contract) is being drafted with input from Audit Scotland's legal advisor and procurement service provider. The Data Protection and Equality Impact Assessments have been approved as per Audit Scotland corporate processes and final versions will be included as part of the FBC.

- **Implementation planning** – At its meeting on 31 July 2025, the AMPB agreed the planning assumptions which frame Audit Scotland's approach to implementation of revised audit approaches and software for both financial and performance audit. This would include pilots for financial and performance audit from October 2026 and full roll out by October 2027. At its meeting on 26 August 2025, the AMPB considered the draft implementation plan and agreed the scope of financial audit pilots. Performance Audit pilots are dependent on the PABV work programme.

- Preparations are underway for **Gate Review 3**: Investment Decision, scheduled for 01 to 03 October 2025, and ahead of submission of the FBC to Audit Scotland governance groups. The UK Government's Gate Review process gives independent guidance on how best to ensure that programmes and projects are successful.

Budget

- As of the end of July 2025, total project expenditure stands at £163K, reflecting a £25K (13%) underspend against the allocated budget.

- External spend in the period totalled £54K, slightly below the budgeted £58K. The external spend budget was profiled to reflect

most implementation costs to occur in Quarter 4, following contract award.

- Internal spend to the end of July is £131K, which is 17% below the phased budget. This shortfall is attributed to a combination of staff leave, delivery and access to NAO laptops, and the delays in signing the MOU by NAO. Internal spend represents utilisation of Audit Scotland internal staff resources, rather than additional financial spend. Discussions regarding resource utilisation and budgeted days with AMP team members in July 2025 has informed a reprofiled internal spend for 2025/26 which is expected to outturn in line with the budgeted cost for 2025/26.

Risks and Issues

11. Appendix B details the escalated risk and issues, summarised below:

- The issue relating to procurement, as highlighted in the milestones section above, has been escalated. The mitigating actions as described above are underway with the evaluation step now complete.

- An additional issue relating to project team resources has been escalated. AMP lost its accountant resource during w/c 18 August 2025. This was temporary cover to support the project through the finalisation of the contract and FBC. Engagement with the agency providers is currently underway for a replacement.

- With regards to NAO engagement this has now been de-escalated from an Issue to an Amber risk. Audit Scotland now has access to the NAO content library, Apex and their product owner who can provide support and guidance. The transfer of the source code is still outstanding, but this does not present an issue to the development of the FBC.

Consultation and communication

- The SIP Organisational Change Strategy has recently been approved by SIP, which also identifies a number of change activities relating to the development of a compelling vision, coordinated communications across SIP initiatives, consistent tools and training, critical behaviours, ongoing evaluation and supportive systems, processes and structures.

- Change and communications activities as well as training, covering the implementation period, is being progressed as part of the wider implementation planning.

- As part of the Equality Impact Assessment process, engagement with the Audit Scotland Disability Confident Working Group,
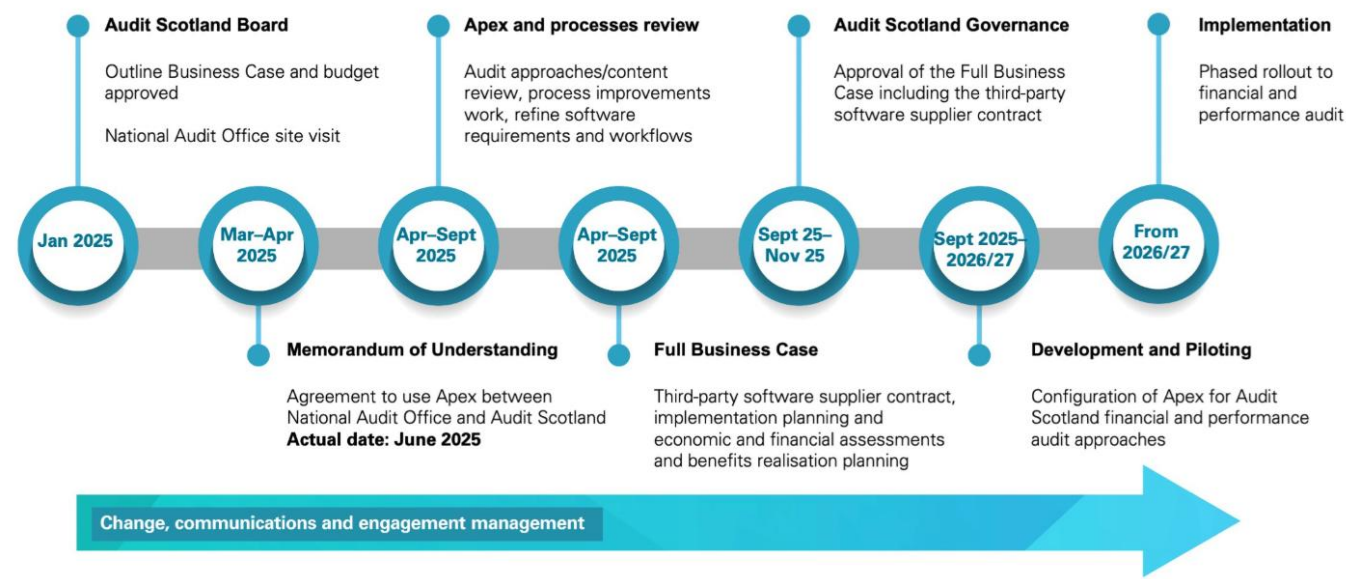
Neurodiversity Group and Equality and Human Rights Steering Group

- Members of the project have attended various management meetings across the audit delivery business group over the last three months, ensuring that colleagues are informed of developments.

- First user group sessions have taken place with PABV colleagues on 18 August and ASG colleagues on 25 August 2025.

- Leadership colleagues included a brief update on AMP as part of the first leadership briefing in August 2025.

Conclusion

12. Since April 2025, the delivery of the AMP FBC has been subject to delays in agreeing the MoU with the NAO, getting access to Apex and the content library and progressing with the procurement of the third-party software supplier in a timely manner. The recent delays resulting from the prolonged procurement has impacted on the AMP team's ability to update constituent cases of the FBC with financial costs and implementation planning information. However, as procurement now moves towards contract award, the AMP team are planning for the FBC to meet its submission timelines.

Appendix A – Updated AMP Roadmap

Audit Scotland Board

Outline Business Case and budget approved

National Audit Office site visit

Apex and processes review

Audit approaches/content review, process improvements work, refine software requirements and workflows

Audit Scotland Governance

Approval of the Full Business Case including the third-party software supplier contract

Implementation

Phased rollout to financial and performance audit

Jan 2025 — **Mar–Apr 2025** — **Apr–Sept 2025** — **Apr–Sept 2025** — **Sept 25– Nov 25** — **Sept 2025– 2026/27** — **From 2026/27**

Memorandum of Understanding

Agreement to use Apex between National Audit Office and Audit Scotland
Actual date: June 2025

Full Business Case

Third-party software supplier contract, implementation planning and economic and financial assessments and benefits realisation planning

Development and Piloting

Configuration of Apex for Audit Scotland financial and performance audit approaches

Change, communications and engagement management

Appendix B – Escalated Risks and Issues

Risks (R) and Issues (I)				
R / I	Risk / Issue Recorded in Log	Action	Current Risk Status	Prior Risk Status
I	Supplier catalogues from the Back Office Software 2 Framework are unavailable from Crown Commercial Services. The inability to review the supplier catalogues for applicability, and subsequent evaluation, prevents Audit Scotland in progressing with a compliant direct award process.	August 2025: Following the AMPB meeting on 31 July 2025, a request has been issued for catalogues from framework suppliers. Six suppliers responded and the desktop evaluation of these catalogues was completed by 31 August 2025. Contract Award discussions with the preferred third-party software supplier can now commence.	Escalated as an Issue	N/A
I	IF Audit Scotland is unable to resource a project team with the appropriate capacity and knowledge or there are key departures or absences, to deliver the full business case and the implementation of the revised audit approach (for PABV/ASG) and software THEN the AM project's ability to meet key milestones will be at risk and/or quality of deliverables may be compromised RESULTING IN delays to the AM project delivery, ongoing delivery and benefits realisation and the need to revisits the options in the Business Case.	August 2025: AMP lost its accountant resource on 20 August 2025. Engagement with agency providers is underway to assess the suitability of potential replacements by 08 September 2025. Additional audit expertise resource, required as part of implementation, continues to be assessed as part of implementation planning for the FBC.	Escalated as an Issue	AMBER
R	NAO capacity to support Audit Scotland to assess Apex and NAO financial audit approach	August 2025: Audit Scotland now has access to the NAO content library and Apex and their product owner who can provide support and guidance. The transfer of the source code is still outstanding, but this does not present an issue to the development of the Full Business Case.	AMBER (De-escalated from Issue to Risk)	Escalated from Risk to Issue

Annual review of Records Management Policy

Item 12.

Head of Performance and Corporate Governance

23 September 2025

Purpose

1. This report invites Board to approve the submission of Audit Scotland's Records Management Policy.

Recommendations

2. Executive Team is invited to:

- Approve the updated Records Management Policy.

- Approve the proposed subsequent review date.

Background

3. Audit Scotland has a policy, records management plan and procedures in place to ensure compliance with the Public Records (Scotland) Act 2011 (PRSA).

4. Records management is regularly discussed at the internal forum, the Information Management and Governance Group (IGMG) which meets six times a year. Records management is a standing item for scrutiny via the Information Risk Register.

5. Information Asset Owners (IAOs) from across the organisation undertake an annual review of the Information Asset Register (IAR) to ensure that all records are managed effectively and efficiently.

6. This also forms part of the annual assurance process in support of the Accountable Officer's Governance Statement.

7. The Records Management Policy is currently reviewed on an annual basis. It is proposed that following the submission of the next five-year Records Management Plan, due in 2027, to review the Records Management Policy at the mid-point of the five-year plan. However, if there is significant change to relevant legislation, the policy will be reviewed in response to that, and the Executive Team and Board advised of any updates requiring to be made.

Annual review of Records Management Policy

8. Corporate Governance carried out a review of the Records Management Policy during August 2025.

9. The review found no substantive amendments were required, recognising the formal approval of the Records Management Plan 2021-26 by The Keeper of the Records, and the subsequent publication of our assessment online by National Records of Scotland (NRS) in summer 2022.

10. Minor changes to nomenclature and references to new relevant legislation are shown as tracked changes to the policy document appended to this report.

11. The draft policy was considered by the Executive Team by correspondence in August 2025 and recommended for approval by the Board.

Ongoing records management assurance

12. The annual review of the Information asset register and retention schedule by Information Asset Owners (IAO) will be reported to IGMG in October 2025.

Required upcoming development actions

13. Audit Scotland will be invited by the Keeper of the Records to submit a new Records Management Plan during 2027. The exact timing will be decided by the Keeper of the Records.

Records Management Policy

Owned and maintained by:	Head of Performance and Corporate Governance
Date checked/ created:	September 2025
Next review date:	September 2028

Introduction

The [Public Records (Scotland) Act 2011](#) (the Act) places a duty on us to prepare and implement a records management plan which sets out proper arrangements for the management of our public records.

We recognise that the efficient management of our knowledge, information and records is essential to support our work, to facilitate our governance and management, to manage risk and to comply with our legal obligations under the Act and other legislation as enacted from time to time.

Records, like any other company asset, are vital to our past, present and future work. They show decisions made and the steps taken towards those decisions. Records and the information they contain form part of our corporate memory and therefore must be managed systematically from creation to disposal.

Records are fundamental to our Audit Quality arrangements and professional standards and running Audit Scotland efficiently and effectively.

Scope

This records management policy applies to Audit Scotland, the Accounts Commission and the Auditor General.

Definition

A record is information in any medium, created, received and maintained as evidence and information by an organisation or person, in pursuance of legal obligations or in the transaction of business.

Roles and Responsibilities

The Chief Operating Officer is responsible for ensuring there are appropriate arrangements for managing information and records.

In support of the Chief Operating Officer the Head of Performance and Corporate Governance is responsible for the day-to-day records

management arrangements for Audit Scotland, the Accounts Commission and the Auditor General. The security of our electronic information systems is the responsibility of Audit Scotland's Digital Services Manager.

It is the Information Governance and Management Group's (IGMG) role to ensure this policy remains relevant, represents good practice and is implemented effectively.

However, records management is the responsibility of everyone and this principle is embedded in our Code of Conduct. We are all expected to ensure the effective management of our records and the information we collect, create, store, share and dispose of, and to undergo training as required.

The principles of good records management

It is our policy to fully comply with the Public Records (Scotland) Act 2011 and to apply the guiding principles of records management to ensure that information is available when and where it is needed, in an organised and efficient manner, and in a well-maintained environment.

We must therefore ensure that our records are:

Authentic

It must be possible to prove that records are what they purport to be and who created them is known, by keeping a record of their management through time. Where information is later added to an existing document within a record, the added information must be signed and dated. With electronic records, changes and additions must be identifiable through audit trails.

Accurate

Records must accurately reflect the transactions and other business activities that they describe.

Accessible

Records must be readily available when needed.

Complete

Records must be sufficient in content, context and structure to reconstruct the relevant activities and transactions that they describe.

Comprehensive

Records must document the complete range of an organisation's business.

Compliant

Records must comply with any record keeping requirements resulting from legislation, audit rules, professional standards and other relevant regulations.

Effective

Records must be maintained for specific purposes and the information contained in them must meet those purposes. Records will be identified and linked to the business process to which they are related.

Secure

Records must be securely maintained to prevent unauthorised access, alteration, damage or removal. They must be stored in a secure environment, the degree of security reflecting the sensitivity and importance of the contents. Where records are migrated across changes in technology, the evidence preserved must remain authentic and accurate.

Guidance in support of this policy has been prepared and is available to all staff in SharePoint.

Business groups across Audit Scotland are responsible for the appropriate retention and disposal of files within their SharePoint sites, including the labelling of files to accurately determine ownership, sensitivity, file type and the current status of the document.

Training and awareness

It is vital that everyone understands their information and record management responsibilities as set out in this policy. Therefore, Executive Directors, Directors, and managers will ensure that staff are appropriately trained/briefed on how to manage records in accordance with this policy and our records management guidance.

In addition, training has been established to ensure that all staff are aware of their information obligations regarding Data Protection, Data Security and Freedom of Information.

Supplementary documentation

The following Acts, policies, standards, procedures and guides should be used to support and supplement this policy:

- Audit Scotland Records Management Plan, 2021-26

- Public Records (Scotland) Act 2011

- Model Records Management Plan (revised 2019)

- Data Protection Act 2018, UK General Data Protection Regulation (UK GDPR) and the Data (Use and Access) Act 2025 (DUAA)

- Freedom of Information (Scotland) Act 2002 (FOISA)

- Audit Scotland's Data Protection Policy

- Audit Scotland's Freedom of Information Policy

- Audit Scotland's Clear Desk and Screen Policy

- Audit Scotland's Information Security Management Policy

- Audit Scotland's Information Management Policy

- FOSIA section 61 Code of Practice on records management

- Managing records - a staff guide

- Procedure for transferring information to the National Archive of Scotland

- Audit Scotland's Information Asset register and records retention schedule

- Audit requirements:

  - Audit standards e.g. ISA's

  - Audit Management Guides and Frameworks

Digital Services Strategy 2025/28

Item 13.

Head of Digital Services

Meeting date:
23 September 2025

Purpose

1. This paper supports the Boards review of the attached Digital Services Strategy 2025 to 2028. It outlines the key deliverables, resources and planning, budgets, scrutiny and review processes and seeks the Boards approval for its key components.

Recommendations

2. The Board is invited to:

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

Background

3. This strategy replaces the previous digital strategy and covers the period 2025 to 2028, ending in March 2029. It supports Audit Scotland's vision as laid out in Public Audit in Scotland (2023-28) and its delivery in our Corporate Plan (2023-28).

4. It was developed by reviewing the previous digital strategy, assessing external threats, aligning with our key strategies and plans, colleague surveys, and consulting with business groups.

Key deliverables

5. The strategy supports the Auditor General, the Accounts Commission, and Audit Scotland's vision and mission, while addressing direct business needs. It introduces **two new core principles**:

- Continually improve our cyber resilience, to mitigate the continuing threat of a cyber-attack, protect our information and quickly recover from an attack.

- Address the climate emergency by reducing power consumption, minimising travel, and using sustainable energy and recyclable products

6. It introduces **three new strategic objectives**:

- Provide automation and AI systems to deliver measurable cost and time savings by automating standard processes, allowing auditors

to focus on the more value-added tasks. Maximise the opportunities provided by the Resource and Management Information System (R&MI) and the Audit Modernisation Apex Project.

- Improve collaboration with new services and training to strengthen one organisation working and improve information sharing partnerships with external agencies.

- Procure, manage and deliver innovative solutions to increase the efficiency and effectiveness of our digital workspace. Focusing on the implementation and integration of R&MI and Apex.

Budgets

7. There are no anticipated additional requirements for staff costs and capital over this period.

8. Two milestones require additional budget which will be sought from efficiencies within the Corporate Services Business Group or a bid for additional funding in 2026/2027 to deliver:

- An automated threat monitoring service to mitigate information exfiltration.

- A new room and desk booking system to reserve rooms, desks, or work areas and provide AI transcription and meeting notes.

Scrutiny and review

9. The strategy uses clearly defined and measurable milestones, that are grouped into core principles and strategic objectives. These will be combined to form key performance indicators for the performance monitoring framework (under review). Executive Team and the Board will receive quarterly high-level progress updates through this mechanism together with detailed strategy updates to the Audit Committee and Executive Team every six months.

10. Operational oversight is provided via monthly reviews from the Digital Services Management Team, bi-monthly progress reports to the Information Governance and Management Group, review meetings with the Digital Audit Team and semi-annual collaboration with other strategic audit agencies. Internal audits provide additional independent scrutiny.

Digital Services Strategy
2025-28
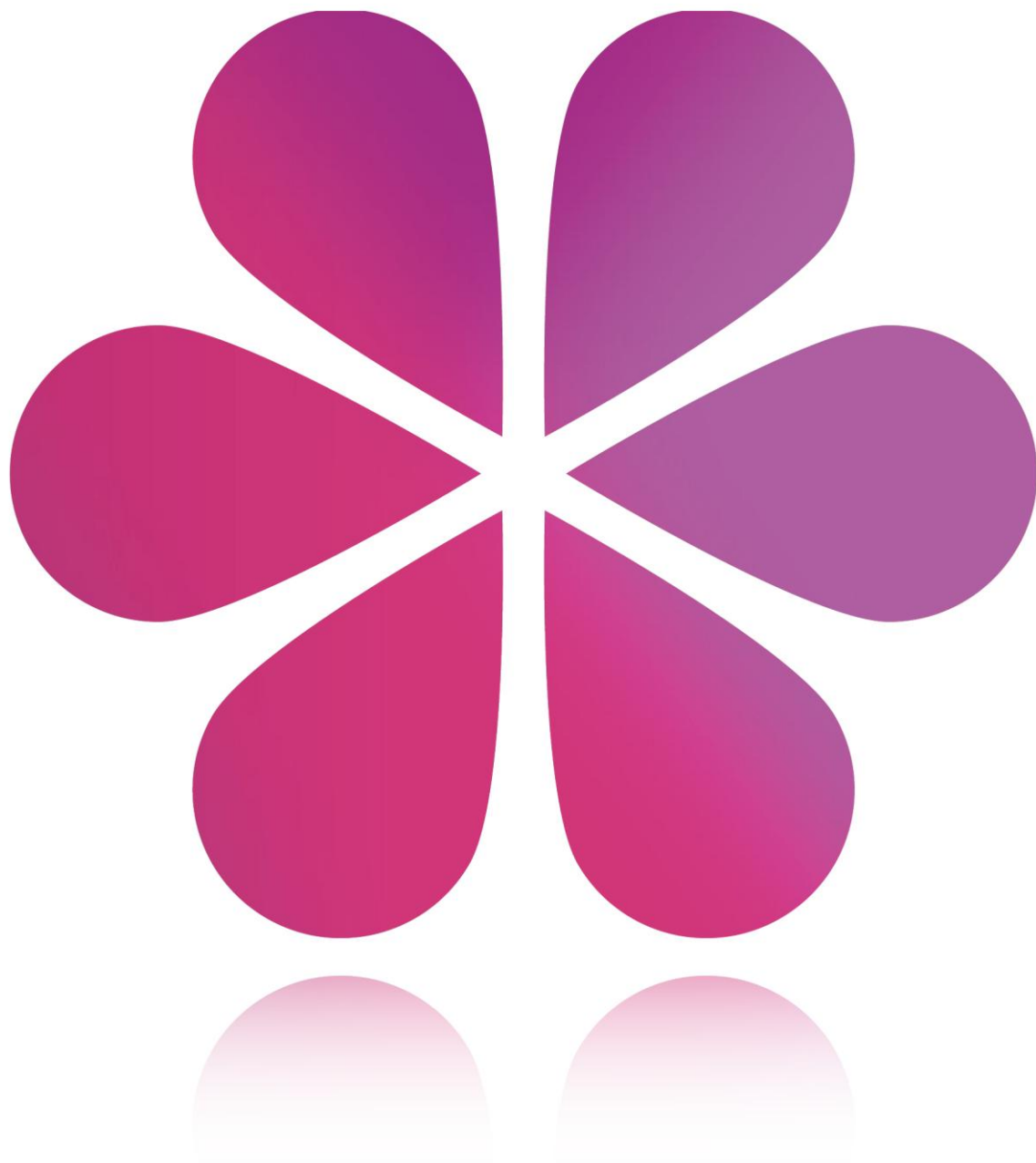
AUDIT SCOTLAND

Contents

Accessibility

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

Purpose

What the strategy will do

1. We live and work in a world where almost everything we do is digital or has a digital element. Hybrid working is now established practice, our teams have become more geographically dispersed and how we engage with clients and deliver audit is increasingly dependent on digital systems. To achieve the vision and mission of Public audit in Scotland, we must use effective, secure digital services and ensure our people have the skills to maximise their impact.

2. This Digital Services strategy spans the four-year period from 2025 to 2028, ending in March 2029. It sets out measurable, deliverable objectives to support the delivery of the vision, mission and outcomes of Public audit in Scotland, Audit Scotland's Corporate Plan 2023-28 and associated strategies, including our Business, Learning & Development and Workforce Plans for 2025-28.

3. It uses a review of the previous digital strategy, analysis of external threats and challenges, consultations with our business groups and a staff survey, to focus these objectives to meet specific business needs and priorities.

4. Alongside introducing core principles for cybersecurity and mitigating our environmental impact, this strategy concentrates on three key objectives that support the strategic priorities and business of Audit Scotland.

- Provide automation and AI systems to deliver measurable cost and time savings by automating standard processes, allowing auditors to focus on the more value-added tasks.

- Improve collaboration with new services and training to strengthen one organisation working and improve information sharing partnerships with external agencies.

- Procure, manage and deliver innovative solutions to increase the efficiency and effectiveness of our digital workspace. Focusing on the implementation and integration of R&MI and Apex.

5. To deliver these objectives, this strategy includes measurable milestones and a fully costed resourcing and delivery plan.

The strategy's framework

How it was created and how its effectiveness is monitored

6. To develop this strategy and form our core principles and key objectives, we used a framework of retrospective and prospective reviews, consultations, and surveys. This comprised of:

- A review of our previous 2021-2024 digital strategy measuring the success of each strategic objective milestone and identifying failings as part of a lessons learned. Any outstanding milestones have been carried over to the new strategy.

- A wide-ranging assessment of the major external threats and challenges that Audit Scotland will encounter over the next four years, including technological, political, legislative, economic, and climate change factors. Where appropriate mitigating actions have been identified and converted to measurable milestones.

- Colleague feedback and suggestions via an initial survey, with a follow up survey that invited colleagues to rank the results in order of most importance. The results were then converted to deliverable milestones.

- A comprehensive review of our strategic documents: Public Audit in Scotland 2023-28, Values Charter, Corporate Plan 2023-28, Environment, Sustainability and Biodiversity Plan 2021-2025, Audit Scotland People Strategy 2023-28 and the Business and Workforce Plan 2025-28. Identifying each of their key requirements and mapping them to a milestone that Digital Services will either deliver directly or support the business functions that delivers it.

- Consultation meetings with our business groups and corporate services teams between October 2024 and April 2025. The peer reviewed notes were then mapped to measurable milestones.

7. The results from these processes were used to create specific and measurable milestones. These milestones were then grouped to form the core principles and strategic objectives.

8. The performance of this strategy will be monitored by:

- Measuring the progress and effectiveness of the core principles and strategic objectives through the completion of their milestones. Each milestone is designed to be measured, with clear goals and success factors.

- The progress and effectiveness of the core principles and strategic objectives will be combined to create key performance indicators (KPIs). KPIs will be reviewed annually, and where there are significant changes to business needs or technology, they will be updated to ensure they remain effective.

- These KPIs will then form part of the performance monitoring framework, currently under review, and be used in quarterly high-level progress updates to the Executive Team and the Board.

9. This strategy will undergo scrutiny and review by:

- Monthly Digital Services Management Team (DSMT) reviews to assess progress on each milestone, and as necessary instigate any corrective action.

- Progress reporting of the core principles and strategic objectives to the Information Governance and Management Group (IGMG) every two months.

- Review meetings every two months with the Digital Audit Team.

- Six monthly collaboration meetings with other strategic audit agencies.

- Progress updates every six months to the Executive Team and Audit Committee as part of the Digital Security report.

- An annual review presented to the Executive Team to ensure that objectives adapt to any technology changes and continue to serve business needs.

- An effectiveness assessment as part of our internal audit programme.

Core principles

Principles that underpin all our actions, now and in future strategies.

10. Cyber Resilience – Continually improving the safety of our digital workspaces, ensuring cyber security is a priority and embedded in everything we do.

- Protect our information – Ensuring we control where and how our information is used

  – Deploy sensitivity labelling which will restrict or block access to personal and controlled information reducing the risk of a ransomware breach.

  – Provide services to automatically remove outdated/unnecessary information.

  – Only allow Audit Scotland staff personal devices that have passed appropriate security checks access to our information and strictly limit these devices access to controlled and sensitive information

- Strengthen our authentication and access management – Ensuring we control who accesses our systems at all levels

  – Require systems to complete continuous authentication, authorisation and validation challenges to verify and limit access based on risk.

  – Implement Entra Privileged Identity Management to offer time-based and approval-based role activation, reducing the risks associated with excessive, unnecessary, or misused access permissions.

  – Improve authentication and verification for our public information to prevent misinformation sources from compromising Audit Scotland's public information.

- Monitor and log all activity – Raising our awareness of potential attacks for a faster more effective response

  – Implement a centralised log server that collates volatile network and system logs to aid with analysis and response.

  – Expand automated risk-based threat monitoring and behaviour analysis to track and block information exfiltration across all

services at an additional annual revenue cost of 49,992 (inc. VAT).

– Provide a Security Information and Event Management (SIEM) dashboard that collates all activity highlighting suspicious or potentially malicious activity.

- Improve endpoint device and colleague resilience – Reducing the risk of a successful cyber-attack.

  – Enhance endpoint protections and attack resilience with improved behavioural and technical controls.

  – Continue to raise colleagues' cyber security awareness through short, curated, high-quality training. Expand training availability to the Accounts Commission and Board members.

- Improve our Cyber Incident Response – Reducing the time to recover from a successful cyber-attack.

  – Continually improve our Cyber Incident Response Plan, updating it to address emerging threats and identify areas of improving technical defences.

  – Increase our analysis and incident response skills with expert third party training.

  – Working with expert third parties to assess and improve our readiness.

  – Regularly communicate updates to Cyber Incident Response Plan, with clear instructions and cyber incident recovery simulations for staff.

- Provide independent assurance of our cyber resilience.

  – Maintain ISO 27001:2022

  – Continue regular NSCS certified third party penetration testing.

  – Achieve Tier 2 Scottish public sector cyber resilience framework v2.0 compliance.

  – Undertake a Cyber Essentials Plus audit.

  – Continue collaboration with other statutory national audit bodies using their experience and knowledge to assess and improve our own cyber resilience.

11. Climate Emergency – Use energy-efficient systems, renewable resources, and travel alternatives to significantly reduce our impact on the environment without compromising business effectiveness. Increase device reuse and cease procurement of non-recyclable and/or non-reusable devices and accessories.

- Reduce power consumption, wherever possible excluding energy from fossil fuels.

  – Reduce our power usage by configuring our cloud and AI services, operating systems and devices to minimise power consumption and perform at maximum efficiency.

  – Ensure devices, services and systems power down or enter a low-energy state when not in use. Procure cloud services that cost only when in use.

  – Transfer to energy providers and services that guarantee they source their energy from renewable energy sources such as solar, wind, hydro power or clean nuclear power. Reduce travel energy consumption through improved hybrid working.

  – Improve our video conferencing services, reducing the need to travel. Support more secure third-party services so they can be accessed via our own tools, such as joining a Zoom call via MS Teams.

  – Provide video conferencing devices located in Audit Scotland offices, with improved audio and video to improve the meeting experience.

  – Optimise services, such as the R&MI, that manage staff deployment and travel to minimise or prevent unnecessary journeys.

- Implement sustainable procurement, reuse or extend device's effective life and prevent unrecyclable waste.

  – Prioritise procurement of devices and accessories that can be reused or recycled. Cease all purchasing of single-use plastics and disposable items.

  – Select energy-efficient equipment during procurement processes. When replacing devices, ensure they have lower power consumption and incorporate more energy-efficient components.

  – Procure devices and accessories that are maintainable. Instigate regular maintenance to prolong the life of devices. Wherever possible refurbish and reuse devices or consider purchasing refurbished devices.

– Prioritise procurement from suppliers who use sustainable energy/energy efficient systems and who do not use single-use plastics.

Strategic objectives

Objectives targeted to meet business needs in 2025 to 2028

12. Automation – Providing systems that deliver measurable cost and time savings by automating standard processes and enhancing reporting, allowing colleagues to focus on the more value-added tasks. Delivering AI tools to assist in the audit process, to support in auditor judgement and decision-making, and enhancing efficiency and quality across all business functions. Offering learning resources so that colleagues understand how to best use AI while minimising the risks.

- Provide automation that increases the efficiency and effectiveness of procedures by reducing or replacing repetitive manual tasks in all areas of our business. Building a data infrastructure that supports the delivery of automation.

  - Deliver, support and maintain an automation and reporting platform that will integrate data analytics lab applications and our forthcoming core business applications Apex, R&MI and future replacement Finance/HR/learning management systems. Ensure solutions scale to support any changes in the Future Public Audit Model.

  - Provide a business intelligence platform enabling trained colleagues to explore to explore individual, team or business solutions that join, optimise and enhance our information workflows enhancing

  - Offer development environments to support our experts in creating specialist automation tools.

  - Reallocate existing resources to provide a dedicated Modern Apprentice Data Analysis role specialising in supporting automation and reporting, initially to work with the R&MI and Apex projects.

  - Ensure all new projects and procurement of new services integrate with existing automation and reporting tools. Identifying early any inefficiencies and conflicts to ensure an integrated and optimised solution.

  - Support the development or evaluation, procurement, testing and implementation of a set of data capture tools.

– Explore options for automation and AI services for invoice management and design services.

– Deliver enhanced redaction tools that will be counter-charged to the relevant cost centre if necessary.

- Provide the environments and devices to deliver AI expert systems that enhance our scrutiny and understanding of audit data.

  – Support the Digital Audit Team with improved cloud infrastructure and environments to safely develop and deliver AI expert systems and enhanced analytical services.

  – Improve the resilience and elasticity of our cloud infrastructure providing the Digital Audit Team with the flexibility to 'spin up' and configure new environments with transparency of costs and licencing.

  – Increase the effectiveness of information management by transferring all suitable on-premise data warehouse applications to a cloud Managed Cloud Database Service.

  – Provide Data Engineer / Developer personas that have extended permissions, providing more flexibility for the Digital Audit Team while maintaining cyber security.

  – Investigate options to support and maintain information services such as No-SQL, Dataverse and data lake skills.

- Deliver a secure AI services platform to enhance the accuracy, efficiency, and impact of our knowledge processes.

  – Support the methods used to capture, structure, analyse, and apply organisational knowledge rely on organised data and involvement from multiple teams.

  – Provide tools for data management, learning, development, collaboration, and integrate intelligent technologies to deliver insights quickly and reliably.

  – Deploy secure baseline AI services to all colleagues, encouraging innovation and exploration of the benefits of AI, chat bots and agentic services. Provide communication and training, ensuring colleagues understand how to use internal AI systems and the risks of external AI systems.

  – On request, provide colleagues with advanced AI that can access our own information in a closed and secure way. The cost of this service will be counter-charged to the relevant cost centre after approval from the budget holders. Colleagues will be encouraged to work with the Digital Audit Team on small scale

pilots, that where effective can be deploy as business AI services.

– Ensure AI solutions are fully scalable so they can scale to support any changes in the Future Public Audit Model.

- Support the development of mandatory and optional AI training pathways so colleagues can understand the fundamental concepts and understand where AI will provide best value with minimal risk.

    – Ensure colleagues have the skills to engage with AI services effectively, assess AI accuracy and set boundaries on acceptable errors.

    – Supply dedicated training on the usage, risks and accuracy of specialist AI solutions, either developed internally or through external advanced AI services.

    – Provide customised training for colleagues feeling isolated by AI, explain what AI/automation can offer and how to use it safely to enhance productivity.

- Advance an AI governance framework to establish clear structures for the responsible management and oversight of artificial intelligence and its utilisation of organisational data across the business.

    – Support the Data Governance & AI Group (DGAI) that will provide governance and implementation arrangements for data governance and the use of AI, based on industry standards, internal research, and staff engagement.

- Integrate the Resource and Management Information System (R&MI) and the Audit Modernisation Apex Project into our data infrastructure, business intelligence, and automation services to increase workflow and maximise efficiencies.

    – Support the delivery of Apex, by providing the cloud infrastructure, data processing capacity, automation, reporting, AI/Automation integration, and licencing improvements. Providing the implementation, testing and integration of other systems, and working with the NAO and third-party supplier.

    – Support the delivery of the R&MI solution, by providing procurement, project management, iTrent integration and implementation services. Managing the relationship with the supplier ensuring a responsive and effective solution.

13. Collaboration – Improving teamworking with new services and training to strengthen one organisation working and improve information sharing partnerships with external agencies.

- Improve the devices and services available in our offices to better support hybrid working

  – Consider a new room and desk booking system using Microsoft Teams Premium. Replacing the current system with a solution that allows colleagues to reserve rooms, desks, or work areas from within Teams and provide AI transcription and meeting notes for internal meetings. External meetings with clients would be excluded from this by default.

  – Provide the option for laptops with larger screens and trial larger/multiple screens in the office. Work with colleagues on future device procurement options.

  – Ensure better access to Digital Services colleagues with Service Desk colleagues being available in Edinburgh and Glasgow two days a week.

  – Install a full audio system in Nelson Mandela Place so that large meetings can be held in Glasgow.

  – Where appropriate supply 'helpdesk' solutions for more effective management of requests across a distributed team.

- Supporting Audit Scotland's learning and development plan by providing training to improve colleagues understanding and skills with new and existing systems. Sharing new ideas and best practice.

  – Enhance training and documentation to maximise the use of apps and services for better hybrid and collaborative work in our digital workspaces. Improve Office 365 efficiency by providing short topic-based training and actively encourage the sharing of new ideas and best practices.

  – Provide dedicated support and training for Power BI and Power Automate so colleagues can learn the skills to better manage and understand our information.

  – Provide training and resources for colleagues who wish to be service or app experts and share their expertise across our business groups.

  – Improve the delivery of webinars and hybrid meetings with better documentation and regular updates. Support experts who can train and assist in delivering professional and reliable meetings and conferences.

  – Increase the success of solutions delivered by DST by encouraging more feedback and using volunteer staff for early testing.

– Provide methods to filter "noise" in incoming communication and prioritise the delivery of business-critical news. Improve our knowledge and skills through sharing information, solutions and ideas

– Provide alternative ways for secure data sharing with clients, with appropriate guidance for both staff and clients.

– Support the Digital Audit Team to develop a standard architecture for interoperability of internal and external data, code and cloud configuration to improve the effectiveness of exchanging information securely with Audit bodies.

– Collaborate with the NAO, WAO and other Audit agencies to learn from their approaches and share our own. Where appropriate investigate joint procurement for greater cost efficiencies.

– Wherever possible expand access to Audit Scotland's digital services to Accounts Commission members.

- Integrate Apex and the R&MI with existing services to better share information. Reduce duplication by ensuring a canonical source with managed data flow.

  – Provide solutions for integrating existing services, specifically R&MI and iTrent, and LMS and Teams. Ensure future procurement projects consider integration as a key selection factor.

  – Ensure all staff use the appropriate office app templates by distributing templates, including a universal normal template, to all appropriate services.

14. Efficiency – Procure, manage and deliver innovative solutions to increase the efficiency and effectiveness of our digital workspace, while reducing the environmental impact. Primarily focus on the implementation and integration of R&MI and Apex.

- Expand support for procurement projects which involve digital systems, ensuring consistent project delivery through specialist supplier management.

  – Provide effective procurement and project management for all projects involving digital systems with early involvement during the planning stage and ensuring key components such as system integration, cyber security and compliance are core to the project delivery. Expand the digital projects team with a project management modern apprentice to support this function.

- Ensure future procurement of digital systems can be scaled up to fit potential changes in Future Public Audit Model but can also be scaled down when not required to provide efficiency savings and reduce environmental impact

- Optimise procurement by moderating the suppliers ISO 27001 requirements based on the sensitivity of the information that will be accessed.

- Streamline procurement cyber security checks into a single process which also includes checks for integration and future compatibility.

- Deliver efficiency savings across all our digital devices, systems and services.

  - Annually review and score all existing digital systems and services assessing their effectiveness and usage. If low scoring, investigate potential savings include terminating the service, using an alternative existing service or procuring a more cost-effective solution.

  - Explore third party support options for the design teams Apple Macs, produce a costed options paper that includes options to experiment with apps.

  - Assist in cost effective leasing options for recruitment assessment devices.

- Manage the implementation and maintenance of the R&MI system.

  - Support the R&MI procurement process

  - Deliver the R&MI implementation and manage the ongoing supplier relationship.

  - Investigate third party solutions to integrate with iTrent, configuration options for business logic and automation services for integration with Apex.

- Support the evaluation, procurement, testing and implementation of Apex.

  - Provide and maintain a modular, secure infrastructure with Apex at its core. Support interoperability with Office 365 and potential new services such as a set of data capture tools and the R&MI.

  - Create a secure collaboration portal within Apex for data and document exchange, and to facilitate communication and tracking of audit queries between audit teams and the audited

body. Primarily adopt an NAO-developed solution but also consider third-party options.

– Provide services for the development and implementation of Apex to support performance audit. Support the refresh of the performance audit approach through the implementation of Apex and better use of O365 applications.

Resourcing and delivery

The budget and staffing required to deliver the strategy

15. The core principles and strategic objectives must be effectively resourced to ensure successful delivery.

16. Two milestones require additional budget which will be sought from efficiencies from the wider corporate services group or where necessary, the 2026/2027 budget setting process. All other milestones can be achieved using the existing annual revenue provision.

17. A modification to the Digital Services Team staffing structure is required to deliver the strategy but this can be funded from a redundant post.

18. No additional capital funding is required. All milestones can be delivered using existing capital budget which includes a onetime increase for the 2025/26 financial year.

19. No additional funding is required for the changes in staffing until 2028/29. If approved by the Recruitment Board, the Workforce Plan will be updated to remove the SQL Developer role from establishment and use the released funding to:

- Recruit a modern apprentice (Data Analyst SCQF Level 8) to specialise in Power Automate and Power BI to provide dedicated support for the R&MI and Apex projects.

- Recruit a modern apprentice (Project Management SCQF Level 8) to support digital project and procurement projects, together with ISO 27001:2022 and additional compliance and certification.

- Review the role requirements and responsibilities to deliver procurement and programme management from within the existing team structure. Fund any regrading needed following formal job evaluations.
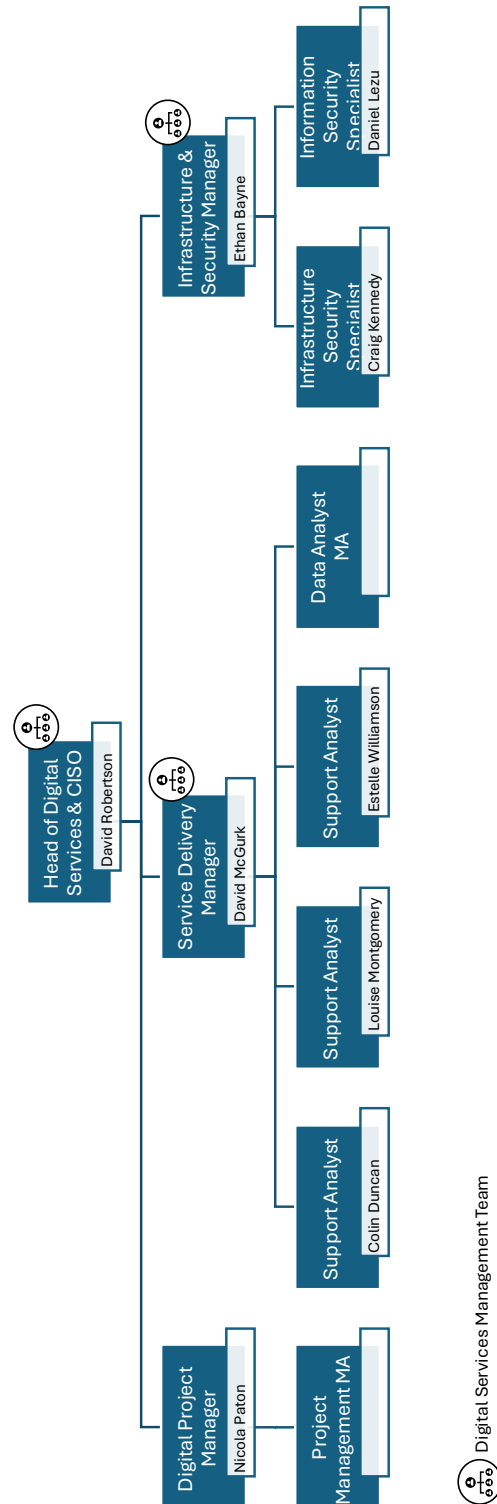
The Digital Services Staffing Structure is available in Appendix 1.

20. Succession planning – The Head of Digital Services will retire from Audit Scotland within the period of this strategy, having been part of Digital Services for 28 years. A succession plan is essential to ensure smooth transition and effective knowledge transfer. This plan may require additional funding if a new Head of Digital services is recruited externally.

Succession planning option, and all stages would require approval by the Recruitment Board.

Appendix 1

Digital Services Staffing Structure

Head of Digital Services & CISO
David Robertson

Digital Project Manager
Nicola Paton

Project Management MA

Service Delivery Manager
David McGurk

Support Analyst
Colin Duncan

Support Analyst
Louise Montgomery

Support Analyst
Estelle Williamson

Data Analyst MA

Infrastructure & Security Manager
Ethan Bayne

Infrastructure Security Specialist
Craig Kennedy

Information Security Specialist
Daniel Lezu

Digital Services Management Team

Digital Services Strategy

2025-28

AS.5.0

AUDIT SCOTLAND

AS.5.0

Q1 2025/26 Corporate Performance Report

Item 14.

Meeting date:
23 September 2025

Head of Performance and Corporate Governance

Purpose

1. This report provides the Board with a review of organisational performance as at quarter one (Q1) 2025/26,

Recommendations

2. The Board is 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.

Background

3. The performance framework and the quarterly report are 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, considered by the Executive Team on 18 August 2025, and is now presented to the Board meeting on 23 September 2025.

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

Section	Strategic Priorities
Summary – Corporate 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 Q1, 2025/26.

Performance Highlights Q1 2025/25

7.

- **Financial Audit delivery** - timeliness of delivery of NHS financial audits has remained the same as last year - 91 per cent on time compared to 91 per cent in 2023/24.

- **Performance and other audits** - We have delivered 7 Performance audits/reports in-year, 86% of which were delivered in line with planned timescales.

- **Exam results –** staff taking exams are exceeding the three-year results average, and passes are significantly above target (85%) at 98 per cent.

- **Flexi time balances –** flexi time balances in excess of the maximum allowed of 14 hours reduced from 31 per cent in Q1 2023/24 to 12.45 percent in Q1 2025/26.

- **Quality** – In June 2025 we published the Quality of Public Audit in Scotland annual report 2025 and the Audit Scotland's Transparency Report 2024/25. All PABV outputs in the last three years have achieved grades 1 or 2. Two financial audits for 2023/24 received grade 4 scores (1 ASG and 1 Firm). Further details and response actions are provided on page 9 of the slide deck.

Financial audit delivery

8. In the year to date we have delivered 23 (100%) of the NHS 2024/25 annual financial audits.

- 23 of 23 NHS accounts (June due date) 91% delivered on time. ASG 100% and Firms 82% delivered on time.

- By audit provider - ASG has delivered 12 - (100%), and the Firms 11(100%) of the audits due in Q1.

9. 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.

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

Performance audit/ statutory reports/ other reports delivery

11. In Q1 seven Performance audits/reports were issued, with 6 (86%) having been issued to the planned timeline.

12. The Forth Valley College, section 22 report is 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.

13. Links to the 7 issued reports are included below:

Accounts Commission:
- Local government budgets 2025/26

- Best Value – Argyll and Bute Council

- Best Value – The Highland Council

- Best Value – Renfrewshire Council

Auditor General for Scotland:

- Scottish National Investment Bank

- The 2022/23 audit of Forth Valley College

- NHS in Scotland: Spotlight on governance

Resources and capacity

14. Audit Scotland's net operational expenditure was 19.2% less than budget. More detail on key variances is included in the appendix at slide 14.

15. The number of FTE at end of Q1 2025/26 was 344.94, against an establishment level 366.07 FTE. This equates to 95.66% of establishment. The breakdown by business group is included in Appendix 1 at slide 19.

16. Staff turnover for the year, for all leavers, was 1.11% compared to 0.57% in Q1 2024/25.

17. Sickness absence rate was 1.55 days which remains below the average benchmarking figures for UK workplaces. It is also below the equivalent 1.97 days in Q1 2024/25 and down from the last quarter (1.82)

Innovation & Learning

18. Exam results year to date show a 98% pass rate, which is significantly above the target of 85%, and is higher than last year's average of 92%.

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

Developments in Audit delivery

20. The percentage of audits, due in Q1, which met target sign-off date compared to previous years was:
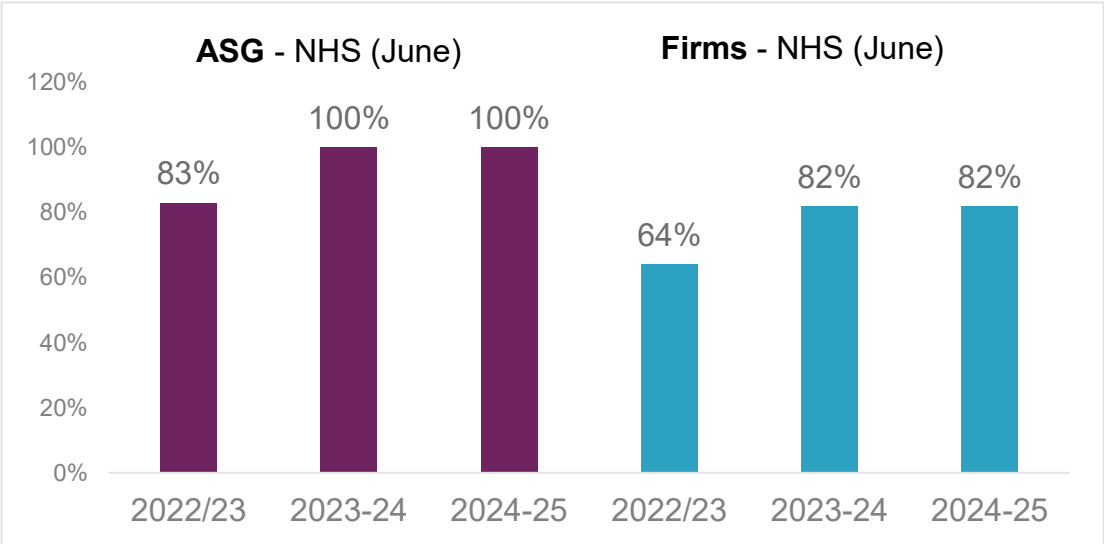
Ongoing Performance Management Framework Development

21. We continue to develop the performance framework and changes in how we collate, use and present performance data will take place over coming reports, with opportunities for developments being the subject of an Executive Team strategic session in September 2025.

22. Phases two and three of developing the performance framework work will align with the implementation of the R&MI system and the development of the Audit Modernisation Programme (expected to be around Q2/Q3 of 2026/27), respectively, as both will offer significant opportunities to bring additional data within our reporting arrangements and develop the analysis of that data.

Conclusion

23. This report asks the Board to note Q1 2025/26 performance and the steps being taken to further develop the performance framework.

Q1 2025/26 Corporate Performance Report

Appendix 1

AUDIT SCOTLAND

Summary | Key Measures

AUDIT SCOTLAND

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

AUDIT SCOTLAND

Highlights

Delivery

- All NHS audits delivered (100%)
  - 91% on time (this compares to 91% on time in Q1
  - 2024/25)
  - ASG delivered 100% on time and the Firms 82% on time.
  - The two outstanding NHS audits were delivered within four weeks of the scheduled target date.
- Three Central Government audits delivered (these are reports due in Q2 (ASG 2, 1 Firm)).

Resources

- Both ASG and PABV show improving audit time v. non-audit time – ASG at 75% audit time, and PABV at 67% audit time.
- At the end of June, the revenue position was £682k less than budget.
- Staff turnover for Q1 leavers was 1.1 % compared to 0.57% in 2024/25.
- Absence for Q1 was 1.55 days compared to 1.97 days in Q1 last year.
- The percentage of colleagues with greater than 14 hours flexi continues to trend downwards. In Q1 2023/24 the average across the business groups was 31% - by Q1 2025/26 the average across business groups has reduced to 12.45%.

Other

- Exam Pass rates – Achieved 98 percent, exceeding the three-year average and above target
- All PABV quality reviews have received grade 1 or 2 in the last three years.

Challenges

Delivery

- There remains one outstanding Firms Local Government 2022/23 audit.
- There are 13 outstanding 2023/24 audits. 2 ASG (LG audits) and 11 Firms audits (1 FE and 10 LG).

Resources

- Overspends in audit days - though the financial position is a projected underspend.
- The number of FTE at the end of June 2025 was 344.94 (establishment level 366.07 FTE.) This equates to 95.66% of establishment.

Quality

- Two audits (1 ASG; 1 firm) received a grade of 4

Actions

Delivery

- A letter from the Chief Operating Officer has been sent to all bodies encouraging partnership working to bring audits back to target dates.
- **Resources**
- Recruitment to vacant posts is considered by the Recruitment Board.
- **Quality**
- Audit Services and Firms auditors are reviewing causes and taking action to address the matters requiring improvement.

Delivery

AUDIT SCOTLAND

Objective	KPQ	Target
Audits delivered on time and on budget	Are audits delivered on **time**?	95% of audits delivered on time

AUDIT SCOTLAND

OVERVIEW Amber
Financial audit

All NHS audits have been delivered with only two late (these were completed within four weeks of the expected completion date). Completion rates for NHS audits are the same as last year.

Financial Accounts:

Accounts due in Q1:

All 23 NHS accounts have been delivered (ASG 12, Firms 11).

21 (91%) of the NHS accounts were on time. ASG 12 on time (100%) Firms 9 on time (82%)

Three Central Government audits were delivered during Q1, with these reports being due during Q2 (ASG 2, 1 Firm).

Financial Annual Audit Plans:

For the 2024/25 Annual Audit plans due by 30 June 2025:

213 (90%) of the 236 Annual Audit plans (AAPs) have been delivered. This is an improvement on the 88% of AAPs delivered in Q1 last year. ASG delivered 97%, Firms delivered 80%

187 (79%) of the AAPs were on time (compared to 67% last year) ASG 89% Firms 69% compared to ASG 76% and Firms 52% in Q1 last year.
21 of the 24 outstanding Annual Audit Plans related to 23/24 audits that either are not complete or were completed late.

Performance and statutory reports

So far this year 7 performance and statutory reports have been issued, with 86% being recorded as on time.

Accounts Commission:

Four of four reports delivered on time

- Local government budgets 2025/26
- Best Value – Argyll and Bute Council
- Best Value – The Highland Council
- Best Value – Renfrewshire Council

Auditor General for Scotland:

Two of three delivered on time

- Scottish National Investment Bank
- The 2022/23 audit of Forth Valley College
- NHS in Scotland: Spotlight on governance

Reason for late audit

The Forth Valley College section 22 report is 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

AUDIT SCOTLAND

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

ALL - Percentage of audits completed by target date 2018/19 to 2024/25

91%

NHS
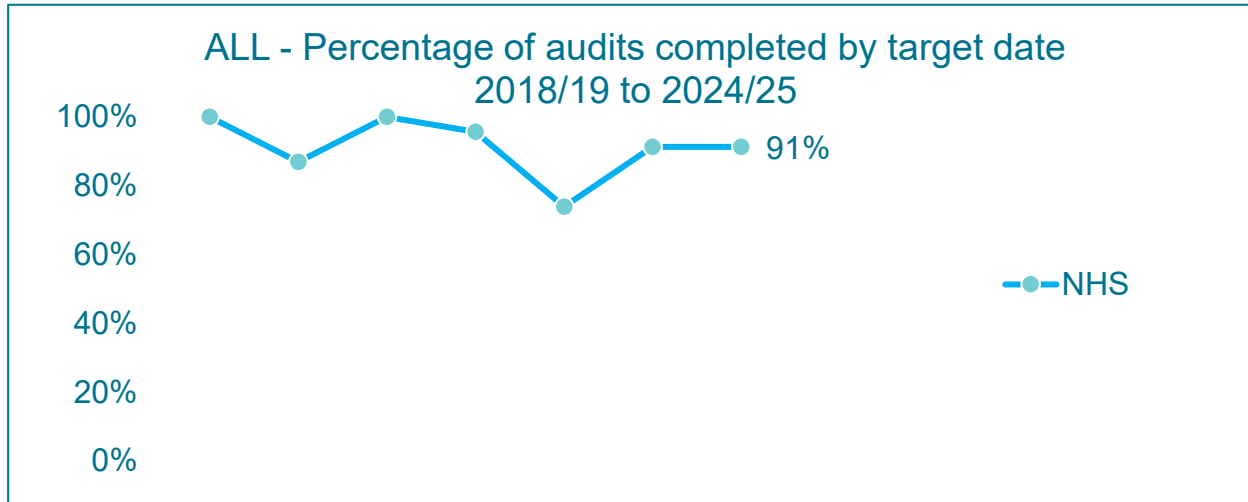
Auditors maintained the proportion of NHS audits delivered on time compared to last year (91%).

Reasons for late audits

One audit was late primarily because of delays at the body, and the other was primarily because of delays by the auditor. Both were completed within July 2025.

For the Auditor General for Scotland Year to date:

Accounts
- 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.

For the Accounts Commission Year to date :
Accounts
- Accounts Commission reports are due by the 30 September 2025 and delivery data for these will be included in future reports.

Objective	KPQ	Target	
Audits delivered on time and on budget	Are audits delivered on **budget**?	+/-5% of budget	AUDIT SCOTLAND

OVERVIEW Amber

Audit Services Group

Budgets for ASG audit work carried out in Quarter 1 are: NHS 4.8% above budget (158 day overspend across 12 NHS boards); and central government 16.2% above budget (60 day overspend across 2 bodies).

Budget variations are currently being explored by Audit Services Group Management Team.

Performance Audit and Best Value:

PABV is reporting 4% above budget - this is within the target level for budgets.

Actions

ASG: Budget variations are under review by Audit Services Group Management Team.

PABV: Budget variations are under review by the PABV Leadership Team.

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
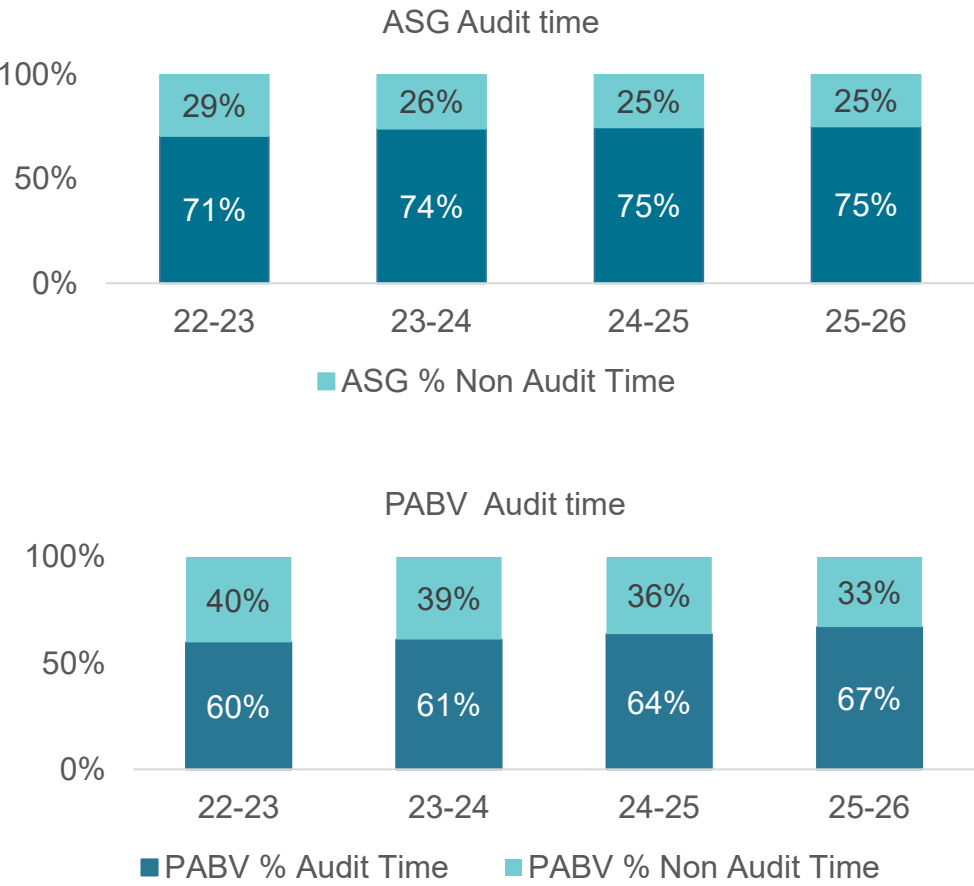Audits delivered on time and on budget

KPQ
Are colleagues **audit focused**?

Target
70% of available time on audit

AUDIT SCOTLAND

OVERVIEW Green

ASG Audit time

Year	ASG % Audit Time	ASG % Non Audit Time
22-23	71%	29%
23-24	74%	26%
24-25	75%	25%
25-26	75%	25%

■ ASG % Non Audit Time

PABV Audit time

Year	PABV % Audit Time	PABV % Non Audit Time
22-23	60%	40%
23-24	61%	39%
24-25	64%	36%
25-26	67%	33%

■ PABV % Audit Time   ■ PABV % Non Audit Time

Colleagues are audit focused.

The graphs show that the proportion of time recorded as 'audit time' has improved and is now stable for ASG, and that it continues to improve for PABV. The Combined percentage Audit time for ASG and PABV is 73%. This is above the 70% target and accordingly a RAG status of Green is applied for this objective. Business Group variation, including PABV audit time being below target, is recognised and is the focus of Executive Team discussion.

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

Note that non-audit delivery staff within ASG and PABV are included in this analysis. This has a greater impact in PABV where the business management team is larger and the business group FTE is smaller.

When non-auditor colleagues are excluded from the figures the time spent on audit is:

ASG 76.4%

PABV 69.7%

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	KPQ	Target
Audit quality assurance results	Are we assured about the **quality** of our work?	80% of reviews achieve grade 1 or 2 (annually)

AUDIT SCOTLAND

OVERVIEW Amber

Quality of public audit in Scotland was published on 11/06/25. The main messages were included in the 24/25 Q4 report.

Following the completion of 2023/24 cold file reviews, I&Q completed the following activities:

- Held quality feedback sessions in May to share key findings with ASG and PABV colleagues.
- Completed a root cause analysis exercise and updated the Quality Improvement Action Plan.
- Issued a Quality Bulletin to ASG staff to share RCA themes and good audit practice.
- Published **Audit Scotland's Transparency Report 2024/25** on 11/06/25.

In Q1, the Quality team started a programme of hot file reviews and follow up monitoring to support 2024/25 audit work.

Since publishing the Quality of public audit Annual report in June, we received one further internal quality review from a firm. All PABV output reviews were found to be grade 1 or 2 in the last three years.

The percentage of financial audit reviews by grade are shown below:

Audit year	2021/22	2022/23	2023/24
Grade 1 & 2	89%	74%	73%
Grade 3	11%	26%	18%
Grade 4	0%	0%	9%

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
Audit Services and Firms auditors are taking appropriate action to address the matters requiring improvement.

ASG grade 4 audit:
I&Q completed a root cause analysis of the audit and confirmed that the matters were isolated to that audit. The auditor is addressing all matters requiring improvements during the 24/25 audit with appropriate support from ASG. AQA will work with I&Q on a follow up of the 24/25 audit to ensure that all matters are addressed.

Firm grade 4 audit:
The firm has remediated the 23/24 file and has addressed the matters in the 24/25 audit. This remediation has been subject to review. All matters requiring improvement have been communicated to the wider public sector team and, where not already being addressed, they are being picked up as part of the 24/25 audits. AQA will work with the firm on a follow up of the 24/25 audit to ensure that all matters were addressed.

OVERVIEW Green

- In Q1 we continued to get our messages out effectively through a variety of means.
- The strong performance of the joint reports on Additional Support for Learning and on sustainable transport; and a strong news line for the Aberdeen City Council s.102, which focused on a fraud case and the lessons which should be learned by other councils.

Media / broadcast:

Top **AGS** reports: PA: NHS spotlight on governance, PA: Scottish National Investment Bank, s22: Forth Valley College

- Top **Accounts Commission** reports: LGO: Councils' budgets 2025/26, BV: Highland Council, BV: Argyll and Bute Council

Social media engagements:

- Auditor General posts = 1,272
- Accounts Commission posts = 10,417
- Audit Scotland posts = 30,209

Parliament committee attendance:

- We attended **nine** parliament committees including the Public Audit Committee, and the Finance and Public Administration Committee
- **Consultations:**
- We responded to 1 consultation on Climate change duties - draft statutory guidance for public bodies

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 ➡️
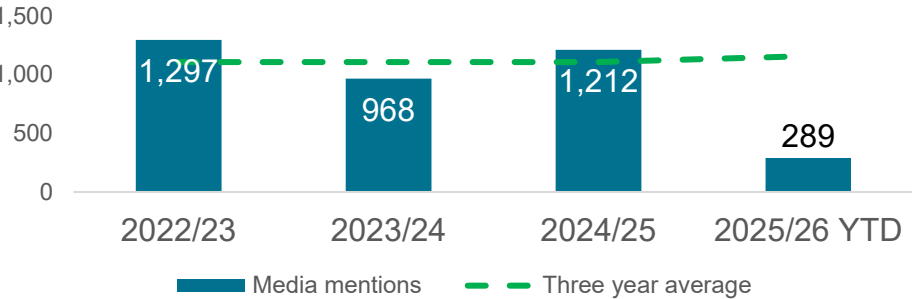
Objective

We engage with stakeholders

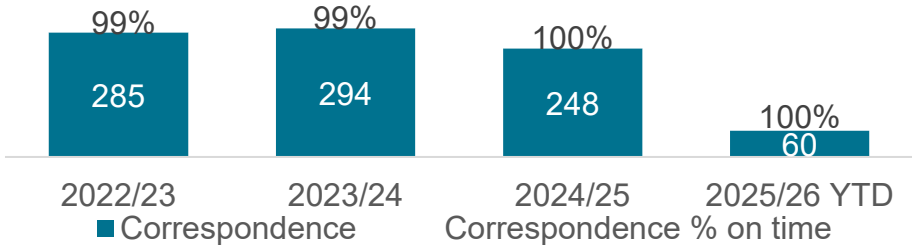**KPQ**

How are we **engaging** with stakeholders

Target

Engagement - time series comparison

AUDIT SCOTLAND

OVERVIEW Green

Media mentions
- 2022/23: 1,297
- 2023/24: 968
- 2024/25: 1,212
- 2025/26 YTD: 289

Media mentions — Three year average

Social media engagements

- 2022/23: 107,587
- 2023/24: 180,124
- 2024/25: 107,381
- 2025/26 YTD: 102,336
- Three year average: 131,697

Social media engagements

Correspondence
- 2022/23: 99% — 285
- 2023/24: 99% — 294
- 2024/25: 100% — 248
- 2025/26 YTD: 100% — 60

Correspondence   Correspondence % on time

During the quarter we continued to get our messages out effectively. Note that Last years Q1 figures were impacted by the UK general election. The comparative figures are included for completeness.

Compared to Q1 last year:

289 Media mentions compared to 137 last year.

41,898 Social media engagements compared to 9,738 last year.

60 Correspondence cases compared to 70 last year.

All correspondence was responded to on time during 2024/25. 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	21	25	14
2024/25	104	62	82
2023/24	122	103	69
2022/23	101	121	63
2021/22	78	93	86

11

Objective

We communicate with stakeholders

KPQ

How are we **responding to** enquiries from the **public**

Target

Communication - Better than 95% on time

AUDIT SCOTLAND

OVERVIEW Green

FOIs   FOIs % on time

96%
70

98%
46

92%
38

100%
18

2022/23   2023/24   2024/25   2025/26 YTD

Complaints   Complaints % on time

67%
3

75%
4

100%
6

0

2022/23   2023/24   2024/25   2025/26 YTD

DSARS   DSARs % on time
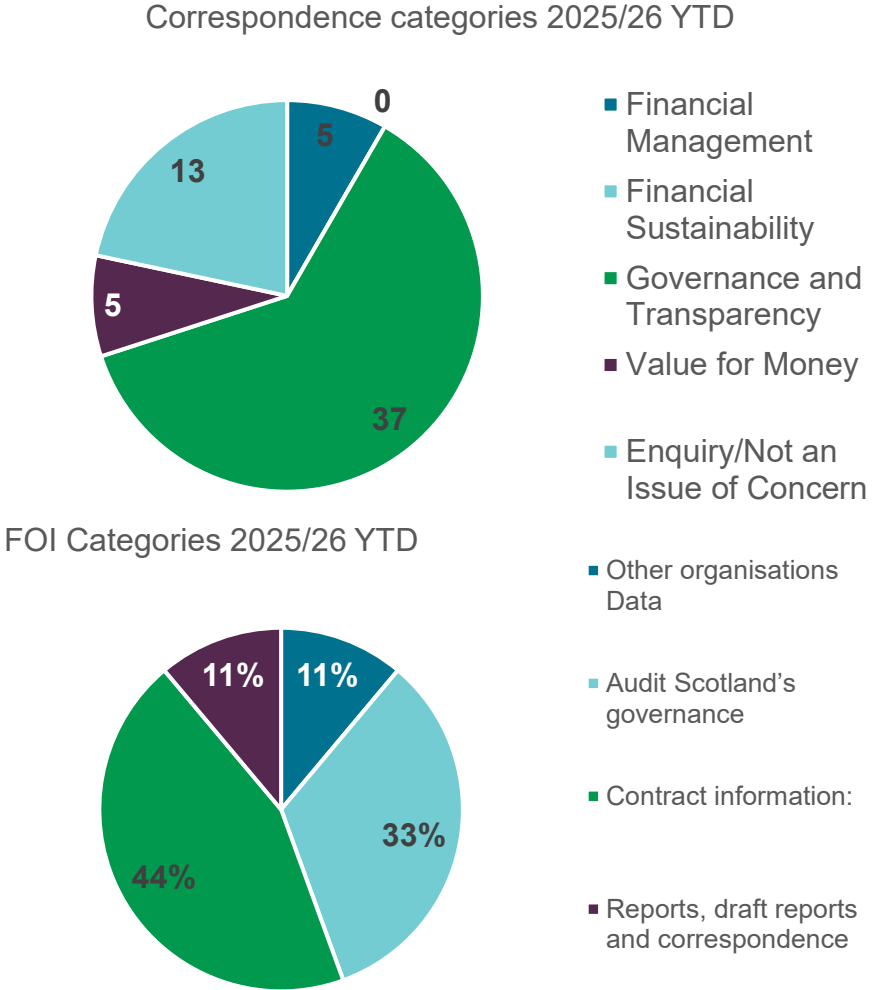
0

100%
3

100%
6

100%
1

2022/23   2023/24   2024/25   2025/26 YTD
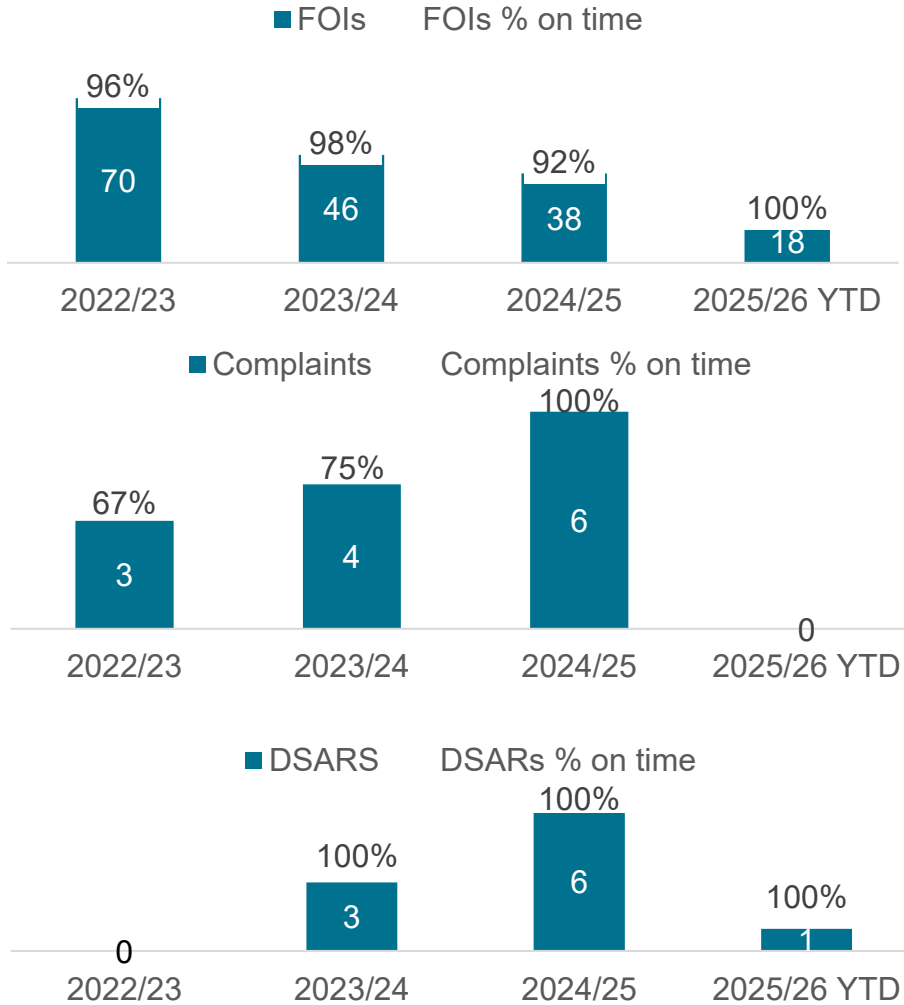
Graphs on left show the number of cases handled and the percentage on time for statutory responses and graphs on right shows categories of information being requested under FOI and Correspondence.

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

0
5
13
5
37

- Financial Management
- Financial Sustainability
- Governance and Transparency
- Value for Money
- Enquiry/Not an Issue of Concern

FOI Categories 2025/26 YTD

11%   11%
44%   33%

- Other organisations Data
- Audit Scotland's governance
- Contract information:
- Reports, draft reports and correspondence

Resources

Objective	**KPQ**	**Target**
Our finances: Spend against budget	**Spend** against budget - Organisation	Break even

AUDIT SCOTLAND

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 £2,873k is £682k (19.2%) less than budget. Key variances are identified below:

Fee income – In-house chargeable audit work in total is £246k more than budget with prior year fees of £62k and position in all chargeable sectors being ahead of plan (£184k).

Firms income £789k less than budget with £402k relating to recognition of prior year audit work and position in most chargeable sectors (except FE) for 24/25 audits being behind (£1.191m).

Other income – bank interest income £2k more than budget and £21k relating to secondment recharge.

Pay – Favourable pay variance relates to agency costs, apprenticeship levy and class 1a NIER being in total £15k less than budget with the balance of £108k relating to staff pay.

Non-pay - underspends in firms' costs (£895k), property (£66k), T&S (£22k), legal & professional (£75k), training (£26k), recruitment (£32k), printing & office (£6k), dep'n (£19k) and other (£12k). IT costs overspend (£80k) largely explained by a purchase of a critical security enhancement to an existing service (£50k).

Capital – £155k relating to laptop replacement programme.

Cash flow - bank balance £2,628k, outstanding debt £3.33m with £147k overdue by 3 months or more.

Net expenditure position by month 2025-26

14
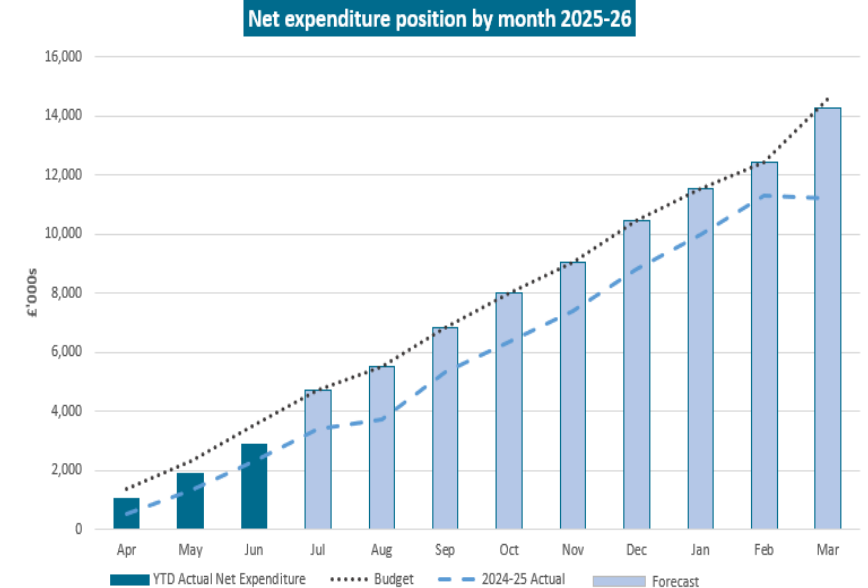
Objective	**KPQ**	**Target**	
Our finances: Spend against budget	**Spend** against budget - Organisation	Break even	AUDIT SCOTLAND

OVERVIEW Green

The current financial risks are:

The financial risks for 25/26 include:

- Managing the impact of a 5% vacancy factor
- Meeting closing work in progress target 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.
- Onboarding of the new Head of Finance and budget delivery timelines.

Risk register

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

A6 - Failure of efficiency and ability to demonstrate value for money ➡

A14 – Failure to deliver in accordance with the 2025-26 financial and ➡ operational plans

M8 – Failure of incoming cashflow to support organisational activities ➡

Objective	KPQ	Target	
Our people: Right skills and capacity to deliver	**Capacity** to deliver - people establishment	-5% of establishment	**AUDIT** SCOTLAND

OVERVIEW Amber

Current staffing level vs **establishment**

- The number of FTE at the end of June 2025 was 344.94 (establishment level 366.07 FTE.)

- This equates to **95.66**% of establishment.

- At the end of March 2025, the business group establishments were as follows:

  - Audit Services = 97.87% of establishment.

  - Performance Audit and Best Value =89.30% of establishment

  - Corporate services = 94.97% of establishment

  - Innovation and Quality = 97.42% of establishment.

  - Audit Quality and Appointments = 100% of establishment

  - Accounts Commission Support = 100% of establishment.

Vacancy Rate %

- 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 Q1 is 4.34%, compared to 5.7% in Q4.

- The Vacancy rate is measured against the organisation establishment identified in the workforce plan.

Vacancy Factor %

- 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 Q1 is 3.7% less than establishment.

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	**KPQ**	**Target**
Our people: Right skills and capacity to deliver	**People spend** against budget.	+/- %5 of budget

AUDIT SCOTLAND

OVERVIEW **Green**

The underspend of £656k (2.7%) on staff pay is mainly due to:

- There is a staff pay variance of £128k. The favourable pay variance relates to agency costs, apprenticeship levy and class 1a NIER being in total £15k less than budget, with £108k relating to staff pay.

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	KPQ	Target
Our people: Right skills and capacity to deliver	Capacity to deliver - **Wellbeing**	Per KPI

AUDIT SCOTLAND

OVERVIEW Green

Resignations to Q1 2025/26

10

0

Q3 20/21, Q2 20/21, Q1 20/21, Q4 21/22, Q3 21/22, Q2 21/22, Q1 21/22, Q4 22/23, Q3 22/23, Q2 22/23, Q1 22/23, Q4 23/24, Q3 23/24, Q2 23/24, Q1 23/24, Q4 24/25, Q3 24/25, Q2 24/25, Q1 24/25, Q4 24/25, Q1 25/26

— WTE per month   — Average

OVERVIEW Amber

Sickness absence Average Sickness days by Business group

	Q1	Q2	Q3	Q4	YTD
ASG	1.8				1.8
PABV	1.45				1.45
I&Q	2.48				2.48
CSG	0.77				0.77
Average	1.55				1.55
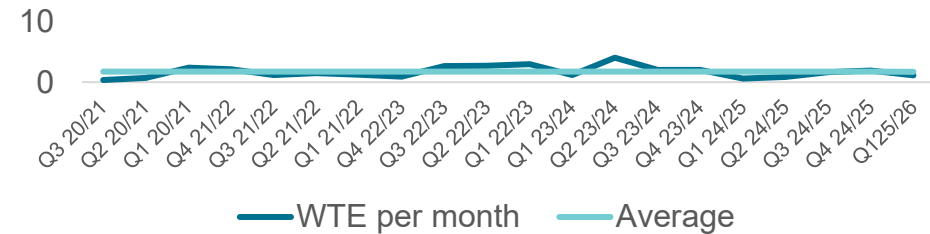
Year-to-date voluntary (resignation) was 1.11% for 2025/26. This compares to 0.57 in Q1 2024/25. The projected resignations for 2025/26 is approximately 5% compared to 5.04% in 2024/25.

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 to Q1 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 in Q1 was 1.55 days, compared to 1.97 in Q1 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.

The 2025/26 **breakdown by business group** is shown in the table.
Actions
At the May 2025 meeting, RemCo were concerned to see the increasing trend of sickness absence. Whilst it is still below external benchmarks, the rising trend may indicate a cause for concern for Audit Scotland. An update has been requested at the November 2025 RemCo meeting for discussion. In the meantime, line manager training on absence management is being rolled out and active promotion of our mental health advocate programme and other training available continues.

Objective	**KPQ**	**Target**
Our people: Right skills and capacity to deliver	Capacity to deliver - **Wellbeing**	Per KPI

AUDIT SCOTLAND

OVERVIEW Amber

% of colleagues with greater than 14 hours flexi

Q1 23/24   Q1 24/25

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

Q1 23/24   Q1 24/25

Flexi Balances

The percentage of colleagues with greater than 14 hours flexi accrued (staff members in credit) continues to trend downwards. In Q1 2023/24 the average across the Business groups was 30.98% - at Q1 2025/26 the average across business groups is 12.45%.

The percentage of colleagues with a negative flexi balance (staff members in debit) in excess of -7 hours reduced from 10.08 in Q1 23/24 to 8.59 in Q1 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 ⬇

19

OVERVIEW Green

Learning & Development:

In Q1 the pass rate for all exams is 98 percent, exceeding the target of 85%, and also exceeding the three-year average for 2022-2025 which was 89%. There were 52 exams sat with 51 passes.

In **Q1** :

- Work to develop the 25/26 L&D Plan underway.
- Number of training events - 182. Attendances – 1510.

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.
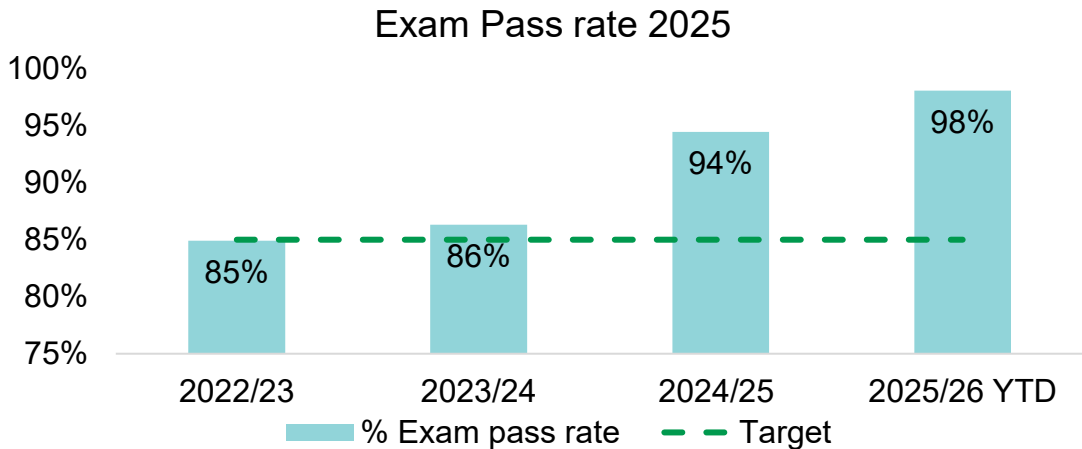
Mandatory training	Completed
Data Protection including GDPR	100%
Digital Services Cybersecurity Training (not available on LMS)	94%
Emotional Intelligence (ILT Report)	94%
Hybrid working DSE	97%
Freedom of Information	98%
Trust and Ethics (materials)	99%
Total Mandatory training	97%

Exam Pass rate 2025

	2022/23	2023/24	2024/25	2025/26 YTD
% Exam pass rate	85%	86%	94%	98%

Target: 85%

20

Objective	KPQ	Target	
Innovation driving audit transformation	Target per KPI	Prior year performance	**AUDIT SCOTLAND**

OVERVIEW **Amber**

Performance

In Q1

AMP update

The project was reporting as amber in Q1. The following activities were progressed:

- Members of the AMP project team visited the NAO in London in May 2025 to do a further deep dive of Apex and the content library. Colleagues were able to assess Apex for use for performance audit as well as get a better understanding of the NAO's methodology and, in particular how the risk assessment works within AMP. An assessment paper was presented to the AMP Board on 12 June 2025.

- The MoU with the NAO was signed on 24 June 2025 and this was a key milestone. The original plan was for this to have been signed by April. This has caused delays in our ability to review the underlying content library. The signing of the MoU opens up the door for the exchange of Apex documentation and supporting materials. This is a significant piece of work which will need to be prioritised over Q2 and Q3.

- The project continued to engage with SG procurement and legal advisors on the contractual arrangements for Apex. Work on the sourcing strategy, specification, and refinement of our process maps and software requirements were progressed in Q1.

- Further work to assess potential efficiencies and benefits was undertaken in Q1 to inform the Full Business Case. Our ability to assess potential efficiencies is currently limited due to the granularity of time recording data. A report from our external business analyst consultants was delivered to the AMP Board in Q1. This identified some further areas for efficiency/improvement, but it noted that our ability to identify potential leaner processes is limited by having a lack of data.

R&MI update

- An update went to the Strategic Improvement Portfolio board in June 2025

- In June 2025 the new Audit Scotland Implementation Team is in place with an initial in-person meeting scheduled for 19 June 2025

Objective	KPQ	Target
Innovation & Learning - Insights	Application of **insights** to decision making, audit delivery and organisational change	TBC

AUDIT SCOTLAND

OVERVIEW <mark>Green</mark>

During Q1 we made good progress with the following projects:

- Operational planning: Published Business Plan and Strategic Workforce Plan 2025-2028. Agreed with Operational Planning Group and ET: New approach to monitoring and reporting on business plan objectives and Operational planning process for 2026/27. Both now underway.
- Insights: Delivered annual impact monitoring and evaluation report to Leadership Group. Good progress with interim evaluation of Public Audit in Scotland.
- Strategic planning: Mid-term stock take of Corporate Plan underway.
- SIP: Developed organisational change workstream in line with SIP Board feedback.

We experienced challenges in the following areas:
- Progressing our work on organisational change; consultation with ET is ongoing. ET have agreed how to approach change leadership conversations with Leadership Group in July. Further SIP change workstream plans require to be discussed at SIP Board.

Q1 Financial performance report

Item 15.

Meeting date:
23 September 2025

Head of Finance

Purpose

1. This report presents the financial results for the three months to 30 June 2025.

Recommendation

2. The Board is invited to:

- Note the financial results for the three months to 30 June 2025.

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 June 2025						
	Actual YTD £'000s	**Budget YTD £'000s**	**Variance YTD £'000s**	**FY Forecast £'000s**	**FY Budget £'000s**	**Variance YTD £'000s**
Income	(6,301)	(6,820)	(520)	(25,650)	(24,841)	809
Pay	6,355	6,482	128	25,840	25,806	(34)
Non-pay	2,819	3,893	1,074	13,888	13,659	(229)
Capital Expenditure	155	150	(5)	200	200	0
Funded by Scottish Consolidated Fund	3,028	3,705	677	14,278	14,823	545

4. At the end of June 2025 Audit Scotland's total expenditure funded by the Scottish Consolidated Fund is £3,028k which is £677k (18.3%) less than budget.

5. Net operating expenditure of £2,873k was £682k (19.2%) less than budget.

6. The capital expenditure year to date of £155k relates entirely to the laptop replacement programme.

7. The forecast is based on current high-level assumptions incorporating known commitments. Further work will be undertaken with budget holders to update the forecast for the quarter two report.

8. Year to date variance analysis is provided in the main body of this report.

Income

9. Income recognition year to date of £6,301k is £520k (7.6%) less than budget.

10. In-house audit income £246k (7.9%) more than budget broken down as follows:

- Unbudgeted prior audit year income of £62k recognised for the completion of 2023/24 audits in local government and further education.

- Chargeable 2024/25 audit fee income is £184k (5.9%) more than budget. Local government (£106k), health (£51k), central government (£16k) and further education (£11k) more than budget. This reflects an improvement on the prior year and supports the recovery plan ambitions.

- Non-chargeable audit work was £29k (3.7%) less than budget leading to an overall position of £218k more than budget for in-house audit delivery in financial year 2025/26.

11. Income recognition for the firms is based on work in progress returns provided by them and is £789k (27.3%) less than budget due to:

- Unbudgeted prior year audit income of £402k recognised for completion of 2022/23 audits in further education (£5k) and 2023/24 audits in local government (£390k), central government (£5k) and further education (£2k).

- Fee income recognition for 2024/25 audits is £1,191k (41.3%) less than budget: local government (£795k), health (£282k), central government (£62k), water (£46k) and colleges (£6k) less than budget.

- Non-chargeable audit work more than budget for 2023/24 audit work (£13k) and less than budget for 2024/25 audit work (£40k) with the net position year to date in the sector being £28k (17.2%) less than budget.

- Firms overall position in the financial year is £817k (26.8%) less than budget.

12. The balancing favourable variance of £23k is due to unbudgeted secondment income (£21k) and improved bank interest on deposit balances (£2k).

Pay expenditure

13. Expenditure on pay, pensions and agency costs of £6,355k is £128k (2.0%) less than budget.

14. There is a year-to-date underspend of £116k on staff pay with the average vacancy level for the year being 13.1 whole time equivalents (3.7%) less than establishment. The budget includes a vacancy factor of 5% on the main operational business groups and while the current level is below this target the underspend is attributable to savings generated in employer national insurance due to salary sacrifice schemes, staff mix savings (vacancies in higher grades with increased numbers in lower grades) and colleagues opting out of the pension scheme.

15. There is also a variance associated with agency staff expenditure of £11k (25.4%) less than budget. This expenditure solely relates to the R&MI project. Future agency expenditure will arise on the audit modernisation project and for posts within ASG and PABV. This expenditure will be met from staff cost savings and the budget allocated for the audit modernisation project.

Non-pay expenditure

16. Non-pay expenditure includes the payments to firms under the audit appointments contract and other operating expenditure. Year to date expenditure of £2,819k is £1,074k (27.6%) less than budget.

17. The main variances appear in Firms payments, professional services, IT, property, training, recruitment and travel & subsistence.

18. Firms' payments £895k (31.3%) less than budget. This is due to firms work in progress being behind plan in most sectors (except colleges) as well as some firms delaying initial fee claim submissions which means we are not able to set up standing orders for them.

19. Professional services £75k (67.0%) less than budget mainly due to the timing of expenditure in PABV, ASG and Digital Services business groups. Timing of expenditure in this subjective heading is unpredictable in nature and the budget is used for additional professional support required on performance work (e.g. firms input to section 22), additional external expertise for audit assurance (e.g. surveyor for fixed asset valuations, pension advice) and ISO accreditation. Budget holder meetings will take place as part of the forecast exercise to establish expenditure plans to enable budgets to be phased in line with future expenditure plans.

20. IT expenditure £80k (12.6%) more than budget due to requirement for additional upfront investment in cyber security support, increase in IT support expenditure and increase in software licenses costs. The budget phasing will be reviewed in quarter two to accurately reflect the timing of this expenditure.

21. Property expenditure £66k (21.6%) less than budget mainly due to reduced service charges, rates, electricity and cleaning costs. The reduction in services charges and rates relate to the receipt of refunds following the work undertaken to reduce the floor space of the Edinburgh office. This means there will be a budget underspend in 2025/26 to account for these adjustments.

22. Training £27k (27.6%) and **recruitment** £32k (78.0%) expenditure less than budget mainly due to the timing of expenditure.

23. Travel & subsistence expenditure £22k (20.2%) less than budget mainly due to savings generated on the car lease scheme as well as lower staff travel expenses.

Contingency and future financial risks

24. 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.

25. 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.

- Onboarding of the new HoF and budget delivery timelines.

Capital expenditure

26. 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.

Virement

27. There were no instances of budget virements to 30 June.

Financial Position

Fee income – **In-house** chargeable audit work in total is £246k more than budget with prior year fees of £62k and position in all chargeable sectors being ahead of plan (£184k).

Firms income £789k less than budget with £402k relating to recognition of prior year audit work and position in most chargeable sectors (except FE) for 24/25 audits being behind (£1.191m).

Other income – bank interest income £2k more than budget and £21k relating to secondment recharge.

Pay – Favourable pay variance relates to agency costs, apprenticeship levy and class 1a NIER being in total £15k less than budget with the balance of £108k relating to staff pay. The average w.t.e. position at the end of June was 3.9 w.t.e more than funded establishment.

Non-pay - underspends in firms' costs (£895k), property (£66k), T&S (£22k), legal & professional (£75k), training (£26k), recruitment (£32k), printing & office (£6k), dep'n (£19k) and other (£12k). IT costs overspend (£80k) largely explained by a purchase of a critical security enhancement to an existing service (£50k).

Capital – all costs relating to laptop replacement programme.

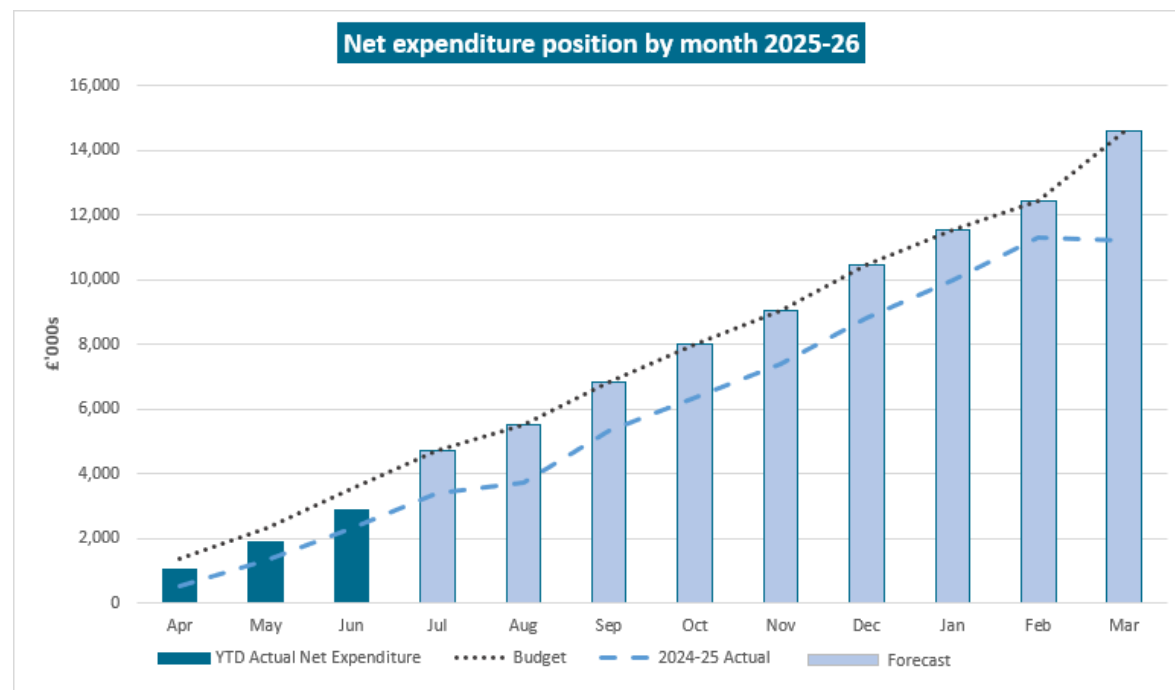**Cash flow** - bank balance £2,628k, outstanding debt £3.33m with £147k overdue by 3 months or more.

Forecast - based on discussions with budget holders and identified potential budget pressures.

Financial Position as at end of June 2025

	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s	FY Forecast £'000s	FY Budget £'000s	Variance YTD £'000s
Income	(6,301)	(6,820)	(520)	(25,461)	(24,841)	620
Pay	6,355	6,482	128	25,840	25,806	(34)
Non-pay	2,819	3,893	1,074	13,888	13,659	(229)
Capital Expenditure	155	150	(5)	200	200	0
Funded by Scottish Consolidated Fund	3,028	3,705	677	14,467	14,823	356

Management Contingency £'000s

Total Funding	250
Spend year to date	0
Balance	250

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).
- Onboarding of new HoF and budget delivery timelines.
- Future public sector audit model/procurement.

Net expenditure position by month 2025-26

Legend: YTD Actual Net Expenditure · Budget · 2024-25 Actual · Forecast

Summary Balance Sheet £'000s

	31/03/2025	30/06/2025
Total Non Current Assets	5,697	5,639
Total Current Assets	5,727	10,198
Total Current Liabilities	(7,055)	(11,356)
Total Non Current Liabilities	(7,112)	(7,028)
Assets Less Liabilities	**(2,743)**	**(2,547)**
Taxpayers Equity	**2,743**	**2,547**

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

Current assets – increase in both debtors (following 2nd instalment of 24/25 fees issued in June) and cash balance from 31 March 2025.

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

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

Summary Cash Flow £'000s

Net cash outflow from operating activities	(10,321)
Cashflows from investing activities	155
Drawdown from Consolidated Funds	4,000
Obligations under leases	(55)
Net (decrease) in cash/cash equivalents	(6,221)
Net Cash requirement	**10,221**

- Draw down from Scottish Consolidated Fund of £4.0 million.
- Net decrease in cash / cash equivalents of £6.2 million from 31 March 2025.
- Final instalment of 23/24 audit fee invoices issued in September 24 with outstanding aged debt of £0.112 million on 30 June 2025 relating to one LG body.
- Second instalment of 24/25 audit fees issued with debt outstanding of £3.217 million at 30 June 2025.

Capital Expenditure £'000s

Total Funding	**200**
Laptop replacement programme	144
Laptop replacement programme (for AC)	11
Balance	**45**

- Purchase of 130 new laptops in April and further 12 in June for the members of the Accounts Commission

YTD financial position for each business group

The financial position for each business group is detailed here.

- **Overall** - at the end of June the revenue position was £682k less than budget. At this stage of the financial year the forecast is that the final outturn will be £356k underspend.

- **Audit Services Group** - chargeable audit work in total is £246k more than budget. This variance is achieved by 23/24 (£62k) and 24/25 (£184k) audits delivering more than budget. Pay variance due to average w.t.e. being 6.4 (3.6%) above funded establishment with the price savings generated by savings in employer ni, pension and staff mix. Non-pay £29k less than budget mainly due to underspend on T&S and professional services.

- **Performance Audit and Best Value** - unbudgeted income from secondment, pay costs £59k less than budget with the average w.t.e. 3.1 (4.7%) below funded establishment and underspend professional services budget as well as travel and subsistence.

- **Innovation and Quality** - pay costs £7k more than budget due to average w.t.e. 0.8 (3.2%) above funded establishment and underspent agency cost budget.

- **Audit Quality and Appointments** - £4k underspend in pay costs due to staff mix (temporary posts) savings to core establishment.

- **Corporate Services Group and Corporate Costs** – income £2k more than budget due to more bank interest earned in the period. Pay less than budget (£35k) due to staff mix and employer ni savings due to salary sacrifice schemes. Non-pay £88k less than budget with the most significant variances in property, professional services, recruitment and depreciation.

- **Approved Auditors** – audit work behind plan in most sectors which affects both income recognition as well as expenditure with some firms also delay submitting their fee claims.

- **Accounts Commission and Support** - £6k underspend relates to travel and subsistence.

- **Board, AGS and Exec Team** – underspend on 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	(3,377)	(3,131)	246	(12,941)	(13,002)	(61)
	Pay	3,044	3,081	37	12,225	12,218	(6)
	Non-pay	115	145	29	753	738	(15)
	Total	**(218)**	**94**	**312**	**37**	**(45)**	**(82)**
Performance Audit and Best Value 57	Income	(21)	0	21	94	0	(94)
	Pay	1,263	1,322	59	5,208	5,290	82
	Non-pay	3	34	30	145	145	0
	Total	**1,245**	**1,356**	**110**	**5,447**	**5,435**	**(12)**
Innovation and Quality 46 & 47	Income	0	0	0	0	0	0
	Pay	603	596	(7)	2,415	2,273	(142)
	Non-pay	80	104	23	1,039	1,155	116
	Total	**684**	**699**	**16**	**3,454**	**3,429**	**(26)**
Audit Quality and Appointments 69	Income	0	0	0	0	0	0
	Pay	91	95	4	383	381	(3)
	Non-pay	3	3	(1)	149	148	(2)
	Total	**94**	**98**	**4**	**533**	**528**	**(4)**
Corporate Services Group and Corporate costs 00, 61..68, 71..78	Income	(807)	(805)	2	(3,410)	(3,381)	29
	Pay	937	971	35	3,941	3,973	32
	Non-pay	652	740	88	2,939	3,373	434
	Total	**782**	**906**	**125**	**3,470**	**3,965**	**495**
Approved Auditors 35	Income	(2,096)	(2,885)	(789)	(9,205)	(8,459)	746
	Pay	0	0	0	0	0	0
	Non-pay	1,962	2,857	895	8,798	8,034	(764)
	Total	**(133)**	**(28)**	**105**	**(407)**	**(425)**	**(18)**
Accounts Commission and Support 20 & 23	Income	0	0	0	0	0	0
	Pay	150	151	1	599	602	3
	Non-pay	2	8	6	38	38	0
	Total	**152**	**158**	**7**	**637**	**640**	**3**
Board, AGS and Exec Team 21..22, 26	Income	0	0	0	0	0	0
	Pay	267	267	(0)	1,069	1,068	(1)
	Non-pay	1	4	2	28	28	0
	Total	**269**	**271**	**2**	**1,096**	**1,096**	**(0)**
Funded by Scottish Consolidated Fund		**2,873**	**3,555**	**682**	**14,267**	**14,623**	**356**

2026 Proposed Committee meeting schedule

Item 16.

Meeting date:
23 September 2025

Chief Operating Officer

Purpose

1. This report details the proposed meeting schedule for the Audit Scotland Board and Committees in 2026.

Recommendations

2. The Board is invited to:

- Approve the proposed meeting dates for 2026.

Background

2. We have reviewed the content, timing and profile of Board and Committee work from previous years to inform the schedule for the year to come. In doing so we have also considered key dates and actions, for example the timing of meetings to take account of:

- The budget submission.

- The annual assurances process.

- The annual report and accounts. Please note the SCPA session to present our report and accounts may be after summer recess due to the election period and formation of parliamentary committees.

- Review dates for strategies, plans, policies and procedures.

- Performance reporting.

- Meetings of Parliamentary committees and the Accounts Commission.

Considerations

3. The proposed schedule of meeting dates is attached at Appendix 1 and a schedule of indicative Board items is attached at Appendix 2.

4. As the board is aware, there is an ongoing review on the efficiency of papers being considered at Audit Committee which also requires consideration at Board level. This will be reported back at the November Board meeting.

5. There is one Audit Committee and one Board meeting proposed to take place in the Glasgow office.

6. The Standing Orders provide for any additional meetings to be called should they be required.

Appendix 1

Proposed meeting schedule 2026

Audit Committee	Human Resources and Remuneration Committee	Board
		Thursday 29 January 2026
Thursday 5 March 2026	Thursday 5 March 2026	Tuesday 31 March 2026 *
Tuesday 5 May 2026	Tuesday 5 May 2026	Tuesday 26 May 2026
Tuesday 9 June 2026		Tuesday 9 June 2026
Thursday 3 September 2026		Thursday 24 September 2026
Thursday 12 November 2026*	Thursday 12 November 2026*	Thursday 26 November 2026

* To be held in the Glasgow office

Appendix 2

Indicative Work Programme 2026 – Audit Scotland Board

January 2026	March 2026	May 2026	June 2026	September 2026	November 2026
Agenda items include: • Standing items • SCPA report on budget submission • SIP update	Agenda items include: • Standing items • SIP update • Q3 performance reporting • Annual report and accounts timeline and outline plan • Operational Planning	Agenda items include: • Standing items • Draft Annual report and accounts • Review of information, governance and security policies • Stakeholder Engagement Surveys • Best Companies • Draft Quality & Public Audit in Scotland Annual Report • Draft Transparency Report • Information Security Management Policy • Annual Procurement Report	Agenda items include: • Standing items • Q4 performance reporting • Annual report and accounts • Annual reporting • Governance and assurance reporting • SIP update	Agenda items include: • Standing items • SIP update • Q1 performance reporting • Audit Scotland's draft budget submission • 2026 meeting schedule • Review of policies • Review Scheme of delegation/Financial regulations/Code of Conduct Members/Staff Standing orders • PAIS Review • Impact Report	Agenda items include: • Standing items • Q2 performance reporting • Audit Scotland's budget submission • Audit Quality Interim report • Audit Quality Update Report • PWF Review • Climate Change Annual Report and Five-Year Plan

Annual review of Corporate Governance documents

Item 17.

Meeting date:
23 September 2025

Head of Performance and Corporate Governance

Purpose

1. This report provides for the Board the:

- Audit Scotland Standing Orders,

- The Audit Scotland Financial Regulations,

- The Audit Scotland Scheme of Delegation,

- The Audit Scotland Code of Conduct of Members, and

- The Audit Scotland Code of Conduct for Staff

Recommendations

2. The Board is invited to:

- Consider the appended draft corporate governance documents.

- Note they were reviewed on 2 September 2025 by the Audit Committee, which agreed to recommend the draft corporate governance documents to the Board subject to further review of the proposed revision to the Standing Orders.

- Note that further revision of the Standing Orders has been undertaken.

- Approve the suite of corporate governance documents.

Background

3. Audit Scotland's Standing Orders (para 56) state that the Audit Committee is to keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.

4. The Standing Orders, Financial Regulations, Scheme of Delegation and Codes of Conduct for members and staff were updated as part of the normal annual cycle in 2024, with the Audit Committee at its meeting on 3 September 2024 agreeing to recommend each to the Audit Scotland

Board. The Board approved the revised documents on 24 September 2024.

5. Undertaking the annual review of the set of appended corporate governance documents provides the opportunity to review the organisation's decision-making arrangements in a structured and consistent manner and demonstrates that the decision making and related arrangements of the organisation are kept under regular review and are reviewed in the context of the functioning of the whole decision-making process.

6. Undertaking an annual review of these documents is a key aspect of organisational governance.

7. There are no direct financial implications from the annual review of the governance documents beyond the officer time in conducting the review.

Considerations

8. Proposed amendments are set out by track changes in the appended corporate governance documents, and substantive amendments noted below:

8.1. **Audit Scotland Standing Orders**

8.1.1. Addition of paragraph within 'Conduct of Business' section setting out correspondence process for decisions being taken outside of scheduled meetings, noting the process for agreement for an item to be taken by correspondence (aligned to the requirement for a quorum for decisions in meetings), requirement for notice of a decision taken by correspondence on the agenda for the next scheduled meeting and for the terms of the decision taken to be appropriately recorded in the minutes of that meeting, and for retention of interactions during decision making process;

8.2. **Audit Scotland Financial Regulations**

8.2.1. Amendment to paragraph 46 within 'Tendering procedures' to accord with the detailed provisions set out in the Procurement Handbook.

8.3. **Audit Scotland Scheme of Delegation**

8.3.1. Addition of 'approval of procurement strategy' as a reservation to the Board.

8.3.2. Recognition of correspondence process for decision making within section on decision making in exceptional circumstances.

8.4. **Audit Scotland Code of Conduct of Members**

8.4.1. Minor amendments proposed to update terminology and to provide a link to Scottish Government website.

8.5. **Audit Scotland Code of Conduct for Staff**

8.5.1. Minor amendments proposed to update terminology and to provide a link to Staff Handbook for the Fit and Proper Self-Assessment Form.

9. Undertaking an annual review process is a core part of demonstrating that the organisation's decision-making structure is fit for purpose. Undertaking an annual review does not, however, restrict consideration of changes or the making of amendments outside of that annual cycle, for example where an internal or external change requires consideration to be given to arrangements.

10. Work is ongoing, and scheduled to report to the Executive Team in September 2025, on processes to ensure that items of business which are considered in detail by a committee are reported to the Board in a way which facilitates required discussion, but also makes appropriate use of resources and time available to the Board, and also on allocation of business between Board, committees and Executive Team to minimise repetition. Where that work leads to changes to the remits of committees, or requires amendments to the Board's Standing Orders, such changes can be taken forward outwith the annual review cycle.

Conclusion

11. This report provides corporate governance documents for review by the Board. The Board has the remit to keep under review the Standing Orders, Financial Regulations and Scheme of Delegation.

Standing Orders

Contents

Accessibility

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

Standing Orders

Introduction

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

Constitution

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

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

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

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

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

Field Code Changed

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

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

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

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

Chair

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

Meetings

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

13. In exceptional circumstances, for example, where office locations are closed and all employees are required to work from home, meetings will take place by MS Teams. To ensure digital security during this time, these meetings may not be open to the public.

Agenda and Papers

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

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

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

Conduct of Business

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

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

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

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

21. Where the Auditor General and/or the Chair of the Accounts Commission consents to a meeting proceeding in their absence, they shall, within five working days of the date of the meeting, be provided with a copy of the draft minutes of the meeting produced pursuant to paragraph 24.

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

23. The Board Chair may in agreement with the Auditor General and the Chair of the Accounts Commission agree to items of business being conducted via correspondence. Where an item of business is to be conducted via correspondence:

• All Board members will be asked to submit in writing their position on the item of business;

• Where two or more members of the Board state opposition, the item of business being considered via correspondence shall be placed on the agenda for the next meeting of the Board;

• A record of interactions will be maintained and where a decision is taken by correspondence this shall be noted on the agenda for the next scheduled meeting with the substantive decision appropriately recorded in the minute.

Minutes

~~22.~~ **24.** Minutes of every meeting of the Board will be drawn up and will be approved at the following meeting.

Directions

~~23.~~ **25.** Section 10(4) of The Public Finance and Accountability (Scotland) Act 2000 ("the Act") provides that:-

~~24.~~ **26.** 'Directions may be given to Audit Scotland—

~~25.~~ **27.** by the Auditor General, for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to the Auditor General,

~~26.~~ **28.** by the Accounts Commission, for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to the Commission.'

~~27.~~ **29.** Section 27(4) of the Act provides that:

~~28.~~ **30.** 'Directions under sections 10(4) and 19(4) and paragraph 6 of schedule 3 are to be given in writing and may be varied or revoked by subsequent directions under the same provision.'

~~29.~~ **31.** In accordance with the provisions of sections 10(4) and 27(4) of the Act any directions given by the Auditor General or the Accounts Commission to Audit Scotland must be given in writing.

~~30.~~ **32.** Following receipt of any direction given by the Auditor General or the Accounts Commission, Audit Scotland will hold a board meeting to consider the direction with regard to its own response.

Vacancy

~~31.~~ **33.** The proceedings of the Board will not be invalidated by any vacancy in membership or by any defect in the appointment of any person.

Code of Conduct

~~32.~~ **34.** Each member will abide by the Code of Conduct for Members of the Audit Scotland Board current at any time.

Committees

~~33.~~ **35.** The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.

~~34.~~ **36.** The Board will establish an Audit Committee with the terms of reference contained in Appendix 1.

~~35.~~ **37.** The Board will establish a Remuneration & Human Resources Committee with the terms of reference contained in Appendix 2.

~~36.~~ **38.** The Board will establish an Appeals Committee with the terms of reference contained in Appendix 3.

~~37.~~ **39.** Any committee will operate within the terms of remit and any delegation made to it by the Board.

Deeds and Documents

~~38.~~ **40.** Any deed or document requiring formal execution by Audit Scotland will be signed for and on behalf of Audit Scotland by the Chair of the Accounts Commission or the Auditor General for Scotland and the Chief Operating Officer.

Advisers and Committee Co-optees

~~39.~~ **41.** The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. The co-option appointment procedure is contained in Appendix 4.

~~40.~~ **42.** Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

Openness and Transparency

~~41.~~ **43.** The Board meet in public where possible. Agenda, minutes and papers to be considered will be published on the Audit Scotland website. Meetings may be conducted by video conference. In these instances, meetings may not be held publicly, though in the interests of inclusivity and upholding our commitment to transparency agendas, minutes, reports and recordings of meetings will be published online.

Board Effectiveness

~~42.~~ 44.   The Board will conduct a self-evaluation of its effectiveness on an annual basis.

Application of Standing Orders

~~43.~~ 45.   These Standing Orders will apply to meetings of committees of the Board subject to any due modification of details.

Alteration

~~44.~~ 46.   These Standing Orders may be altered by the Board provided that the alteration is approved by a majority of the members of the Board.

Appendix 1: Audit Committee remit

~~45.~~ 47.   The Audit Committee will consist of members of the Board. The Board may appoint persons who are not members of the Board to be members of or advisers to the Audit Committee and may pay them such remuneration and expenses as the Board decides. The Chair of the Board and the Accountable Officer may not be members of the Audit Committee but may attend meetings.

~~46.~~ 48.   The purposes of the Audit Committee are detailed in the Audit Committee terms of reference. The key points are:

Internal Control and Corporate Governance

~~47.~~ 49.   To evaluate the framework of internal control, strategic processes for risk and corporate governance comprising the following components:

- Control Environment.

- Risk Management.

- Information and Communication.

- Control Procedures.

- Monitoring and Corrective Action.

- Audit quality monitoring and arrangements.

~~48.~~ 50.   To review the system of internal financial control, which includes:

- The safeguarding of assets against unauthorised use and disposal.

- The maintenance of proper accounting policies and records and the reliability of financial information used within the organisation or for publication.

- To ensure that Audit Scotland's activities are within the law and regulations governing them.

- To monitor performance and best value by reviewing the economy, efficiency and effectiveness of operations.

- To present an annual statement of assurance to the Board to support the Accountable Officer's governance statement.

Internal Audit

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

- To review and approve the internal audit strategic and annual plans.

- To monitor audit progress and review audit reports.

- To monitor the management action taken in response to the audit recommendations through an appropriate follow up mechanism.

- To consider internal audit's annual report and assurance statement.

- To review the operational effectiveness of internal audit by considering the audit standards, resources, staffing, technical competency and performance measures.

- To ensure that there is direct contact between the Audit Committee and internal audit and that the opportunity is given for discussions with internal audit who should attend every meeting of the Committee.

External Audit

~~49.~~ **51.** To consider all audit material, in particular:

- Audit Reports.

- Annual Reports.

- Management Letters.

- Management Reports.

~~50.~~ **52.** To monitor management action taken in response to all external audit recommendations.

~~51.~~ **53.** To hold meetings with the external auditors at least once per year and, as required, without the presence of senior management.

~~52.~~ **54.** To review the extent of co-operation between external and internal audit.

~~53.~~ **55.** The external auditor will be appointed by the Scottish Commission for Public Audit under Section 25 of the 2000 Act. The external auditor will examine and certify the account and report on the account to the Commission. The Commission must lay before the

Parliament a copy of the account and the auditor's report and publish the account and that report.

Annual Accounts

~~54.~~ 56.   To review and recommend approval of the Annual Accounts.

Standing Orders, Financial Regulations and Scheme of Delegation

~~55.~~ 57.   To keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.

Other duties

~~56.~~ 58.   The Audit Committee may take on other duties as determined by the Audit Scotland Board.

Appendix 2: Remuneration & Human Resources Committee remit

~~57.~~ **59.**　　The Remuneration & Human Resources Committee (Remco) will consist of members of the Board. The Accountable Officer became a formal member of Remco during 2021. The Board may appoint persons who are not members of the Board to be members of or advisers to the Remuneration & Human Resources Committee and may pay them such remuneration and expenses as the Board decided.

~~58.~~ **60.**　　The purposes are detailed in the Remuneration & Human Resources Committee terms of reference.

Remuneration & Human Resources Committee responsibilities

~~59.~~ **61.**　　In relation to members of Audit Scotland's Executive Team[1], are to:

- Review and approve all terms & conditions of employment, including job descriptions, all pay and benefit reward elements associated with each post.

- Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.

  Set and review the overall reward structure, including the value of pay ranges and general annual pay award strategy.

- Assure itself that effective arrangements are followed for performance assessments in respect of Audit Scotland's Executive

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

Team, including any changes to pay and benefits arising from the assessment of performance during the review period.

- Review talent management and succession planning arrangements.

- Approve remuneration packages for newly appointed members of the Executive Team

- Recommend appointments and changes affecting Executive Team to the Board.

- Decide on applications for early retirement.

- Determine compensation payments for loss of office.

- Agree, oversee and review the operation of expenses policy.

- Review the expense claims of the Accountable Officer on an annual basis.

60. 62.   In relation to other staff employed by Audit Scotland, are to:

- Determine the remuneration policy governing all terms and conditions of employment, including pay, benefits, retirement policy and other policies relating to compensation for loss of office.

- Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.

- Approve the parameters for the annual pay award cycle.

- Review, not less than annually, the application of remuneration policy.

- Assure itself about any issues relating to the overall performance of employees.

Other duties

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

Appendix 3: Appeals Committee remit

62. 64.   The Appeals Committee will consist of at least two members of the Board.

63. 65.   The purpose of the Appeals Committee is:

- To consider and dispose of any matters requiring independent deliberation which may be referred to it by the Board.

- To hear and dispose of appeals by members of the Executive Team under the Audit Scotland disciplinary and grievance procedures.

Appendix 4: Co-option procedure

Introduction

~~64.~~ 66.   Audit Scotland's standing orders state that:

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

- The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

Reasons for co-option

~~65.~~ 67.   There may be times when specialist expertise is required which the Board may be unable to fulfil, or when the current or future balance of skills available to the Board's committees may need strengthened.

~~66.~~ 68.   The Board should discuss and agree the specification of skills and experience being sought through co-option.

Nominations process

~~67.~~ 69.   the Board agrees to co-opt to its committees to fulfil requirements identified under 60 above, an advertisement seeking expressions of interest will be place on Audit Scotland's website.

Application process

~~68.~~ 70.   Applicants for co-option should provide a written statement of their relevant skills and a CV.

~~69.~~ 71.   Following a shortlisting process, applicants will be interviewed by the Chair of the Board and the Chair of the relevant committee, plus one other member of the Board.

~~70.~~ 72.   Candidates and interviewers must declare any relationships or potential conflicts of interest to the Chair.

~~71.~~ 73. The Board should approve the final recommendation from the Chair.

Term of Office

~~72.~~ 74. Co-option is intended to provide specific skills for a fixed term as determined by the Board.

~~73.~~ 75. There is potential for renewal, subject to the approval of the Board.

Remuneration

~~74.~~ 76. Remuneration, where applicable, will be determined by the Board and will be no greater than the rate set by the SCPA for Board members.

Conduct of co-opted members

~~75.~~ 77. Co-opted members will be required to follow the Audit Scotland Code of Conduct for Board members, and the associated disclosure requirements, and their appointment may be terminated by the Chair, subject to the approval of the Board.

Engagement with Scottish Commission for Public Audit

~~76.~~ 78. The Board will write to the Scottish Commission for Public Audit in advance of the co-option of members to a Committee, setting out:

   ~~76.1.~~78.1. the reason for co-opting

   ~~76.2.~~78.2. the process by which any appointments will be made.

Version control

Description	Actioned by	Date
Annual review in advance of Executive Team	Head of Performance & Corporate Governance	08/08/2025

Standing Orders

AUDIT SCOTLAND

AS.5.0

Financial Regulations

Contents

Accessibility

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

Financial regulations

Introduction

1. Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000. It came into existence on 1 April 2000 under the Public Finance and Accountability (Scotland) Act 2000 (Commencement) Order 2000 (SSI 2000 Number 10(c.1)).

2. The Board of Audit Scotland consists of the Auditor General for Scotland (AGS), the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit, one of which will be appointed as Chair.

3. Audit Scotland's function is to provide such assistance and support as the AGS and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. The Accounts Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.

4. Directions may be given to Audit Scotland by:

4.1. The Auditor General, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Auditor General,

4.2. The Accounts Commission, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Accounts Commission

5. Audit Scotland may impose reasonable charges in respect of the exercise of its functions. In determining the amounts of the charges Audit Scotland must seek to ensure that the total sum received in respect of the charges is, taking one year with another, broadly equivalent to its expenditure. Any expenditure not met out of sums received is payable out of the Consolidated Fund.

6. The Scottish Commission for Public Audit (SCPA), established under section 12 of the Public Finance and Accountability (Scotland) Act 2000, has the duty to designate an accountable officer for Audit Scotland. The SCPA has designated the Auditor General as the Accountable Officer. The responsibilities of the Accountable Officer are set out in section 18 of the 2000 Act. They are:

6.1. signing the accounts of the expenditure and receipts of Audit Scotland;

6.2. ensuring the propriety and regularity of the finances of Audit Scotland; and

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

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

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

Definitions and interpretation

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

9.1. "the 2000 Act" means the Public Finance and Accountability (Scotland) Act 2000

9.2. "the 1973 Act" means the Local Government (Scotland) Act 1973

9.3. "the Board" means the members of Audit Scotland acting together to discharge the functions of Audit Scotland

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

Corporate Plan

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

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

Budget

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

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

14. Estimates of expenditure and income will be submitted as budget proposals to the Board for approval prior to the submission to the SCPA. Provided the SCPA report has been submitted to and approved by Parliament, a final version of the budget will be submitted to the Board not later than 31 March in the year preceding the financial year to which it relates.

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

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

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

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

Budgetary control and reporting

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

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

20.1. Regular financial reports as prescribed above containing -

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

20.1.2. explanations of any material variations

      20.1.3. details of any corrective action necessary

      20.1.4. virement

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

    20.3. Arrangements for the authorisation of virement.

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

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

Accounting

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

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

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

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

Bank accounts

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

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

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

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

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

> **30.2.** The limit to be applied to any overdraft.

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

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

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

Credit Cards

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

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

Income

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

36. All monies received will be banked promptly.

37. Arrangements will be made for appropriate recovery action on all outstanding debts.

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

Investments and borrowings

39. No borrowing or investments will be made without the expressed agreement of the Board. In exceptional circumstances the Accountable Officer may consult with the Chair of the Board and agree a short term

borrowing strategy, but this must be reported to, and ratified by the full Board at the earliest opportunity.

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

41. Any long term borrowing must be consistent with policies decided by the Board.

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

Insurance

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

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

Tendering procedures

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

46. No contract for the supply of goods and materials, the provision of services or for the execution of works will be made where the probable cost, over the contract period, exceeds £50,000 unless a formal procurement process as described in the Procurement Handbook is undertaken, including where required that tenders have been invited by advertisement on Public Contracts Scotland, the Scottish Government procurement system.

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

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

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

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

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

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

53. The appointment of auditors under section 97(6) of the 1973 Act and section 21(3) of the 2000 Act will be recommended to the Accounts Commission and the Auditor General for Scotland respectively at such intervals as they require. With the exception of the interval between awards (see paras 42-44), the procedure relating to these contracts should follow the procedure set out in these Regulations.

Payment of accounts

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

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

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

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

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

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

57. When an order has been placed using the electronic purchase ordering (EPO) system, this process incorporates authorisation of the

payment prior to an order being placed. In these circumstances the authoriser will be advised of the cost of the goods or services, or an estimate if a firm cost is not available, at the time they receive the EPO. Authorisers are required to satisfy themselves that the cost displayed is reasonable and represents value for money, before they electronically sign the order. Once an EPO is signed the system will not allow any changes to the order by the authoriser or the originator.

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

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

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

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

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

Audit

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

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

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

66. The external and internal auditor are entitled to:

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

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

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

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

66.5. direct access to the Chair of the Audit Committee.

Security and Fraud Prevention

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

67.1. Prevention of fraud and irregularity.

67.2. IT security.

67.3. Security of assets.

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

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

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

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

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

Salaries, wages and pensions

73. Arrangements will be made for the payment of all salaries, wages, pensions, compensation and other emoluments due to all employees or former employees of Audit Scotland or the Accounts Commission, the

Auditor General for Scotland, appropriate members of the Board and to members of the Accounts Commission.

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

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

75.1. appointments, resignations, dismissals, suspensions, secondments and transfers;

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

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

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

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

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

77. Pension payments are paid to former staff through the appropriate pension agency. Audit Scotland's role is to make the required deductions from salary and to provide the information which is required from time to time by the pension supplier to allow them to maintain their records, provide information about pensions and make payments.

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

Travelling, subsistence, expenses and other allowances

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

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

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

Observance of Financial Regulations

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

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

Variation of Financial Regulations

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

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

Version control

Description	Actioned by	Date
Annual review in advance of Executive Team	Head of Performance & Corporate Governance	08/08/2025

Financial Regulations

AUDIT SCOTLAND

Scheme of Delegation

Contents

Accessibility

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

Scheme of Delegation

Introduction

1. The Board remains responsible for the exercise of all the functions of Audit Scotland. Regardless of the provisions of this Scheme of Delegation the Board may at any time determine any matter within the competence of Audit Scotland either at the Board's initiative or on the recommendation of an officer to whom the matter is delegated.

2. This Scheme sets out the matters reserved for determination by the Board. All powers which have not been retained as reserved to the Board or specifically delegated in this Scheme will be exercised by the Executive Team or their nominees.

3. The following areas are matters reserved for the Auditor General for Scotland and the Accounts Commission under the provisions of the Local Government (Scotland) Act 1973 and the Public Finance and Accountability (Scotland) Act 2000:

3.1. Appointment of auditors

3.2. Approval of audit work programme

Conditions of delegation

4. The delegations made in this Scheme are subject to the following conditions:

4.1. All delegated powers will be exercised in accordance with the relevant policies decided by the Board.

4.2. Before exercising any delegated function, all appropriate consultations will be undertaken and, in particular, decisions with financial or personnel consequences will be the subject of consultation with the Chief Operating Officer.

4.3. Delegated powers will not be exercised in a manner which is likely to be a cause for public concern.

Reservations to the Board

5. The following matters are reserved for determination by the Board:

5.1. Approval of the Corporate Plan.

5.2. Approval of annual estimates of expenditure and income.

5.3. Approvals of strategic policies relating to the governance of Audit Scotland are a matter for the Board. (Approval of operational policies of Audit Scotland are a matter for the Accountable Officer and the Executive Team / Leadership Group).

5.4. Approval of Standing Orders, Financial Regulations and Scheme of Delegation.

5.5. Approval of Annual Accounts and Annual Reports.

5.6. Approval of internal audit arrangements.

5.7. Approval of conditions of service affecting all employees.

6. Approval of specific matters referred to in the attached Schedule.

~~6.~~ **7.** Approval of procurement strategy

~~7.~~ **8.** Approvals can be remotely provided via DocuSign, an electronic signature system which allows for all parties to sign accounts remotely and securely. DocuSign is acceptable for laying accounts in Parliament and complies with all relevant legislative requirements.

~~8.~~ **9.** In exceptional circumstances where a decision of the Board is required and it is not possible to convene a meeting of the Board or for a decision to be taken utilising the correspondence process, a member of the Executive Team[1] in consultation with the Chair, or another Board member if the Chair is unavailable, may take the necessary decision and report the action taken to the next meeting of the Board.

Quorum for Executive Team

~~9.~~ **10.** The quorum for the Executive Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others.

~~9.1.~~**10.1.** In the event of a vacancy at Executive Team level, a member of staff at Audit Director level may attend Executive Team and will count towards the quorum.

~~9.2.~~**10.2.** In the event of a vacancy in the role of Chief Operating Officer a member of staff nominated by the Accountable Officer

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

and approved by the Board may take their place for the purposes of Executive Team quorum.

Making, revocation and variation

10. 11.   The matters reserved to the Board and delegated to officers of Audit Scotland are as detailed above and as shown in the Schedule.

11. 12.   This Scheme of Delegation may be varied or revoked by the Board.

Schedule

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

2.5	Changes to approved establishment below Executive Team	Executive Team	
2.6	Variation of conditions of service for members of the Executive Team	Board	
2.7	Variation of conditions of service for Audit Directors and all other staff	Executive Team	All staff have a right of appeal to the Remuneration & Human Resources Committee or the Board following discussion by the Remuneration & Human Resources Committee
2.8	Decisions on applications for early retirement: • Executive Team • All other employees	Board Executive Team	
3	**Financial matters**		
3.1	Approval of expenditure for which there is no provision in the overall budget.	Board	Financial Regulations 17
3.2	Approval of virement within agreed budget: • Virement between budget groups • Virement between budget heads • Virement between budget lines	Executive Team Relevant Executive Directors Budget Holders	Financial Regulations 18
3.3	Virement of salary budget over £250,000, cumulatively in one year	Board	Financial Regulations 18
3.4	Approval of Accounting Policies	Board	Financial Regulation 25
3.5	Approval for the issue of credit cards to members of staff and credit limit to be applied.	Accountable Officer and Chief Operating Officer	Financial Regulation 33 – 34

	(To be reported at next Executive Team meeting) Credit Card default limits: • Executive Team £1,500 • Other staff £1,000		See also Credit Card Procedures. Default amounts may be varied by Executive Team, Incident Management Team (IMT) for individuals on either a permanent or temporary basis.
3.6	Acceptance of tenders and placing of orders: • Above £250,000 • Between £100,000 and £250,000 • Up to £100,000 • Below £50,000	Board Accountable Officer and Chief Operating Officer Executive Team Budget Holders	Financial Regulations 49 Financial Regulations 53 (appointment of auditors) See also the Procurement Handbook
3.7	Acceptance of offers for disposal of assets	As for acceptance of tenders and placing of orders	
3.8	Approval of expenditure within agreed budget: • Any budget group • Specific budget group • Specific cost centre budget	Executive Team Relevant Executive Director Budget Holder	Financial Regulations 55
3.9	Payment of accounts other than to approved auditors: • Above £50,000 • Below £50,000	Executive Team Member of Executive Team or as delegated	Financial Regulations 54 – 59 Delegated signatories are approved by Executive Team and are responsible for the expenditure approved. As evidence a delegated purchasing authority letter will be issued. Those with delegated authority may request authority to be passed to members of their staff, but the limit of authority granted must be notified to Executive Team and Finance who

			will maintain a list of those approved.
3.10	Payment of accounts for orders placed using electronic purchase orders.	Member of Executive Team or as delegated	Electronic purchase orders are sent, via email, to be authorised. The process requires the authoriser to be selected from a list, maintained within the finance system, of signatories delegated to sign for the cost centre and for the value of goods or services being ordered. The signatories are the same as those delegated in the previous section.
3.11	Parameters for automatic payment of electronic purchase orders.	Executive Team	Financial Regulations 61 Where an invoice is received as the result of an order placed using the electronic purchase order system it can be processed by Finance for payment if: The order has been marked as received in the electronic purchase order system, The value shown on the invoice is within the parameters of +5% or -10% of the value authorised for that order. Any invoice where the value is outwith these parameters must be sent for an additional, manual, authorisation before payment can be made.

3.12	Certification of accounts for payment to approved auditors: • Interim invoices up to £50,000 and final invoices up to £10,000 • Interim invoices over £50,000 and final invoices over £10,000	A member of the Audit Quality and Appointments team Director, Audit Quality and Appointments or member of Executive Team	Financial Regulations 62
3.13	Miscellaneous expenditure (including travel & subsistence)	The Chief Operating Officer, Secretary to the Accounts Commission, senior managers & other line managers as appropriate. (Details available in Finance)	Financial Regulations 79 - 81 Delegation requires appropriate Executive Director approval and notification to Finance. The initial delegation is £2,000. Variations from this amount may be agreed by the Budget Holder and notified to the Executive Team and Finance who will maintain a list of those approved.

Budget Holders comprise: Executive Team members, and Corporate Services managers.

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

Version control

Description	Actioned by	Date
Annual review in advance of Executive Team	Head of Performance & Corporate Governance	08/08/2025

Version control

Scheme of Delegation

AS.5.0

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AS.5.0

Members' Code of Conduct

Contents

Accessibility

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

Guidance on the Code of Conduct

Introduction

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

- Independence, integrity and objectivity.

- Valuing people and ensuring equality and fairness.

- Effective communication.

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

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

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

5. You should familiarise yourself with the Scottish Government publications "~~On Board – a guide for board members of public bodies in Scotland~~On Board: A Guide for Members of Statutory Boards" published January 2023 and "Members of devolved public bodies: model code of conduct - revised edition December 2021". These publications will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

Key principles of the Code of Conduct

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

Duty

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

Selflessness

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

Integrity

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

Objectivity

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

Accountability and stewardship

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

Openness

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

Honesty

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

Leadership

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

Respect

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

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

General Conduct

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

Conduct

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

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

Relationships with Board Members, employees of Audit Scotland and others

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

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

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

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

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

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

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

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

Remuneration, allowances and expenses

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

Bribery and corruption

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

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

- give, receive or solicit a bribe (i.e. to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything

- show favour or disfavour to any person in the course of your work with Audit Scotland.

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

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

Gifts and hospitality

24. You must never ask or seek gifts or hospitality.

25. You must not accept any offer by way of a gift or hospitality which could give rise to a real or substantive personal gain or reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

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

- isolated gifts of a minor nature or token of modest intrinsic value offered on an infrequent basis, the value of which must not exceed £50

- normal hospitality associated with your duties, hospitality which has been approved in advance by Audit Scotland and which would reasonably be regarded as appropriate; or

- gifts received on behalf of Audit Scotland.

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

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

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

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

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

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

Audit Scotland only recognises and approves the giving of gifts or hospitality if recorded in the register and the expenditure is detailed in our financial accounting system. All reimbursement claims for gifts or hospitality given through expenses must be in accordance with the remuneration, allowances and expenses policy.

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

- Working lunches at audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies.

- Meals and accommodation incidental to the attendance at conferences, seminars and workshops.

- Giving or receiving gifts of modest value such as a pen or book.

Items that do require disclosure would therefore include:

- Isolated gifts in excess of £50.

- Meals in external restaurants whether working or not.

- Attendance at functions organised/hosted by professional bodies e.g. Institute Annual Dinners.

- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees e.g. gallery viewings.

- Functions where the focus of the event is an awards ceremony which involves a public sector element.

- Meals paid for by visiting delegations from other audit offices, organisations and Parliaments/Governments.

- Provision of accommodation, travel or corporate hospitality to others.

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

Confidentiality requirements

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

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

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

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

Use of Audit Scotland's resources

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

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

Other Appointments

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

Conflicts of Interest

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

42. Members should consult with the Head of Performance and Corporate Governance and the Ethics Partner to discuss any potential/ perceived conflicts of interest and to discuss the implications and any mitigating controls which may be appropriate.

Registration of Interests

Introduction

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

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

Remuneration

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

- employed;

- self-employed;

- the holder of an office;

- a director of an undertaking;

- a partner in a firm;

- appointed or nominated by Audit Scotland to another body; or

- undertaking a trade, profession or vocation or any other work.

46. In relation to 45 above, the amount of remuneration does not require to be registered, and remuneration received as a member does not have to be registered.

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

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

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

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

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

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

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

Related undertakings

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

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

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

- You are a director of a board of an undertaking and receive remuneration declared under remuneration - and

- You are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Contracts

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

- under which goods or services are to be provided, or works are to be executed; and

- which has not been fully discharged.

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

Houses, land and buildings

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

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

Interest in shares and securities

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

(i) greater than 1% of the issued share capital of the company or other body; or

(ii) greater than £25,000.

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

Non-financial interests

63. You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of Audit Scotland to which you are appointed. It is

important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

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

Related party disclosure

65. Related Party Disclosures is a requirement of International Accounting Standard 24. It is a requirement of the Code of Conduct that Board Members and Directors sign an annual declaration at the financial year end stating that you were not aware of any related party transactions in the year.

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

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

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

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

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

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

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

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

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

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

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the

reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

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

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

Declaration of interests

Introduction

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

Connection

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

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

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

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

Interest

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

Participation

67.6. You will declare your interest as early as possible in meetings. You will not remain in the meeting nor participate in any way in

those parts of the meetings where you have declared an interest.

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

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

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

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

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

70. If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are

advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exits, they should seek advice from the board chair.

71. As a member of Audit Scotland you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies, and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between Audit Scotland and another body. Keep particularly in mind the advice in paragraph 41 of this Code about your legal responsibilities to any limited company of which you are a director.

Interests which require declaration

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

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

Your financial interests

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

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

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

Your non-financial interests

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

(i) that interest has been registered under Non-Financial Interests (paragraphs 52 and 53) of the Code; or

(ii) that interest would fall within the terms of the objective test.

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

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

The financial interests of other persons

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

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

(i) a spouse, a civil partner or a co-habitee;

(ii) a close relative, close friend or close associate;

(iii) an employer or a partner in a firm;

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

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

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

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

83. You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is

concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

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

The non-financial interests of other persons

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

(i) a spouse, a civil partner or a co-habitee;

(ii) a close relative, close friend or close associate;

(iii) an employer or a partner in a firm;

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

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

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

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

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

Making a declaration

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

89. The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words "I declare an interest". The statement must be sufficiently

informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Frequent declarations of interest

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

Lobbying and access

Introduction

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

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

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

Rules and guidance

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

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

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

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

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

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

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

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

99. You should not accept any paid work:

- which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation

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

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

Appendix 1: Definitions

1. "Remuneration" includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.

2. "Bullying" is inappropriate and unwelcome behaviour, which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated, or insulted.

3. "Chair" is the individual discharging a similar function to that of a Chair or Convenor under alternative decision-making structures

4. "Confidential information" includes:

   4.1. Any information passed on to Audit Scotland by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;

   4.2. Information of which the law prohibits disclosure (under statute or by the order of a Court);

   4.3. Any legal advice provided to Audit Scotland, or;

   4.4. any information which could reasonably be considered a breach of confidence should it be made public.

5. "Undertaking" means:

   a) a body corporate or partnership; or

   b) an unincorporated association carrying on a trade or business, with or without a view to profit.

6. "Related undertaking" is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.

7. "Parent undertaking" is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by

virtue of provisions contained in the undertaking's memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of voting rights in the undertaking.

8. "Group of companies" has the same meaning as "group" in section 474(1) of the Companies Act 2006. A "group", within s 474(1) of the Companies Act 2006, means a parent undertaking and its subsidiary undertakings.

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

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

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

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

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

Version control

Description	Actioned by	Date
Annual review in advance of Executive Team	Head of Performance & Corporate Governance	08/08/2025

Members' Code of Conduct

AS.5.0

AUDIT SCOTLAND

Code of Conduct

Staff Policy

Contents

Accessibility

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

Code of Conduct

Introduction

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

- Equality

- Independence

- Innovation

- Integrity

- Respect.

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

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

- General requirements and guidance.

- Financial, business, employment and personal relationships.

- Long association with ~~the audit~~ engagements and with entities relevant to engagements.

- Fees, remuneration and evaluation policies, gifts and hospitality, litigation.

- Non-audit / Additional services provided to audited entities.

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

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

- **Duty** - You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to

act in the interests of Audit Scotland of which you are a staff member and in accordance with its core functions and duties.

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

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

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

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

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

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

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

- **Respect** - You must respect colleagues and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a staff member of Audit Scotland.

Diversity and Equality

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

Relationships

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

8. People may develop a relationship with you to influence our work or to acquire confidential or sensitive information for personal gain. They may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and that of Audit Scotland (see Bribery and Corruption paragraphs 40 - 42). You must tell your line manager of any such approaches, relationships or offers of financial or other benefits, and you should do this as soon as possible so that Audit Scotland can support and advise you.

9. Staff must notify the ~~Compliance~~ Ethics Partner if applying for any employment in a public body subject to audit by auditors appointed by the Auditor General or Accounts Commission (see the Ethical standard – application guidance and policies ~~policy~~, ~~section 2~~pages 18 - 19).

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

Contractors, suppliers and consultants

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

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

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

Independence, objectivity and conflicts of interest

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

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

16. You must declare all such interests to Audit Scotland's Compliance Partner and Ethics Partner - the Executive Director of Innovation and Quality. The best way of making such a declaration is to use the Fit & Proper Self-Assessment Form. This information is then retained in a secure area of SharePoint for three years, after which it is destroyed. The Ethics~~Compliance~~ Partner will contact you and discuss any issues arising from your disclosure, as appropriate.

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

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

Openness, disclosure and protection of information

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

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

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

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

Paid employment outside Audit Scotland

23. We will normally allow you to undertake paid employment outside Audit Scotland in your own time unless there is a conflict of interest, or it is likely to have an adverse effect on the work of Audit Scotland or on your own performance. A conflict of interest can arise where a member of staff seeks to do work for an audited body or to carry out work which relates to the work of Audit Scotland. Outside employment can adversely affect the work of Audit Scotland if it damages the organisation's reputation. It can affect your own performance if it significantly reduces your ability to carry out your duties. If you do work outside Audit Scotland you must first get the approval of your Executive Director or the Chief Operating Officer, and then advise the Human Resources team. This procedure is in your interests. It will also allow us to meet our legal obligations in relation to family friendly benefits and Working Time Regulations. You are not allowed to use the equipment and resources of Audit Scotland in any outside employment.

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

Hospitality

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

26. Accepting, declining or giving of hospitality should be declared and recorded in the register kept for that purpose. When accepting or giving

hospitality, you should get approval from your Executive Director or the Chief Operating Officer. Hospitality given must be recorded in the register and the expenditure detailed in our financial accounting system. You must make sure that you charge the hospitality to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for hospitality given through expenses must follow the travel and expenses policy.

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

Reporting hospitality received

28. Items not requiring declaration and recording are:

- Working lunches at audited bodies, partner firms, working groups/committees, boards, professional institutes and other public bodies.

- Meals and accommodation related to attendance at conferences, seminars and workshops.

29. Items that would require disclosure include:

- Meals in external restaurants, whether working or not.

- Attendance at functions organised/hosted by professional bodies.

- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees, e.g. gallery viewings.

- Functions where the focus of the event is an awards ceremony which involves a public-sector element.

- Meals paid for by visiting delegations from other audit offices and Parliaments/ Governments.

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

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

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

Reporting hospitality declined

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

Reporting hospitality given

34. Items not requiring declaration and recording are:

- Working lunches when hosting meetings and conferences with audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies. Lunches should be modest in scale and may typically consist of a buffet/sandwiches and tea and coffee throughout the day.

- Travel costs as part of recruitment.

- Consultant travel and accommodation costs where this is part of the consultant's fee.

35. Items that would require disclosure would therefore include:

- Meals provided in external restaurants whether working or not.

- Meals provided to international visitors/groups.

- Provision of overnight accommodation.

- Provision of travel, e.g. flights or train tickets.

- Hospitality at or the provision of theatre or sporting event tickets.

Gifts

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

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

38. The giving of gifts is generally limited to international visits, the rules for which are set out in the Policy on visits, and the provision and acceptance of gifts and hospitality in relation to work with other countries. Gifts to visiting delegations are given as mementoes of their visit to Audit

Scotland. They should of modest value (e.g., book, Quaich, paper weight) and should exclude alcohol. Gifts given to non-international visitors or organisations should be recorded in the hospitality and gifts register. Items that would not require disclosure are modestly priced books and pens; alcohol should not be given as a gift.

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

Bribery and corruption

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

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

- give, receive or solicit a bribe (i.e., to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything

- show favour or disfavour to any person in the course of your work.

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

Use of resources

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

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

- it is in your own time

- the cost of any consumables, e.g. paper, postage, telephone calls is met by you

- you are not receiving any fee or reward for the purpose.

- you don't store your personal (non-work related) information on Audit Scotland equipment you follow our policy on the use of electronic media such as email and the Internet.

Appointments

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

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

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

Disclosure

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

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

50. The next level is called ~~Standard~~ Level 2 (previously called Standard Disclosure) ~~Disclosure and is required for all workers across Audit Services and some across Performance Audit & Best Value.~~ Only those who are accountants by definition require a ~~standard~~ Level 2 check. Some workers in our Finance team may be required to participate in checks to this level due to the nature of their work as accountants. Level 2 checks ~~Standard Disclosure~~ enables Audit Scotland to check for certain spent convictions.

51. Enhanced Disclosure will only be needed when a worker, normally within Audit Services or Performance Audit & Best Value, is working with children or vulnerable people in the course of their work. If the worker is to

be involved in such work on a long-term basis then Audit Scotland may decide to include security clearance in line with the Protection of Vulnerable Groups (PVG) to ensure continuous monitoring of the workers status. If necessary, all of the foregoing is undertaken by our HR team.

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

Media

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

Social Media

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

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

- posting political views, or comments that could compromise your duty to be politically neutral in public

- commenting on issues linked to public bodies or public figures, even in a private capacity, so as to not compromise the objectivity of the audit

- posting derogatory or inflammatory comments, or getting into heated exchanges with others

- understanding whether a post is public or private. It can be easy to think you are posting to a private group but in fact be posting for anybody to see.

Political neutrality

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

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

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

> **58.1.** Stand as candidates for or be co-opted into any local or national assembly.

> **58.2.** Hold roles in any party-political organisations in the field of national or local government

> **58.3.** Speak in public on matters of local or national political controversy where the impartiality of the comments may be called into question.

> **58.4.** Express views on such matters in letters to the press, books, articles, or in any other media, including social media.

> **58.5.** Canvas on behalf of candidates for any local or national assembly or on behalf of a political party.

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

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

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

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

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

Health and safety at work

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

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

Fair and reasonable treatment at work

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

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

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

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

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

71. We expect you to support and comply with our policies, practices and procedures, both in your dealings with colleagues and those outside the

organisation. You should not do anything which might undermine or adversely affect any position or decision of Audit Scotland.

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

Working at home

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

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

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

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

Version control

Description	Actioned by	Date
Annual review in advance of Executive Team	Head of Performance & Corporate Governance	08/08/2025

Code of Conduct

Staff Policy

AS.5.0

AUDIT SCOTLAND

AS.5.0