

**MEETING: 9 DECEMBER 2021**

**REPORT BY: INTERIM DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE**

**STRATEGY AND WORK PROGRAMME: WORK PROGRAMME UPDATE**

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### **Purpose**

1. This paper introduces the joint Accounts Commission and Auditor General for Scotland (AGS) work programme update.

### **Background**

2. In April 2021 the Commission and the AGS agreed the joint dynamic work programme. We published this on the Audit Scotland website on 24 May 2021. This is the second quarterly update of the programme and the next update will be in March 2022.

### **Scope and approach**

3. Appendix one presents the work programme update. It aims to provide one report that meets the needs of the Commission and the AGS, with clarity on who is producing which products and when. It covers our whole range of audit work and includes:
  - a) **What we've delivered:** From August 2021 to November 2021.
  - b) **What's coming up:** Planned audit products from December 2021 to June 2022 and products in the pipeline from July 2022 and beyond.
  - c) **Decisions required:** Proposed changes to the programme.
4. In this update report we have added key messages on the overall programme as well as on progress with annual audits. These recognise the comprehensive and ambitious programme and impressive delivery so far this year but note that across Audit Services and Performance Audit and Best Value (PABV) we are stretched for capacity. We are juggling a wide range of performance audit products. Annual audits have been tougher this year due to them being 100% remote as well as the additional complexity of auditing Covid-19 income and expenditure, and the knock-on impact from delays last year. Some financial audits will miss their deadlines and this is impacting on the timing of some performance audit work. Into the spring of 2022 the local government election moratorium is putting pressure on the publications schedule.
5. To support the dynamic programme, we continue to review and analyse feedback and discussions from Accounts Commission meetings and Performance Audit Committee (PAC) and Financial Audit and Assurance Committee (FAAC) meetings, including recent strategic discussions on inequalities and public sector reform. We share this analysis with senior managers in PABV to inform programme development and this update.

### **Wider work programme development**

6. Accounts Commission members will see some of their feedback addressed through specific audit work over the coming months, while some feedback will be addressed through our wider work programme development plans.

### ***Impact reporting***

7. We are making good progress reviewing our approach to impact monitoring and reporting. We are aiming to develop an Audit Scotland wide approach that recognises the role impact monitoring can play in supporting continuous improvement, providing wider strategic insight and making the case for the value of public audit. It will look at impact on a short, medium, and long-term basis across financial audit and performance audit and best value. This approach fits with the Commission's ambitions in its draft Communications and Engagement Strategy to better gauge the impact of its role and work.
8. We aim to bring back proposals for the Accounts Commission to consider in early 2022. This will include an approach to impact reporting on the three reports we discussed at the Commission's August meeting: Councils' use of arm's-length organisations, Scotland's City Region and Growth Deals and Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models.

### ***Inequalities and human rights***

9. We continue to focus on the following priorities related to the work programme:
  - a) **Audit guidance** – In line with the Commission's equality outcomes 2021-25 we have ring-fenced time in February/March 2022 to update the Audit Management Framework (AMF) to integrate reference to equalities more robustly.
  - b) **Equalities monitoring** – We have developed a process for gathering equalities and human rights related findings in our audit work and this will feed into our interim equality mainstreaming report due next spring.

### ***Consultation and engagement***

10. In line with the Accounts Commission's statutory requirement to consult with local authority stakeholders before undertaking any performance audit studies under Section 97A of the Local Government (Scotland) Act 1973, the Accounts Commission's support team is proposing to lead a consultation in January. This will involve consulting over 100 stakeholders, including council chief executives, chief officers from Integration Authorities, trade unions and third sector representatives, and Audit Scotland's Equalities and Human Rights Advisory Group and Community Empowerment Advisory Group. The Accounts Commission's support team aims to share initial outcomes from the consultation at the March Accounts Commission meeting. The Accounts Commission will also be able to consider its response to the consultation and other engagement activities as part of its ongoing discussions about the work programme.
11. More widely, we are working with the Accounts Commission support team to consider how the AGS' and Accounts Commission's planned stakeholder engagement activities on the work programme align with each other, in line with the Accounts Commission's draft Communications and Engagement Strategy. We will look to identify opportunities to collaborate on planned engagement, where appropriate. This includes with the public, third and voluntary sector, and Scottish Government and Parliament.

### ***Conclusion***

12. The Commission is asked to:
  - a) Note the progress delivering the work programme from August to November and the planned products up to June 2022.
  - b) Discuss and agree the proposed changes to the programme, summarised on slides 12-14 of Appendix one.

- c) Discuss and agree the audit work in the pipeline for July 2022 onwards, summarised on slides 15 and 16 of Appendix one, noting that this is flexible and can be revisited as part of the next update in March.
- d) Agree to delegate to the Interim Chair and Interim Deputy Chair final approval for this update at a joint meeting with the AGS on 16 December 2022.
- e) Agree the Accounts Commission support team's proposal to consult with local government stakeholders on the work programme.

**Antony Clark**  
**Interim Director of Performance Audit and Best Value**  
**29 November 2021**