

# Agenda

Wednesday 22 September 2021 at  
10.00am

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

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## Standing items

- |  |                 |
|--|-----------------|
| 5. Chair's report - verbal update                          | For information |
| 6. Accountable Officer's report - verbal update            | For information |
| 7. Accounts Commission Chair's report - verbal update      | For information |
| 8. Review of minutes:                                      |                 |
| • Board meeting: 2 June 2021                               | For approval    |
| • Human Resources and Remuneration Committee: 3 March 2021 | For information |
| • Audit Committee: 12 May 2021                             | For information |
| • Audit Committee: 2 June 2021                             | For information |
| 9. Review of action tracker                                | For information |
| 10. Covid-19 update  | For information |

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## Strategic priorities

- |  |                 |
|--|-----------------|
| 11. Strategic Improvement Programme update | For information |
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## Business planning, performance and governance

- |                                     |                 |
|-------------------------------------|-----------------|
| 12. Q1 Financial performance report | For information |
| 13. Q1 Corporate performance report | For information |

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## Governance

- |  |              |
|--|--------------|
| <b>14. Annual review of corporate governance policies</b>  | For approval |
| <b>15. Annual policy review of records management policies</b>                                   | For approval |
| <b>16. Annual policy review of Freedom of Information and Environmental Information requests</b> | For approval |
| <b>17. Information Security Management Policy review</b>   | For approval |
| <b>18. Proposed Board and Committee meeting schedule 2022</b>                                    | For approval |

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## Conclusion

- |                                 |                 |
|---------------------------------|-----------------|
| <b>19. Any other business</b>   | For discussion  |
| <b>20. Review of meeting</b>    | For discussion  |
| <b>21. Date of next meeting</b> | For information |

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## Items to be taken in private

- |  |                 |
|--|-----------------|
| <b>22. New audit appointments update</b>   | For information |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity]                                     |                 |
| <b>23. 2022/23 Draft budget proposal</b>   | For approval    |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication] |                 |
| <b>24. Discussion paper – Medium Term Financial Plan</b>   | For discussion  |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity]                                     |                 |
| <b>25. Discussion paper – Future funding and fee arrangements</b>  | For discussion  |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity]                                     |                 |
| <b>26. Audit Committee risk workshop</b>   | For discussion  |
| [Item to be taken in private to support the effective conduct of business]   |                 |

# Minutes Board

Wednesday 2 June 2021, 12.00noon  
Audit Scotland by Video conference

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## Present:

Alan Alexander (Chair)  
Stephen Boyle  
Elma Murray  
Jackie Mann  
Colin Crosby

## Apologies:

There were no apologies.

## In attendance:

Diane McGiffen, Chief Operating Officer  
Martin Walker, Associate Director, Corporate Performance and Risk  
Stuart Dennis, Corporate Finance Manager  
Simon Ebbett, Communications Manager  
Antony Clark, Interim Director of Performance Audit and Best Value and Controller of Audit  
Parminder Singh, International Liaison Manager  
Gayle Fitzpatrick, Corporate Governance Manager  
Elaine Boyd, Associate Director, Audit Quality and Appointments  
Owen Smith, Senior Manager, Audit Quality and Appointments  
David Blattman, Human Resources (HR) and Operational Development (OD) Manager

## 1. Private meeting of Board members

The Board met privately and there were no matters arising.

## 2. Welcome and apologies

*Diane McGiffen, Chief Operating Officer, Martin Walker, Associate Director, Corporate Performance and Risk, Stuart Dennis, Corporate Finance Officer, and Simon Ebbett, Communications Manager, joined the meeting.*

The Chair welcomed attendees to the meeting and noted there were no apologies.

## 3. Declarations of interest

There were no declarations of interest.

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

The Chair invited members to agree that the reports at items 23, 24, 25 and 26 of the agenda be considered in private based on the reasons set out on the agenda. The Board agreed.

#### **5. Chair's report – verbal update**

The Chair noted that the meeting followed quickly on from the May meeting of the board and that it was primarily focused on considering annual reports from the Board's committees, annual reports from Audit Scotland officials in order to recommend the 2020/21 Annual report and accounts for signing to the Auditor General for Scotland as Accountable Officer. He advised that therefore, business updates were short verbal updates since the May meeting.

The Chair advised of the meeting of the New Audit Appointments Steering Group held on Wednesday 26 May, a verbal update on which would be shared under Item 26 of today's agenda. The Chair also advised of routine meetings with the Auditor General for Scotland, Chair of the Accounts Commission and the Chief Operating Officer. The Board welcomed the update.

#### **6. Accountable Officer's report – verbal update**

Stephen Boyle invited the Board to note the coverage and enquiries received following the publication of the Scottish Colleges report and advised that membership of the Scottish Parliament's Committees and the Scottish Commission for Public Audit were still to be announced. The Board noted that the Insight session with colleagues on the election results and hosted by Newsdirect on 1 June 2021 had been well attended.

Turning to external engagement, Stephen advised of recent meetings with Gareth Davies, Comptroller and Auditor General, National Audit Office, with Robert Scott, HM Chief Inspector of the Scottish Fire and Rescue Service and with Sally Loudon, Chief Executive of COSLA.

Stephen advised the Board of the continuing engagement with colleagues following the audit quality results and the improvement plan.

The Board welcomed the update.

#### **7. Accounts Commission Chair's report – verbal update**

Elma Murray invited the Board to note she had held regular meetings with the Auditor General for Scotland, the Chief Operating Officer and the Interim Controller of Audit.

Elma advised the Board that Committees of the Accounts Commission had taken place on 27 May 2021 and of a meeting of the Best Value Working Group. The members noted the working group will reduce its consideration of New Audit Appointments business due to the forthcoming procurement process.

Elma invited members to note that the Accounts Commission would consider a Best Value Assurance Report for Aberdeen City Council at its forthcoming meeting on 10 June 2021 and that the Commission would hold its mid-year strategy seminar in August.

Elma invited members to note that the Accounts Commission had published a joint forward work programme with the Auditor General for Scotland and that the recently published Local Government Overview report had received good coverage. The Board noted the Accounts Commission's Annual report was scheduled for publication on 3 June 2021.

The Board welcomed the update.

## 8. Review of draft minutes: Board meeting 19 May 2021

The Board considered the minutes of the meeting of 19 May 2021, which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting. The Board noted the number of actions arising as result of reporting audit quality. The Board agreed that the review of the fees and funding model would consider the implications for Local Government and was provided with that reassurance.

## 9. Governance arrangements: review of standing orders

Martin Walker introduced the Governance arrangements: review of standing orders report, copies of which had been previously circulated.

Martin invited the Board to agree that the variations to the standing orders continue to be kept under review and considered at each Board meeting until further notice, to agree that the Accountable Officer become a formal member of the Human Resources and Remuneration Committee and to note the development work on live streaming virtual meetings and the options for extending the access to face to face and hybrid meetings.

The Chair advised that during his annual appraisal he referenced how the Board have supported public access to meetings and that this remains a standing item for the Board.

Jackie Mann, Chair of the Remuneration and Human Resources Committee (Remco) confirmed the agreement for the Accountable Officer to be a member of Remco, and Martin Walker agreed to ensure this is captured in the respective standing orders for both the Board and Remco as appropriate.

Following discussion, the Board accepted the recommendations contained within the report.

**Action ASB142: Martin Walker to update the standing orders for the Board and Remco, recording that the Accountable Officer is a member of Remco. (July 2021)**

## 10. Review of action tracker

The Board noted the updates provided on the action tracker.

## 11. Covid-19 – verbal update

Martin Walker provided a verbal update on developments in relation to Covid-19.

The members noted the developments in the external environment.

The Board noted the publication of the Scottish Colleges summary report on 25 May, the Local Government Overview published on 27 May, the forward work programme, all of which featured responses to the pandemic. The Board also noted publications of a Social Care blog and PPE briefing paper to be published on 3 and 16 June 2021 respectively.

Martin advised the Board that Management Team are scheduled to consider options on phased access to offices and other workplaces at its forthcoming meeting on 8 June 2021.

Following discussion, the Board welcomed the update.

## **12. Strategic improvement programme – verbal update**

Martin Walker provided a verbal update on developments within the Strategic improvement programme.

Martin invited the Board to note a range of reports have been published including the joint work programme and equality outcomes and future publications scheduled including the annual report on Quality of Public Audit in Scotland and members noted the ongoing development of audit methodology on climate change.

The Board welcomed additional information on the Best Companies results that Audit Scotland was ranked in the top 40 of the best places to work in Scotland and in the top four accountancy firm in the UK. Martin advised that Management Team had considered Audit Scotland's People strategy at its meeting on 1 June and approved the business case for a new business management system on 25 May 2021. The Board noted the Strategic Improvement Programme Board is due to meet on 22 June which will consider Phase 2 of the building capacity project which in turn will inform Audit Scotland's future workforce plan and planned engagement with colleagues through a programme of events over the coming months.

Following discussion, the Board welcomed the update.

## **13. Q4 Financial performance report**

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

Stuart invited the Board to note the financial results for the 12 months to 31 March 2021 and which had been considered at the Audit Committee meeting immediately prior.

The Board noted the financial results for the 12 months to 31 March 2021.

## **14. 2020/21 Annual report on international work**

*Antony Clark, Interim Director of Performance Audit and Best Value and Controller of Audit, and Parminder Singh, International Liaison Manager, joined the meeting.*

Antony Clark introduced the 2020/21 Annual report on international work, copies of which had been previously circulated.

Antony invited the Board to consider and approve the 2020/21 International annual report before its scheduled publication as part of a suite of corporate Audit Scotland reports on 11 June 2021.

During discussion, the Board congratulated the team for maintaining an international presence during travel restrictions and noted that in some cases, virtual meetings had opened up further opportunities for increased engagement with audit agencies. The Board welcomed the ability for Audit Scotland to decline requests in some circumstances and recognised that as global restrictions ease there may be future opportunities for international travel to enhance learning and develop best practice.

Following discussion, the Board welcomed the report and recorded their appreciation to the team before approving the 2020/21 Annual report on international work for publication.

*Antony Clark and Parminder Singh left the meeting.*

## 15. 2020/21 Annual report on complaints

*Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.*

Gayle Fitzpatrick introduced the 2020/21 Annual report on complaints, copies of which had been previously circulated.

Gayle invited the Board to consider and note the report and advised of the implementation of Audit Scotland's renewed Complaints handling procedure six months ahead of schedule.

During discussion, the Board sought clarification of how complaints about colleagues are captured and whether the scope of the report may be broadened to include these in future years if relevant. In addition, the members agreed they would welcome further analysis on the split of complaints received for the Auditor General for Scotland, Accounts Commission and Audit Scotland and Gayle Fitzpatrick agreed to revert to members with further information.

Following discussion, the Chair invited any comments from the members on the report and there being none the Board noted the 2020/21 Annual report on complaints.

**Action ASB143: Gayle Fitzpatrick to provide further detail of how complaints about colleagues is captured together with the further analysis requested. (July 2021)**

## 16. 2020/21 Annual report on freedom of information and environmental information

Gayle Fitzpatrick introduced the 2020/21 Annual report on freedom of information and environmental information, copies of which had been previously circulated.

Gayle invited the Board to review the performance in 2020/21 and to note that the number of requests had increased slightly from previous years.

During discussion the Board noted there were no issues to report from the four main areas of interest for freedom of information requests which comprise reports, contracts, policies and governance.

The members noted there have been no environmental information requests and Gayle Fitzpatrick agreed to review the messaging around the policy.

Following discussion, the Board noted the 2020/21 Annual report on freedom of information and environmental information.

**Action ASB144: Gayle Fitzpatrick to review the visibility of Audit Scotland’s role in responding to Environmental Information Requests (September 2021)**

*Gayle Fitzpatrick left the meeting.*

## **17. 2020/21 Annual report from the Chair of the Audit Committee**

Colin Crosby introduced the 2020/21 Annual report from the Chair of the Audit Committee, copies of which had been previously circulated.

Colin invited the Board to consider and approve the 2020/21 Annual report from the Chair of the Audit Committee.

During discussion, the members noted an amendment to the report to state that the Committee fully endorses the actions taken by Audit Scotland to improve the delivery of audit quality.

Following discussion, the Board approved the 2020/21 Annual report from the Chair of the Audit Committee, subject to the amendment referenced.

**Action ASB145: Gayle Fitzpatrick to update the report to reflect the agreed amendment. (June 2021)**

## **18. 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee**

Jackie Mann, introduced the 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee, copies of which had been previously circulated.

Jackie invited the Board to consider the work of the committee during 2020/21 and to discuss and agree areas which the committee should take forward as priority areas for 2021/22. In addition, Jackie advised of a proposed amendment to the report to remove reference to the forthcoming recruitment of the Controller of Audit as this responsibility falls solely to the Accounts Commission, while recognising Audit Scotland’s employer responsibilities.

Following discussion, the Board approved the 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee, subject to the agreed amendment.

The Chair recorded his appreciation to both Jackie Mann and Colin Crosby, new members of the Board and their performance in their respective new roles as Chair of the respective Committees.

**Action ASB146: David Blattman to update the report to reflect the agreed amendment. (June 2021)**



## 19. Policy on the provision of non-audit services by Audit Scotland's external auditor

*Elaine Boyd, Associate Director, Audit Quality and Appointments, and Owen Smith, Senior Manager, Audit Quality and Appointments, joined the meeting.*

Elaine Boyd introduced the Policy on the provision of non-audit services by Audit Scotland's external auditor, copies of which had been previously circulated and invited the Board to consider and approve the policy.

The Board welcomed the recommendation received from the Audit Committee to approve the policy and in the absence of further comment, the Board approved the policy on the provision of non-audit services by Audit Scotland's external auditors.

## 20. Counter Fraud Policy review

*David Blattman, HR&OD Manager, joined the meeting.*

David Blattman introduced the Counter Fraud Policy review report, copies of which had been previously circulated.

David invited the Board to consider and approve the updated Counter Fraud Policy.

The Board sought clarification that the reference to staff includes all workers, Board members, Auditor General for Scotland and how this links to the Code of Conduct. The members were assured that the annual fit and proper process provides additional disclosure by colleagues and members' registers of interests are publicly available. David Blattman agreed to review the policy and report back to the Board.

Following discussion, the Board approved the Counter Fraud Policy, subject to clarification of the points raised.

**Action ASB147: David Blattman to review the policy and provide an update to the Board. (July 2021)**

*David Blattman left the meeting.*

## 21. 2020/21 Governance statement and certificate of assurance

*Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.*

Gayle Fitzpatrick introduced the 2020/21 Governance statement and certificate of assurance report, copies of which had been previously circulated.

Gayle invited members to note the Audit Committee's recommendation to the Board and confirmed there were no issues arising from the review process and sought approval from the Board to recommend the report to the Accountable Officer in support of the annual governance statement.

Following discussion, the Board approved the 2020/21 Governance statement and certificate of assurance.

*Gayle Fitzpatrick left the meeting.*

## **22. Audit summary report for the year ended 31 March 2021**

Stuart Dennis introduced the Audit summary report for the year ended 31 March 2021 report, copies of which had been previously circulated.

The Chair invited members to the Board to note consideration of the 2020/21 Audit summary report by the Audit Committee immediately prior to today's Board meeting and in the absence of any comments the Board confirmed they were content.

## **Items taken in private**

### **23. Quality of public audit in Scotland 2020/21**

Elaine Boyd introduced the Quality of public audit in Scotland 2020/21 report, copies of which had been previously circulated.

Elaine invited the Board to approve the Quality of public audit in Scotland annual report 2020/21 for publication as part of the suite of annual reports.

During discussion, the Board considered the detailed plan to address specific areas of focus for improvement and welcomed the pace and depth of the programme being implemented.

Elma Murray advised that the Accounts Commission welcomed the work and reporting by the Audit Quality and Appointments team.

The members welcomed the rapid response by Audit Scotland to put in place a detailed action plan for the improvements required to limited and specific areas. In addition, the Board welcomed the support provided to Elaine to ensure she is content with progress and future delivery of quality audit.

Following discussion, and subject to minor editorial amendments, the Board approved the Quality of public audit in Scotland annual report 2020/21 for publication on 11 June 2021.

*Elaine Boyd and Owen Smith left the meeting.*

### **24. 2020/21 Q4 Corporate performance report**

Martin Walker introduced the 2020/21 Q4 Corporate performance report, copies of which had been previously circulated.

Martin invited the Board to review the performance in quarter four, the overall performance in 2020/21 and consider whether any additional management action is required.

During discussion, the Board noted the areas relating to delivery of audit quality and the increased cost of audit delivery as a result of remote auditing and considered the various factors which contribute to this and how future hybrid working may further impact on these.

Following discussion, the Board welcomed the impressive performance overall reported during 2021/21.

## 25. Draft Annual Report and Accounts: Year ended 31 March 2021

Stuart Dennis introduced the Draft Annual Report and Accounts: Year ended 31 March 2021 report, copies of which had been previously circulated.

Stuart invited the Board to note the amendments discussed and agreed at the Audit Committee meeting immediately prior to today's Board meeting.

The Chair invited members to note and approve the 2020/21 Audit Scotland annual report and accounts for the year ended 31 March 2021 which had been recommended to the Board by the Audit Committee, subject to the amendments agreed.

The Board recommended the 2020/21 Annual report and accounts to the Auditor General for Scotland, being Accountable Officer of Audit Scotland, to sign the accounts on 8 June 2021.

**Action ASB148: Stephen Boyle to submit the Annual Report and Accounts for laying in Parliament. (11 June 2021)**

## 26. New audit appointments verbal update

Elaine Boyd provided a verbal update on developments concerning the new audit appointments.

Elaine invited the Board to note the forthcoming publication of the Code of Audit Practice on 8 June 2021 and thanked the Board, Auditor General for Scotland and the Accounts Commission for their engagement and support.

The Board noted the Steering Group had considered the development of the invitation to tender (ITT) criteria, tender interview panel and the procurement schedule. In terms of procurement confidentiality arrangements Elaine advised relevant guidance will be issued within the next few weeks. The members noted an issue around the ownership of the procurement strategy which is being considered and also noted advice being sought from the Scottish Government in relation to the limitation of liability in relation to grant claims.

Following discussion, the Board welcomed the update.

*Elaine Boyd left the meeting.*

## 27. Any other business

There was no other business.

## 28. Review of 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.

**29. Date of next meeting: 22 September 2021**

The members noted the next meeting of the Audit Scotland Board is scheduled for 22 September 2021.

# Minutes

## Audit Committee



Wednesday 12 May 2021, 10:30am  
By Microsoft Teams

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Elma Murray, Interim Chair of the Accounts Commission

### Apologies:

There were no apologies.

### In attendance:

A Alexander, Chair, Audit Scotland Board  
S Boyle, Accountable Officer and Auditor General for Scotland  
D McGiffen, Chief Operating Officer  
C Robertson, BDO  
J So, Alexander Sloan  
S Cunningham, Alexander Sloan  
M Walker, Associate Director, Corporate Performance and Risk  
G Fitzpatrick, Corporate Governance Manager  
S Dennis, Corporate Finance Manager  
E Boyd, Associate Director, Audit Quality and Appointments  
O Smith, Senior Manager, Audit Quality and Appointments  
J Gilchrist, Manager, Audit Quality and Appointments  
G Smail, Audit Director, Performance Audit and Best Value  
F Kordiak, Director, Audit Services group  
A Clark, Director of Performance Audit and Best Value  
A Canning, Audit Director, Performance Audit and Best Value  
E McGinley, Correspondence Officer  
G Byers, Development Manager, Digital Services  
A Fairburn, Digital Project Manager, Digital Services

### 1. Private meeting with BDO and Alexander Sloan

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

### 2. Welcome and apologies

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

### 3. Declarations of interests

A discussion was held on whether those attending the meeting that held dual/multiple roles should declare their interests. It was agreed that Martin Walker and Gayle Fitzpatrick would consider the issue and report back.

There were no declarations of interest.

**Action AC123:** *Martin Walker, Associate Director, Corporate Performance and Risk and Gayle Fitzpatrick, Corporate Governance Manager to consider*

*whether declarations of interest are required for members attending with dual/multiple roles. (2 June 2021)*

#### **4. Minutes of the last meeting: 3 March 2021**

The Audit Committee members reviewed the minutes of the meeting of 3 March 2021, copies of which had previously been circulated.

The Audit Committee agreed to a minor amendment of the minutes at agenda item 10 and a date correction at agenda item 25.

*The Audit Committee approved the minutes of the previous meeting.*

**Action AC124:** *Gayle Fitzpatrick to amend the final version of the minutes to reflect changes requested. (14 May 2021)*

#### **5. Review of action tracker**

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

The Chair asked whether there were any questions or comments, and invited Gayle Fitzpatrick, Corporate Governance Manager to provide any additional updates.

Gayle advised that the tracker has been updated and was for noting.

*The Audit Committee members noted the progress on the actions in the tracker.*

#### **6. Draft Audit Scotland transparency report for 2020**

*Gordon Smail, Audit Director, Fiona Kordiak, Director of Audit Services Group, Antony Clark, Director of Performance Audit and Best Value, Elaine Bord, Associate Director and Owen Smith, Senior Manager and John Gilchrist, Manager joined the meeting.*

It was agreed that agenda items six, seven and eight would be taken together.

Gordon Smail, Audit Director introduced the draft Audit Scotland transparency report for 2020, copies of which had been previously circulated.

Gordon advised that all audit providers provide a transparency report and that the Audit Scotland report covers all aspects of audit work and wider work to support public audit in Scotland. He advised that the report highlighted many positives in what was a challenging year. These included the achievement of deadlines, positive feedback from audited bodies and good quality review scores for performance audits.

Gordon also advised that scores from a sample of audits which had been subject to external independent review fell short of expectations. The results were very disappointing given Audit Scotland aspires to scores of 2A and above. While it was recognised that the sample was not reflective of all audits, Gordon advised that significant, urgent and focussed activity is now taking place. It was noted that scores of 3 had not been seen before and that this did not appear to indicate a longer-term trend.

Gordon advised that the root cause analysis to date had highlighted the areas for improvement and that these had informed the action plan which was also on the agenda for today's meeting.

The Audit Committee members noted the range of scores achieved across financial and performance audits and recognised the significance of these. The members also recognised the achievement of having all the accounts signed off by 31 March.

Members asked questions about the underlying issues which may have given risk to the financial audit quality review results and sought assurances on the focus, urgency and resources being committed to the delivery of the action plan. Members were supportive of the remedial actions and timelines proposed.

The Audit Committee congratulated Performance Audit and Best Value (PABV) for positive scores achieved for Performance Audits particularly given the challenging period these relate to. Antony Clark was keen to stress that while progress has been made in performance audit, there was no complacency in addressing further identified improvement actions.

The Audit Committee members acknowledged the potential reputational impact of the report and advised that guidance be sought from Simon Ebbett, Communications Manager regarding the tone and language while ensuring balance and integrity.

The Audit Committee members stated that reference to the establishment of a permanent quality assurance team should be included within the report. The members also discussed the exhibits within the report and requested that staff consultation findings be revisited to clarify the proportionality of the staff response rate. In addition, the members requested that paragraph eight be reconfigured to clarify the substantive points on audit performance.

**Action AC125:** *Gordon Smail/Fiona Kordiak to include reference to the establishment of a permanent quality assurance team within the report. (21 May 2021)*

**Action AC126:** *Gordon Smail/Fiona Kordiak to reconsider Exhibit 3 –clarify percentages of staff response rate for consultation findings. (21 May 2021)*

**Action AC127:** *Gordon Smail/Fiona Kordiak to revisit paragraph 8 to clarify actions being taken to address different issues. (21 May 2021)*

**Action AC128:** *Simon Ebbett, Communications Manager to check on general optics of report before releasing in public. (21 May 2021)*

*The Audit Committee noted the draft Audit Scotland transparency report for 2020*

## **7. Audit Quality: Improvement actions report**

Fiona Kordiak, Director of Audit Services introduced the Audit Quality improvement actions report, copies of which had been previously circulated.

Fiona advised that Audit Scotland is committed to using this year's audit quality findings as a catalyst for a step change in audit work and that compliance with International Standards on Auditing (ISA) is fundamental to the organisation's commitment to audit quality. Following root-cause analysis of audit quality results remedial action is being undertaken to address specific areas requiring improvement. The additional Scottish Commission for Public Audit (SCPA) funding will make a considerable difference to the agenda for improvement. This includes the development of a full-time audit quality team, increased capacity within teams, and the reinstatement of audit methodology work which had been suspended last year due to the pandemic. In addition, training and support will be provided for staff to ensure they are not overwhelmed by improvement activity.

The Audit Committee discussed the importance of ensuring management energy is directed in the right areas and safeguarding audit quality in a hybrid working model. There was also recognition that the Accounts Commission would look for reassurance around the improvement work in audit quality, as well as the agility and flexibility of the work programme.

The Audit Committee agreed that regular monitoring of audit quality should be considered at future meetings.

Fiona advised that the International Standards on Auditing (ISA) are fundamental to Audit Scotland's work and while positive audit quality results had been achieved in some areas it is clear it has not been consistent. Assurance was provided that audit quality remains a key priority for Audit Scotland and consequently there would be sustained focus on directing support for colleagues and investment in the areas of improvement.

The Audit Committee members recognised the comprehensive nature of the improvement action plan and noted their confidence in it.

***The Audit Committee noted the improvement actions report.***

## **8. Quality of public audit in Scotland 2020/21**

Elaine Boyd, Associate Director, Audit Quality and Appointments introduced the quality of public audit in Scotland 2020/21 report, copies of which had been previously circulated.

Elaine advised that it is evident the audit quality framework works well in measuring audit quality and its operation was sustained in a virtual environment. She advised that audit delivery was strong with all audits signed off by the 31 March and that benchmarking has indicated that Audit Scotland compares favourably with its United Kingdom counterparts. It was recognised that for some audit organisations multi-year audits were taking place, and this was not the case for in Scotland.

Elaine noted areas of strength and those which required improvement across audit work both within Audit Scotland and the firms. She also reflected on the recent Institute of Chartered Accountants Scotland (ICAS) training that had been undertaken by over 160 Audit Scotland colleagues. Assurance was provided that further training, review and engagement on audit work is planned and that this highlights the professionalism and commitment of colleagues to delivering high quality audit.

Elaine advised that positive messages had been received from Audit Scotland's stakeholders on how flexible the work had been undertaken during the pandemic and given the virtual working environment, and that the high-level messages have been included in the Quality of Public Audit in Scotland report.

***The Audit Committee noted the report.***

*Gordon Smail, Audit Director, Fiona Kordiak, Director of Audit Services Group, Antony Clark, Director of Performance Audit and Best Value, Elaine Bord, Associate Director and Owen Smith, Senior Manager and John Gilchrist, Manager left the meeting*

## **9. Q4 financial performance report**

Stuart Dennis, Corporate Finance Manager, introduced the Q4 Financial Performance report, copies of which had been previously circulated.

Stuart advised that the report represented the unaudited position at the end of the year. He provided details around the variance and highlighted the provisions related to remote auditing costs and the rent review of West Port made in the accounts. Stuart advised that the capital spend is slightly below budget due to the working conditions created by the pandemic.

The Audit Committee members discussed the reporting to the Scottish Commission for Public Audit (SCPA) and Stuart advised that first set of quarterly reporting will be for quarter one 2021/22. The members considered the nature and format of how reporting to the SCPA would be presented. Martin Walker advised that the format and content for this reporting was being developed.



The Audit Committee members noted the outcome of the financial performance with reference to the more negative projections earlier in the year. The Audit Committee members recognised the challenging financial year and congratulated the finance team on the outcome at year end.

***The Audit Committee noted the Q4 Financial report.***

## **10. Review of risk register**

Martin Walker, Associate Director, Corporate Performance and Risk, introduced the Review of risk register report, copies of which had been previously circulated.

Martin advised that two areas had increased in risk profile, audit quality and reputational risk, and that was consistent with the discussion earlier in the meeting. He also advised that some risks had reduced, including health, safety and wellbeing, financial performance and capacity.

The Audit Committee members questioned whether the rating for risk A10 (Failure of capacity) should reduce until the additional capacity has bedded in and noted the need to re-evaluate the risks as the Covid-19 suppression measures are relaxed. The members also asked that further consideration be given to that risks A9 (Delivery of vision), M7 (Failure of legitimacy and relevance) and M8 (Failure of impact and influence) as these are dependent on Audit Scotland having a good reputation and the consequential impact of the quality review scores.

***Action AC129: Martin Walker to consider the consequential impact of the quality review scores on linked risks. (2 June 2021)***

***The Audit Committee noted the review of the risk register.***

## **11. Internal audit reports**

Claire Robertson, BDO, introduced the internal audit report, copies of which had been previously circulated.

Claire referred to the follow up report and noted that Audit Scotland have made good progress with the recommendations made previously, particularly given the challenge of working amidst a pandemic in the last year. Thirteen recommendations have been fully implemented, three partially implemented and one not implemented.

Claire invited any questions.

There were no further questions.

***The Audit Committee noted the internal audit report.***

## **12. Internal audit annual report 2020-21**

Claire Robertson, BDO introduced the BDO's internal audit annual report 2020-21 report, copies of which had been previously circulated.

Claire advised that all reviews during 2020-21 led to substantial or reasonable levels of assurance. This provides positive feedback on the design and operational effectiveness of the control environment.

There were no further questions or comments.

***The Audit Committee noted the internal audit recommendations progress report.***

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

*Elaine Boyd, Associate Director, Audit Quality and Appointments, joined the meeting*

Elaine Boyd, Associate Director, Audit Quality and Appointments introduced the policy on the provision of Non-Audit Services by Audit Scotland's external auditor report, copies of which had been previously circulated.

***The Audit Committee members had no questions or comments and noted the policy.***

*Elaine Boyd, Associate Director, Audit Quality and Appointments, left the meeting*

### **14. Suite of annual assurance reports 2020-21**

*Angela Canning, Gavin Byers, Erin McGinley and Alex Fairburn joined the meeting.*

Gayle Fitzpatrick, Corporate Governance Manager introduced the suite of annual assurance reports 2020-21, copies of which had been previously circulated.

It was agreed that the performance management arrangements report be shared with the Accounts Commission to provide context and assurance on the level of performance review and reporting.

***The Audit Committee noted the suite of annual reports 2020-21.***

***Action AC130: Joy Webber to share the Performance Management arrangements report with the Accounts Commission. (14 May 2021)***

*Angela Canning, Gavin Byers, Erin McGinley and Alex Fairburn left the meeting.*

### **15. Review of Audit Committee effectiveness report**

Gayle Fitzpatrick, Corporate Governance Manager introduced the review of Audit Committee effectiveness report, copies of which had been previously circulated.

***The Audit Committee noted the report on the review of Audit Committee effectiveness.***

### **16. Any other business**

There were no items of any other 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 Audit Committee members agreed that all items received comprehensive coverage and expressed their gratitude to the Chair for the decision to combine discussion on the quality papers.

***The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.***

### **18. Date of next meeting**

The next meeting of the Audit Committee was scheduled on 2 June 2021, 10.00am via video conference, to be chaired by Colin Crosby.

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

# Minutes

## Audit Committee

Wednesday 2 June 2021, 10.00am  
Microsoft Teams

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Elma Murray, Interim Chair of the Accounts Commission)

### Apologies:

There were no apologies.

### In attendance:

A Alexander, Chair, Audit Scotland Board  
S Boyle, Accountable Officer and Auditor General for Scotland  
D McGiffen, Chief Operating Officer  
C Robertson, BDO  
J So, Alexander Sloan  
S Cunningham, Alexander Sloan  
M Walker, Associate Director, Corporate Performance and Risk  
G Fitzpatrick, Corporate Governance Manager  
S Dennis, Corporate Finance Manager  
S Ebbett, Communications Manager  
D Blattman, HR&OD Manager  
C Anderson, L&D Consultant

### 1. Private meeting with BDO and Alexander Sloan

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

### 2. Welcome and apologies

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

### 3. Declarations of interests

There were no declarations of interest.

### 4. Minutes of the last meeting: 12 May 2021

The Audit Committee members reviewed the minutes of the meeting of 12 May 2021, copies of which had previously been circulated.

The members agreed that the minute reflected the comprehensive consideration given to the audit quality feedback at the meeting on the 12 May 2021. This was noted ahead of the Board meeting immediately following Audit Committee.

*The Audit Committee approved the minutes of the previous meeting.*

## **5. Review of action tracker**

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

The Chair asked if there were any questions or comments, and invited Gayle Fitzpatrick, Corporate Governance Manager to provide any additional updates.

Gayle advised that the tracker has been updated and was for noting.

*The Audit Committee members noted the progress on the actions in the tracker.*

## **6. Audit Scotland Audit summary report for the year ended 31 March 2021**

*Simon Ebbett, Corporate Communications Manager joined the meeting.*

Stuart Dennis, Corporate Finance Manager, introduced the Audit Scotland Audit summary report for the year ended 31 March 2021, copies of which had been previously circulated.

Stuart provided a summary of the key financial highlights of 2020/21 and how they compared to 2019/20. He noted that the variance was measured against the revised spring budget and not against the original budget. Stuart provided further details around staff costs, the increase in service costs and the volatility around pension liabilities.

The Audit Committee expressed their appreciation that the accounts were complete, given this had not been the case in previous years due to the pension costs not being finalised. There was also recognition that the final financial position was consistent with the requested additional funding through the Spring Budget Revision to the Scottish Commission for Public Audit (SCPA).

Stuart advised that the summary report from Alexander Sloan forms part of the external audit report. He noted the challenges in delivering the report in a virtual setting and expressed his gratitude to Alexander Sloan.

Steven Cunningham, Alexander Sloan, advised that no internal weaknesses were identified, and no recommendations had been made. He also noted his thanks to the Audit Scotland Finance team.

The Audit Committee members thanked the team at Alexander Sloan for their work and welcomed the robust report and its findings. It was noted that the findings are significant given the challenges of the last year. It was agreed that the findings provide assurance to the Scottish Commission for Public Audit (SCPA) that standards are being maintained.

Stephen Boyle, Accountable Officer and Auditor General for Scotland stated that he was satisfied with the final position of the accounts, and that he was content to sign off on the position outlined.

*The Audit Committee noted the draft Audit Scotland Audit summary report.*

## **7. Draft Annual Report and Accounts: Year end 31 March 2021**

Stuart Dennis, Corporate Finance Manager, and Simon Ebbett, Communications Manager, introduced the draft Annual Report and Accounts for year end 31 March 2021, copies of which had been previously circulated.

The Audit Committee members discussed final edits to the report's layout and content, having reviewed an earlier draft and having asked questions and provided comments by correspondence in advance of the meeting.

Stuart indicated that the report is set out to reflect the guidance from the Government's Financial Reporting Manual (FRoM). Further clarification will be sought from Alexander Sloan on the final draft of the report before publication.

Simon Ebbett, Communications Manager, agreed to consider revisions on how the Accounts Commission is reflected in the business section of the report for the following year.

It was agreed amendments would be incorporated into a final version to be circulated via correspondence by Tuesday 8 June.

The Chair thanked the officers involved for their work on the report.

**Action AC131: Simon Ebbett, Communications Manager to circulate the revised report to Audit Committee members by 8 June 2021.**

*The Audit Committee noted the draft Annual Report and Accounts and recommended it to the Board.*

*Stuart Dennis, Corporate Finance Manager and Simon Ebbett, Communications Manager left the meeting.*

## **8. Review of risk register**

Martin Walker, Associate Director, Corporate Performance and Risk, introduced the Review of risk register report, copies of which had been previously circulated.

Martin advised that there had been two changes since the Risk Register was last considered on 12 May 2021. The audit quality risk A3 has been raised from amber to red to reflect the findings of the quality reviews. He indicated that consequential impacts of risks around quality had been reflected in other scores.

Martin advised that risk A6, which relates to capacity, has reverted to amber. This reflected discussion by members at the last Audit Committee where it was agreed that it was premature to move to green until additional resources are embedded.

The Audit Committee acknowledged that the risk register reflects the fundamental importance of audit quality and the depth of the remedial actions taking place.

***The Audit Committee noted the review of the risk register.***

## **9. 2020/21 Annual report on Health, safety and wellbeing**

*David Blattman, HR&OD Manager and Charlotte Anderson, L&D Consultant, joined the meeting.*

Diane McGiffen, Chief Operating Officer, introduced the 2020/21 Annual report on Health, safety and wellbeing, copies of which had been previously circulated.

Diane advised that Covid-19 and our response dominated the Health, safety and wellbeing (HSW) report. Diane noted the supportive response from the Public and Commercial Services Union (PCS) and the Health and Safety Committee in directing action to the needs of individual colleagues and the broader organisation. Diane noted the unpredictable nature of the pandemic and advised a cautious approach would continue to be undertaken as there are many uncertainties ahead. She also noted that many of the findings within the report would continue to be reflected on, given the extraordinary nature of the last year.

A discussion took place on the levels of annual leave carried forward, mental health statistics and age differentials. David Blattman, HR & OD Manager advised that the report did not indicate any particular issues of concern to highlight to the Audit Committee and provided assurance that these areas are closely monitored on a regular basis. David expressed his thanks to Charlotte Anderson for her contribution to the Health and Safety Committee and the report.

The Audit Committee discussed whether this report should be considered at the Human Resources and Remuneration Committee. Diane explained that this report formed part of the suite of governance reports in the annual assurance process and also reflected a timing issue in reporting and meeting dates for the committees.

The Audit Committee members welcomed the report and noted the requirement for this report to be considered at Audit Committee as part of the annual suite of reports.

***The Audit Committee noted the 2020/21 Annual report on Health, safety and wellbeing.***

*David Blattman, HR&OD Manager and Charlotte Anderson, L&D Consultant left the meeting.*

## **10. 2020/21 Governance statement and certificate of assurance**

Gayle Fitzpatrick, Corporate Governance Manager, introduced the 2020/21 Annual report on Health, safety and wellbeing, copies of which had been previously circulated.

The Audit Committee members raised no issues.

***The Audit Committee recommended the Audit Scotland certificate of assurance be submitted to the Board as part of the annual assurance process.***

## **11. 2020/21 Annual report from the Chair of the Audit Committee to the Board**

The Chair of the Audit Committee, introduced the 2020/21 Audit Committee annual report to the Board, copies of which had been previously circulated.

The Audit Committee members were satisfied with the report and agreed it provided a good summary of the committee's work. The Chair requested that point 29 on audit quality be amended to reflect the proportionality point in line with the minute of the Audit Committee meeting on 12 May 2021.

**Action AC132: Gayle Fitzpatrick, Corporate Governance Manager to amend point 29 of the report.**

*The Audit Committee approved the report for submission to the Board.*

## **12. Any other business**

There were no items of any other business

## **13. Review of meeting**

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

*The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.*

## **14. Date of next meeting**

The next meeting of the Audit Committee was scheduled on 1 September 2021, 10.00am via video conference, to be chaired by Colin Crosby.

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

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
ASB131	Board	14	Scottish Commission for Public Audit: Official report	Consideration of Audit Scotland's medium and longer term fees and funding model to be scheduled. (March 2021)	27/01/2021	Jul-21	Diane McGiffen	Stuart Dennis	Complete	No	Discussion papers on the medium term financial plan and the fees and funding model are on today's agenda as items 24 and 25.
ASB131	Board	14	Scottish Commission for Public Audit: Official report	Consideration of Audit Scotland's medium and longer term fees and funding model to be scheduled. (March 2021)	27/01/2021	Aug-21	Diane McGiffen	Stuart Dennis	Complete	No	Discussion papers on the medium term financial plan and the fees and funding model are on today's agenda as items 24 and 25.
ASB139	Board	5	Chair's report – verbal update	The Chair to circulate a copy of his supporting statement to the Northern Ireland Assembly to members.	19/05/2021	Jun-21	Alan Alexander	Diane McGiffen	Complete	No	A copy of the Chair's supporting statement was shared with members on 21/06/21
ASB140	Board	12	Strategic improvement programme update	Martin Walker to circulate a briefing paper on the governance arrangements for the Strategic Improvement Programme and proposals for Board participation and engagement.	19/05/2021	Sep-21	Martin Walker	Martin Walker	Complete	No	Board member role in the improvement programme is included in the SIP update report at item 11 on today's agenda
ASB141	Board	15	Environment, Sustainability and Biodiversity plan 2020/21 to 2024/25	Graeme Greenhill and Ian Metcalfe to circulate information on the offsetting process of emissions.	19/05/2021	Sep-21	Graeme Greenhill / Ian Metcalfe	Graeme Greenhill / Ian Metcalfe	Complete	No	A briefing paper was shared with members on 9 September 2021.
ASB142	Board	9	Governance arrangements: review of standing orders	Martin Walker to update the standing orders for the Board and Remco, recording that the Accountable Officer is a member of Remco.	02/06/2021	Jul-21	Martin Walker	Martin Walker	Complete	No	Standing Orders are on today's agenda at item 14
ASB143	Board	15	2020/21 Annual report on complaints	Gayle Fitzpatrick to provide further detail of how complaints about colleagues is captured together with the further analysis requested.	02/06/2021	Sep-21	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete	No	Email sent to Board members on 31 August 2021.
ASB144	Board	16	2020/21 Annual report on freedom of information and environmental information	Gayle Fitzpatrick to review the visibility of Audit Scotland's role in responding to Environmental Information Requests.	02/06/2021	Sep-21	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete	No	Email sent to Board members on 31 August 2021.
ASB145	Board	17	2020/21 Annual report from the Chair of the Audit Committee	Gayle Fitzpatrick to update the report to reflect the agreed amendment.	02/06/2021	Jun-21	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete	No	The report was amended following the Board meeting on 2 June 2021 and re-published on the website as part of the public papers.
ASB146	Board	18	2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee	David Blattman to update the report to reflect the agreed amendment.	02/06/2021	Jun-21	David Blattman	David Blattman	Complete	No	The report was amended following the Board meeting on 2 June 2021 and re-published on the website as part of the public papers.
ASB147	Board	20	Counter Fraud Policy review	David Blattman to review the policy and provide an update to the Board.	02/06/2021	Jul-21	David Blattman	David Blattman	Ongoing		A review of the policy is underway and an update is scheduled for the Board meeting on 22 November 2021.
ASB148	Board	25	Draft Annual Report and Accounts: Year ended 31 March 2021	Stephen Boyle to submit the Annual Report and Accounts for laying in Parliament.	02/06/2021	Jun-21	Stephen Boyle	Stephen Boyle	Complete	No	Audit Scotland's Annual report and accounts were signed on 8 June and submitted to the SCPA on 11 June 2021.



# Covid-19 update

Associate Director, Corporate Performance and Risk

## Purpose

1. This report provides an update on Audit Scotland's response to the Covid-19 pandemic. It summarises the current position and the implications for Audit Scotland as an organisation and for the audit work.
2. The situation remains dynamic and a verbal update will accompany this report as appropriate.

## Background

3. The Audit Scotland Board considered a Covid-19 update report at its meeting on 19 May 2021 and received a verbal update at its meeting on 2 June 2021. Board members continue to receive the weekly updates from the Incident Management Team (IMT).
4. Scotland moved 'beyond level zero' on 9 August 2021. This saw the relaxation of many of the virus suppression measures.
5. Since the last update the Scottish Government has published:
  - An update to the [Strategic framework](#) (22/06/21).
  - ['Safer businesses and workplaces'](#) guidance (06/08/21 and updated 02/09/21).
  - ['Staying safe and protecting others'](#) guidance (24/08/21 and updated 01/09/21).
6. The Covid-19 delta variant is highly contagious and the combination of this, the relaxation of suppression measures and the return to schools has led to a significant increase in the infection rates. The vaccination programme has had a significant effect in mitigating the impact on serious illness, hospitalisation and death rates, however there are some indications that these have also been increasing in recent weeks, albeit to a much lesser extent than at earlier stages of the pandemic.
7. In a statement on 8 September 2021 the First Minister noted the surge in cases and 'very high levels of infection', but that the latest figures suggest that 'the rate of increase may now be slowing down'.
8. In a statement to the Scottish Parliament on 14 September 2021 the First Minister noted 'broadly positive signs' in terms of case numbers and confirmed the Cabinet had decided not to change the current suppression requirements. She also provided information on the roll out of vaccinations to 12-15 year olds and a combined Covid-19/flu booster programme.

## Organisational implications and responses

9. We continue to monitor the virus and the changing guidance closely and this is reflected in our organisational response and planning.
10. The 'safer businesses and workplaces' guidance states:

‘A gradual return to offices can begin in line with staff wellbeing discussions and business need, however home working will continue to be an important mitigation for controlling the virus. For now, we would ask that businesses still support employees to do this, where possible and in consultation with employees. We encourage employers to consider, for the longer term, a hybrid model of home and office working - which may, of course, have benefits beyond the need to control a virus.’

11. In June we published our [plan](#) for a phased approach to accessing our workplaces.
  - Phase 1: August – which provides continued access for business-critical activities and access for some colleagues to support health, safety and wellbeing.
  - Phase 2: October – which provides access for specific tasks (including induction, coaching and meetings, and specific tasks which cannot be done remotely).
  - Phase 3: November – which provides access for early stages of hybrid working and access for site visits and on-site work.
12. On 1 September 2021 the Audit Committee considered an [internal audit report](#) by BDO on ‘Covid-19, health, safety and wellbeing’. The audit reported substantial assurance for both the design and operational effectiveness of our arrangements. The report made two low-level recommendations, both of which have been actioned.

## Our people

13. From the start of the pandemic, we have prioritised the health, safety and wellbeing of our colleagues. This continues to be a key priority. We have worked hard to support colleagues who are currently all dispersed, working from home and juggling sometimes quite difficult home and work responsibilities. This support has taken a variety of forms, including regular communications and engagement, advice and guidance, access to systems and the provision of digital and office equipment.
14. Since the last update:
  - From the data we have available, since 1 May 2021, five colleagues have tested positive for Covid-19 and fewer than five colleagues are currently shielding. Fewer than five colleagues are currently absent due to persisting Covid-19 symptoms.
  - At least eight colleagues have suffered from adverse reactions to the vaccinations during this time and recorded their sickness absence accordingly. On average taking 1.75 days off sick each.
  - The first quarter sickness absence statistics show that the average sick day per employee is 1.03 for 2021-22. This compares to 1.3 days average per employee in the same quarter last year.
  - During August 2021 we saw a significant drop in the total of absence days taken in 2021 compared to August 2020 due to less long-term absences in 2021 (less than five) compared to seven in 2020.
  - Based on the national vaccination statistics as at 14 September we estimate that 87.5% of colleagues may have received their first vaccination jab and 79.6% their second.
  - An analysis of the time logged by colleagues to the C-19 business continuity time recording codes as at the end of August tells us that 2,794 days have been logged to

this code since March 2020. This equates to an average of 8.7 days per FTE over a 16-month period.

- Those with children at school have been experiencing disruption, in the week commencing 30 August 2021 over 32,000 pupils have been absent from Scotland's schools.

### Future working preferences

15. On 14 June 2021 we published 'Our workplaces plan'. This set out a phased approach to increasing access to workspaces. We have held a number of engagement events based around new ways of working including drop-in sessions hosted by members of Management Team (where attendance has consistently been over 100 colleagues) and discussions at various business group and team meetings.
16. In August/early September we ran the third of our working preference surveys to gauge colleagues current thinking on how and where they will work in the future. We invited colleagues to share their thoughts on the amount of time they expected to work in the office, on-site working and also the factors which were influencing their thinking.
17. The response rate was 71% and the [results](#) indicate very clearly that colleagues continue to anticipate a hybrid working model in the future.
  - 81% of colleagues indicated they would work mostly from home while being in the office for specific events/to do specific pieces of work or work in the office two to three days a week.
  - 83% of colleagues who would typically do on-site work indicated that this would be particular events/pieces of work or be around half as much as was the case pre-pandemic.
18. Colleagues also shared their thoughts on what factors were influencing their thinking. This covered a broad range of areas, the most common being work life balance, travelling to work locations, the needs and preferences of the team, health, safety and wellbeing, and efficiency and productivity.
19. The survey and the drop-in sessions will help inform our further planning for how we work in future and what this means for the office accommodation.

### Digital and office equipment

20. We continue to support people with home working. All colleagues are being provided with laptops, these will be used both remotely and when people access the offices. To date 74% of colleagues have Audit Scotland laptops and we expect the majority to be supplied by the start of October 2021.
21. We have also issued 409 items of digital equipment to 292 colleagues. These items have mainly been screens, keyboards and mice. The total cost to date has been £27,233.77, an average of £93.27 per colleague who has needed equipment.
22. We have also issued 368 items of office equipment to 279 colleagues. These items have included desks, chairs, footrests, and some items have been issued from existing stock in the offices. The number of requests received each week is now down to one or two items per week and these are for new starts. The total cost to date has been £18,859.26, an average of £67.59 per person who has needed equipment.

## Office access and accommodation

23. Substantial planning has already taken place on this and in the coming weeks we will review and update our risk assessment, engage with our external health and safety adviser and PCS and update the guidance for colleagues.
24. We have developed a SharePoint [hub](#) to provide colleagues with information and guidance including 'walk through' videos and guides on each of the offices.
25. We have also developed our approach to site visits and on-site working. This adopts the same principles and expectations which apply to our own offices and we are engaging with audited bodies on their working practices and Covid-secure arrangements.
26. In the medium term we will need to consider the office estate requirements in the context of hybrid working.

## Financial management

27. We continue to monitor the financial situation very closely.
28. In terms of the current cash flow position, we invoiced the second fee instalment for the 2020/21 chargeable audits and the final instalment of the 2019/20 Further Education (FE) audits in June. This totalled £6.3 million. To date we have received payments of £6.2 million leaving an outstanding balance of £0.1 million. The final instalment invoices, excluding FE, will be invoiced in September.
29. On 25 August 2021 the Chair and Accountable Officer wrote to the Scottish Commission for Public Audit (SCPA) to provide an update on Audit Scotland's response to the pandemic and how the additional funds recommended by the Commission were being used.
30. £1.5 million of the additional funding approved by Parliament has been earmarked for the Strategic Improvement Programme. This funding enables us to focus on digital capacity, professional support, wellbeing of colleagues and a multi-year recovery plan from the impact of Covid-19. To date we have committed expenditure of £1.3 million with the year to date spend being £0.4 million.

## Audit implications and responses

31. To date we have prioritised our statutory audit obligations and, in consultation with the Auditor General for Scotland and the Accounts Commission, paused/re-scheduled areas of audit work where we have more discretion. We have also been clear that we will do what is achievable, but that we cannot guarantee all deadlines can be met. This is due to the disruption in audited bodies as well as to Audit Scotland. We have also been clear that, while timescales may change, audit quality remains a priority and is even more important at times of significant disruption.

## Financial audits 2020/21

32. The submission deadlines for the 2020/21 audits are:

Sector	Pre pandemic deadline	New deadline
Health	31/08/21	30/09/21
Central Government – Agencies and Scottish Water	31/08/21	30/09/21
Central Government – NDPBs and similar	31/10/21	31/10/21
Local Government	31/10/21	30/11/21
Colleges	31/12/21	31/12/21

33. There are indications that the process of completing the audit work will remain challenging in 2021. This is the full first year in which the pandemic will impact on the annual accounts, this brings additional complexity for the audited bodies and for auditors.

## Covid-19 audit work

34. Since the last update we have published a broad range of material which directly consider or make connections to the pandemic:

- A revised dynamic [work programme](#) (27 April).
- Our strategy for '[following the pandemic pound](#)' (7 May).
- A blog on [social care](#) by the Interim Controller of Audit (3 June).
- A briefing paper on [PPE](#) (17 June).
- A briefing on [skills investment](#) by the Auditor General for Scotland (21 June).
- A blog on [public services and Scotland's voluntary sector during Covid-19](#) by the Accounts Commission (25 June).
- A report on [Fraud and Irregularity](#) (1 July).
- A blog on the [provisional Scottish Budget Outturn](#) by the Auditor General for Scotland (8 July).
- A briefing on [sustainable alternatives to custodial sentences](#) by the Auditor General for Scotland (14 July).
- A blog on Child and Adolescent Mental Health Services (31 August).
- An update on the [strategic risks and issues facing the public sector](#) (2 September).
- A briefing on '[Tracking the impact of Covid-19 on Scotland's public finances](#)' (15 September).

**35.** These, along with all of our audit reports, are published on the Audit Scotland [website](#).

**36.** Publications in the coming months include:

- A briefing on the vaccinations programme (September).
- A report on Covid-19's impact on housing benefit services (October).
- A briefing on social care (New Year).

## **Recommendations**

**37.** The Board is invited to:

- note the actions taken to date in response to the Covid-19 pandemic
- note the ongoing actions and next steps.

# Strategic Improvement Programme update

Associate Director, Corporate Performance and Risk

## Purpose

1. This report provides the Board with an update on the Strategic Improvement Programme.

## Background

2. The Audit Scotland Board approved the Strategic Improvement Programme (SIP) at its meeting on 25 November 2020.
3. The key objectives of the SIP are to:
  - drive our organisational transformation and improvement over the next 18 months
  - provide a bridge between the 'recovery phase' and our new longer-term operating model
  - assure and inspire our colleagues
  - ensure we deliver on our core commitments on audit (quality, focus, methodology and value added)
  - ensure we deliver on our commitments on how we run the organisation – being people focussed by prioritising the health, safety, wellbeing and development of our people, and by being innovative and efficient.
4. The Audit Scotland Board considered an update [report](#) on the SIP at its meeting on 19 May 2021. The report noted the key objectives of the SIP, along with a progress update on the workstreams and next steps.
5. A detailed list of the projects in the programme is attached at Appendix 1.

## Programme milestones and areas of focus

6. We are making good progress on the programme.
7. The SIP Programme Board met most recently on 31 August 2021. At that meeting it considered a project scoping report for the Electronic Working Papers system, proposals on the second phase of the Building Capacity project, update reports on the Digital Audit Strategy, the Audit Scotland 2021 engagement events and the programme overall.
8. The sections below provide further information on the projects in the SIP.

## Delivering world class audit – What we do

9. The refreshed **dynamic work programme** was approved by the Auditor General for Scotland and published in May 2021. A broad range of reports, briefings and blogs have been published since then. These were detailed in the [Quarter 1 performance report](#) which

was considered by Management Team on 31 August 2021 and appears at item 13 of today's Board agenda. The first quarterly update report on the programme was considered by the Auditor General for Scotland and the Accounts Commission in August 2021.

**10.** We are continuing to develop our **audit methodology**.

- Financial audit approach – in July the Audit Approach Programme Board confirmed that the new audit planning tool would be rolled out and the ISA315 concepts would be applied as scheduled. It also confirmed that the revised controls approach and the baseline testing would be rescheduled to 2022/23.
- Best value – reports on the approach and capacity have been considered by the Best Value Working Group (BVWG) and the Accounts Commission in August and September 2021. The Accounts Commission is scheduled to consider the proposed approach at its meeting on 9 December 2021.
- Best value IJBs – the approach is being piloted, the BVWG is considering pilot reports and the new methodology is scheduled to be implemented with effect from 2023.
- Less complex bodies – the approach was agreed by the New Audit Appointments Steering Group in August and guidance was published with the Invitation to Tender in September 2021. IAASB consultation has been issued and is scheduled for completion by 31 October 2021.
- Following the pandemic pound – a briefing on the implications for public finances is scheduled for 15 September 2021. The project team is developing the scope of the work, the audit programme, the coordination of related work in the financial audits and the intelligence gathering on emerging messages and data.
- Auditing climate change – pilot work is under way.

**11. Audit Quality** – The Audit Quality Assurance programme was approved by the Audit Quality Committee on 27 July 2021. This includes a 15-point action plan, 13 actions from which are now complete. Extensive activity has been under way including investing in additional quality resources by creating a new dedicated Quality Assurance team within Professional Support, scaling up the hot review programme, root cause analyses and a review of any risk of material misstatement. The Accounts Commission and the Audit Committee considered an [update report](#) at their meetings on 12 August and 1 September respectively.

**12. New audit appointments** – Progress on the Invitation to Tender (ITT) on schedule to meet the project milestones. The ITT was published on 6 September 2021, closes in November and contract awards are expected to be made in February 2022. The New Audit Appointments Steering Group next meets on 25 November 2021.

**13. Digital audit strategy** – The SIP board considered an [update](#) on this project at its meeting on 31 August 2021. This included information on the status of the external and internal development work on the digital audit tools and future milestones including consideration of a business case (December) and a 'build or buy' decision (March 2022). The update also provided a timeline for the development for a new approach to IT audit.

**14. Electronic Working Papers (EWP)** – At its meeting on 31 August 2021 the SIP board also agreed the [outline scope](#) for this project, confirming that this project be prioritised and resourced accordingly.



- 15. Diversity and Equalities** – The Equalities and Human Rights Steering Group has been working with Business in the Community to develop approaches to raising awareness and the use of a human rights-based approach to review how best equalities and inclusion be developed in the audit process. This work includes an insight event on 7 September 2021 and a series of six workshop events during October and November 2021.
- 16. Parliamentary engagement** – The new Parliament has now returned after recess and we have been actively engaging with a number of its committees in providing evidence and supporting the committees' business planning days. This has included engagement with the Public Audit Committee, the Finance and Public Administration Committee, the Health and Sport Committee and the Local Government, Housing and Planning Committee. This engagement will continue over the coming months.

### **Being a world class organisation – How we work**

- 17. People strategy** – Management Team will consider a proposal on an integrated Learning and Development offer at its meeting on 21 September 2021.
- 18. Building Capacity**
- **Phase one** – This phase focused on audit resources. Between May and July, we made 46 auditor appointments, 24 of which are funded from the additional money the Scottish Commission for Public Audit (SCPA) provided (£1.196k for 2021/22). This additional capacity means that we can also free up existing resources to support the delivery of the improvement programme, with a particular focus on strengthening support for audit quality.
  - **Phase two** – Management Team and the SIP Board considered proposals at meetings on 17 and 31 August 2021. Proposals for expanding digital auditing and communications capacity have been agreed and further proposals will be considered by Management Team on 21 September 2021.
- 19. One Organisation deployment** – A project team has been established and some initial scoping has taken place. This project is currently on hold to prioritise the delivery of the core audit work. The position will be reviewed in October 2021 with a view to rescheduling the project.
- 20. Our workplaces** – In June we published our [plan](#) for a phased approach to accessing our workplaces.
- Phase 1: August – which provides continued access for business-critical activities and access for some colleagues to support health, safety and wellbeing.
  - Phase 2: October – which provides access for specific tasks (including induction, coaching and meetings, and specific tasks which cannot be done remotely).
  - Phase 3: November – which provides access for early stages of hybrid working and access for site visits and on-site work.
- 21.** Since the last SIP update report we have continued to engage extensively with colleagues and carried out a third working preferences survey. This is explored in more detail in the [Covid-19 update report](#) which appears at item 10 on today's Board agenda.
- 22. Medium term financial strategy** – Discussion papers on the strategy and on fees and funding have been issued to the Board to inform a discussion on 22 September 2021.

- 23. Digital Services Strategy** – We published a [six monthly update](#) on the implementation of the strategy on 20 August 2021. This focussed on the work under way in a number of areas including: digital security and resilience, the roll-out of laptops and other technology to support hybrid working, the continued migration to cloud based services and capacity building.
- 24. Business Management System** – A contract has been signed and the system set-up process is under way. The payroll module is scheduled to go live in February 2022 including a period of testing and parallel running over the course of November 2021 to January 2022.
- 25. Green future** (Environment, sustainability and biodiversity) – We published our five-year [Environment, Sustainability and Biodiversity Plan 2021-2025](#) in May 2021, setting out our route map to achieving Net Zero by 2030. We aim to reduce our annual carbon emissions to no more than 133 (tCO<sub>2</sub>e) by 2030. Delivering Net Zero will therefore require some consideration of offsetting measures. On 9 September 2021 we published a [perspectives blog](#) and the Green Future Team is planning to hold Insight events and activities before and after COP26, to reflect on the role we have to play as an organisation and as individuals to help tackle climate change, what is going on in the wider world, and our approach to auditing climate change. The Green Future Team circulated further information on the offsetting process to the Board on 9 September 2021.

## Our purpose

- 26.** Scoping work is under way for the development of a refreshed Public Audit in Scotland and the Partnership Framework. Management Team considered development proposals at its meeting on 14 September 2021. The corporate plan and business plans also form part of this workstream.

## Programme communications and engagement

- 27.** The [Our Plan Sharepoint site](#) has been updated as appropriate.
- 28.** Since the last update report SIP updates and discussions have taken place at sessions involving the Accounts Commission, the Leadership Group and team, Superteam and group meetings and drop-in sessions.
- 29.** At its meeting on 31 August 2021 the SIP Board considered an [update report](#) on the Audit Scotland 2021 engagement programme. This highlighted the broad range of events which have taken place over recent weeks including:
  - Keynote events (inc tackling inequalities with the Auditor General for Scotland, the Interim Chair of the Accounts Commission and Professor James Mitchell, Chair of Public Policy at the University of Edinburgh).
  - Insight events (inc Holyrood explained post-election analysis, health, safety and wellbeing events, devolution and Brexit).
  - Perspectives (inc blogs on climate change, the Inform 100 youth panel, the digital audit strategy, and Freedom of Information).
- 30.** Upcoming events include:
  - Keynote events in October, November, December and January hosted by members of Management Team.

- Insight sessions on new audit products, developing a human rights-based approach to audit, data analytics and further health and wellbeing sessions.

## Programme governance, reporting and resourcing




- 31.** The Strategic Improvement Programme Board is responsible for the oversight and delivery of the Strategic Improvement Programme. It is comprised of members of Management Team and has met on 22 June and 31 August 2021 and the next meeting is scheduled for 2 November 2021. SIP related business also takes place at the Management Team to ensure that good progress is being made and project reports and updates feature regularly on the Management Team agenda.
- 32.** We submitted the first update to SCPA on 25 August 2021 and the SIP featured in discussions during the SCPA's evidence session on the Annual Report and Accounts 2020/21 on 1 September 2021.
- 33.** At its [meeting](#) on 19 May 2021 the Board requested that consideration be given to how Board members may have further involvement in supporting the development and implementation of the SIP. This was discussed by the SIP Board on 31 August 2021.
- 34.** To date Board members role(s) in the programme have included:
  - Approval of strategies and plans (the Digital Audit Strategy and Digital Services Strategy, the Environment, Sustainability and Biodiversity Plan 2021-25 and Diversity and equalities outcomes and the development of budget proposals).
  - New dynamic work programme (Auditor General for Scotland [AGS] and Accounts Commission).
  - New audit appointments (NAA) and development of the Code of Audit Practice (inc NAA Steering Group).
  - Audit methodology (including Best Value [BV] and BV in IJBs) (Accounts Commission BV Working Group).
  - Considering regular updates on the programme overall and updates on specific projects and workstreams including audit quality, digital security and the new audit appointments.
- 35.** Further planned involvement of the Board/Board members in projects and workstreams includes:
  - Public Audit in Scotland and the supporting partnership framework agreement and the Corporate Plan.
  - The NAA procurement process culminating in the audit appointments being made by the AGS and the Accounts Commission.
  - The People Strategy.
  - The Medium-Term Financial Plan (including fees and funding).
  - Shaping our future (various events including the keynote event provisionally scheduled for January 2022).

## Recommendations

**36.** The Board is invited to note the progress update on the SIP and next steps.

# Appendix 1

## SIP Project summary

 What we do	 How we work	 Our purpose
<ul style="list-style-type: none"> <li>• New dynamic work programme</li> <li>• Code of Audit Practice</li> <li>• New audit appointments</li> <li>• Audit approach (including financial audit approach, BV in LG, BV in IJBs, less complex bodies, following the pandemic pound and auditing climate change)</li> <li>• Digital Audit</li> <li>• Audit quality action plan</li> <li>• Electronic working papers</li> <li>• Diversity &amp; equality</li> <li>• Parliamentary engagement</li> </ul>	<ul style="list-style-type: none"> <li>• People strategy (inc workforce plan and learning and development offer)</li> <li>• Building capacity</li> <li>• One organisational deployment</li> <li>• Medium term financial strategy (including fees and funding)</li> <li>• Our workplaces (Covid-secure and longer-term office strategy)</li> <li>• Digital services strategy</li> <li>• Business Management System</li> <li>• Green future</li> <li>• Shaping our future (Audit Scotland 2021) engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Public audit in Scotland</li> <li>• Partnership Framework</li> <li>• Corporate Plan</li> <li>• Business Plans</li> </ul>

# Q1 Financial performance report

## Purpose

1. This report presents the financial results for the three months to 30 June 2021.

## Background

2. The detailed finance performance report for the three months to 30 June is provided in Appendix 1 to this paper.
3. The report was considered by Management Team on 17 August 2021.

## Discussion

4. In the first quarter of the 2021/22 financial year Audit Scotland's Net Operating Expenditure was £2,064k which was £58k more than budget.
5. In-house income for 2020-21 audits was in total £69k less than budget with a negative volume variance of £72k and a positive price variance of £3k. Resources allocated for non-chargeable audit work has led to the completion rate for this sector to be ahead of plan.
6. Fee income earned for 2020-21 audits carried out by external firms net of fees and expenses paid to the firms was £10k better than budget. Income recognition was £316k worse than budget with fees and expenses payable to the external firms being £326k less than budget.
7. Staff costs including agency expenditure was £4k less than budget.
8. Other expenditure £3k worse than budget. The main positive variances were recorded in travel and subsistence (£22k), legal, professional and consultancy (£22k) and property costs (£18k). The main adverse variance was in information technology (£37k).
9. The detailed variance analysis and explanation is provided in Appendix 1 attached to this report. Appendix 1 also includes a section on the allocation of management contingency and the key financial risks that will need to be managed in 2021/22.

## Virement

10. There were no instances of budget virement in excess of £20k in the three months to 30 June 2021.

## Recommendation

11. The Board is invited to note the financial results for the three months to 30 June 2021.

## Headline Results

The summary financial position to 30 June 2021:

£000	Annual Budget	Actual	Budget	Var.	% Var.	Prior Year	Note
Fee Income - In House	7,975	1,895	1,964	(69)	-3.5%	1,663	1
Fee Income - Audit Firms	5,118	1,341	1,657	(316)	-19.1%	1,270	2
Central Charges	5,644	1,411	1,411	0	0.0%	1,412	
Rebate	0	0	0	0	-	0	
Interest	0	0	0	0	-	1	
Other Income	0	0	0	0	-	0	
IAS 19 Income	0	0	0	0	-	0	
<b>TOTAL INCOME</b>	<b>18,737</b>	<b>4,647</b>	<b>5,032</b>	<b>(385)</b>	<b>-7.7%</b>	<b>4,346</b>	
Approved auditors	4,553	1,171	1,497	326	21.8%	1,168	2
Staff salaries and oncosts	19,903	4,676	4,691	15	0.3%	4,400	3
Payroll provisions incl. severance	269	0	0	0	-	0	
Agency and secondment costs	75	55	44	(11)	-25.0%	78	3
IAS 19 Pension costs	100	0	0	0	-	0	
Property costs	984	194	216	22	10.2%	215	4
Travel and subsistence	719	75	93	18	19.4%	87	5
Legal, professional and consultancy	678	88	110	22	20.0%	81	6
Training	483	83	80	(3)	-3.8%	52	
Recruitment	138	50	40	(10)	-25.0%	43	7
Printing and office costs	236	56	46	(10)	-21.7%	33	8
Information technology	496	158	121	(37)	-30.6%	135	9
Audit	60	16	15	(1)	-6.7%	15	
Depreciation	279	74	70	(4)	-5.7%	87	
Other costs	578	15	15	0	0.0%	8	
<b>EXPENDITURE</b>	<b>29,551</b>	<b>6,711</b>	<b>7,038</b>	<b>327</b>	<b>4.6%</b>	<b>6,402</b>	
<b>NET OPERATING (EXPENDITURE)</b>	<b>(10,814)</b>	<b>(2,064)</b>	<b>(2,006)</b>	<b>(58)</b>	<b>-2.9%</b>	<b>(2,056)</b>	

Funded by Scottish Consolidated Fund	10,814	2,064	2,006	58	2,056
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## Income and Expenditure Summary

### 1. Fee Income – In House

Variances arise in fee income as a result of volume and price differences. Volume variances occur when audit work is carried out at different times and/or durations than planned. Price variances reflect the difference in actual fees to indicative fees originally budgeted and is based on additional work undertaken and agreed with the audited body.

The table below shows the performance by sector at 30 June 2021 for the in-house audits:

Sector	2020/21 Audit Year		Price	Prior Years	Total
	Volume				
	WIP %	£	£	£	£
Local Government	-0.14	-6	+28	-	+22
Health	-2.64	-40	+13	-	-27
FE	-	-	-	-	-
Central Government	-2.77	-30	-31	-	-61
Non-statutory	+0.65	+4	-7	-	-3
<b>Total – June 20</b>	<b>-0.94</b>	<b>-72</b>	<b>+3</b>	<b>-</b>	<b>-69</b>

#### Local Government

Local Government audits are 0.14% behind budget leading to a minor adverse volume variance of £6k. The positive price variance of £28k is due to increased fees being applied to local government bodies with the most significant increases being applied to Aberdeenshire Council, Angus Council, Fife Council and Scottish Borders Council. Audit sign off for the local government sector is expected by the end of November though we need to plan for the possibility that a small number of bodies could experience a delay. The situation is being closely monitored.

#### Health

Overall health audits are 2.64% behind the re-profiled budget leading to a negative volume variance of £40k. The positive price variance is due to an increase in the fee for NHS Tayside and NHS National Services Scotland. The expected audit sign off of the health sector is planned for the end of September and based on current information it is projected that the majority of health audits will complete by this target.

#### Further Education (FE)

ASG undertake 2 FE audits, Dundee & Angus College and Edinburgh College. Progress on 20/21 audits is currently on schedule with the final sign off of these audits on target to take place by the end of December.



## Central Government

Central Government chargeable audits are 2.77% behind plan leading to a negative volume variance of £30k. Within this sector it is a mixed picture with some audits complete and others behind planned trajectory. The negative price variance is due the agreed fee for a new body, South of Scotland Enterprise, being less than the original indicative fee. Current planning assumptions are based on an expected audit sign off for this sector by the end of November.

## Non-statutory

The European Agricultural Fund Account (EAFA) audit is slightly ahead of schedule by 0.65% leading to a minor volume variance of £4k. The price variance is due an adjustment in the agreed fee following fee discussions with the National Audit Office on the audit work required.

## **2. Fee income and expenditure – Audit Firms**

The adverse income variance of £316k is offset with the positive expenditure variance of £326k for approved auditors. Effectively this approach highlights a net favourable variance of £10k on chargeable audits.

Audit firms can negotiate fee increases within set parameters above indicative fees with audited bodies. Primarily increases in fees will relate to increased complexity and additional work undertaken for which the audited body has agreed to pay an additional fee.

The table, below, shows the performance for approved auditors by sector to 30 June 2021:

Sector	2020/21 Audit Year		Prior Year	Total	
	Volume	Price	Price		
	WIP %	£	£	£	
Local Government	-20.45	-598	+27	-	-571
Health	+25.45	+269	+45	-	+314
Water	-30.00	-45	-	-	-45
FE	-18.57	-84	+9	+39	-36
Central Government	-2.91	-13	+35	-	+22
<b>Total – June 20</b>	<b>-9.39</b>	<b>-471</b>	<b>+116</b>	<b>+39</b>	<b>-316</b>

## Local Government

Audits on the local government sector are 20.45% behind estimated plan leading to an adverse volume variance of £598k. Audit firms have agreed fees above expected fees leading to a price variance recognition of £27k with the most significant increases being applied to Aberdeen City Council, Highland Council, City of Edinburgh Council and West Lothian Council. The firms have been focusing resource on NHS audits and it is projected that this sector will be nearer to plan in respect of audit completion at the end of quarter 2.

## Health

Health audit completion is 25.45% ahead of trajectory generating a positive volume variance of £269k. In addition to the volume variance there is a £45k price variance due to agreed fees being higher than expected with the main increases being applied to Public Health Scotland and NHS Lothian.

## Water

The adverse volume variance is due to the audit being behind the prior year actual.

## Further Education (FE)

Progress on 2020/21 audits is 18.57% behind schedule leading to a negative volume variance of £84k which is being reduced by a positive price variance of £9k. The prior year audit income of £39k relates to the final agreed settlement fees for completion of the 2019/20 audits with the main increases applying to Inverness College, Lews Castle College, North East Scotland College and Perth College.

## Central Government

Central government audits are slightly behind schedule leading to a minor negative volume variance of £13k. The £35k price variance is due to a number of agreed fee increases with the largest increases being applied to Scottish Canals, Bord na Gaidhlig and Commissioner for Ethical Standards in Public Life in Scotland.

### 3. Staff & Agency Costs

Business Group	Annual Budget £000	Actual £000	Budget £000	Variance £000	Actual Average w.t.e.	Average Budget w.t.e.	Note
ASG staff costs	10,601	2,442	2,432	(10)	162.8	163.6	a)
ASG agency & secondments	75	45	44	(1)			
PABV staff costs	5,139	1,159	1,234	75	74.5	79.4	b)
PABV agency & secondments	0	0	0	0			
CSG staff costs	2,292	605	569	(36)	38.4	36.1	c)
CSG agency & secondments	0	10	0	(10)			
Business Support staff costs	755	197	188	(9)	20.1	18.8	d)
Business Support agency & secondments	0	0	0	0			
Governance & Other staff costs	1,485	273	268	(5)	5.3	5.0	e)
Governance & Other agency & secondments	0	0	0	0			
<b>Total staff costs</b>	<b>20,272</b>	<b>4,676</b>	<b>4,691</b>	<b>15</b>	<b>301.1</b>	<b>302.9</b>	
<b>Total agency &amp; secondments</b>	<b>75</b>	<b>55</b>	<b>44</b>	<b>(11)</b>			

- a) There is a minor overspend (£10k) year to date and it is expected that this will decrease as the year progresses. There has been a number of retirals/leavers and we had made contingency with backfill already in place before their actual leaving date. The in-year establishment increase of 22 is being funded from new financial powers budget allocation and the contingency increase approved as part of our 2021/22 budget submission. There will be a further increase in the year as we look to fill specialist resource (e.g. social security, digital) and additional budget will be allocated to cover this expenditure commitment.

Agency costs are slightly over budget and it is projected that we will be on budget this financial year as we have increased our permanent staff numbers to meet audit work demands and implement a recovery plan. The agency staff

charged in year were successful in applying for permanent positions within Audit Scotland and the costs have now transferred into staff costs.

- b) PABV underspend is due the staggered start dates in May and June of new staff members following the building capacity recruitment campaign. An additional 6 posts have been identified as part of the building capacity programme and in addition to these posts there was also a number of vacant positions that PABV were looking to fill as part of the overall recruitment exercise. It is expected that there will be further additions as we look to recruit to potential specialist posts (e.g. digital audit).
- c) The average staff resource requirement in CSG has been higher than budgeted w.t.e. (£36k) due to the provision of cover for maternity leave (2 posts) and a secondment from PABV of a temporary project manager in Audit Quality and Appointments (AQA). The AQA post is being funded from savings generated in professional fees.

Agency costs relate to 2 temporary HR Advisors as short-term backfill for leavers in the HR department. We have successfully interviewed for the vacancies and expect them to start in July.

- d) Business support variance is due to the extension of a fixed term contract and this overspend will reduce as we progress through the year.
- e) The expenditure in Governance & Other is more than budget as we incurred in April the additional part month costs of the outgoing Director of PABV and Controller of Audit.

#### **4. Property costs**

Expenditure on property less than budget due underspends in rent, maintenance, electricity and cleaning. We are currently in negotiations with the landlord's agent over a rent review of West Port with the accounts reflecting the actual current rental rate, which is based on the amount we are being invoiced and will change when a final agreement is reached. The initial proposed rent increase from the landlord was significantly higher than the increase applied in the budget and our agent is actively looking to keep any increase to a minimum in view of the current office lease market in Edinburgh.

#### **5. Travel and subsistence**

As expected, we continue to incur very little travel and subsistence expenditure with the primary reason for the current underspend being due to reduced car lease expenditure. The car lease scheme is closed to new entrants. The underspend is attributable to mileage credits on return of vehicles to the lessor and members of the scheme leaving/retiring from Audit Scotland with there being no further obligation in respect of the lease car.

#### **6. Legal, professional and consultancy**

The current underspend is due to reduced expenditure on professional and legal fees. The professional fees underspend is the saving of the project manager cost on the New Audit Appointments project. This position is now an internal Audit Scotland member of staff with the overspend in staff pay being offset by savings in professional fees. In respect of the legal fees budget current plans indicate that it will be fully utilised with the current underspend being down to the timing of expenditure.

## 7. Recruitment

The overspend is attributable to agency placement fees for 3 agency temp auditors who were successful in the building capacity recruitment exercise. As we look to continue to build capacity in specialist positions and meet ongoing recruitment demands it is possible that the full year budget might not be sufficient. We will have suitable flexibility from savings (e.g. travel and subsistence) and management contingency to enable us to offset any potential overspend.

## 8. Printing and office costs

Within this subjective heading there are numerous minor under and overspends to budget with the main reason for the overall overspend relating to the payment of prior year insurance premium adjustments.

## 9. Information technology

The overspend is attributable to software licences. As we increase the number of employees we need to ensure that we have sufficient Microsoft and MKI licences to enable staff to work remotely in a safe and effective IT environment. This is a financial pressure that can be funded from savings in other budgets this financial year but future budgets will need to increase to reflect demand.

## Contingency and Financial risks

The 2021/22 budget includes a contingency allocation of £2 million which is controlled by the Management Team (MT). The budget has earmarked £1.5 million for the Strategic Improvement Programme (SIP) with the balance of £0.5 million being set aside to meet any unforeseen financial pressures that may arise during the year.

To date MT have approved allocations totaling £1.3 million to the SIP in order to build sufficient capacity to deliver our core objectives as outlined in our budget submission to the SCPA.

The financial environment we are operating in remains volatile and there are key financial risks that we will need to manage in 2021/22. These include:

- Audit recovery plan and closing work in progress at 31 March 2022
- Additional costs to deliver audit (implications on audit of additional Covid-19 funding)
- Resource availability to meet audit demand
- Impact on firms' costs
- Pension year-end accounting adjustments

In the longer term there are financial issues that are being considered as part of the 2022/23 budget submission to the SCPA and Medium-Term Financial Planning. These include:

- Continuation of increased SCPA funding
- Impact of firms' procurement exercise
- A review of the current fees and funding model
- Resourcing pressures and additional cost of audit
- Pension fund pressures

- Auditing post Covid-19 (onsite, remote, hybrid)
- Carbon emission targets
- EAFA audit
- Pay award uncertainty

## Capital Expenditure and Funding

The capital budget for 2021/22 has increased from £150k to £250k with the capital programme focusing on office re-configuration to provide a Covid secure environment and new IT hardware and software. There has been no capital expenditure in the first quarter of 2021/22, however, we have placed an order for the delivery of laptops (due September 2021) and are currently in the process of completing an order for a new business management system (HR, payroll, recruitment, learning & development).

**Stuart Dennis**  
Corporate Finance Manager  
30 July 2021

# Q1 Corporate performance report

Associate Director, Corporate Performance and Risk

## Purpose

1. This report provides the Board with a review of organisational performance in quarter one (Q1) 2021/22.

## Background

2. The performance information is reported under the two strategic objectives of 'delivering world class public audit' and 'being a world class organisation' in line with the corporate plan.
  - Appendix 1 provides a summary of performance for each strategic objective.
  - Appendix 2 provides the detailed performance information.

## Q1 performance summary

3. The following objectives are 'amber'. This is defined as 'progressing and additional management action planned'.
  - We conduct relevant and timely audits and report in public (where the main impact is on delivery dates and budgets).
  - We manage our resources effectively (where the main impact is on audit costs and income).
  - We maximise our efficiency (where the main impact is on colleague productivity).
  - Audit work is of high quality and we are systematically improving the quality of our work (reflecting the quality review outcomes).
4. We expect to continue to operate in a volatile environment during 2021/22 which may impact performance throughout 2021/22.

## Delivering world class public audit

5. There were 100 publications in Q1 comprising: 78 annual audit plans, eight accounts certified, four annual audit reports, two performance reports and eight other reports.
6. We published the new dynamic work programme in Q1.
7. Media mentions and social media engagements are significantly up on the same quarter last year, this is notable given the election publication moratorium in place for much of the quarter. Downloads are down on the same quarter last year (262,497), though in part this is due to the way downloads are recorded.

## Being a world class organisation

8. We continued to prioritise communication and engagement with colleagues across the organisation using a broad range of channels. This includes formal business messaging through the regular Incident Management Team (IMT) updates, informal Yammer channels and drop-in sessions/meetings with the Auditor General for Scotland and members of Management Team.
9. We had 301.1 (99.4 %) whole time equivalent colleagues in place at the end of the quarter against a budget establishment of 302.9. The establishment is due to increase, in phases, during the year to 321.8.
10. The absence rate is lower than Q1 in previous years and remains low at 1.03 days.
11. The outturn on core funding was £2,064k (2.9%) more than budget in Q1.


## Forward look

12. Quarter two will include Central Government and NHS audits in line with the new Audit planning guidance.

## Recommendations

13. The Board is invited to:
  - review the performance in quarter one
  - consider whether any additional management action is required.

## 2021/22: Q1 performance summary

 Delivering world class public audit	Measure in Q1	Previous quarter	Same quarter last year	
We conduct relevant and timely audits and report in public.				
Reports 2021/22 (Q1)	100	152	44	↑
On time (YTD)	82.5%	86%	100%	↓
Audit Budget (YTD)	-1.92	+22.85%	+14.56%	↓
We get our messages out effectively				
Media mentions (Q1)	196	302	101	↑
Downloads (Q1)	161,730	176,649	262,497	↓
Social media engagements (Q1)	6,590	9,401	2,178	↑

### Key performance messages in Q1:


- We delivered 100 audits/reports.
- 82.5% of the annual audit plans were delivered on schedule
- Audits were delivered 1.92 per cent under budget and within our 5 per cent tolerance for this measure.
- Communications statistics show we are getting our messages out effectively. These include 161,730 downloads, 6,590 social media engagements and 196 media mention of Audit Scotland and/ or Accounts Commission.
- We attended 14 external working groups and responded to five consultations.

### Key actions

The key actions for this strategic objective are covered by the projects and workstreams in the Strategic Improvement Programme. They include development of the ASG audit methodology, the development of digital auditing and the implementation of the audit quality improvement action plan.

**Key:**  
**Red** = Not progressing/significant additional management action required.  
**Amber** = Progressing and management action planned.  
**Green** = On target/no need for additional management action



 Being a world-class organisation	Measure in Q1	Previous quarter	Same quarter last year	
<b>We manage our resources effectively</b>				
Budget Variance (YTD)	+2.9%	-5.9%	+10.9%	↓
WTE establishment (YTD)	99.4%	100.2%	98.6%	↑
<b>We maximise our efficiency</b>				
Staff costs (YTD)	4,676k	17,916k	4,400k	↑
Agency/secondment costs (YTD)	75k	324k	78k	↓
Average cost per audit day (Q1)	470.5	449	429.8	↑
Proportion of audit time (Q1)	67.5%	66%	60%	↑
<b>We empower and support our people to be engaged, highly skilled and perform well</b>				
Absence (YTD)	1.03 days	5.81 days	1.63 days	↓
Staff turnover (YTD)	1.56%	5.09%	2.43%	↓
Exams pass rate (YTD)	65%	80%	78%	↓
Training events (YTD)	42	90	28	↑
Training attendees (YTD)	828	1,387	405	↑
IT uptime	99.69	99.8%	99.91	↓


### Key performance messages in Q1:

- The outturn on core funding was £2,064k (2.9%) more than budget.
- The number of colleagues at the end of Q1 was 99.4% of the budgeted establishment.
- Absence levels (1.06 days) is the lower than last year (1.63 days)
- Staff turnover (1.56%) decreased compared to (2.43%) in Q1 last year
- The exam pass rate for Professional Trainees was lower than in previous years
- The proportion of audit time was 67.5 per cent, higher than the 60 per cent in the same quarter last year.

### Key actions

The key actions for this strategic objective are covered by the projects and workstreams in the Strategic Improvement Programme. They include several workstreams on resourcing, learning and development and wellbeing and the performance management framework.

## Performance detail 2021/22: Quarter 1

 Delivering world class public audit	<b>We conduct relevant and timely audits and report in public.</b>
--	--

Key Performance Questions	2019- 20				2020-21				2021-22				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Are relevant audits being delivered?	G	G	G	G	A	A	G	G	G				
Are audits delivered on time?	G	G	G	G	A	A	G	G	G				
Are audits delivered on budget?	G	G	G	G	R	R	R	R	A				

### Key messages

The Scottish Parliamentary Election took place on May 6. Due to publication moratorium rules Audit Scotland did not publish anything in the six weeks leading up to the election, meaning that there were no publications in April and early May.

In April 2021 the Auditor General for Scotland and the Accounts Commission signed off their joint dynamic work programme and it was published on our website on 24 May 2021. The objective is to increase our impact and effectiveness by being more agile and innovative. The work programme will be updated quarterly, and the schedule as shown on pages 2 and 3 will change with each update as we flex our plans to respond to emerging ideas and opportunities, changing circumstances and the needs of stakeholders.

In Quarter 1: we delivered 100 audits/reports comprising: 78 annual audit plans, 8 accounts certified, 4 annual reports, 1 performance audit, 1 overview report and 8 other reports (further detail is provided on page 2&3 below):

Audit expenditure is almost two per cent under budget and is within the 5% tolerance target.

We delivered 82.5 per cent of Annual Audit plans to schedule with three yet to be delivered. The three annual audit plans outstanding were due to; an audit committee after the deadline, IT issues at the audit body and one delayed due to Auditor concerns which have now been resolved.

**Audit/report schedule 2021/11**

	Q1	Q2	Q3	Q4	21/22 YTD
Annual Audit Plans Audit Scotland (120)	37 ✓				120
Annual Audit Plans Firms (102)	41 ✓				99
Accounts certified Audit Scotland (124)	4 ✓	NHS 10 CG 19	LG 65 CG 28 FE 2		4
Accounts certified Firms (102)		NHS 13 CG 8	LG 39 CG 23 FE 19		
Annual Audit Reports Audit Scotland (125)	4 ✓	NHS 10 CG 47	LG 65 CG 28 FE 2		4
Annual Audit Reports Firms (102)	4 ✓	NHS 13 CG 8	LG 39 CG 23 FE 19		4
Performance Audit (3)			Investing in skills	New ferries for the Clyde and Hebrides Reviewing Scotland's financial response to the Covid-19 pandemic	
Best Value Assurance Report (5)	Aberdeen City ✓	East Dunbartonshire	South Ayrshire	Falkirk Moray (follow up)	1
Overview Report (3)	Challenges and performance LGO 2021 ✓			NHS in Scotland 2021 Financial overview of local government 2020/21	1

		Financial overview of IJBs 2020/21			
Statutory (6-12 tbc)					
Other (20-30)		Scotland's Colleges 2020 BI ✓	Sustainable alternatives to custody BR	The impact of Covid-19 on Scottish councils' benefit services	Administration of Scottish Income Tax 2020/21
Key: BR = Briefing BL= Blog CS = Case studies RT = Round table		Cyber security and resilience BI ✓	Scottish Government Provisional Outturn Child & Adolescent MH Services BL	Community empowerment Covid-19 update	Scotland's economic recovery
		Social care BI ✓	Tracking the implications of C19 on Scotland's public finances vaccinations programme BR	Housing Benefit Performance Audit - Annual Update	Data governance & ethics
		Personal Protective Equipment BR (PPE) ✓	Climate change: RT	Social care: BR	Digital exclusion and connectivity
		Investing in skills BL ✓	Digital innovation used to respond to the Covid-19 pandemic CS X	Climate change	
		Climate change BL ✓	Digital innovation used to respond to the Covid-19 pandemic CS		
		Digital innovation used to respond to the Covid-19 pandemic CS X	Christie 10 years on BL		
		Transparency Report 2020 ✓	Digital exclusion BL		
Published		100			

**On budget:** In Q1 the expenditure on audit is under budget by almost two per cent

	Budget £	Actual £	£ Variance	% Variance
ASG	10,845,251	10,648,557	(196,694)	-1.81
PABV	878,065	850,189	-27,876	-3.17
<b>Total</b>	<b>11,723,316</b>	<b>11,498,746</b>	<b>-224,570</b>	<b>-1.92</b>

### Forward look

In Q1 one we continued to operate in a volatile environment which is reflected in the changes in the Audit Planning Guidance. An addendum to the audit planning guidance was issued in Q1 revising the 2020/21 accounts deadlines for each sector as follows:

Sector	Original deadline	New deadline
Health	31/08/21	30/09/21
Central Government – Agencies and Scottish Water	31/08/21	30/09/21
Central Government – NDPBs and similar	31/10/21	31/10/21
Local Government	31/10/21	30/11/21
Colleges	31/12/21	31/12/21

During Q2 we plan to deliver a range of audit products such as briefings, blogs, and roundtables on relevant topics such as: climate change, mental health, the impact of the pandemic on public finances, the vaccinations programme and digital exclusion.

We will produce first quarterly work programme update to the Auditor General and the Accounts Commission, which will cover:

- What's been delivered between April and July
- What's planned between August and March as well as into 2022/23
- Key decisions required on changes to the programme – This is likely to lead to new additions and changes to the scheduling of audit products as noted in the above table.

### Issues/ risks

The main risk for this objective is our capacity to deliver the work programme, which is stretching and ambitious. We continue to monitor resources closely and review priorities so we can adjust plans as necessary.

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## Audit work is of high quality and we are systematically improving the quality of our work

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we assured about the quality of our work?	G	G	G	G	A	A	A	R	A			
Are we improving the quality of our work?	G	G	G	G	A	A	A	R	A			

### Key messages

In Q1 we published two quality reports [Quality of public audit in Scotland annual report 2020/21](#) and the [Transparency report 2020](#). In addition, we also published the [Code of Audit practice 2021](#).

Quality assurance and improvement activity during Q1 included:

- An improvement action plan for the findings reported by the both the internal and external quality review processes.
- Six internal Quality Reports to ASG audit teams to conclude the 2019/20 cold review programme.
- Root Cause Analysis which forms Audit Services Group's response to the audit quality report published on 31 March 2021.
- Technical consideration on possible material misstatements highlighted by ICAS quality review at two audited bodies.

Technical guidance/ notes published in the quarter included:

- An addendum to the guidance on planning the 2020/21 audits.
- Technical guidance notes on statutory objections to local government accounts, local government Independent Auditor's Reports, certification of local authority grants.
- 28 technical briefing notes to provide auditors with a synopsis of new technical documents/developments.
- A technical bulletin on technical developments and emerging risks in the quarter.
- Five Frequently Asked Question documents to share learning on common issues arising during the annual account audits.
- An assurance protocol for auditors relating to the Clinical Negligence and Other Risks Indemnity Scheme.
- Three annual audit report templates - for NHS, Central Government and small audited bodies.
- An updated management report template to reflect new accessibility requirements.

- Supplementary guidance notes issued to the Audit Guide in response to quality review findings covering Audit Sampling and the Assessment of Service Organisations.
- 

**Forward look:**

- A Quality Assurance Programme to review financial audits in 2020/21, including an AD peer review programme and new 'hot review' programme which will both be undertaken from July to November 2021 to support our ASG audit teams and Engagement Leads.
  - Progress against the quality improvement action plan is being regularly monitored and reported to the Audit Quality Committee.
-



## We get our messages out effectively

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we getting messages out effectively?	G	G	G	G	G	G	G	G	G			

### Key messages

- The Scottish Parliamentary Election took place on May 6. Due to publication moratorium rules Audit Scotland did not publish anything in the six weeks leading up to the election, meaning that there were no publications in April and early May.
- Media mentions (196) were up on the same period last year (101), Social media engagements (6,590) were significantly up on Q1 last year (2,178) and downloads (161,730) were down from 262,497. The decrease in downloads is in part due to a change in download capture software. Formerly downloads statistics were kept for every single download. This changed in September 2020 to all reports that received 10 downloads or more. This move was to make the data gathering more manageable, less time-consuming and to ensure it was focussed on capturing the most important data.
- Cybercrime blog. The Director of Finance at NHS Borders circulated our blog to the 20 most senior personnel in the board, including the non-executive directors and the blog received coverage in two online digital focussed journals: UK Authority and Government Computing. The blog has had 935 views on our blogging site, WordPress; it was our top tweet in May where it earned 3,877 impressions (the number of times content is displayed to our followers) and was engaged with 104 times (that's link clicks, retweets, likes, people clicking on the tweet to expand it, etc.). On LinkedIn the blog had 700 impressions and 25 link click-throughs.

### Engagement: In Q1 we attended/delivered:

- No Parliamentary Committees due to the election period
- 14 external working group meetings - to ensure Audit Scotland is engaging with relevant standard setters as they prepare codes, manuals, standards and guidance.
- Two external presentations on our work on counter-fraud work.
- Five Consultations



**Parliamentary engagement**

Month	Parliamentary questions mentioning Audit Scotland	Mentions of Audit Scotland's work across committees	Mentions of Audit Scotland during FMQs	Audit Scotland staff appearances at committees	Total
April	0	0	0	0	0
May	4	0	0	0	4
June	1	4	5	0	10
Quarter total	5	4	5	0	14

**Communications**

	Q1	Q2	Q3	Q4	YTD	19/20
Media	196				196	678
Downloads	161,730				161,730	818,874
Engagements*	6,590				6,590	18,963

\*Engagements = not only received but reacted to one of our tweets

**Media in Q1:**

Top three published reports by media coverage: Briefing PPE, Local Government Overview, College Sector blog and tableau.

This was the first quarter that saw a significant number of blogs and a briefing sitting alongside a more traditional overview report. It was also a quarter that was impacted by the Scottish Parliamentary Election on May 6. However, recent Audit Scotland work – particularly the Education Outcomes report – was used by politicians and commentators to challenge the government's record in office.

Blogs on the college sector and social care both also featured prominently in the media. The colleges blog is also notable because it was effectively an online report, with the same core tableau and other exhibits that we've previously used in the annual Colleges Overview.

**Downloads in Q1:** The key reports downloaded during Q1 were

- The Educational Outcomes report, with around 3,000 hits across the quarter.
- The PPE briefing led June's stats with around 1,000 downloads.
- Reports on mental health (2018), drugs and alcohol (2018) and NHS Overviews from 2019 and 2020, each generating about 500 downloads.

**Social media activity in Q1:**

- The publication moratorium period during the Scottish Parliamentary elections meant April and early May were quiet weeks on social media. But the high number of blogs dotted between more traditional outputs worked well on our channels – giving our followers regular commentary from Audit Scotland on a wide range of topics.
- The Cybercrime blog garnered around 1000 reads on WordPress across the quarter while Antony Clark’s blog on social care reform was engaged with over 550 times on twitter. The latter is one of our post popular posts in recent years and shows that online appetite for informed commentary. Meanwhile, content produced to support the Local Government Overview and PPE briefing also received high levels of engagement.

**Consultations in Q1:**

We responded to five consultations on the Prudential Code, the Treasury Management Code, the CIPFA year-end bulletin, LASAAC guidance on Covid-19 grants and on service concession arrangements.

**Correspondence**

New correspondence cases	Q1	Q2	Q3	Q4	YTD	19/20
Number of cases	34					119
Acknowledgement within five working days	100%					98%
Final response within 30 working days	100%					96%

**FOI/EIR/Complaints:**

- In Q1 there were three FOI requests, no EIRs and all were responded to on time. There was one complaint responded to in Q1.
- 

**Forward look:**

- In line with the new Audit planning guidance quarter two will include the NHS and some of the Central Government audits.
  - Following publication of the [Improving outcomes for young people through school education](#), the audit team is currently planning events to raise awareness of the report and to discuss recommendation with key stakeholders. These include:
    - A session in July with the Education Scotland Regional Management Team and a follow up event later in the summer with the Regional Directorate. These meetings will involve the audit team and focus on the report recommendations.
    - A joint Accounts Commission/Improvement service event aimed at Council education committee convenors and education chief officers (Autumn 2021).
    - A session led by the Auditor General for Scotland and the Accounts Commission at this year’s online Scottish Learning Festival in September.
-



## We systematically deliver impact through our work

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Is our work delivering impact?	G	G	G	G	G	G	G	G	G			
Are our recommendations leading to improvements?	G	G	G	G	G	G	G	G	G			
Are we offering insight and foresight and making information and intelligence available to others?	G	G	G	G	G	G	G	G	G			

### Examples of where work has made a positive impact or positive feedback received in Q1 include:

#### *Central government*

- Covid-relating funding is challenging for organisations involved in its distribution, and we have highlighted matters arising in terms of process and controls, inc learning for any future situations where an organisation decides to use service organisations to process claims.
- [The Administration of Scottish Income Tax, 2019/20](#), paper was an additional assurance paper to the PAPLSC alongside the NAO's report on this topic. In its [legacy paper](#), PAPLS highlighted that the HMRC evidence sessions that followed on from our reporting 'a useful session particularly while these [income tax] powers continue to bed in' and recommended 'This is a session that [the] successor committee may wish to continue.'
- Comparing the 2020/21 unaudited accounts to the 2016/17 accounts - there is a marked improvement in the quality of the accounts in both style and substance. The management commentary is now more focused and tells the story of the year that occurred. More can be done, however there is significant improvement when comparing the accounts over the course of our audit appointment - this is down to both audit for raising the points and challenging the client to improve and, the client being receptive to improving and responding in a positive manner.
- We are keeping openness and transparency on the audit agenda, encouraging good practice in the interests of public accountability. The organisation is reviewing its position and taking practical steps such as website content and availability of board and committee papers.
- Drawing on our knowledge and experience, we were able to provide expert value-added input to the organisation which is new to the Scottish public sector. Our input in terms of evolving governance arrangements and first period annual report and accounts helped the body develop its performance reports, to improve how it reports on the use of public money and what it has achieved. This has been particularly important this year, given Covid-related funding and the impact of Covid on business as usual.

*Health*

- In 2016/17 work undertaken on delayed discharges led to recommendations for improvement. Our report was well received, and the board redoubled its efforts to try to reduce delayed discharges. The work in this area has been ongoing and there is now clear evidence that the board has made excellent progress in reducing its bed days lost due to delayed discharges. It was unclear whether this was due to revised arrangements or the impact of Covid-19. However, the board has sustained the reduction throughout the year and the board is now being asked to share its learning with other boards. A whole system approach has been implemented with the learning being shared across the area. The board was sighted on reducing delayed discharges, but our work has provided a focus in this area which is now driving change.

*Local Government*

- Comparing the 2020/21 unaudited accounts to the 2016/17 accounts - there is a marked difference in the quality of the accounts in both style and substance. The management commentary is now more focused with signposts to the future. More can be done, however there is significant improvement when comparing the two accounts over the course of our audit appointment - this is down to both audit for raising the points and challenging the client to improve and, the client being receptive to improving and responding in a positive manner.

*Social care blog*

- On the day of publication the social care [blog](#) was covered by the Herald, Scotsman, Daily Mail, National, Morning Star and healthandcare.scot. The focus was on an additional £660m a year being required for social care reform and the need for a plan. The Herald also ran a follow-up story focusing on the financial pressures and uncertainty about how this will be funded.
- The Scottish Government issued a response confirming it is committed to introducing a National Care Service to improve care and standards for staff, and it will increase public investment in social care by 25 per cent over the parliament, delivering over £800million of increased support for social care.
- SPICe published a blog in July 21, 'Could a National Care Service work like the National Health Service?' which referenced our blog.

*Following the pandemic pound*

[Tracking the implications of Covid-19 on public finances was, published 24 February 2021](#)

- This briefing paper was the second in a series of papers that tracked the Scottish Government's spending on Covid-19 during the pandemic. Alongside the briefing paper, the Auditor General for Scotland published a blog, which received media and political coverage, with [questions relating](#) to the briefing paper raised in the Scottish Parliament.
  - The Scottish Parliament Information Centre referred to our output in its recent blog related to [Covid-19 funding](#), highlighting some of our key points relating to transparency and also our planned work programme.
  - At the [CIPFA Scotland 'conference at your desk'](#) in May, Andy Burns (CIPFA Associate Director, former president and former DofF at Staffordshire) quoted from the paper and commended Audit Scotland's reporting on this issue.
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### *Education*

#### Improving outcomes for young people through school education, published 23 March 2021

- Following publication on 23 March, the education outcomes report was discussed at First Minister's Questions and at the Education and Skills Committee. Due to the election and summer recess, a date for consideration by the Public Audit Committee is still to be confirmed but is likely to be in September.
- We understand that a group involving Scottish Government, Education Scotland, Cosla and Association of Directors of Education is working together to take forward the recommendations.

### *Further education*

#### Scotland's Colleges 2020, published 20 May 2021

This provided an overview of the financial health of the college sector based on the 2019/20 audited accounts.

- A topical question was asked in the Scottish Parliament Chamber, asking the Minister for Higher Education and Further Education, Youth Employment and Training about the Scottish Government's response to the report, specifically the increasing gap between the college sector's income and expenditure.
  - The new style of reporting on colleges' finances was welcomed by the College Directors of Finance Network, who noted they would like to see a similar approach taken in future years.
-



## We develop new and improved processes, products and services

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are new processes, products and services being developed?	G	G	G	G	G	G	G	G	G			
Are products and study programmes suitable and appropriate for emerging issues?	G	G	G	G	G	G	G	G	G			

### Key messages:

We continue to develop new and improved process, products and services to ensure public audit makes a positive contribution to the recovery and renewal of public services.

We made good progress on our Strategic Improvement Programme (SIP) in Q1. This is the subject of a separate report on today's agenda for the Board. Q1 milestones include:

- Publication of the new Code of Audit Practice.
- Publication of the new dynamic work programme.
- Publication of Diversity and Equality Outcomes.
- Production of the Audit Quality Action Plan.
- Publication of a wide range of briefings and blogs.
- Successful completion of Phase 1 of the Building Capacity Project.
- Development of the phased approach to accessing workplaces.
- Publication of the Environment, Sustainability and Biodiversity Plan 2021-2025.

### Forward look

The key areas of focus in the SIP currently include:

- Planning for a refresh of Public Audit in Scotland, the Partnership Framework and the new Corporate Plan.
- The New Audit Appointments procurement process.
- Phase 2 of the Building Capacity project, our People Strategy, Workforce Plan and the Learning and Development Strategy.



We manage our resources effectively and maximise efficiency

### Key Performance Questions

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing our resources effectively	A	A	A	A	R	R	R	R	A			
Are we maximising efficiency?	A	A	A	A	R	R	R	R	A			

### Key messages

In the three months to 30 June 2021 Audit Scotland's Net Operating Expenditure was £2,064k (2.9%) more than budget.

### Resource management

In the three months to 30 June 2021 Audit Scotland's Net Operating Expenditure was £2,064k (2.9%) more than budget.

	Q1	Q2	Q3	Q4	20/21
Actual	(2,064)				12,429
Budget	(2,006)				13,215
Variance K	(58)				786

**Staff** - The average number of staff in the quarter was 301, which is six per cent under establishment. However, the total establishment is due to be phased in during the year and average number of staff in the quarter was 0.6 percent below budgeted establishment.

	Q1	Q2	Q3	Q4	20/21
2020/21 establishment w.t.e	321.8				290.2
Average no. of staff employed in 2021/22 w.t.e:	301.1				290.7
No. of staff at end of quarter w.t.e:	312				294.3

**Staff and Agency costs** – The total staff costs in the three months to 30 June 2021 are 10k above budget.

	Annual Budget £000	Actual YTD	Budget YTD	Variance	Actual Average WTE	Budget WTE
Total Staff costs 2020-21	20,272	4,676	4,691	15	301.1	302.9
Total agency & secondments 2020-21	75	55	44	(11)		
Q1 Staff costs 2020-21	18,023	4,400	4,369	(31)	301.1	302.4
Q1 agency & secondments 2019-20	75	78	19	(59)		

**Legal, professional and consultancy:** The current underspend is due to reduced expenditure on professional and legal fees. The professional fees underspend is the saving of the project manager cost on the New Audit Appointments project. This position is now an Audit Scotland colleague with the overspend in staff pay being offset by savings in professional fees. In respect of the legal fees budget current plans indicate that it will be fully utilised with the current underspend being down to the timing of expenditure.

	Q1	Q2	Q3	Q4
Actual	88			
Budget	110			
Prior year spend	81	206	382	768

**Estate:** Expenditure on property less than budget due underspends in rent, maintenance, electricity and cleaning. We are currently in negotiations with the landlord's agent on the rent review for West Port.

	Q1	Q2	Q3	Q4
Actual	194			
Budget	216			
Prior year spend	215	425	634	1,117

**Costs of travel:** As expected, we continue to incur very little travel and subsistence expenditure with the primary reason for the current underspend being due to reduced car lease expenditure. The car lease scheme is closed to new entrants. The underspend is attributable to mileage credits on return of vehicles to the lessor and members of the scheme leaving/retiring from Audit Scotland with there being no further obligation in respect of the lease car.

	Q1	Q2	Q3	Q4
Actual	75			
Budget	93			
Prior year spend	87	170	258	355



**Capital Expenditure** and Funding of the capital budget for 2021/22 increased from £150k to £250k with the capital programme focusing on office re-configuration to provide a Covid secure environment and new IT hardware and software. There was no capital expenditure in the first quarter of 2021/22, however, we have placed an order for the delivery of laptops (due September 2021) and are currently in the process of completing an order for a new business management system (HR, payroll, recruitment, learning and development).

Digital Services: Downtime was due to issues with the Citrix servers on six different occasions.

IT Network	Q1	Q2	Q3	Q4	20/21
IT uptime (%)	99.69				99.66
Working hours lost	875				0.34
Average time lost per person	2.42				2.63

**IT Incident management summary** (incident targets are expected to achieve 97%)

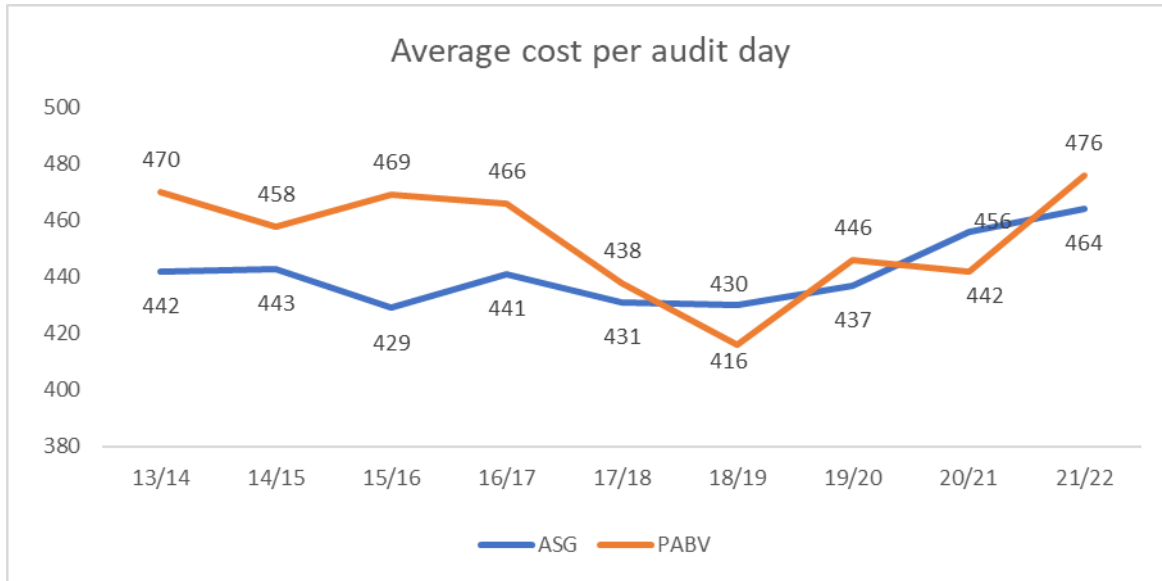
- 91.16% of the requests were accepted within the response time SLA.
- 93.17% of the requests were closed within the fix time SLA.
- An average of 3.4 incidents were logged per user.

### **Business group audit and non-audit time**

Audit time defined is any time charged through TRS/MKI to an approved audit (overviews, performance audit, BVARs, statutory reporting etc). It also includes time logged to programme development, the production of internal and external briefings and other outputs, audit appraisal, policy analysis, stakeholder engagement and correspondence. Non audit time includes time off, corporate forums, improvement projects and learning and development.

During Q1 business group audit time was higher than in Q1 2019/20 for ASG and PABV.

	21/22 (%)				20/21 (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASG	75				62	65	63	73
PABV	60				58	65	62	58



The average cost per audit day of PABV and ASG audits fluctuates between audits and throughout the year. This is due to the timing of audit work, the grade mix deployed and any changes in the daily rate for audit staff made by the finance team each April.

### Forward Look

- PRMG to review the underlying reasons for the direction of travel for average cost per audit day.



## We manage information and intelligence effectively (internal)

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing information and intelligence effectively (Internal)	G	G	G	G	G	G	G	G	G			

### Key messages

During Q1:

- We continued to implement various aspects of the Digital Services Strategy, in particular maintaining cyber security and supporting business continuity. Cyber security is covered in more detail in the six-monthly digital security update report considered by the Audit Committee at its meeting on 1 September 2021.
- We are also making progress on the Digital Audit Strategy and the SIP Board will consider an update at its meeting on 31 August 2021.
- On 25 May 2021 Management Team approved the business case for a new Business Management System (BMS) and the procurement process is under-way. The BMS will provide more resilient and user-friendly applications in relation to payroll and HR functions.

### Forward look

- [Digital services strategy update](#) published 20/08/21
- Roll out of laptops and installation of new technology in meeting rooms to support hybrid working (August and September).
- The Corporate Governance team submitted our organisational Records Management Plan, 2021-26 to the National Records of Scotland in January 2021. This is currently being assessed, and feedback expected late Summer 2021. We are updating Records Management guidance for staff including the roles and responsibilities for Information Asset Owners and SharePoint Online site owners. This will set clear records management expectations for colleagues prior to the enabling of Records Management functionality within O365.



## We empower and support our people to be engaged, highly skilled and perform well

Key performance questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are our people empowered and engaged?	G	G	G	G	G	G	G	G	G			
Are our people highly skilled?	G	G	G	G	G	G	G	G	G			
Are people performing well?	G	G	G	G	G	G	G	G	G			
How effective is communication and collaboration across the organisation?	G	G	G	G	G	G	G	G	G			
Are career paths offered across the organisation?	G	G	G	G	G	G	G	G	G			
Do we understand and support diversity within the workforce?	G	G	G	G	G	G	G	G	G			

### Key messages

- During early 2021 we ran Phase 1 of our Building capacity recruitment campaign which resulted in a number of new auditors joining us in Q1 across ASG and PABV, bands 1B, 1C and 2A posts.
- Exam results – Results were down on last year and are lower than the ICAS average. This is the first time ICAS has ran the modular route for their new curriculum, this involved a new style of exam on laptop and open book, with more focus on analysis than standard “learning” which may have had an impact to results for TPS students in Q1.
- The 2020/21 exam pass rate was incorrectly reported as 79% in the annual report and accounts, the actual pass rate was 89% and a correction and explanatory note has been added to the annual report on the website.
- Seven of our 2021-22 graduate trainees have also joined Audit Scotland earlier this year, at the end of June instead of October 2021.

### Highly skilled

- Further learning resources and training courses were developed and added to the Online Learning page of the L&D Portal.
- Audit Directors delivered Best Companies results to their teams, and with support from HR&OD, facilitated developmental discussions about ways to further improve their working experience.
- Three main cohorts of new starts and a few student placements were onboarded across 4 May, 7 June and 28 June (35 people in total). Colleagues from across the business helped to deliver virtual induction sessions over May, June, and July.
- The third Management Development cohort started their training (April 2021).
- Proposals for Learning and Development were discussed at Management Team on 29 June 2021. Further work on the proposal will be considered by Management Team in September 2021.

**Wellbeing:**

- The summer step challenge was launched with 44 colleagues taking part. This took place over July and August, raising money for MND Scotland.
- Yoga in the park sessions were organised in July.

**Career Paths:**

- One successful CDG transition in Q1.

Vacancies filled	21/22 YTD	20/21
Internal	10	6
External	32	34
Total	42	40

Absence levels: remain low and are lower than the same quarter last year.

	Q1 days	Q2 days	Q3 days	Q4 ytd days	days
Audit Scotland – 21/22	1.03				
Audit Scotland – 20/21	1.3	1.56	1.66	1.3	5.81
Audit Scotland – 19/20	1.6	0.46	1.33	1.32	4.97
Audit Scotland - 18/19	1.28	0.76	1.41	1.4	4.85

Staff turnover: Resignations and leavers in Q1 are lower than the same quarter last year (1.39 and 2.43 respectively).

	Q1	Q2	Q3	Q4	YTD	20/21 CIPD benchmark
Resignations %	1.24				1.24	2.94
All Leavers %	1.56				1.56	4.9

**Exam results:** There were 37 exams taken with a pass rate of 65 percent This is down on previous years. This is the first time ICAS has run the modular route for their new curriculum, this involved a new style of exam on laptop and open book, with more focus on analysis than standard “learning” which may have had an impact to results for TPS students in Q1. Our pass rates were lower than the average ICAS results. We have met with ICAS to hear and share feedback,

	Q1	Q2	Q3	Q4	YTD	20/21
Exams taken	37				37	163
Exams passed	24				24	145
% pass rate	65				65	89

**Highly skilled:**

	Q1		Q2		Q3		Q4		YTD		20/21	
	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees
Health, Safety and Wellbeing	1	8									4	30
Knowledge Cafes	0	0									1	25
Learning & Development	2	24									15	459
Management Development	4	30									18	109
Organisational Development	20	300									24	135
Technical Training	17	466									28	629
<b>Total</b>	<b>42</b>	<b>828</b>									<b>90</b>	<b>1387</b>

**Professional Support training**

- PS produced online training on risks of misstatement to support our Technical Guidance Notes.
- Mandatory training on the findings from the 2020 quality reviews.
- Follow up drop-in sessions to support the above training on quality review findings looking at the impact on the audit approach and the approach to assessing Service Organisations.
- Training on Audit quality: understanding the arrangements and our individual responsibilities.
- Sessions on the introduction to PABV, audit methodologies and the AMF.

**Forward look**

- Proposals on our approach to L&D are to be discussed by Management Team in Q2.
- In Q2 we are running a series of insight events to promote wellbeing.

# Annual review of corporate governance policies

Corporate Governance Manager

Item 14  
Meeting date: 22 September 2021

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## Purpose

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

## Background

2. The Standing Orders state that the Audit Committee is to keep under review the Standing Orders, Financial Regulations, Scheme of Delegation and recommend to the Board any amendments.
3. The Standing Orders, Financial Regulations, Scheme of Delegation and Codes of Conduct for members and staff were updated in September 2020 and came into force on 1 November 2020.
4. The Audit Committee's Terms of Reference (TOR) states that it will advise the Board on corporate governance requirements and are to be provided with a report on policy documentation reviews.
5. This report covers updates to the Standing Orders, Financial Regulations, the Scheme of Delegation and the Codes of Conduct for members and staff. The report, policies and codes have been considered by Management Team and the Audit Committee.
6. At the Audit Committee meeting on 1 September 2021, it was agreed that Management Team should further discuss the governance policies in respect of queries that arose from members relating to quorum, directions, tender approval in relation to the new audit appointments and specific reservations to Board. Management Team reviewed these issues at its meeting on 14 September 2021 and concluded that a combination of the Standing Orders, the Scheme of Delegation and the Financial Regulations had sufficient provisions in these areas and that no further amendments were required.
7. All changes are shown as tracked changes in the attached documents.
8. Subject to approval by the Board on 22 September 2021, the policies will come into effect on 1 October 2021.

## Annual review of corporate governance policies

9. A review of our Standing Orders, Financial Regulations and Scheme of Delegation took place in August 2021. The review found that they required minor amendments, and therefore have been updated to reflect:
  - The Auditor General title has been expanded to state Auditor General for Scotland and the associated 'AGS' acronym appended.

- The consideration being given to future live streaming of Board meetings and options for extending the access to face to face and hybrid meetings.
- The Accountable Officer is now a formal member of the Remuneration and Human Resources Committee.

**10.** The documents are attached for completeness.

### **Annual review of codes of conduct**

**11.** The Codes of Conduct for staff and for members are reviewed on an annual basis.

**12.** The Code of Conduct for staff has been reviewed and did not require any additional updates.

**13.** The Code of Conduct for members did not require any amendments as it remains consistent with national guidance.

**14.** Both documents are attached for completeness.

### **Recommendations**

**15.** The Board is invited to:

- consider the current Standing Orders, Financial Regulations and Scheme of Delegation and approve for a further year, and
- consider the revised Codes of Conduct and approve for a further year.



# Standing Orders

DRAFT

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Standing orders

## Introduction

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

## Constitution

2. Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000 ("the Act").
3. The function of Audit Scotland is to provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. In these Standing Orders the members of Audit Scotland meeting together to discharge their functions are referred to as the Board.

## Chair

9. 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

10. 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 video or telephone conferencing by members will be deemed as attendance at the meeting.
11. In exceptional circumstances, for example, where office locations are closed and all employees are required to work from home, meetings will take place by video conferencing. To ensure digital security during this time, these meetings may not be open to the public. Meetings will be recorded and shared online alongside the agenda and reports from the meetings. [Audit Scotland is currently considering live streaming of Board meetings and investigating options for extending the public access to face to face and hybrid meetings.](#)

## Agenda and Papers

12. 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.
13. 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.
14. 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

15. 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.
16. 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.
17. The Chair of the meeting will decide all questions of order, relevancy and conduct of business during the meeting.

18. A quorum for a meeting of the Board is three members including those present by telephone or video conference call. 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.
19. Where the Auditor General and/or the Chair of the Accounts Commission consents to a meeting proceeding in their absence, they shall, within five working days of the date of the meeting, be provided with a copy of the draft minutes of the meeting produced pursuant to paragraph 22.
20. 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.
21. At any meeting the Board may suspend Standing Orders for the duration of the meeting or of any item of business provided a majority of the members present so agree.

## Minutes

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

## Directions

23. Section 10(4) of The Public Finance and Accountability (Scotland) Act 2000 (“the Act”) provides that:-
24. 'Directions may be given to Audit Scotland—
25. (a) by the Auditor General, for the purpose of or in connection with the exercise of Audit Scotland’s functions in relation to the Auditor General,
26. (b) by the Accounts Commission, for the purpose of or in connection with the exercise of Audit Scotland’s functions in relation to the Commission.'
27. Section 27(4) of the Act provides that:
28. '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. 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. 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 direction.

## Vacancy

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

## Committees

33. 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. The Board will establish an Audit Committee with the terms of reference contained in Appendix 1.
35. The Board will establish a Remuneration & Human Resources Committee with the terms of reference contained in Appendix 2.
36. The Board will establish an Appeals Committee with the terms of reference contained in Appendix 3.
37. Any committee will operate within the terms of remit and any delegation made to it by the Board.

## Deeds and Documents

38. 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. 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. 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. The Board meet in public where possible. Agendae, 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. The Board will conduct a self-evaluation of its effectiveness on an annual basis.

## Application of Standing Orders

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

## Alteration

44. 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. 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. 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. 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. 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. To consider all audit material, in particular:
  - Audit Reports.
  - Annual Reports.
  - Management Letters.
  - Management Reports.
50. To monitor management action taken in response to all external audit recommendations.
51. To hold meetings with the external auditors at least once per year and, as required, without the presence of senior management.
52. To review the extent of co-operation between external and internal audit.
53. 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. To review and recommend approval of the Annual Accounts.

## Standing Orders, Financial Regulations and Scheme of Delegation

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

## Other duties

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

# Appendix 2: Remuneration & Human Resources Committee remit

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

## Remuneration & Human Resources Committee responsibilities

59. In relation to members of Audit Scotland's Management Team, 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 Management 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 Management Team.
  - Recommend appointments and changes affecting Management 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. 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. The Remuneration & Human Resources Committee may take on other duties as determined by the Audit Scotland Board.

# Appendix 3: Appeals Committee remit

62. The Appeals Committee will consist of at least two members of the Board.
63. 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 Management Team under the Audit Scotland disciplinary and grievance procedures.

# Appendix 4: Co-option procedure

## Introduction

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

## Nominations process

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

## Application process

68. Applicants for co-option should provide a written statement of their relevant skills and a CV.
69. 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. Candidates and interviewers must declare any relationships or potential conflicts of interest to the Chair.
71. The Board should approve the final recommendation from the Chair.

## Term of Office

72. Co-option is intended to provide specific skills for a fixed term as determined by the Board.
73. There is potential for renewal, subject to the approval of the Board.

## Remuneration

74. 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. 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. 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. the reason for co-opting
  - 76.2. the process by which any appointments will be made.



# Financial Regulations



Draft Prepared for Audit Scotland Board  
September 2021

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Financial regulations

## Introduction

1. Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000. It came into existence on 1 April 2000 under the Public Finance and Accountability (Scotland) Act 2000 (Commencement) Order 2000 (SSI 2000 Number 10(c.1)).
2. The Board of Audit Scotland consists of the Auditor General [for Scotland \(AGS\)](#), the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit, one of which will be appointed as Chair.
3. Audit Scotland's function is to provide such assistance and support as the [AGS](#) ~~auditor General~~ 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.
4. 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.
5. 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:
  - 5.1. signing the accounts of the expenditure and receipts of Audit Scotland;
  - 5.2. ensuring the propriety and regularity of the finances of Audit Scotland; and
  - 5.3. ensuring that the resources of Audit Scotland are used economically, efficiently and effectively.
6. 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.
7. 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

8. In these Regulations terms will have the following meanings:

- 8.1. “the 2000 Act” means the Public Finance and Accountability (Scotland) Act 2000
- 8.2. “the 1973 Act” means the Local Government (Scotland) Act 1973
- 8.3. “the Board” means the members of Audit Scotland acting together to discharge the functions of Audit Scotland
- 8.4. “the Management Team” consists of the Auditor General [for Scotland](#), the Chief Operating Officer, the Director of Audit Services and the Director of Performance Audit and Best Value, or such other combination of officers as may be determined from time to time by the Board.

## Corporate Plan

9. 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.
10. The Corporate Plan will be approved by the Board.

## Budget

11. The financial year of Audit Scotland is 1 April to 31 March.
12. 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.
13. 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.
14. In the event that Parliament has not approved the budget, a version of the budget that includes our best estimate of operational changes will be submitted to the Board by 31 March. A final version to be submitted when the Scottish Government budget is passed.
15. 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)
16. 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

17. Financial performance will be monitored against budget and reported regularly to the Management Team and at least quarterly to the Board.
18. Systems of budgetary control will be devised and maintained to include:

- 18.1.** Regular financial reports as prescribed above containing -
    - 18.1.1.** income and expenditure to date and, when relevant, forecast year end position
    - 18.1.2.** explanations of any material variations
    - 18.1.3.** details of any corrective action necessary
    - 18.1.4.** virement
  - 18.2.** The issue of timely, accurate and comprehensible advice on financial reports to each budget holder covering the areas for which they are responsible
  - 18.3.** Arrangements for the authorisation of virement.
- 19.** Each budget holder will be responsible for the management of their budgets within the approved policies of the Board.
  - 20.** 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

- 21.** 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.
- 22.** 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.
- 23.** 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)
- 24.** 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

- 25.** 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.
- 26.** 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.
- 27.** No Audit Scotland monies will be held in any bank accounts outwith those approved by the Board.

28. 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:
  - 28.1. The conditions under which each bank account is to be operated.
  - 28.2. The limit to be applied to any overdraft.
  - 28.3. 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.
29. Banking arrangements will be reviewed at regular intervals to ensure that they reflect best practice and represent best value for money.
30. 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

31. Credit cards will be offered to members of the Management 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 Incident Management Team where there is an on-going requirement for credit card use.
32. 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 Management Team and/or the Incident Management Team. (Scheme of delegation 3.5)

## Income

33. Systems will be designed and maintained for the proper recording, invoicing, collection and coding of all monies due to Audit Scotland.
34. All monies received will be banked promptly.
35. Arrangements will be made for appropriate recovery action on all outstanding debts.
36. Fees and charges, including fees to audited bodies, will be determined in accordance with policies decided by the Board.

## Investments and borrowings

37. 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.
38. All short term borrowings will be kept to the minimum period of time possible, consistent with the overall cash flow position.

39. Any long term borrowing must be consistent with policies decided by the Board.
40. 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

41. Arrangements will be made to ensure that all insurance cover is effected, periodically reviewed and adjusted as necessary.
42. 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

43. Tendering procedures are contained in the Procurement Handbook, which is published on the intranet. 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.
44. No contract for the supply of goods and materials, the provision of services or for the execution of works will be made where the probable cost, over the contract period, exceeds £50,000 unless tenders have been invited by advertisement on Public Contracts Scotland, the Scottish Government procurement system.
45. 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.
46. 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.
47. 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)
48. 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.
49. 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 Management Team.



50. 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.
51. 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

52. 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:
  - 52.1. The works, goods or services to which the account relates have been received or carried out satisfactorily.
  - 52.2. Prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
  - 52.3. The expenditure has been authorised and is within the relevant estimate provisions.
53. All duly certified invoices shall be authorised for payment by the officer authorised under the Scheme of Delegation. (Scheme of delegation 3.8)
54. An officer shall not add any additional items to an invoice rendered to Audit Scotland by a supplier.
55. 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.
56. The EPO system maintains a list of staff with delegated authority to authorise expenditure, as per para. 51 above.
57. When the goods or services have been received the originator records the receipt through the EPO system.
58. 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 Management Team, the invoice will be accepted and paid. (Scheme of delegation 3.10)

59. Management 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)
60. 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

61. The Board will establish an Audit Committee with clearly defined terms of reference under Standing Orders.
62. 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.
63. The internal auditor is appointed by Audit Scotland and reports to the Management Team and the Audit Committee on systems of internal control.
64. The external and internal auditor are entitled to:
  - 64.1. enter any Audit Scotland establishment at all reasonable times with or without previous notice;
  - 64.2. have access to all records, documents and correspondence (including computer records) relating to financial and other transactions of Audit Scotland;
  - 64.3. require and receive explanations as are necessary concerning any matter under examination;
  - 64.4. require any employee of Audit Scotland to produce cash, equipment or any other property under his/her control; and
  - 64.5. direct access to the Chair of the Audit Committee.

## Security and Fraud Prevention

65. Arrangements will be made to develop and document effective policies on:
  - 65.1. Prevention of fraud and irregularity.
  - 65.2. IT security.
  - 65.3. Security of assets.
66. Proper security must be maintained, at all times, for all buildings, stores, furniture, equipment, cash, information, etc.

67. 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.
68. 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 Corporate Governance Manager. The ID badges will be deactivated immediately.
69. The Chief Operating Officer is responsible for maintaining proper security and privacy relative to information held in the computer installations.
70. Under the terms of the Counter Fraud Policy, employees are required to notify their Business Group Director or Associate/Audit 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 ~~to be~~ available to all staff through the staff handbook.

## Salaries, wages and pensions

71. 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.
72. Salaries and other payments will normally be paid by direct transfer to a nominated bank account.
73. A record of all matters affecting the payment of such emoluments shall be kept and in particular the following information will be recorded:
  - 73.1. appointments, resignations, dismissals, suspensions, secondments and transfers;
  - 73.2. absences from duty for sickness or other reason, including approved leave;
  - 73.3. changes in remuneration, including those arising from normal increments and pay awards and agreements of special and general application;
  - 73.4. information necessary to maintain records of service for superannuation, income tax, national insurance and the like;
  - 73.5. particulars of any deduction from salary for loans, subscriptions and the like, and the authority for such deduction.
74. 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.
75. 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.

76. 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**

77. 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.
78. 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.
79. 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**

80. 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.
81. 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**

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

# Scheme of Delegation



Draft Prepared for Audit Scotland Board  
September 2020

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Scheme of Delegation

## Introduction

1. The Board remains responsible for the exercise of all the functions of Audit Scotland. Regardless of the provisions of this Scheme of Delegation the Board may at any time determine any matter within the competence of Audit Scotland either at the Board's initiative or on the recommendation of an officer to whom the matter is delegated.
2. This Scheme sets out the matters reserved for determination by the Board. All powers which have not been retained as reserved to the Board or specifically delegated in this Scheme will be exercised by the Management Team or their nominees.

## Conditions of delegation

3. The delegations made in this Scheme are subject to the following conditions:
  - 3.1. All delegated powers will be exercised in accordance with the relevant policies decided by the Board.
  - 3.2. 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.
  - 3.3. Delegated powers will not be exercised in a manner which is likely to be a cause for public concern.

## Reservations to the Board

4. The following matters are reserved for determination by the Board:
  - 4.1. Approval of the Corporate Plan.
  - 4.2. Approval of annual estimates of expenditure and income.
  - 4.3. 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 Management Team).
  - 4.4. Approval of Standing Orders, Financial Regulations and Scheme of Delegation.
  - 4.5. Approval of Annual Accounts and Annual Reports.
  - 4.6. Approval of internal audit arrangements.
  - 4.7. Approval of conditions of service affecting all employees.
  - 4.8. Approval of specific matters referred to in the attached Schedule.



5. 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.
6. In exceptional circumstances where a decision of the Board is required and it is not possible to convene a meeting of the Board, a member of the Management Team 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 Management Team**

7. The quorum for the Management Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others.

## **Making, revocation and variation**

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

## Schedule

	<b>Matter</b>	<b>Reserved or delegated to</b>	<b>Comment</b>
<b>1</b>	<b>Appointment of employees</b>		
1.1	Appointment of Management Team	Board	
1.2	Appointment of Associate/Audit Directors	Management Team	
1.3	All other appointments	Management 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 the Accounts Commission
<b>2</b>	<b>Personnel matters</b>		
2.1	Disciplinary action, including dismissal	Appeals Committee and as per approved disciplinary procedure	See Discipline Policy in staff handbook
2.2	Grading of Management Team posts	Board	See also Job Evaluation procedure in staff handbook
2.3	Grading of Associate/Audit Director posts and all other posts	Management Team	See also Job Evaluation procedure in staff handbook
2.4	Changes to Management Team	Board	
2.5	Changes to approved establishment below Management Team	Management Team	
2.6	Variation of conditions of service for members of the Management Team	Board	

2.7	Variation of conditions of service for Associate/Audit Directors and all other staff	Management Team	All staff have a right of appeal to the Remuneration & Human Resources Committee or the Board following discussion by the Remuneration & Human Resources Committee
2.8	Decisions on applications for early retirement: <ul style="list-style-type: none"> <li>• Management Team</li> <li>• All other employees</li> </ul>	Board Management Team	
<b>3</b>	<b>Financial matters</b>		
3.1	Approval of expenditure for which there is no provision in the overall budget.	Board	Financial Regulations 15
3.2	Approval of virement within agreed budget: <ul style="list-style-type: none"> <li>• Virement between budget groups</li> <li>• Virement between budget heads</li> <li>• Virement between budget lines</li> </ul>	Management Team Relevant Directors Budget Holders	Financial Regulations 16
3.3	Virement of salary budget over £250,000, cumulatively in one year	Board	Financial Regulations 16
3.4	Approval of Accounting Policies	Board	Financial Regulation 23
3.5	Approval for the issue of credit cards to members of staff and credit limit to be applied. (To be reported at next Management Team meeting) Credit Card default limits: <ul style="list-style-type: none"> <li>• Management Team £1,500</li> <li>• Other staff £1,000</li> </ul>	Accountable Officer and Chief Operating Officer	Financial Regulation 31 – 32 See also Credit Card Procedures. Default amounts may be varied by Management Team, Incident Management Team (IMT) for individuals on either a

			permanent or temporary basis.
3.6	<p>Acceptance of tenders and placing of orders:</p> <ul style="list-style-type: none"> <li>• Above £250,000</li> <li>• Between £100,000 and £250,000</li> <li>• Up to £100,000</li> <li>• Below £50,000</li> </ul>	<p>Board</p> <p>Accountable Officer and Chief Operating Officer</p> <p>Management Team</p> <p>Budget Holders</p>	<p>Financial Regulations 47</p> <p>See also the Procurement Handbook</p>
3.7	<p>Acceptance of offers for disposal of assets</p>	<p>As for acceptance of tenders and placing of orders</p>	
3.8	<p>Approval of expenditure within agreed budget:</p> <ul style="list-style-type: none"> <li>• Any budget group</li> <li>• Specific budget group</li> <li>• Specific cost centre budget</li> </ul>	<p>Management Team</p> <p>Relevant Director</p> <p>Budget Holder</p>	<p>Financial Regulations 53</p>
3.9	<p>Payment of accounts other than to approved auditors:</p> <ul style="list-style-type: none"> <li>• Above £50,000</li> <li>• Below £50,000</li> </ul>	<p>Management Team</p> <p>Member of Management Team or as delegated</p>	<p>Financial Regulations 52 – 58</p> <p>Delegated signatories are approved by Management 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 Management Team and Finance who will maintain a list of those approved.</p>

3.10	Payment of accounts for orders placed using electronic purchase orders.	Member of Management 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.	Management Team	<p>Financial Regulations 59</p> <p>Where an invoice is received as the result of an order placed using the electronic purchase order system it can be processed by Finance for payment if:</p> <ul style="list-style-type: none"> <li>• The order has been marked as received in the electronic purchase order system,</li> <li>• The value shown on the invoice is within the parameters of +5% or - 10% of the value authorised for that order.</li> </ul> <p>Any invoice where the value is outwith these parameters must be sent for an additional, manual, authorisation before payment can be made.</p>
3.12	Certification of accounts for payment to approved auditors:	A member of the Audit Quality and Appointments team	Financial Regulations 60

	<ul style="list-style-type: none"> <li>• Interim invoices up to £50,000 and final invoices up to £10,000</li> <li>• Interim invoices over £50,000 and final invoices over £10,000</li> </ul>	Associate Director, Audit Quality and Appointments or member of Management Team	
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 77 - 79 Delegation requires appropriate 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 Management Team and Finance who will maintain a list of those approved.

Budget Holders comprise: Management Team members, and Corporate Services managers.

Note: Management Team is defined in section 8 of the Financial Regulations as follows “the Management Team consists of the Auditor General, the Chief Operating Officer, the Director of Audit Services and the Director of Performance Audit and Best Value, or such other combination of officers as may be determined from time to time by the Board”. Decisions can only be made by Management Team when they are quorate as defined in section 6 of this document as follows “The quorum for the Management Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others”.

# Members' Code of Conduct



Draft Prepared for Audit Scotland Board  
September 202<sup>19</sup>

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.



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# Guidance on the Code of Conduct

## Introduction

1. The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach and by embracing our core values, which are:
  - Independence, integrity and objectivity.
  - Valuing people and ensuring equality and fairness.
  - Effective communication.
2. As a member of Audit Scotland, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct.
3. You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
4. The Code has been developed in line with the key principles listed in paragraph 6 and provides additional information on how the principles should be interpreted and applied in practice. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the Chief Operating Officer. 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 publication “On Board – a guide for board members of public bodies in Scotland”. This publication 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 at meetings

9. You must respect the chair, your colleagues and employees of Audit Scotland in meetings. 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

10. 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. As a board member you should be familiar with the policies of Audit Scotland in relation to bullying and harassment in the workplace and also lead by exemplar behaviour.
11. 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 Chief Operating Officer 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

12. You must comply with any rules of Audit Scotland regarding remuneration, allowances and expenses.

## Bribery and corruption

13. 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.
14. 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.

15. It is also important to be aware that an act of bribery by an individual may render Audit Scotland liable of committing an offence.
16. Audit Scotland has a zero tolerance to bribery and corruption therefore corrupt actions, including bribery, can lead to dismissal and prosecution.

## Gifts and hospitality

17. You must never ask for gifts or hospitality.
18. 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.
19. 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 trivial character, the value of which must not exceed £50;
  - normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
  - gifts received on behalf of Audit Scotland.
20. 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 have a bearing on your 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.
21. You must not accept repeated hospitality from the same source.
22. 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.
23. 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 Chief Operating Officer 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.

24. 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

25. 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.
26. 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.

27. 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 Chief Operating Officer.
28. 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 facilities

29. 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.

## Other Appointments

30. 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

31. 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.



# Registration of Interests

## Introduction

32. 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 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.
33. 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

34. 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; or
  - undertaking a trade, profession or vocation or any other work.
35. In relation to 34 above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.
36. 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'.
37. If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.
38. 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.
39. 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.
40. When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and give a broad indication of its business.

41. 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.
42. Registration of a pension is not required as this falls outside the scope of the category.

### Related undertakings

43. 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.
44. 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.
45. 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

46. 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 50 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.
47. You must register a description of the contract, including its duration, but excluding the consideration.

### Houses, land and buildings

48. 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.
49. 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

50. 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.
51. 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

52. 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, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.
53. 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.

## Related party disclosure

54. 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.
55. 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

56. 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.
57. 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.
58. 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.
59. If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.
60. 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 31 of this Code about your legal responsibilities to any limited company of which you are a director.

## Interests which require declaration

61. 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.

62. 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

63. 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).
64. 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.
65. 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

66. 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.
67. 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.
68. 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

69. 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.
70. 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.
71. 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.
72. 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.
73. 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

74. 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.

- 75. 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.
- 76. There is only a need to withdraw from the meeting if the interest is clear and substantial.

### **Making a declaration**

- 77. 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.
- 78. 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**

- 79. 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 to members of public bodies

## Introduction

81. 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.
82. 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.
83. 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

84. 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.
85. 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.
86. 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.

87. Before taking any action as a result of being lobbied, you should seek to satisfy yourself 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.
88. 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.
89. 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. “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.
3. “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.
4. “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.
5. “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.
6. “A person” means a single individual or legal person and includes a group of companies.
7. “Any person” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
8. “Spouse” does not include a former spouse or a spouse who is living separately and apart from you.
9. “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.
10. “Code” code of conduct for members of public bodies.

# Code of Conduct

## Staff policy



Draft Prepared for Audit Scotland Board

September 202<sub>19</sub>

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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# Code of Conduct

## Introduction

1. Audit Scotland and our staff must demonstrate high standards of corporate and personal conduct. This can be achieved by embracing our core values, which are:
  - Independence, integrity and objectivity.
  - Valuing people and ensuring equality and fairness.
  - Effective communication.
2. This Code of Conduct gives you clear and helpful advice about the standards of behaviour expected of you as a member of staff. The Code will be reviewed annually and is subject to change. A serious breach of the Code may lead to disciplinary action.
3. In addition, you are expected to comply with the principles of the Ethical Standards for Auditors issued by the Financial Reporting Council. Guidance on the application of those standards can be found in the Staff Handbook ('Ethical Standards'), which must be read as part of the annual Fit and Proper process. Our Ethical Standards Application Guide has five main sections which cover:
  - General requirements and guidance.
  - Financial, business, employment and personal relationships.
  - Long association with the audit engagement and with entities relevant to engagements.
  - Fees, remuneration and evaluation policies, gifts and hospitality, litigation.
  - Non-audit / Additional services provided to entities.
4. You should also keep to the Codes of Conduct of the professional bodies of which you are a member.
5. The general principles upon which this Code of Conduct is based are:
  - **Duty** - You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Audit Scotland of which you are a staff member and in accordance with its core functions and duties.
  - **Selflessness** - You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.
  - **Integrity** - You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.
  - **Objectivity** - You must make decisions solely on merit and in a way that is consistent with the functions of Audit Scotland when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

- **Accountability and stewardship** - You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law.
- **Openness** - You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.
- **Honesty** - You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** - You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting business.
- **Respect** - You must respect colleagues and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a staff member of Audit Scotland.

## Diversity and Equality

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

## Relationships

7. You may have contact with audited bodies, other organisations or members of the public. You should deal fairly, equitably and consistently with those you come in contact with, and you should always be polite and portray a positive and professional image of Audit Scotland.
8. People may develop a relationship with you to influence our work or to acquire confidential or sensitive information for personal gain. They may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and that of Audit Scotland (see Bribery and Corruption paragraphs 39 - 41). You must tell your line manager of any such approaches, relationships or offers of financial or other benefits, and you should do this as soon as possible so that Audit Scotland can support and advise you.
9. Staff must notify the Compliance Partner if applying for any employment in a public body subject to audit by auditors appointed by the Auditor General or Accounts Commission (see the Ethical standard policy, section 2).
10. Audit Scotland recognises that close personal or domestic relationships with colleagues may exist or develop during the course of their employment. In order that Audit Scotland's business is conducted and perceived to be conducted in a professional and proper manner it is necessary to distinguish between, and take account of, personal relationships which overlap with professional ones in the workplace. If you have any close personal or domestic



relationships where that relationship may impinge on your duties and responsibilities this must be declared in confidence to your line manager or senior manager. If necessary, upon disclosure of such a relationship and after consultation with both parties, reasonable arrangements will be made to ensure that future working arrangements and potential conflicts do not arise.

## **Contractors, suppliers and consultants**

11. You must be fair and impartial in your dealings with contractors, suppliers and consultants. If you are involved in the procurement or tendering process to appoint contractors, suppliers or consultants you must follow Audit Scotland's procurement handbook, and any other guidance issued.
12. If you have access to confidential information on tenders or costs for contractors, suppliers or consultants you must not show that information to any unauthorised person or organisation.
13. All private relationships with actual or potential contractors, suppliers or consultants must be declared, as set out in paragraph five 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 your Compliance Partner / Compliance Manager. A Compliance Partner is appointed for each business group within Audit Scotland. The best way of making such a declaration is to use the Fit & Proper Self-Assessment Form. This information is then retained in a secure area of SharePoint for three years, after which it is destroyed. The Compliance Partner / Manager 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 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 your business groups Compliance Partner using the email address on the form. Business group Compliance Partners are:

Business Group	Compliance Partner
Audit Services	Fiona Kordiak
Corporate Services	Diane McGiffen
Performance Audit & Best Value	Fraser McKinlay

## 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 FOI 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 director/ audit/ associate director and then advise the Human Resources team. This procedure is in your interests and will protect you. 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 director/ audit/ associate director and then let the Chief Operating Officer know. Hospitality given must be recorded in the register and the expenditure detailed in our financial accounting system. You must make sure that you charge the hospitality to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for hospitality given through expenses must follow the travel and expenses policy.
27. To help you decide what to declare, the following guidance may be useful:

### Reporting hospitality received

28. Items not requiring declaration and recording are:
  - Working lunches at audited bodies, partner firms, working groups/committees, boards, professional institutes and other public bodies.
  - Meals and accommodation related to attendance at conferences, seminars and workshops.
29. Items that would require disclosure include:
  - Meals in external restaurants, whether working or not.
  - Attendance at functions organised/hosted by professional bodies.
  - Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees, e.g. gallery viewings.

- Functions where the focus of the event is an awards ceremony which involves a public-sector element.
  - Meals paid for by visiting delegations from other audit offices and Parliaments/ Governments.
30. You should not accept offers to attend social or sporting events unless it would be of benefit to Audit Scotland or where Audit Scotland would expect to be represented.
31. In exceptional circumstances it may be appropriate to accept hospitality in order to avoid embarrassment or offence for example, hospitality offered from overseas hosts when we are carrying out international work.
32. You should not accept repeated hospitality from the same source.

### **Reporting hospitality declined**

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

### **Reporting hospitality given**

34. Items not requiring declaration and recording are:
- Working lunches when hosting meetings and conferences with audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies. Lunches should be modest in scale and may typically consist of a buffet/sandwiches and tea and coffee throughout the day.
  - Travel costs as part of recruitment.
  - Consultant travel and accommodation costs where this is part of the consultant's fee.
35. Items that would require disclosure would therefore include:
- Meals provided in external restaurants whether working or not.
  - Meals provided to international visitors/groups.
  - Provision of overnight accommodation.
  - Provision of travel, e.g. flights or train tickets.
  - Hospitality at or the provision of theatre or sporting event tickets.

## **Gifts**

36. As a general rule, you must not accept personal gifts although you may keep isolated gifts of a trivial character such as a pen or diary, the token value of which must not exceed £50. Sometimes it may be appropriate to accept a gift of more than token value, for example where refusal would embarrass Audit Scotland or damage an important relationship. The acceptance of such a gift should be approved by your director/ audit/ associate director. 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 director/ audit/ associate director.

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. The International Liaison Manager keeps 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 & hospitality in relation to work with other countries. Gifts to visiting delegations are given as mementoes of their visit to Audit Scotland. They should be 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 director/ audit/ associate director. Your director/ audit/ associate director 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.
46. 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 Director/ Audit/ Associate Director and the HR & OD Manager.

## Disclosure

47. 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.
48. 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.
49. The next level is called Standard Disclosure and is required for all workers across Audit Services and Performance Audit & Best Value. Some workers in Corporate Finance, HR and Digital may be required to participate in checks to this level due to the nature of their work. Standard Disclosure enables Audit Scotland to check for certain spent convictions.
50. 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 also undertaken by our HR & OD team.
51. 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 & OD team or by

our client organisation (i.e. Scottish Police Authority, Scottish Corporate Parliamentary Body etc.).

## Media

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

## Social Media

53. Audit Scotland has a Social Media Strategy 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.
54. 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
  - 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

55. 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. You have the right to be a member of a political party, but it would be unsuitable to take part in high profile public party-political activity. If you are in any doubt, you should take advice from your director/ audit/ associate t director.

## Health and safety at work

56. 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, any other associated legislation and statutory codes of practice.
57. You have a duty under the Health and Safety at Work Act 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

58. 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.
59. 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.
60. 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 from home

61. Audit Scotland has a clear commitment to a range of flexible working options, including working from home. This provides you with the freedom to choose where and when you work.
62. Working from home can be required by the Incident Management Team for all staff during a national pandemic, and for an unspecified duration.
63. During the time you work from home we expect you to adhere to our policies, practices and procedures on digital security and data protection.
64. Health and safety is an organisational priority. While working from 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.



# Annual policy review of records management policies

Corporate Governance Manager

**Item 15**  
Meeting date: 22 September 2021

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## Purpose

1. This report invites the Board to approve Audit Scotland's Records Management Policy for a further year.

## Background

2. Audit Scotland has in place a policy, records management plan and procedures to ensure compliance with the Public Records (Scotland) Act 2011 (PRSA).
3. The policy is reviewed on an annual basis to ensure it is up to date and submitted to the Knowledge, Information and Technology Governance Group (KITGG), Management Team and Board for approval. This also forms part of the annual assurance process leading to the Accountable Officer's Governance Statement.

## Annual review of Records Management Policy

4. The Corporate Governance Manager and KITGG carried out a review of the Records Management Policy during August 2021. The review found the policy was largely up to date. Minor amendments were made to reflect the UK's exit from the European Union by referring to the UK General Data Protection Regulations (GDPR) and the European Withdrawal legislation.
5. Audit Scotland's Records Management Plan was approved by the Keeper of Records in 2013. It was due for resubmission in 2019, however, invitation by the National Records of Scotland (NRS) was delayed with the introduction of the new model Records Management Plan in summer 2019.
6. In October 2020, the NRS invited Audit Scotland to submit the new five year plan for assessment in January 2021. The submission was made within timescale and Audit Scotland await the assessment outcome. NRS have advised that the assessment has not yet commenced due to resourcing challenges. It is anticipated that the outcome of the assessment will now be shared in autumn/winter 2021.
7. In June 2021, the European Union formally ratified two adequacy decisions on the UK's data protection regime. This is a positive move which will ensure the continued smooth flow of data transfers between data centres in the EU and the UK.

## Recommendations

8. The Board is invited to approve Audit Scotland's Records Management Policy for a further year.

## Records Management Policy

<b>Owned and maintained by:</b>	Corporate Governance Manager				
<b>Approved from:</b>	September 202 <del>1</del> <u>9</u>	<b>Next review:</b>	September 202 <del>2</del> <u>4</u>	<b>Version:</b>	08

## Introduction

1. The Public Records (Scotland) Act 2011 (the Act) places a duty on us to prepare and implement a records management plan which sets out proper arrangements for the management of our public records.
2. We recognise that the efficient management of our knowledge, information and records is essential to support our work, to facilitate our governance and management, to manage risk and to comply with our legal obligations under the Act and other legislation as enacted from time to time.
3. Records, like any other company asset, are vital to our past, present and future work. They show decisions made and the steps taken towards those decisions. Records and the information they contain form part of our corporate memory and therefore must be managed systematically from creation to disposal.
4. Records are fundamental to our Audit Quality arrangements and professional standards and running Audit Scotland efficiently and effectively.

## Scope

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

## Definition

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

## Roles and responsibilities

7. The Chief Operating Officer is responsible for ensuring there are appropriate arrangements for managing information and records.
8. In support of the Chief Operating Officer the Corporate Governance Manager is responsible for the day-to-day records management arrangements for Audit Scotland, the Accounts Commission and the Auditor General. The security of our electronic information systems is the responsibility of Audit Scotland's Digital Services Manager.

9. It is the Knowledge, Information & Technology Governance Group's (KITGG) role to ensure this policy remains relevant, represents good practice and is implemented effectively.
10. However, records management is the responsibility of everyone and this principle is embedded in our Code of Conduct. We are all expected to ensure the effective management of our records and the information we collect, create, store, share and dispose of, and to undergo training as required.

## The principles of good records management

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

1. 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.

2. Accurate

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

3. Accessible

Records must be readily available when needed.

4. Complete

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

5. Comprehensive

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

6. Compliant

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

7. 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.

#### 8. Secure

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

13. Guidance in support of this policy has been prepared and is available to all staff in [SharePoint](#).
14. Business groups across Audit Scotland are responsible for the appropriate retention and disposal of files within their SharePoint sites, including the labelling of files to accurately determine ownership, sensitivity, file type and the current status of the document.

### Training and awareness

15. It is vital that everyone understands their information and record management responsibilities as set out in this policy. Therefore, directors and managers will ensure that staff are appropriately trained/briefed on how to manage records in accordance with this policy and our records management guidance.
16. In addition, training has been established to ensure that all staff are aware of their information obligations regarding Data Protection, Data Security and Freedom of Information.

### Supplementary documentation

17. The following Acts, policies, standards, procedures and guides should be used to support and supplement this policy:
  - Public Records (Scotland) Act 2011
  - Model Records Management Plan (revised 2019)
  - Data Protection Act 2018 & UK General Data Protection Regulation (UK GDPR)
  - European Union (Withdrawal) Act 2018
  - Freedom of Information (Scotland) Act 2002 (FOISA)
  - Audit Scotland's Data Protection Policy
  - Audit Scotland's Freedom of Information Policy
  - Audit Scotland's Clear Desk and Screen Policy
  - Audit Scotland's Information Security Management Policy
  - FOSIA section 61 Code of Practice on records management
  - Managing records - a staff guide
  - Procedure for transferring information to the National Archive of Scotland
  - Audit Scotland's records retention schedule
  - Audit requirements:
    - Audit standards e.g. ISA's
    - Audit Services audit and MKI guidance

- Audit Management Frameworks.

# Annual policy review of Freedom of Information and Environmental Information requests

Corporate Governance Manager

Item 16  
Meeting date: 22 September 2021

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## Purpose

1. This report invites the Board to approve Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

## Background

2. Audit Scotland has in place a policy and procedures to ensure compliance with the Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004.
3. The policy is reviewed each year to ensure it is up to date and submitted to the Knowledge, Information and Technology Governance Group (KITGG), Management Team and Board for approval. Its review also forms part of the annual assurance process leading to the Accountable Officer's Governance Statement in June 2022.

## Annual review of FOI and EIR policy

4. The Corporate Governance Manager and KITGG carried out a review of the Freedom of Information (FOI) and Environmental Information Regulations (EIR) in August 2021. The review found the policy was up to date.
5. A review of our FOI panel arrangements which form part of the KITGG terms of reference at annex 2 was also reviewed and it remains up to date with no changes required this year.
6. The Freedom of Information (Scotland) Act 2002 (the FOI Act) requires Scottish public authorities to produce and maintain a publication scheme. Authorities are under a legal obligation to:
  - publish the classes of information that they make routinely available
  - tell the public how to access the information and what it might cost.
7. The publication scheme for Audit Scotland is published on our website following internal review during August 2021.
8. In June 2021, the European Union formally ratified two adequacy decisions on the UK's data protection regime. This is a positive move which will ensure the continued smooth flow of data transfers between data centres in the EU and the UK.

## Recommendations

9. The Board is invited to approve Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

Freedom of Information and Environmental Information Policy

<b>Owned and maintained by:</b>	Corporate Governance Manager				
<b>Approved from:</b>	September 202 <u>1</u>	<b>Next review:</b>	September 202 <u>24</u>	<b>Version:</b>	<u>1244</u>

## Introduction

1. The Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EIRs) places a duty on us to prepare and implement systems and processes to comply with the legislation. Under these Acts a person who requests information from a Scottish public authority which holds it is entitled to be given it by the authority.

## Our approach

2. Reporting in public is a principle of the public audit model. It contributes to openness and transparency in the conduct of public bodies in Scotland. Our audit work is carried out in the public interest and we believe that it is enhanced by the principles of the Freedom of Information and Environmental Information legislation. We embrace the legislation and are committed to its continued successful implementation.
3. There are some special considerations which relate to the audit process and these are recognised in the legislation. We will make use of relevant exemptions and exceptions only where we consider that this is necessary in the public interest.
4. We have one Publication Scheme covering the Auditor General, the Accounts Commission and Audit Scotland and we will follow a consistent approach to information handling and requests.
5. A professional relationship with the bodies we audit and other stakeholders is very important. If a request is made to us for disclosure of information obtained from a public body as part of our audit work we will, where reasonably practical, consult the body before complying with the request. We will also continue to liaise with other audit and scrutiny bodies in developing best practice in this area.

## Scope

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

## Roles and responsibilities

7. Audit Scotland provides support to the Auditor General and the Accounts Commission and therefore we have established clear information management roles and responsibilities. The

Auditor General is Audit Scotland's Accountable Officer and to support his duties under this legislation we have established the Knowledge, Information & Technology Governance Group (KITGG).

8. It is the KITGG's remit to ensure that information risks are assessed and mitigated to an acceptable level by having in place robust policies, procedures and processes.
9. The KITGG have established an Information Requests Panel to meet and decide on using exemptions in complex FOI requests and exceptions in EIR requests.

## Information we hold

10. We are committed to openness and transparency in our work. We are committed to supplying information to a request unless there is a valid reason for withholding it under the legislation.
11. When a request is received for information you must not alter, deface, block, erase, destroy or conceal applicable information with intent to prevent disclosure. To do so is an offence under the Act and will result in action under Audit Scotland's disciplinary policy and could incur a risk of personal prosecution.

## Training and awareness

12. We are committed to full staff awareness and training in Freedom of Information, Environmental Information and Data Protection legislation and its implications for our work. We are committed to maintaining effective systems for information requests to meet our obligations under this legislation.
13. Guidance on the application of FOISA and the EIRs are available on [SharePoint](#).
14. Annual newsletters are shared with colleagues across Audit Scotland outlining our performance on FOI and EIRs, which covers the types of requests that have been received and the timescales in which we responded.

## Charges

15. Audit Scotland may invoke a charge for providing information, which is not contained in our publication scheme, in accordance with the costing threshold within FOISA and the EIRs.
16. When a request is estimated to exceed £600 to fulfil, we will, whenever possible, attempt to narrow its scope and provide what we can within the threshold rather than refusing it outright.

## Supplementary documentation

17. The following documents should be used to support and supplement this policy:
  - Freedom of Information (Scotland) Act 2002
  - Freedom of Information (Scotland) Act 2002 section 60 and 61 codes of practice
  - Environmental Information (Scotland) Regulations 2004



# Information Security Management Policy review

Digital Services Manager

Item 17  
Meeting date: 22 September 2021

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## Purpose

1. This report invites the Board to review and, subject to any amendments, approve the updated Information Security Management Policy.

## Background

2. This policy is the principal policy for the Information Security Management System (ISMS) and highlights the commitments and responsibilities of Audit Scotland colleagues, contractors and consultants employed by Audit Scotland on how information security must be managed.
3. This policy has been delayed, originally planned for April 2020 it was inadvertently pushed back because of a change in process.
4. This policy is the subject of an effectiveness review as part of our annual policy review process. Policy updates have been made and were approved by the Knowledge, Information and Technology Governance Group (KITGG) via email on 20 August 2021.
5. After KITGG approval, this policy requires, as previously, to be approved by both Management Team and the Audit Scotland Board, reflecting leadership and commitment to the ISO 27001:2013 information security standard.
6. Audit Scotland re-certification to the ISO 27001:2013 standard was achieved in August 2019 for an additional three-year period, subject to six-monthly surveillance audits. The most recent of these was successfully completed in March. The audit did not identify any non-conformances and identified one opportunity for improvement.
7. The review and approval process of the policy demonstrates our continued commitment and compliance with the requirements of the ISO standard.

## Policy changes

8. The following changes have been applied to the policy:
  - Section 14 now includes the Digital Services Strategy as part of the Digital Services Management Team (DSMT) responsibilities.
  - Section 15 is a new section that details the Digital Services Team's responsibilities, specifically ensuring 'colleagues can work safely, securely and efficiently'.
  - Appendix 1 – Information Security Management System Environment diagram has been updated to include the Secure Build Standard and Asset Management Procedure in the DSMT section.

## **Recommendations**

9. The Board is invited to consider the updates made and approve the policy.

## Information Security Management Policy

Version:	1.7	Status:	For Management Team and Board approval
Author/Owner:	Digital Services Manager	Approval/Review:	Audit Scotland Board
Approval Date:	MT – 14/09/2021	Next review by:	

### Introduction

1. This policy sets out that Audit Scotland will:
  - 1.1. ensure the confidentiality, integrity, quality and availability of all the information it holds and processes
  - 1.2. ensure all the information it holds and processes will meet its contractual, legal and regulatory obligations.
2. This policy is supported by policies, standards, procedures and guidance and these are shown in the diagram at Appendix 1.

### Scope

3. This policy is mandatory for all employees, contractors and consultants employed by Audit Scotland. Failure to comply with this policy and supporting information security policies may result in disciplinary action.

### Commitments

4. Audit Scotland will:
  - 4.1. treat information security as business critical, whether that be for Audit Scotland information or client data managed by Audit Scotland
  - 4.2. produce, maintain and test business continuity plans to ensure the availability of its information and information systems
  - 4.3. ensure that its information is open and wherever possible not restricted by financial or legal agreements
  - 4.4. ensure legislative and regulatory requirements are met (including intellectual property rights)

- 4.5. ensure compliance with all relevant data protection regulations and implement privacy by design in all information systems
- 4.6. identify and implement appropriate controls for information assets proportionate to levels of risk
- 4.7. communicate all appropriate information security policies to all employees, contractors, consultants, clients and other stakeholders
- 4.8. allocate individual accountability for compliance with all appropriate information security policies, standards, guidance and procedures
- 4.9. all information security breaches whether actual or suspected, be reported and investigated in line with approved policies.
- 4.10. continue to improve information security management
- 4.11. develop, implement and maintain an Information Security Management System (ISMS) in accordance with best practice contained within ISO/IEC 27001:2013 and ISO/IEC 27002:2013.

## **Responsibilities**

5. Audit Scotland's Board through its Audit Committee has oversight of risks, including information risks.
6. Audit Scotland's Accountable Officer, with support from the Management Team, has overall responsibility for ensuring this policy is effectively implemented and delivered.
7. Audit Scotland's Senior Information Risk Officer (SIRO) is the Chief Operating Officer, who is responsible for the overall management of the organisation's information risks.
8. A monthly cyber security update is scheduled with the SIRO and a member of the Digital Services Management Team (DSMT) that ensures the latest updates are provided to Senior Management demonstrating leadership and commitment to ISO 27001:2013.
9. In addition to the SIRO monthly update, a 6-monthly update on Digital Security is provided to Management Team and then the Audit Committee.
10. Audit Scotland's Management Team will implement and manage appropriate controls to enable conformance to information security policies within their own areas of responsibility and will ensure individual accountability for control performance.
11. The Knowledge, Information and Technology Governance Group (KITGG) will support the Accountable Officer, Senior Information Risk Officer and Management Team by assessing and mitigating information security risks through standing agenda items Digital Security and Corporate Risk Register review, both providing assurance.

12. The KITGG will maintain this policy and associated information security policies ensuring they are communicated, reviewed and updated in response to changes in risks faced by Audit Scotland, legislation, and internal operational working practices.
13. The KITGG will ensure all information security policies and our performance in meeting their requirements is monitored and reviewed on an annual basis.
14. The DSMT will maintain the Digital Services Strategy, information security standards, guidance and procedures ensuring they are communicated, reviewed and updated in response to changes in risks faced by Audit Scotland, legislation, and internal operational working practices.
15. The Digital Services Team (DST) will deliver the Digital Services Strategy ensuring that all the Audit Scotland’s digital systems and services provide an environment that is independent of location, where colleagues can work safely, securely, and effectively, while supporting high quality audit work.
16. The Corporate Governance Manager (CGM) is the designated Data Protection Officer for Audit Scotland, responsible for updating Audit Scotland’s Data Protection Policy. In addition, the CGM is the organisation’s Records Manager managing data subject access requests and providing governance and compliance advice to staff.
17. Information Asset Owners must understand what information is held by their business area, and approve the permissions required to access it.
18. All Managers will be responsible for implementing and communicating appropriate information security policies, guidance and procedures.
19. All employees, contractors and consultants employed by Audit Scotland are required to play an active role in the protection of Audit Scotland’s assets and treat information security appropriately, in order that this purpose can be achieved.

## Change Log

Version	Date	Author	Description
1.0	22/03/16	IT Manager	Information Security Management policy drafted for KITGG approval.
1.1	05/04/16	IT Manager	Some minor changes suggested by the KITGG and policy approved. For submission to the Audit Scotland Management Team for approval.
1.2	15/04/16	IT Manager	Minor changes to reflect Audit Management Team comments. Approved by Management Team and for submission to the Audit Scotland Board.
1.2	05/03/16	IT Manager	Approved by the Audit Scotland Board.

1.3	04/04/17	Digital Services Manager	Minor changes made by KITGG and approved. For submission to Management Team and the Board for final approval.
1.3	05/05/17	Digital Services Manager	Approved by Management Team and Audit Scotland Board.
1.4	12/04/18	Digital Services Manager	Annual effectiveness review and updates made and approved by KITGG. Approved by Management Team on 17/04/18 and Approved by the Board 02/05/18.
1.5	01/05/19	Digital Services Manager	Annual effectiveness review by KITGG, Management Team and the Board. Minor changes made to policy. Appendix 1 diagram updated to reflect current ISMS documentation.
1.6	13/05/20	Digital Services Manager	Annual refresh, additional objective included, CGM role updated and removed reference to Cyber Essentials Plus as superseded by ISO 27001. Board approved.
1.7	14/09/21 & 22/09/21	Digital Services Manager	Delayed annual refresh, minor change to responsibilities to include the Digital Services Strategy and Digital Services Team. The Information Security Management System Environment diagram has been updated to include the Secure Build Standard and Asset Management Procedure in the DSMT section. Approved by KITGG on 03/08/2021 submitted to Management Team on 14/09/2021 and then September Board.

# Appendix 1 - Information Security Management System Environment

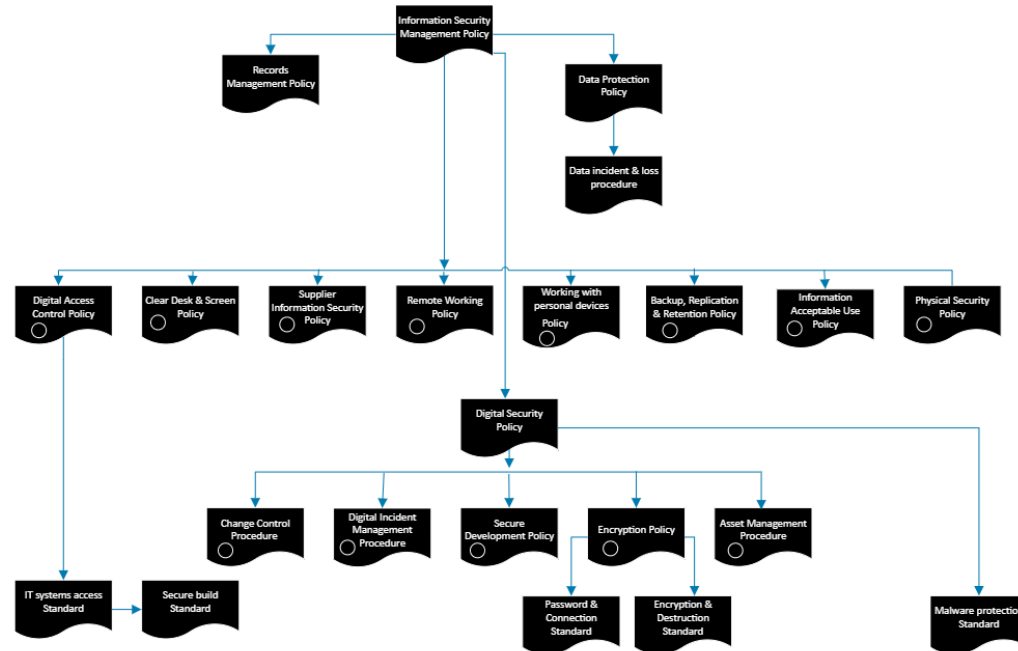
## Information Security Management System Environment

v1.5 September 2021

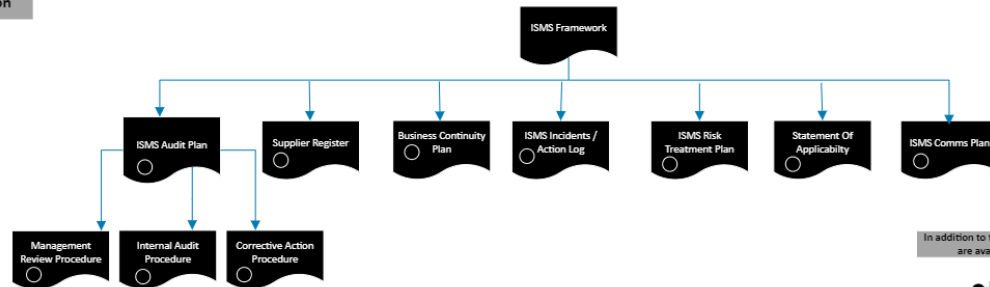
Board / Management Team approval

KITGG approval

DSMT approval



ISMS Corporate documentation



In addition to the above, a selection of information security guides that support the ISMS are available to staff from both Digital Services and Corporate Governance

● Indicates mandatory requirement of ISO 27001 Standard

# Proposed Board and Committee meeting schedule 2022

Chief Operating Officer

Item 18  
Meeting date: 22 September 2021

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## Purpose

1. This report invites the Board to consider the proposed meeting schedule for the Board and its committees during 2022.

## Background

2. The Board typically agrees its schedule of meeting dates for the year to come in September/October of each year. Between 2015/16 and 2017/18 the Board met on eight occasions each year. In 2018, the Board agreed to move to six meetings in 2019. In 2020 six Board meetings were scheduled with one additional meeting convened on 19 August to consider Audit Scotland's response to the Covid-19 pandemic and in 2021 the Board met six times.
3. We have reviewed the content, timing and profile of Board work from previous years to inform the schedule for the year to come. In doing so we have also considered key dates and actions, for example the timing of meetings to take account of:
  - the budget submission
  - the annual assurances process
  - the annual report and accounts
  - review dates for strategies, plans, policies and procedures
  - performance reporting
  - meetings of Parliamentary committees and the Accounts Commission.
4. The proposed schedule of meeting dates is attached at Appendix 1 and a schedule of indicative Board items is attached at Appendix 2.
5. The Standing Orders provide for any additional meetings to be called should they be required.

## Recommendations

6. The Board is invited to approve the proposed meeting dates for 2022.



## Proposed meeting schedule 2022

<b>Audit Committee*</b>	<b>Human Resources and Remuneration Committee*</b>	<b>Board<sup>+</sup></b>
		26 January 2022
2 March 2022	2 March 2022	
		23 March 2022
11 May 2022	11 May 2022	18 or 20 May 2022
1 June 2022 (AR&Accs)		1 June 2022 (AR&Accs)
7 September 2022		28 September 2022
9 November 2022	9 November 2022	23 November 2022

<sup>+</sup> Board meetings will be held in West Port and will be open to the public.

\* Committee meetings will be held in West Port.

## Indicative Work Programme 2022 – Audit Scotland Board

26 January 2022	4 April 2022	20 May 2022	1 June 2022	28 September 2022	23 November 2022
<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Environmental scan</li> <li>• Publication programme</li> <li>• SCPA report on budget submission</li> <li>• New audit appointments update</li> <li>• Openness and transparency/Board development</li> <li>• Best companies results</li> <li>• 2022 Audit Scotland conference</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Q3 performance reporting</li> <li>• Annual report and accounts timeline and outline plan</li> <li>• New audit appointments update</li> <li>• Equality outcomes</li> <li>• Board development</li> <li>• Draft Corporate Plan</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Draft Annual report and accounts</li> <li>• New audit appointments update</li> <li>• Review of information, governance and security policies</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Q4 performance reporting</li> <li>• Annual report and accounts</li> <li>• Annual reporting</li> <li>• New audit appointments update</li> <li>• Governance and assurance reporting</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Q1 performance reporting</li> <li>• Audit Scotland’s draft budget submission</li> <li>• New audit appointments update</li> <li>• PSRA Annual statements</li> <li>• Openness and transparency/meeting schedule</li> <li>• Review of FOI, EIR and records management policies</li> </ul>	<p>Agenda items include:</p> <ul style="list-style-type: none"> <li>• Standing items</li> <li>• Covid-19 update</li> <li>• SIP update</li> <li>• Q2 performance reporting</li> <li>• Audit Scotland’s budget submission</li> <li>• New audit appointments update</li> <li>• Review Scheme of delegation/Financial regulations and Standing orders</li> <li>• Board development/self-evaluation</li> </ul>