

MEETING: 10 MARCH 2022

REPORT BY: INTERIM DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

STRATEGY AND WORK PROGRAMME: WORK PROGRAMME UPDATE

Purpose

1. This paper introduces for consideration the latest refresh of the joint Accounts Commission and Auditor General for Scotland (AGS) work programme.

Background

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

Scope and approach

3. Appendix 1 presents the work programme update. It aims to provide one report that meets the needs of the Commission and the AGS, with clarity on who is producing which products and when. It covers our whole range of audit work and includes:
 - a) **What we've delivered:** From December 2021 to February 2022.
 - b) **What's coming up:** Planned audit products from March 2022 to September 2022, and audit work in the pipeline from October 2022 to March 2024.
 - c) **Decisions required:** Proposed changes to the programme.
4. This update reflects feedback received from the Commission in December about the work programme update including a more comprehensive view of the longer-term work programme. We have included all key areas where we have audit products planned or where there is significant research and development work planned to scope potential audit products to include in future work programme proposals.
5. In this update report our key messages continue to emphasise the comprehensive and ambitious programme and the pressure on our publications schedule due to the local government election moratorium from the end of March until early May. Reflecting on conversations with the AGS and Interim Deputy Chair of the Commission at the joint work programme meeting in December, we have noted our plans to protect capacity in our teams for research and development to support longer-term planning plus contingency to respond to urgent requests.
6. To support the dynamic programme, we continue to review and analyse feedback and discussions from Accounts Commission meetings and Performance Audit Committee (PAC) and Financial Audit and Assurance Committee (FAAC) meetings, including recent strategic discussions on inequalities and public sector reform. We share this analysis with senior managers in Performance Audit and Best Value (PABV) to inform programme development and this update.

Wider work programme development

7. Accounts Commission members will see some of their feedback addressed through specific audit work over the coming months and in the longer-term programme, while some feedback will be addressed through our wider work programme development plans.

Impact reporting

8. We continue to develop a refreshed approach to impact monitoring and reporting. This is summarised in Figure 1. As noted in December we are aiming to look at this across all audit work, including financial audit, performance audit and Best Value, and ensure it aligns with the Commission's ambitions in its draft communications strategy to better gauge the impact of its role and work.
9. The proposed approach will consider impact on a short, medium, and long-term basis using a range of monitoring and evaluation approaches. Our historical approach of delivering impact reports has covered much of the basic monitoring and short-term evaluation outlined in Figure 1. But we recognise that impact reports are resource-intensive and have questioned how much value they add compared to prioritising resources on research and development and audit delivery. Furthermore we are concerned about dedicating significant resources towards impact reports on performance audit work that included recommendations developed pre-pandemic when many aspects of policy have moved on significantly since then.
10. Within the revised approach we are looking to develop more flexible impact monitoring options we can apply, which are appropriate to the intended impact and scale of the original work, as well as how it may have moved on since the pandemic. For example this might include research and development leading to follow up audit work or audits with several parts, impact reports or blogs, feedback from stakeholders and recommendations tracking.

Figure 1: Proposed approach to impact monitoring and reporting

		What	How	Who
Existing	Basic monitoring (0-18 months)	What traction are our products getting? Who are we reaching?	Product by product reach and engagement: Media Social media Web Conferences Committees Announcements	Comms Audit teams
	Short-term evaluation (6-18 months)	What's happening with our recommendations? What do stakeholders think of us?	Product by product recommendations tracking: Progress Effectiveness Reflections Stakeholder feedback	Audit teams AQA Comms
Proposed	Long-term evaluation (18 months +)	What difference have we made through public audit?	Package of products: Track impact of our products on AGS/AC priorities	Audit teams External perspective

11. We are aware the Commission is interested in impact monitoring and reporting plans for several of its reports, as discussed at its August meeting. We are not planning to produce specific impact reports on these three areas. Below is an outline of how we intend to follow up on these areas through current reporting plans and future research and development work:
- a) **Councils' use of arm's-length organisations (May 2018)** - Through local government overview reporting we continue to highlight issues with the financial sustainability of arms-length external organisations (ALEOs), including due to the impact of the pandemic, drawing on specific examples of those hardest hit and on high level data from COSLA, where this is available. We will continue to liaise with local auditors as part of our annual accounts work to understand risks and performance of ALEOs including as part of the local government sector meetings.
 - b) **Scotland City Region and Growth Deals (January 2020)** - As part of our proposed research and development work on economic development we will keep under review developments to, and delivery of, City Region and Growth Deals. This will review progress against the recommendations in our previous performance audit and consider changes to the City Deals approach, for example to address regional inequalities and tackle climate change.
 - c) **Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models (January 2020)** - Our planned research and development work on strategic capital investment will build on this audit by considering progress against the recommendations, as well as looking at the Scottish Government's Medium Term Financial Strategy and updated Climate Change Plan.

Consultation and engagement

12. Agenda item 9 presents feedback from the Commission's recent consultation on its work programme. We have noted the broad support and positive responses around the Commission's priorities and about the content and timing of the work programme, particularly around climate change, inequalities including child poverty, social care and the financial response to Covid-19. Between now and the next work programme update in June we will work with the Commission Support Team to understand the detailed feedback and the implications of this for audit work currently in the programme as well as for future work programme proposals.

Annual stocktake

13. As part of wider developments to the work programme we would like to have an annual stocktake session on the work programme with the Commission outside the regular update sessions, the next of which are in June and September. This would focus on progress with delivery over the last year, internal and external feedback on how the work programme has changed, outcomes from the Commission's strategy session in March and the new Chair's priorities and future opportunities for development, including:
- a) **Outcomes and priorities:** Moving to a more outcomes-focused programme linked to Commission and AGS priorities.
 - b) **Research, monitoring and evaluation proposals:** Sharing thinking on coordinating research, monitoring, evaluation and engagement activity to support more agile audit responses, improve information for decision making, support continuous improvement and help make the case for the value of public audit.

- c) **Pace and governance:** Discussing whether we have done all that we can to streamline governance and increase pace to deliver a more flexible and agile programme.

Conclusion

14. The Commission is asked to:

- a) Note the progress delivering the work programme from December 2021 to February 2022.
- b) Note the planned products up to September 2022 and identify its priorities within these plans.
- c) Discuss and agree the proposed changes to the programme, summarised on slides 12-14 of Appendix 1.
- d) Discuss and feedback on the audit work in the pipeline for October 2022 onwards, summarised on slides 15-21, noting that this is flexible and can be revisited as part of future work programme updates.
- e) Agree to delegate to the Chair and Interim Deputy Chair final approval for this update at a joint meeting with the AGS on 21 March 2022.
- f) Agree that impact reports are not required on the performance audits outlined in paragraph 11.
- g) Agree to have an annual work programme stocktake session outside of regular work programme updates that can allow for more time to discuss the points in paragraph 13.

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23 February 2022