

**MEETING: 9 JUNE 2022**

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

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

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### **Purpose**

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

### **Background**

2. In April 2021 the Commission and AGS agreed the joint dynamic work programme. We published this on the Audit Scotland website on 24 May 2021. In April 2022 we refreshed the website to include our planned audit work for 2022/23. This is the fourth quarterly update of the programme, and the next update will be in September 2022.

### **Scope and approach**

3. Appendix one presents the work programme update. It aims to provide one report that meets the needs of the Commission and 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 March 2022 to May 2022.
  - b) **What's coming up:** Planned audit products from June 2022 to December 2022, and audit work in the pipeline from January 2023 to March 2024.
  - c) **Decisions required:** Proposed changes to the programme.
4. We have continued to develop our reporting on the longer-term work programme, ensuring it reflects all key areas where we have audit products planned beyond December 2022, 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 reflect on how audit product delivery has changed from 2020/21 to 2021/22 and the implications this has had for the longer-term programme. We are welcoming the breathing space expected in the programme later this year and are thinking about how the Commission might use that time strategically for stakeholder engagement and getting key messages out, potentially drawing on its back catalogue of reports. We continue to develop longer-term work programme proposals and welcome the Commission's feedback on the relative priorities to help us make strategic recommendations about the spacing and sequencing of products, as well as where to focus resources.
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. We share this analysis with senior managers in Performance Audit and Best Value (PABV) to inform our research and 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 monitoring, evaluation, and reporting***

8. We continue to work on proposals on how to take forward a holistic approach to monitoring, evaluating and reporting on both the impact of the audit work we undertake on behalf of the Commission and AGS, and on stakeholder perceptions and awareness of the parties involved in public audit in Scotland.
9. Since the last work programme update in March, we have spoken with colleagues across Audit Scotland to gather information on how they are currently monitoring, evaluating and reporting on impact. From these conversations and our desk-based research of historic work in this area, we have drafted proposals for a future approach. These are set out in Appendix two and cover the following:
  - a) project objectives, proposed impact framework and scope
  - b) proposed principles to drive our approach
  - c) reflections on our strategic context: The impact we are trying to have
  - d) reflections on what we mean by impact and our key sources of impact
  - e) proposed measures, reporting in place and options for further reporting on immediate and extended impact
  - f) next steps.
10. We are interested in the Commission's feedback on these proposals, in particular on the frequency and content of impact reporting, which we can continue to develop working with the Commission support team. We will ensure this is joined up with the Commission's emerging communications and engagement strategy.
11. In addition to what is covered in the proposals, the Commission has noted it wants to consider the role of sponsors in impact work. We would like to hear more about its ideas and expectations in this area to help us work with the Commission support team to incorporate this into the proposals.

### ***Resourcing the work programme***

12. The Commission is interested in what resources it has committed to products across the work programme and the options this presents for future decision-making on quarterly work programme updates.
13. We want to provide information that:
  - a) supports discussions about the **strategic impact** it wants its audit work to have
  - b) provides **assurance** about where its resources are going
  - c) provides adequate information to help it **understand options and make choices** about audit products.

14. Resource deployment across the work programme is complex. We are currently undertaking a project to improve and refine our data and reporting in this area. We have divided all key areas of local and national government policy into 12 portfolios and are now implementing a new portfolio-based approach to audit budgeting and cost monitoring within PABV. This is based on the following principles:
- a) **Time on priorities** – Providing assurance that we are deploying our resources on agreed priorities.
  - b) **Overall cost of audit** – Understanding the overall cost of our audit work.
  - c) **Improving resource deployment** – Improving the monitoring of planned budget versus actual spend to improve our overall approach to resource deployment.
  - d) **Empowering staff** – Ensuring managers have the flexibility to oversee budgets to innovate and achieve impact.
  - e) **Outcomes-focused** – Investing in teams to deliver outcomes.
15. As part of this project, we are reviewing assumptions about how staff spend their time and using projected whole time equivalent data to forecast our audit work budget. Each portfolio is working on budget proposals that set out intended time on research and development, and audit product delivery based on the current work programme proposals.
16. We will report on progress with this project as part of the September work programme update. The audit budget and cost improvement work we have described above should not be considered in isolation from the Commission's overall resource envelope, including the income from audit fees and the income from the Scottish Consolidated Fund, as well as its expenditure on other areas like financial audit and the new approach to Best Value (BV). This is clearly connected to the Commission's emerging change programme, and we will keep abreast of these developments to help us present an integrated picture of resource deployment.

## Conclusion

17. The Commission is asked to:
- a) note the progress delivering the work programme from March 2022 to May 2022
  - b) note the planned products up to December 2022 and identify its priorities within these plans
  - c) discuss and agree the proposed changes to the programme, summarised on slides 9-10 of Appendix one
  - d) discuss and feedback on the audit work in the pipeline for January 2023 onwards, summarised on slides 10-24, 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 20 June 2022
  - f) discuss and feedback on the proposals for impact monitoring, evaluation and reporting outlined in Appendix two, in particular providing feedback on what it would like to see in terms of impact reporting (content and frequency) and the role of sponsors

- g) discuss and feedback on the planned work to improve data and reporting on deployment of resources across the work programme.

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**23 May 2022**