

MEETING: 8 SEPTEMBER 2022

REPORT BY: EXECUTIVE DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

STRATEGY AND WORK PROGRAMME: WORK PROGRAMME UPDATE

Purpose

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

Background

2. In April 2021 the Commission and the AGS agreed the joint dynamic work programme. We published this on the Audit Scotland website on 24 May 2021. We are now nearly 18 months into the programme and in July 2022 we refreshed the website to include planned audit work for 2023/24. This is the fifth quarterly update of the programme and the next update will be in December 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 June 2022 to August 2022.
 - b) **What's coming up:** Planned audit products from September 2022 to March 2023, and audit work in the pipeline to 2024.
 - c) **Decisions required:** Proposed changes to the programme.
4. In this update report our key messages note that we expect the overall number of products to decrease this year and next as we shift back to delivering more full performance audits and fewer briefings and blogs. They also note the range of development work we are working on alongside audit delivery. We welcome the Commission's feedback on the relative priorities within the longer-term programme to help us make strategic recommendations about the spacing and sequencing of products, as well as where to focus resources.
5. To support the dynamic programme, we continue to review and analyse feedback and discussions from Accounts Commission meetings and Performance Audit Committee (PAC) and Financial Audit and Assurance Committee (FAAC) meetings. We share this analysis with senior managers in Performance Audit and Best Value (PABV) to inform our research and development work and this update.

Wider work programme development

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

Strategic review of work programme

7. We noted that we are now 18 months into the new dynamic work programme. During that time there have been major developments affecting public services, including a shift away from focusing on the response to the Covid-19 pandemic towards a focus on the recovery and renewal of public services. This shift is happening alongside a cost-of-living crisis, caused by inflation rising faster than income, and a predicted economic recession that is likely to last until at least the end of 2023. To make sure the work programme remains dynamic and addresses current strategic risks and issues facing public services, it is important we reflect on the themes, areas of focus and future planned audit work with this new context in mind.
8. We propose undertaking a strategic review of the work programme during Q3. This will involve environmental analysis drawing on a range of sources, including: the latest refresh of [strategic risks and issues facing the Scottish public sector](#), our monitoring of emerging audit issues, local government current issues reports, recent policy and cluster briefings, the monthly communications digest and weekly correspondence reports. The strategic review will also draw on the findings of the Auditor General's briefing on the financial sustainability of public services, which is due to publish in November.
9. We propose bringing back our findings from this review to have a strategic discussion with the Commission in December about the future themes and areas of focus within the work programme. The outcome of this can influence the scope of audit work planned for 2023/24 and will help inform the Commission's strategic prioritisation of its longer-term work programme from 2024/25 onwards. We are working with the Commission's support team to consider how this strategic review informs the Commission's annual consultation on the work programme and how it fits within the Commission's planning cycle, including its biannual strategy seminars.

Impact monitoring, evaluation and reporting

10. We have moved into the implementation phase of the new 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. The approach is summarised in Figure 1.

Figure 1: Impact monitoring, evaluation and reporting framework

		What	How	Who*
Existing	Immediate impact Basic monitoring (0-6 months)	<ul style="list-style-type: none"> Have our actions and recommendations been accepted? What traction are our products getting? Who are we reaching? 	Product by product reach and engagement: Media Social media Web Conferences Committees	Audit teams Comms
	Extended impact Basic evaluation (6 months up to 5 years)	<ul style="list-style-type: none"> What's happening with our actions and recommendations? How is our work influencing change? What do stakeholders think of us? 	Actions and recommendations tracking: Progress Effectiveness Reflections Stakeholder feedback	Audit teams AQA Comms External perspective
Proposed	Long-term impact Wider evaluation (3 years+)	<ul style="list-style-type: none"> What difference have we made through public audit? 	Package of products: Track impact of our products on agreed impact goals	Audit teams External perspective

*Responsibility for collecting, analysing and reporting impact data

11. Since the last work programme update in June, we have started to pilot basic evaluation approaches to tracking the progress of our recommendations with five performance audits covering a range of policy areas. These include:
 - a) [Child and young people's mental health](#) (published September 2018) – An update report on progress in this area is included in Appendix 2.
 - b) [Scotland's City Region and Growth Deals](#) (published January 2020).
 - c) [Privately financed infrastructure investment: The Non-Profit Distributing \(NPD\) and hub models](#) (published January 2020).
 - d) [Improving outcomes for young people through school education](#) (published March 2021).
 - e) [Planning for skills](#) (published January 2022).
12. Between now and December 2022 we will use learning from the pilot to finalise the monitoring and evaluation frameworks for immediate and extended impact. These include the measures, data collection methods and reporting plans. Key findings so far from the pilot include:
 - a) **Proportionate approach** – Recommendations follow-up is resource intensive and we need to take a proportionate approach to ensure we use our resources in the most effective way. We are using our pilots to evaluate methods to follow up historic recommendations and also to provide learning for our future approach. This may include methods such as grouping recommendations into themes for follow-up or limiting follow-up activity to the original sample of audit sites for recommendations aimed at a wide number of bodies. We are also considering proposing that future recommendations have priority rankings for implementation, linked to intended impact, which would also carry through to follow-up work.
 - b) **Continuous improvement** – We need to harness the learning we gather through recommendations follow up to improve the quality and impact of future recommendations. We have already identified several ways we can improve our approach, including better support and guidance for auditors within the Audit Management Framework, clearer prioritisation of recommendations earlier within the audit process, and an enhanced role for senior leadership, including Commission sponsors and the AGS, to challenge the intended impact and follow up plans around recommendations as early as possible within the audit process.
13. Alongside the pilot recommendations tracking we have started to scope out a range of reporting options. We are considering the following:
 - a) **Flexible approach** – We have identified a range of potential approaches to reporting the immediate and extended impact of audit products. For example: one month follow up report on immediate impact, follow up audit work with associated reporting, impact blogs or briefings, and internal update reports. Working collaboratively with Commission sponsors, the AGS and Audit Scotland's communications team, audit teams can select the appropriate approach on an individual basis depending on the nature of the product. This will consider the need to use resources efficiently and views about whether the findings from impact work should be publicised more widely.
 - b) **Six-monthly summary reporting** – Starting in March 2023 we will produce six-monthly summary reports connected to the timing of the work programme updates. The focus of these will be on the measures agreed as part of the immediate and enhanced impact aspects of the impact monitoring, evaluation

and reporting framework. They will be high-level reports that supplement the regular flexible reporting the Commission receives on specific audits. The aim will be to encourage strategic discussion to inform the future work programme.

14. We are also working with colleagues in Audit Services Group to apply the new framework for impact monitoring, evaluation and reporting to annual financial audit work. We are aiming to bring together our approaches and reporting to provide a holistic picture of impact for the Commission to consider.

Resourcing the work programme

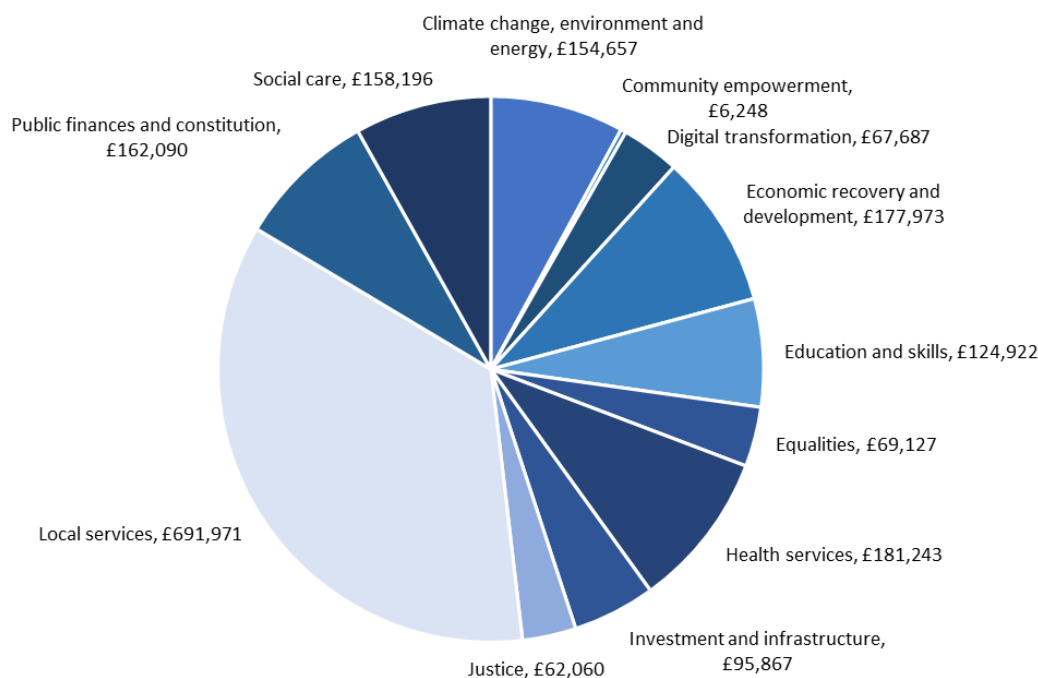
15. The Commission is interested in what resources it has committed to products across the work programme and the options this presents for future decision-making on quarterly work programme updates.
16. Our aim was to provide information that:
 - a) supports discussions about the **strategic impact** 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.
17. Resource deployment across the work programme is complex. We continue 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 have implemented a new portfolio-based approach to audit budgeting and cost monitoring within PABV. As part of this project, we reviewed assumptions about how staff spend their time and used projected whole time equivalent data to forecast our audit work budget for 2022/23. This includes time for audit product delivery as well as research and development.
18. Table 1 outlines planned audit work in 2022/23 within each portfolio, indicative budgets by portfolio as at the end of Q1 and connections to the Commission's aims and priorities as outlined in its strategy. The portfolio breakdown is illustrated in Figure 2. This resource reporting approach aims to provide assurance that audit resources are being deployed in ways that reflect the Commission's aims and priorities. Commission members can see how resources are deployed across research and development and the range of audit products within portfolios, including: performance audits, overviews, briefings and Best Value work. Commission members may wish to consider how this product mix delivers on the Commission's aims and priorities and whether they feel the balance is correct in terms of the impact the Commission wants to have.
19. We know that Commission members have an interest in developing a better understanding of the practical resource implications of any proposed changes to the work programme. For example, whether any proposed new additions to the work programme will have impacts on the scope and timing of other pieces of audit work or whether they can simply be absorbed alongside existing commitments. These are understandable concerns given our experience of the work programme 'running hot' in 2021/22 as seen in slide 3 of Appendix 1. For the purposes of this update there are no significant additions proposed to the work programme that would impact on existing planned work. Given the Commission's interest in this aspect of resource deployment we will include explicit references to any substitution impacts and/or choices the Commission is being asked to make about these in future work programme update reports.

Table 1: Planned audit work and budget by portfolio, linked to Commission priorities

Portfolio	Planned audit work in 2022/23	Indicative Budget as at end of Q1	Connects to Commission strategy
Climate change, environment and energy	Scotland's councils' approach to climate change (Briefing) Research and development	£154,657	Aims: Seeking to assure Helping to improve Improving performance reporting Priorities: Communities
Community empowerment	Research and development	£6,248	To be confirmed once audit products agreed
Digital transformation	Digital exclusion and connectivity (Performance audit) Research and development	£67,687	Aims: Seeking to assure Helping to improve Priorities: Inequalities
Economic recovery and development	Research and development Future audit products on supporting economic development and growth (to be confirmed later in 2022)	£177,973	Aims: Seeking to assure Helping to improve Priorities: Recovery
Education and skills	Children and young people who need additional support for learning (Blog) Early learning and childcare (Performance audit) Research and development	£124,922	Aims: Seeking to assure Helping to improve Priorities: Inequalities Communities
Equalities	Tackling child poverty (Briefing) Mainstreaming equality and equality outcomes: Interim progress report Research and development	£69,127	Aims: Seeking to assure Helping to improve Priorities: Inequalities Funding Communities
Health services	Adult mental health (Performance audit) Research and development	£181,243	Aims: Seeking to assure Helping to improve Priorities: Inequalities Communities
Investment and infrastructure	Future audit products on infrastructure and investment (to be confirmed) Research and development	£95,867	To be confirmed once audit products agreed
Justice	Research and development	£62,060	To be confirmed once audit products agreed

Portfolio	Planned audit work in 2022/23	Indicative Budget as at end of Q1	Connects to Commission strategy
Local services	Financial overview of local government 2020/21 Local government in Scotland Overview 2022 Integration Joint Boards: Financial Analysis 2020/21 Angus Council BVAR Shetland Islands Council BVAR Comhairle nan Eilean Siar BVAR Local government financial bulletin 2021/22 Future Best Value work under new audit appointments (COA reports, AARR, Legacy thematic report) Research and development	£691,971	Aims: Securing public audit Seeking to assure Helping to improve Improving performance reporting Priorities: Inequalities Funding Recovery Communities
Public finances and constitution	Scotland's financial response to Covid-19 (Performance audit) Local government budget briefing (Internal briefing) Covid-19 finances update 2022/23 Research and development	£162,090	Aims: Seeking to assure Helping to improve Priorities: Recovery Funding
Social care	Social care (Performance audit) Social care (Briefing) Research and development	£158,196	Aims: Seeking to assure Helping to improve Priorities: Inequalities Funding Communities
Current budget for Commission work		£1,952,041	
Contingency available for further Commission work		£354,152	
Overall audit work budget for PABV		£4,750,108	
Percentage of total budget for Commission work		49%	

Figure 2: Commission resources broken down by portfolio



Taking a person-centred approach – New youth panel

20. In its consideration of previous work programme updates, the Commission has noted its interest in how we are developing our approaches to involving service users more in audit work. We plan to come back to the Commission with a fuller update by December. In the meantime, one aspect we are currently progressing is engaging with young people to better understand and reflect their views and experiences in our work.
21. We worked successfully with the Inform100 youth panel from 2018 to 2020. This work was supported by Youth Scotland, a third sector organisation that specialises in youth work. At the end of the contract with Youth Scotland, both they and Audit Scotland reflected on the successes of this approach to youth engagement and the lessons learned.
22. The work with the youth panel largely achieved its objectives that young people are able to influence and participate in all stages of our audit work, provide advice on a range of issues and get directly involved in some of our audits. Discussions with the youth panel helped inform audit teams' thinking and plans, and also directly impacted on the audit methods in some cases. Young advisers were directly involved in co-facilitating focus groups as part of our audit on school education outcomes.
23. It is not clear if the project led to our work having more impact among young people. Unfortunately one of the key aspects of the youth panel's plans in relation to this could not happen due to the impact of the Covid-19 pandemic on the Audit Scotland work programme.
24. Over the life of the project, there were difficulties maintaining the engagement of the young advisers, and a smaller core group emerged. Expecting young people to stay involved over the full two years may have been unrealistic, given all the changes that

can happen at that time in their lives. Members of the panel also had different interests and so not all the topics we discussed with them were of interest to the whole group.

25. Another objective of the work with the youth panel was that the young people involved gain valuable experience and skills. The young people fed back that they enjoyed and benefitted from their involvement in the panel. Youth Scotland highlighted increased self-confidence and other benefits among the young people involved. The young advisers were supported to work towards a Dynamic Youth Award, which Audit Scotland funded as part of the contract. We want to ensure that there are clear benefits for members of a future panel.
26. There was huge benefit in partnering with a specialist third sector body, which brought a different skill set to building the relationships and trust among the panel members and with Audit Scotland staff. Youth Scotland also brought specialist skills in how to engage with the panel on the topics we were interested in. They had a clear focus on the wellbeing of the young advisers and also supported them out with the panel sessions, both in terms of general wellbeing and to help their ongoing participation in the panel.
27. We are planning to tender for a third sector partner to work with us to set up a new advisory group of young people who can provide input on specific pieces of work. These could be specific audits or more corporate projects such as communication and branding. This is a move away from our previous approach of expecting all members of the panel to be interested in everything we wanted to engage with them about.
28. We also plan to work with the new advisory group to tap into existing forums in a more structured way, for example the Scottish Youth Parliament and councils' own youth panels, as well as Audit Scotland's Equalities and Human Rights Advisory Group (EHRAG). This will add a richness to our engagement, and we anticipate that the members of the new advisory group themselves will lead on these links, supported by the third sector partner and Audit Scotland.
29. We anticipate going out to tender at the end of September and having the partner in place in winter. We welcome the Commission's reflections on learning from the last panel and any feedback it has to help shape the invitation to tender for the new panel.

Conclusion

30. The Commission is asked to:
 - a) note the progress delivering the work programme from June 2022 to August 2022
 - b) note the planned products up to March 2023 and identify its priorities within these plans
 - c) discuss and agree the proposed changes to the programme, summarised on slides 8-9 of Appendix 1
 - d) discuss and feedback on the audit work in the pipeline to 2024, summarised on slides 10-25, 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 14 September 2022
 - f) agree to the proposal to have a strategic review of the work programme at its December meeting

- g) discuss and feedback on the progress implementing the new approach to impact monitoring, evaluation and reporting
- h) note the progress outlined in the update report about children and young people's mental health (Appendix 2) and that we will continue to monitor progress closely as part of our new approach to impact monitoring and evaluation, to help inform any future work in this area
- i) discuss and feedback on the progress with developing our approach to resource reporting on the work programme
- j) share any reflections on learning from the last youth panel and any feedback it has to help shape the invitation to tender for the new panel.

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29 August 2022