

Agenda

Wednesday 26 January 2022 at 10.15am

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

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: <ul style="list-style-type: none">• Board meeting: 22 November 2021 | For approval |
| 9. Review of action tracker | For information |
| 10. Covid-19 update | For information |

Business planning, performance and governance

- | | |
|--|-----------------|
| 11. 2021/22 Spring Budget Revision and 2022/23 Budget proposal – verbal update | For information |
| 12. Our purpose – Workstream update | For information |

Conclusion

- | | |
|--------------------------|-----------------|
| 13. Any other business | For discussion |
| 14. Review of meeting | For discussion |
| 15. Date of next meeting | For information |

Items to be taken in private

- | | |
|---------------------------------|--------------|
| 16. Building strategic capacity | For approval |
|---------------------------------|--------------|

[Item to be taken in private to support the effective conduct of business]

17. New audit appointments – verbal update

For information

[Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication]

18. New audit appointments – affordability (to follow)

For information

[Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication]

19. Stakeholder engagement update

For information

[Item to be taken in private to support the effective conduct of business]

Minutes Board

Monday 22 November 2021, 10.00am
Audit Scotland by Video conference

Present:

Alan Alexander (Chair)
Stephen Boyle
Elma Murray
Jackie Mann

Apologies:

Colin Crosby

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Associate Director, Corporate Performance and Risk
Stuart Dennis, Corporate Finance Manager
Simon Ebbett, Communications Manager
Mark MacPherson, Senior Manager, Performance Audit and Best Value
Parminder Singh, International Liaison Manager
Graeme Greenhill, Senior Manager, Performance Audit and Best Value
Judith Strange, Cyan2 Limited

1. Private meeting of Board members

The Board met privately and there were no matters arising. Members welcomed a verbal from Stephen Boyle, Accountable Officer.

2. Welcome and apologies

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

The Chair welcomed attendees to the meeting and noted Colin Crosby's 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 17, 18, 19, 20 and 21 of the agenda be considered in private based on the reasons set out on the agenda. The Board agreed.

The Chair advised that the review of the Remuneration and Human Resources Committee minutes at item 8 would also be considered in private.

5. Chair's report – verbal update

The Chair invited members to note of his regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer, Elma Murray, Interim Chair of the Accounts Commission and Diane McGiffen, Chief Operating Officer.

The Chair advised members of engagement with the Audit Quality and Appointments team on queries raised during the procurement exercise.

The Chair advised that he had attended a keynote session on the Future of the audit profession and welcomed the insight provided and recognised the potential impact for Audit Scotland as a public audit agency.

The Chair also welcomed members' contribution to the Board's Financial planning discussion on 9 November 2021 to consider Audit Scotland's approach to its medium term financial plan and fees and funding strategy.

The Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle recorded his and Audit Scotland's condolences on the death of Bob Black, the first Auditor General for Scotland and reflected on Bob's significant contribution to public services and public audit in Scotland over many years.

Stephen advised the Board of regular meetings with the Chair and reflected on the level of activity across the organisation as we progress the delivery of the joint work programme and financial audits and recorded his thanks to colleagues for their continued dedication and commitment.

Stephen invited the Board to note the comprehensive series of events which have been organised as part of Audit Scotland's 2022 conference programme including valuable contribution to the keynote sessions from CIPFA, ICAEW, Professor Jason Leitch, National Clinical Director, Scottish Government, Anna Fowlie of SCVO and Jennifer Wallace from the Carnegie Trust. The Board welcomed the comprehensive virtual engagement programme and noted the final event with the UK and Ireland Auditors' General in January 2022.

Turning to Parliamentary engagement, Stephen invited members to note the range of activity including publications and evidence sessions, Section 22 reporting and briefings on a range of public audit matters, including attendance with Sharon O'Connor, member of the Accounts Commission, at a session with the Education Committee. Stephen invited the Board to note his continued engagement with the new Finance and Public Administration Committee on its public scrutiny of budget and public administration in Scotland and had been joined by Professor James Mitchell and Graham Roy to discuss public sector reform. The Board also noted a busy period of engagement and evidence sessions scheduled with the Public Audit Committee between now and the end of the year.

Stephen invited the Board to note that the next meeting of the UK and Ireland Auditors' General was scheduled for Friday 26 November.

Stephen advised members of forthcoming changes to the leadership team of Audit Scotland and recorded his thanks to Diane McGiffen, Chief Operating Officer for her significant contribution to Audit Scotland. The Board welcomed the update and proposed early engagement on proposals for the future structure of Audit Scotland's leadership team.

The Board welcomed the update.

7. Accounts Commission Interim Chair's report – verbal update

Elma Murray, Interim Chair of the Accounts Commission advised members that the Accounts Commission had livestreamed two meetings since the previous Board meeting and noted the meeting on 11 November 2021 had been Pauline Weetman's last as a member of the Commission.

The members noted items of business considered by the Accounts Commission which included one Best Value Assurance Report, a review of Audit Scotland's e-hubs and agreement by the Commission to consult on the plans for the new Statutory Performance Indicators Direction from 2022/25. In addition the Commission had considered the Audit Planning Guidance prior to consultation and had held a private session with the Director of Nesta in Scotland to consider the future environment for innovation and risk. The Board noted that the Accounts Commission's Committees would meet on Thursday 25 November.

Elma invited the Board to note the publication of the Commission's new strategy, one Best Value Assurance Report, a blog on the Christie Commission, Community Empowerment Briefing and Climate Change briefing and advised of a meeting with the Deputy Chair and Chair of the Performance Audit Committee as part of ongoing engagement with Scottish Government local government leads. In addition, Elma advised members that she had met with the Convenor of the Public Audit Committee. The Board was also invited to note responses to various consultations including the Public Inquiry into Covid, Equalities, Human Rights and Justice Committee on the Pre-Budget Scrutiny and National Care Service plans.

The Board noted internal engagement including attendance at a number of Audit Scotland's insight and keynote sessions and of external engagement with attendance at the Scottish Leaders Forum launch event of the Covid Recovery Plan, SOLACE Springboard event and noted ongoing engagement with the Education reform programme.

Elma also advised that the Strategic Scrutiny Group had met last week and agreed an updated programme of work, together with support to develop a national scrutiny portal.

The Board welcomed the update.

8. Review of minutes

Board meeting: 22 September 2021

The Board considered the minutes of the meeting of 22 September 2021, which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting.

Audit Committee: 1 September 2021

The Board noted the minutes of the Audit Committee meeting of 1 September 2021, which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

Remuneration and Human Resources Committee: 12 May 2021 (*considered in the private section of the Board meeting*)

The Board noted the minutes of the Remuneration and Human Resources Committee meeting of 12 May 2021, which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

9. Review of action tracker

The Board noted the updates provided on the action tracker.

The Chair highlighted action ASB154 and advised a further reiteration of the Medium Term Financial Plan would be considered in January 2022 with a view to finalising this in April 2022 with consideration of the future fees and funding model to be scheduled thereafter.

10. Covid-19 update

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

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

During discussion, the Board noted the updates provided on the organisational and audit response and noted the impact and pressure to conclude audit work. In addition, the members noted that the rollout of the vaccination programme continues at pace, the number of reported cases are still rising and the scheduled announcement by the First Minister the following week.

The Board considered the current levels of office activity and sought assurance around future engagement, ongoing monitoring and the balance between office and home based working in the future, noted the level of disruption reported by colleagues and the impact this had had on delivery. The Board noted continued engagement with colleagues was scheduled early in 2022.

Following discussion, the Board welcomed the update and noted the actions taken to date in response to the Covid-19 pandemic, the ongoing actions and the next steps.

11. Strategic Improvement Programme update

Martin Walker introduced the Strategic Improvement Programme update report, copies of which had been previously circulated.

Martin invited the Board to note the progress reported and next steps.

During discussion, the Board considered the update provided and noted the reprioritisation of some workstreams to focus on the delivery of audit work.

The Board welcomed the progress made to build capacity across the organisation and sought clarification on the membership of the project team for the refresh of Public Audit in Scotland. Martin advised that the scope and timing for the project was currently being developed and would welcome an early discussion with Elma Murray to consider Accounts Commission engagement.

Following discussion, the Board welcomed the update noted the progress reported and next steps.

Action ASB155: A discussion to consider Accounts Commission input on the Public Audit in Scotland workstream. (December 2021)

12. Q2 Financial performance report

Stuart Dennis introduced the Q2 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the six months to 30 September 2021 which had been scrutinised by the Audit Committee at its meeting on 10 November 2021.

The members considered the principal reason for the increase in fees reported in relation to local government charitable trust accounts and noted the original assumption to complete the work had been based on the number of audit days agreed with the respective Directors of Finance. In addition, the Board noted the negative price variance for central government bodies and Stuart confirmed that the number of days taken to complete the audit had been fewer than the assumption.

Following discussion, Stuart Dennis and Elma Murray agreed to discuss an update to be shared with the Accounts Commission Financial Audit Assurance Committee at its meeting on Thursday 24 November.

The Chair invited any further comments or queries on the comprehensive report and there being none, the Board noted the financial results for the six months to 30 September 2021.

Action ASB156: Stuart Dennis and Elma Murray to discuss an update for the Accounts Commission Financial Audit Assurance Committee meeting on Thursday 24 November.(November 2021)

13. Q2 Corporate performance report

Martin Walker introduced the Q2 Corporate performance report, copies of which had been previously circulated.

Martin invited the Board to review the performance in quarter two and consider whether any additional management action is required.

During discussion, the Board noted the overall steady and consistent performance reported and reflected on the Delivery of World Class Public Audit and internal Being a World Class Organisation areas, being complimentary corporate objectives.

The members noted the resource challenges previously discussed and welcomed the progress reported on recruitment to build capacity. In addition, the Board recognised the need to ensure flexibility in the work programme to manage resource demands across audit teams.

The Board also noted that while delivery of audit quality remains amber they welcomed the actions which had been implemented as part of the ongoing improvement programme and awaited the results from this year's quality reviews which were scheduled to be reported in Q3 and Q4.

The Board noted the support provided for Parliamentary engagement and Martin advised this related to colleagues' support across all engagement with the Parliament for and on behalf of the Auditor General for Scotland, the Accounts Commission and Audit Scotland.

The Chair sought assurance that the performance was consistent with risks reported in Audit Scotland's risk register. Martin provided assurance that the performance and risk reports inform one another, both of which are reviewed by the Performance Risk and Management Group prior to reporting and ongoing dialogue with Management Team. The Chair welcomed the assurance provided of the governance arrangements for both performance and risk.

Following discussion, the Board welcomed the update.

14. Any other business

There was no other business for discussion.

15. Review of meeting

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion. The members reflected on its first hybrid meeting of the Board and welcomed the support from colleagues and the technology to support a successful meeting.

The Chair thanked everyone for their contributions.

16. Date of next meeting: 26 January 2022

The members noted the next meeting of the Audit Scotland Board is scheduled for 26 January 2022.

Items taken in private

17. 2022/23 Budget proposal

Stuart Dennis introduced the 2022/23 Budget proposal report, copies of which had been previously circulated.

Stuart invited members to discuss, review and provide comment on the draft 2022/23 Budget proposal and approve the Scottish Commission for Public Audit (SCPA) budget submission.

During discussion, the Board considered the underlying assumptions for the budget proposal in relation to pay, increased employer national insurance contributions, budget for financial devolution work and noted the proposed increase for fees.

The Board noted that the Scottish Government is due to publish both its budget and the pay policy announcements on 9 December 2021 and agreed that consideration of these would be valuable prior to the submission of Audit Scotland's proposed budget to the SCPA.

Following discussion, the Board approved the submission of the budget submission to the SCPA subject to minor presentational amendments to the document.

Action ASB157: The 2022/23 Budget proposal to be submitted to the SCPA. (December 2021)

18. 2021/22 Spring Budget Revision

Stuart Dennis introduced the 2021/22 Spring Budget Revision report, copies of which had been previously circulated.

Stuart invited the Board to approve the request to the SCPA for a 2021/22 Spring Budget Revision of £6 million non-cash AME funding in order to meet additional IAS 19 pension charges.

The Board noted the change in discount rate and the potential for a small reduction in the discount rate, thereby increasing charges, but that the funding level requested in the budget revision together with the year-end forecast should be sufficient to meet any small increase.

Following discussion, the Board approved the submission of the request to the SCPA for a 2021/22 Spring Budget Revision of £6 million non-cash AME funding in order to meet additional IAS 19 pension charges.

Action ASB158: The 2021/22 Spring Budget revision proposal to be submitted to the SCPA. (December 2021)

19. Scottish Commission for Public Audit update

Martin Walker introduced the Scottish Commission for Public Audit update report, copies of which had been previously circulated.

Martin invited the Board to consider and comment on the proposed draft quarterly update to be submitted to the SCPA.

The Chair invited any comments on the draft update and, there being none, the Board approved its submission to the SCPA.

20. Draft Audit Scotland International Strategy for 2021-24

Mark MacPherson, Senior Manager, Performance Audit and Best Value, and Parminder Singh, International Liaison Manager, joined the meeting.

Mark MacPherson introduced the draft Audit Scotland International Strategy for 2021-24 report, copies of which had been previously circulated.

Mark invited the Board to consider and approve the draft International Strategy for 2021-24.

During discussion, the Board welcomed the two way nature of learning, engagement, knowledge sharing and best practice, noted the anticipated level of engagement both virtually and in person and agreed the proposal to keep the strategy under review.

Following discussion, the Board approved the draft International Strategy for 2021-24.

Mark MacPherson and Parminder Singh left the meeting.

21. Environment, Sustainability and Biodiversity Annual Report 2020/21

Graeme Greenhill, Senior Manager, Performance Audit and Best Value, joined the meeting.

Graeme Greenhill introduced the draft Environment, Sustainability and Biodiversity Annual Report 2020/21, copies of which had been previously circulated.

Graeme invited the Board to consider and approve the Environment, Sustainability and Biodiversity Annual Report and to comment on future areas of focus in relation to environmental issues.

The Board considered the metrics used to report progress and noted the approach was consistent with other public bodies including the approach to off-setting measures while recognising the future challenges of reducing carbon emissions as a result of home working. The Board agreed they would welcome further information of how Audit Scotland calculates home working emissions and agreed to receive this by correspondence.

The Board noted the data reported is not currently peer reviewed and Graeme advised that options for independent evaluation were being explored.

Following discussion, the Board welcomed the report and approved the Environment, Sustainability and Biodiversity Annual Report 2020/21.

Action ASB159: Information on how Audit Scotland calculates home working emissions to be shared with members.

Graeme Greenhill left the meeting.

Additional item of business

The Chair paid tribute to Diane McGiffen, Chief Operating Officer, on this her last meeting with the Audit Scotland Board and reflected on her contribution not only on the establishment of Scotland's public audit agency but also her strategic vision, dedication,

openness and approachability and wished her well in her new role as Chief Executive of the Law Society of Scotland.

Diane McGiffen expressed her thanks to the Board, Management Team and colleagues and wished Audit Scotland every future success.

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
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	No	The Counter Fraud Policy and the Diversity and Equalities policy will come to the Board early in 2022. We are taking legal advice on one aspect of the former and the latter will be informed by the review work currently being undertaking in conjunction with BITC
ASB149	Board	13	Q1 Corporate performance report	The Communications Manager to provide information to the Board on the impact and measurement of social media engagement with the public.	22/09/2021	Jan-22	Simon Ebbett	Simon Ebbett	Ongoing	No	An update to be provided to the Board as part of the next quarter 26 January 2022.
ASB150	Board	14	Annual review of corporate governance policies	The Scheme of Delegation to be amended to specify the placing of orders for the New Audit Appointments are reserved to the Auditor General for Scotland and the Accounts Commission.	22/09/2021	Sep-21	Martin Walker	Gayle Fitzpatrick	Complete	No	Amendments made and documents shared via e-mail 23/09/21.
ASB151	Board	14	Annual review of corporate governance policies	Final drafts of the policies to be circulated to members prior to publication.	22/09/2021	Sep-21	Martin Walker	Gayle Fitzpatrick	Complete	No	Amendments made and documents shared via e-mail 23/09/21.
ASB152	Board	23	2022/23 Draft budget proposal	Elma Murray and Diane McGiffen to discuss Accounts Commission engagement on the budget development.	22/09/2021	Oct-21	Diane McGiffen	Diane McGiffen	Ongoing	No	Discussion scheduled on 18 November and a verbal update will be provided at today's meeting.
ASB153	Board	23	2022/23 Draft budget proposal	A further report with the draft Budget proposal to be scheduled for the Board.	22/09/2021	Nov-21	Stuart Dennis	Stuart Dennis	Complete	Yes	Budget proposal report on the agenda for today's meeting.
ASB154	Board	25	Discussion paper - Future funding and fee arrangements	A discussion on strategic financial planning to be scheduled in November 2021.	22/09/2021	Nov-21	Diane McGiffen	Stuart Dennis	Complete	Yes	Strategic workshop discussssion took place on 09/11/21.
ASB155	Board	11	Strategic Improvement Programme update	A discussion to consider Accounts Commission input on the Public Audit in Scotland workstream.	22/11/2021	Dec-21	Martin Walker	Martin Walker	Complete	No	A meeting was held on 7 December 2021 and the project scope and timeline is being developed.
ASB156	Board	12	Q2 Financial performance report	Stuart Dennis and Elma Murray to discuss an update for the Accounts Commission Financial Audit Assurance Committee meeting on Thursday 24 November.	22/11/2021	Nov-21	Stuart Dennis	Stuart Dennis	Complete	No	Stuart Dennis provided an updated to the Accounts Commission Financial Audit Assurance Committee meeting on Thursday 24 November 2021.
ASB157	Board	17	2022/23 Budget proposal	The 2022/23 Budget proposal to be submitted to the SCPA.	22/11/2021	Dec-21	Martin Walker	Martin Walker	Complete	No	Audit Scotland's 2022/23 Budget proposal was submitted and considered by the SCPA on 21 December 2021. A verbal update will be provided at item 11 of today's agenda.
ASB158	Board	18	2021/22 Spring Budget Revision	The 2021/22 Spring Budget revision proposal to be submitted to the SCPA.	22/11/2021	Dec-21	Martin Walker	Martin Walker	Complete	No	Audit Scotland's 2021/22 Spring Budget proposal was submitted and considered by the SCPA on 21 December 2021. A verbal update will be provided at item 11 of today's agenda.
ASB159	Board	21	Environment, Sustainability and Biodiversity Annual Report 2020/21	Information on how Audit Scotland calculates home working emissions to be shared with members.	22/11/2021	Jan-22	Graeme Greenhill / Ian Metcalfe	Graeme Greenhill / Ian Metcalfe	Complete	No	Information shared by email with members on 19/01/22.

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 most recently considered a [Covid-19 update report](#) at its meeting on 22 November 2021. Board members continue to receive the weekly updates from the Incident Management Team (IMT).
4. In December the highly contagious Omicron variant became the dominant variant in the UK. Over the following weeks infection rates rose sharply and additional suppression measures and guidance were introduced. At the same time, the vaccination programme was accelerated with a view to mitigating the effects of the virus on the population and its potential impact on health services.
5. In a [statement](#) in Parliament on 29 December 2021 the First Minister advised that Omicron accounted for 80% of cases and noted the time lag between infections and the impact on serious illness, hospitalisations and death rates. The First Minister also advised of suppression measures, particularly around events and hospitality which would be in place until 17 January 2022.
6. In her most recent [statement](#) in Parliament on 18 January 2022 the First Minister advised that data indicated that 'the rise in cases driven by Omicron peaked the first week of January and that we are now on the downward slope of this wave of cases'. She also advised of a reduction in hospital admissions and the numbers of people in ICU, while noting 'the full impact of the return to work and school after the festive break won't be apparent yet in the data. So it is possible that we will see case numbers tick up again in the next couple of weeks.' The statement also included confirmation that the suppression measures in relation to hospitality venues and events would be lifted with effect from 24 January 2022.
7. On workplaces, the First Minister advised 'we will continue to ask people to work from home whenever possible at this stage - and for employers to facilitate this. However, we will engage with business now about a return to a more hybrid approach from the start of February'.

Organisational implications and responses

8. We continue to monitor the virus and the changing guidance closely and this is reflected in our organisational response and planning.
9. By November 2021 we had moved into Phase three of [Our workplaces plan](#), this provided access for the early stages of hybrid working and access for site visits and on-site work. Over this period we saw a slight increase in colleagues accessing the offices, though the

numbers remained well within the capacity limits we had introduced which maintained the 'two metre rule' for social distancing.

10. In light of the new Omicron variant, the Incident Management Team (IMT) decided on 9 December 2021 that we would return to Phase one of the plan. This provides for limited access for business-critical activities and access for some colleagues to support their health, safety and wellbeing.
11. Having reviewed the situation on 13 January 2022 the IMT decided to extend Phase one until the end of January and to keep office access under review in light of the status of the pandemic and any changes to government guidance.
12. The Scottish Government guidance on [Coronavirus: Safer Businesses and Workplaces](#) was updated on 13 January 2022 and states

'In line with Fair Work principles, businesses and service providers should discuss working arrangements with their staff and any representatives, and take every reasonably practical step to facilitate working from home and make working from home the default position. Where it is reasonably practicable for a person to perform their work from home, they should do so. This is especially expected of those roles that were done at home at the beginning of the COVID-19 pandemic in March 2020.'

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:
 - In the week ending 14 January 2022 fewer than five colleagues had reported illness due to Covid-19.
 - Fifty-three colleagues have posted Covid related sickness absence since March 2020.
 - The HR team are looking to organise a long Covid employee network support group following feedback from others who have returned to work and who are still struggling with some symptoms. This may also support those who have family members or colleagues recovering from the virus.
 - Based on the national vaccination statistics as at 18 January 2022 we estimate that 90% of colleagues may have received their first dose, 85% their second and 63% their booster/third jab.
 - An analysis of the time logged by colleagues to the C-19 business continuity time recording codes as at 20 December 2021 tells us that 2,885 days have been logged to this code since the start of the pandemic in March 2020. This equates to approximately 13 FTE over the 20-month period.

New ways of working

15. Over the course of the pandemic we have undertaken a broad range of engagement and communication with colleagues. This has included pulse surveys, working preference surveys, drop-in sessions with members of Management Team, team meetings and weekly communications from the IMT. This provides a rich source of information to inform the development of our new ways of working.
16. The most recent 'pulse survey' took place over the period 14-17 January 2022 and the next 'How we work' drop-in session will take place on 20 January 2022.
17. We have adopted a principles-based approach to date, focussing on:
 - wellbeing and safety
 - effectiveness
 - equity and inclusion
 - sustainability.
18. We will continue to use these principles to guide our thinking. As and when we move through [our workplaces plan](#) we will begin to better understand what hybrid working will mean in practice for individual colleagues, teams and the organisation as a whole. This will be an iterative process and be informed by action learning. The situation remains dynamic and we will need to continue to use a flexible approach as new ways of working develop.
19. We are currently developing a range of tools to support managers and colleagues as we consider the practicalities of new ways of working and we will also need to consider the impact on our policies and procedures and the longer-term consequences on terms and conditions. We will continue to engage with a range of stakeholders and in particular the People Focus Group, the Partnership Forum and PCS.

Digital and office equipment

20. We continue to support people with home working. Colleagues have been provided with laptops which can be used both remotely and when people access the offices. To date all colleagues who have requested them have Audit Scotland laptops.
21. We have also issued 450 items of digital equipment to 335 colleagues. These items have mainly been screens, keyboards and mice. The total cost to date has been £29,489 an average of £88 per colleague who has needed equipment.
22. We have also issued 390 items of office equipment to 307 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 £20,245, an average of £66 per person who has needed equipment.

Financial management

23. We continue to monitor the financial situation very closely with senior leadership being regularly updated on year-end projections based on different scenarios. The last couple of weeks have highlighted that the pandemic still has the potential to change the position very quickly and subsequently have an adverse impact on our financial position.

- 24.** The Board will be updated on the third quarter outturn at its meeting in April 2022.
- 25.** At the end of the second quarter Audit Scotland's Net Operating Expenditure of £3,701k was £8k (0.2%) better than budget. In-house fee income was £121k (2.8%) worse than budget and the net position on audits carried out by external firms was £81k (19.9%) better than budget. Expenditure on staff and other costs was £48k (0.4%) better than budget.
- 26.** In terms of the current cash flow position, we invoiced the final fee instalment for the 2020/21 chargeable audits in September. This totalled £6.5 million and did not include the further education (FE) sector. As at the end of December the outstanding balance was £29k and this is currently being chased for payment. In December the first instalment invoice for the 2021/22 chargeable audits was issued, totalling £6.3 million. It is projected that payment will be received in January 2022.
- 27.** On 8 December 2021 the Chair and Accountable Officer wrote to the Scottish Commission for Public Audit (SCPA) to provide an further [update](#) on Audit Scotland's response to the pandemic and how the additional funds recommended by the Commission were being used.
- 28.** In more recent correspondence, following the SCPA session on the Spring Budget Review and the 2022/23 budget proposal in December 2021, the Chair of the SCPA has indicated that the Commission is keen to receive additional detail on Covid related expenditure. The letter also advises that the SCPA is also keen to hear more about our response to the pandemic and our risk management arrangements, noting that that this may feature as part of the business planning day in February 2022.

Audit implications and responses

- 29.** To date we have prioritised our statutory audit obligations and, in consultation with the Auditor General for Scotland and the Accounts Commission, adjusted the focus and timescales for the 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 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

- 30.** The submission deadlines and progress on the 2020/21 audits as at 18 January 2022 is summarised below:

Sector	Pre pandemic deadline	New deadline	Completion to date
Health	30/06/21	30/09/21	100%
Central Government – Agencies and Scottish Water	30/06/21	30/09/21	100%
Central Government – NDPBs and similar	31/10/21	31/10/21	
Local Government	30/09/21	30/11/21	92%
Colleges	31/12/21	31/12/21	57%

Covid-19 audit work

- 31.** Since the last update in November we have published further reports which directly consider or make connections to the pandemic:
- [The 2020/21 audit of National Records of Scotland](#) (30 November 2021).
 - [The 2020/21 audit of NHS Highland](#) (section 22 report 14 December 2021).
 - [Scottish Government Consolidated Accounts 2020/21](#) (16 December 2021).
- 32.** These, along with all of our audit reports, are published on the Audit Scotland [website](#).
- 33.** The Auditor General for Scotland and Audit Scotland colleagues have attended parliamentary committees to provide evidence on the reports, a number of which consider/reference Covid-19. This has included sessions on the 2020/21 audit of NHS National Services Scotland, Personal Protective Equipment, Tracking the impact of Covid-19 on Scotland's public finances, Community Empowerment, the 2020/21 audit of National Records of Scotland, Improving outcomes for young people through school education, the Christie Report, Public Sector Reform and pre-Budget Scrutiny.
- 34.** Publications with a focus on/connection to Covid in the coming months will include:
- reports on skills investment and the sustainability of social care (January 2022)
 - the NHS overview report (February 2022)
 - financial overview of Local Government (March 2022)
 - a briefing on supporting businesses through the pandemic and planning Scotland's economic recovery (March 2022).

Recommendations

- 35.** 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.



Our purpose

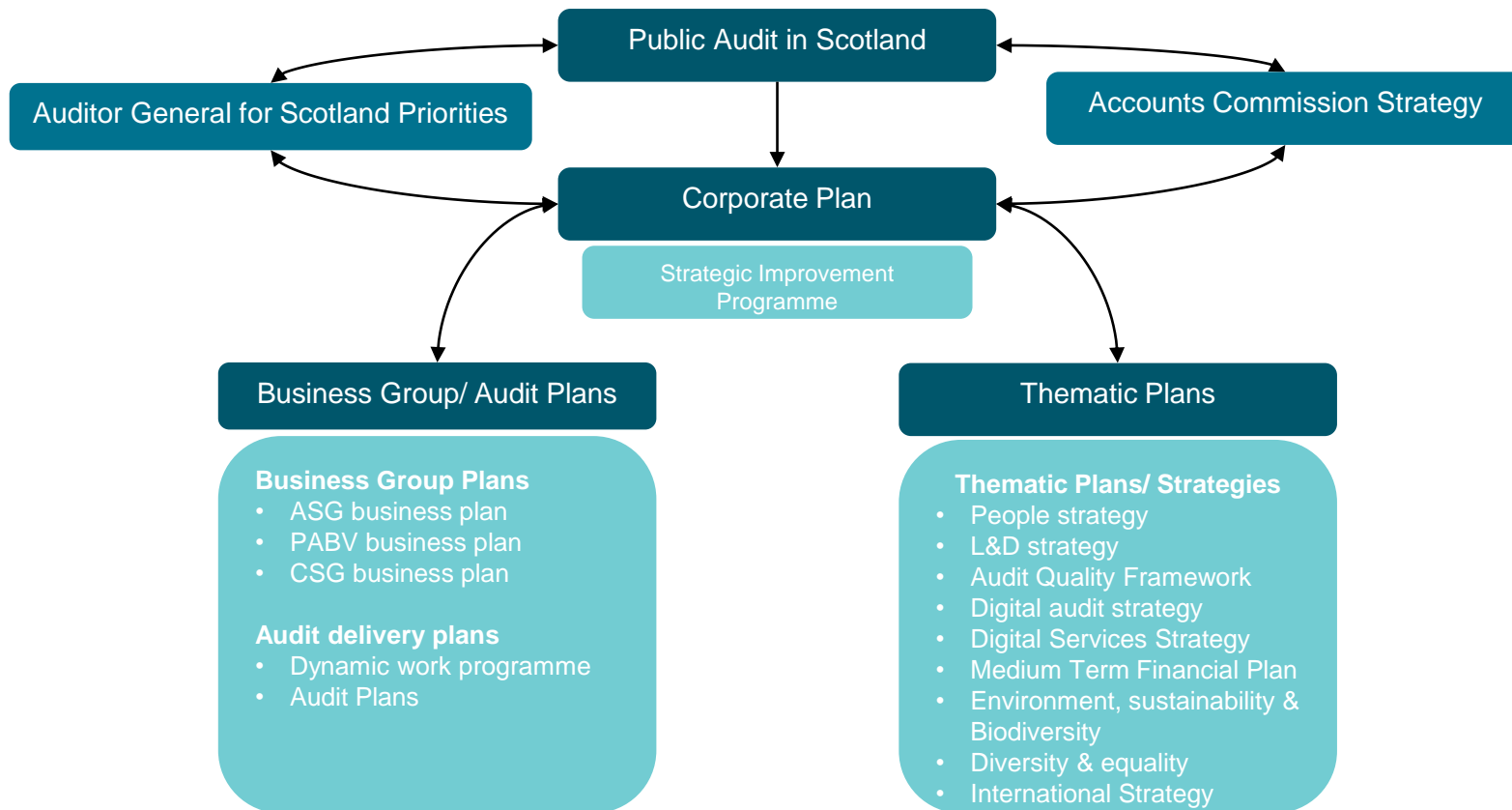
Workstream update

Audit Scotland Board

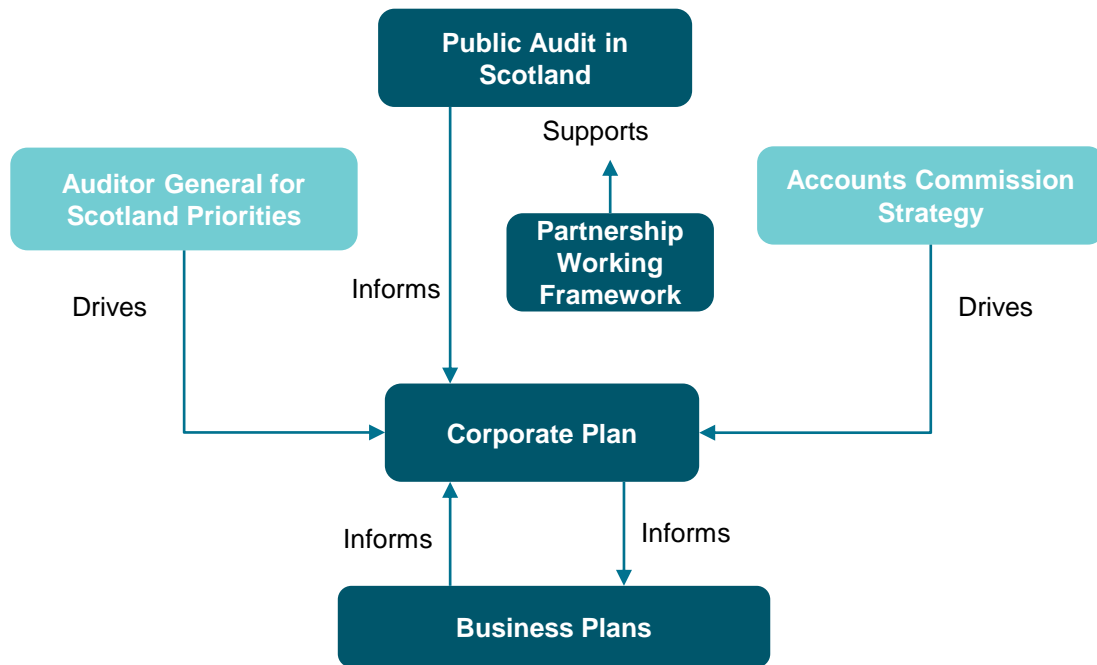
26 January 2022

- Strategic planning: (the **What**)
 - The big picture
 - Scope of this project
 - Our strategic documents: Purpose | Audience | Target completion
- Project outline: (the **How**)
 - Approach
 - Resources
 - Proposed stages
 - Focus for engagement
- Stakeholder engagement: (**Who**)

Strategic planning: The big picture



Strategic planning: Scope of this project



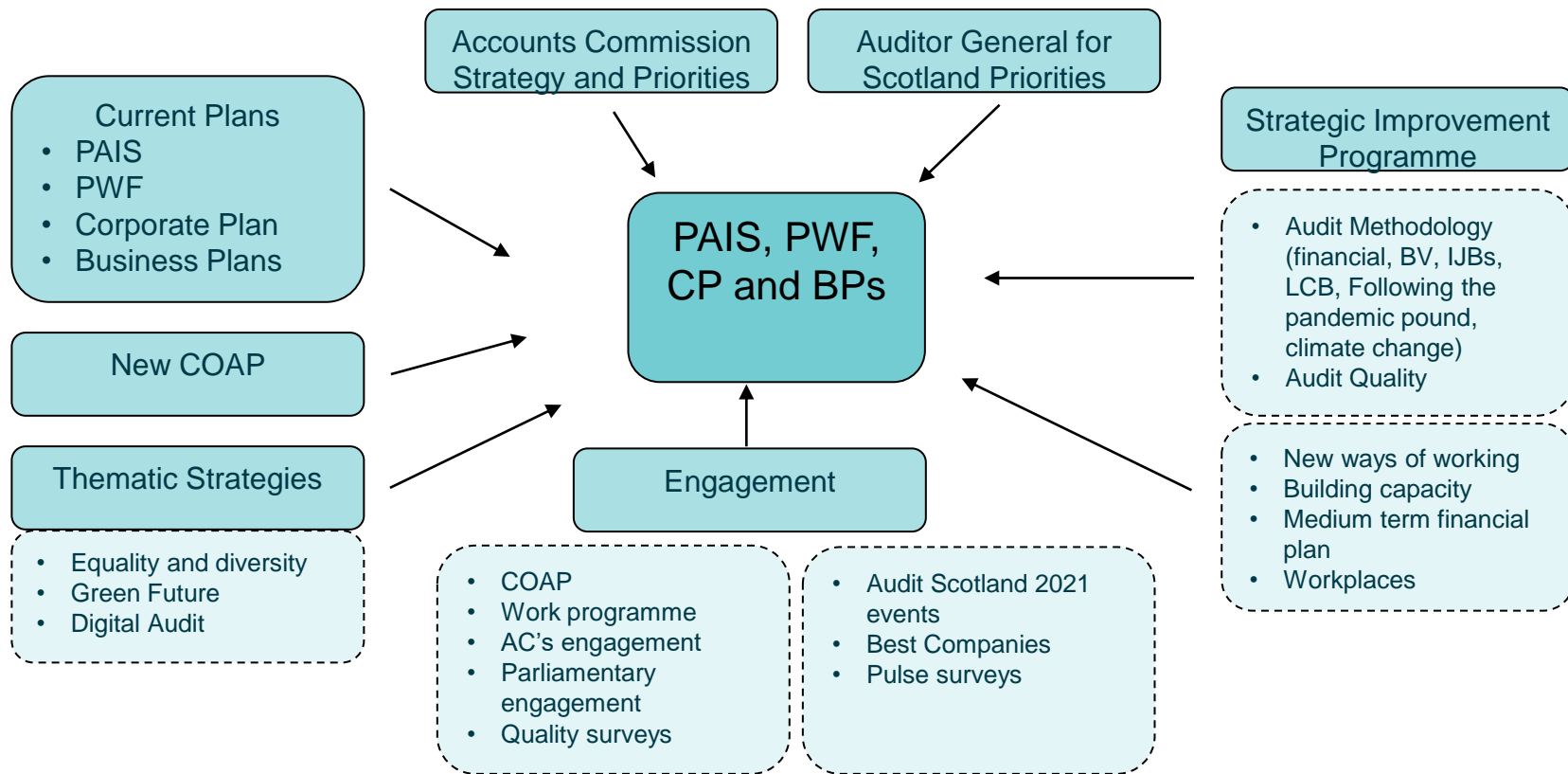
Our strategic documents:

Purpose | Audience | Target completion

Document (Last updated)	Purpose	Audience	Target completion
Public Audit in Scotland (2014)	Strategic statement by AGS, AC, AS on structure, purpose and value of the public audit model in Scotland.	Internal and external	Summer 2022
Corporate Plan (2019)	Sets out our: <ul style="list-style-type: none">• purpose• audit priorities, which are shaped by AGS and AC priorities.• organisational priorities	Internal and external	May 2022
Partnership Working Framework (2011)	Sets out AGS, AC, AS respective roles and responsibilities and how they work together	Internal	May 2022
Business plans (2019)	Sets out how each business group contributes to the corporate plan	Internal	January 2022

- We want the project to be:
 - Inclusive
 - Engaging
 - Proportionate and context sensitive
 - Streamlined and efficient
- The four workstreams will:
 - run in parallel
 - inform each other
 - be interlinked

Project resources – we have lots to draw from already



Project stages

Stage	What	When
One: Planning and initial drafting	Project planning Environmental analysis Document review Stakeholder mapping and early engagement Identify and draft key elements for consultation Business plan development and sign off	Sep-Jan
Two: Consultation and engagement	AGS / Commission / Board Leadership Group Colleagues (External stakeholders)	Jan-Mar
Three: Final drafting and sign off	Revise drafts Develop frameworks: governance / financial / performance measurement	Mar-May
Four: Embedding change	Comms and promotion Culture development Ongoing engagement with stakeholders	Jun onwards

Core components and focus for engagement

Public audit in Scotland	Corporate plan	Partnership working framework	Business plans
Who we are	Who we are	Purpose	Performance summary of previous year
Value add of public audit	Vision and operating principles	Accountability, statutory basis and appointments	Operating context
Coverage of public audit	What we do	Principles	Principles
Principles of public audit	Operating context	Responsibilities	Priorities
Common themes	Audit priorities	Working arrangements	Measures
	Organisational priorities	Other governance documents	Resources
	Resources	Arrangements for review	
	Governance		
	Planning, performance and risk		
	Performance summary of previous plan		

- Parliament
- Audited bodies
- Auditor General for Scotland
- Accounts Commission
- Audit Scotland Board
- Management Team
- Leadership Group
- Audit Scotland staff
- Public
- Strategic Scrutiny Group partners
- Third sector
- Audit sector

Mapping

- Categorising stakeholders
- Confirming which products to consult on with each

Consultation

- Bespoke, specific methods
- Use of existing engagement and intelligence

Production

- Consultation results feed into draft
- Draft products to some stakeholders as appropriate

Monitoring

- Where appropriate, monitor stakeholder views on impact
- Part of wider AS approach to impact measurement