

Agenda

Wednesday 28 September 2022
Audit Scotland, 102 West Port and
Microsoft TEAMS



-
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 draft minutes: <ul style="list-style-type: none">• Audit Committee: 1 June 2022• Board meeting: 1 June 2022 | For approval |
| 9. Review of action tracker | For information |
| 10. Covid-19 – verbal update | For information |
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Strategic priorities

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

- | | |
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| 12. Q1 Corporate performance report | For information |
| 13. Q1 Financial performance report | For information |
| 14. Annual review of corporate governance policies <ul style="list-style-type: none">• Standing Orders• Scheme of Delegation• Financial Regulations• Members' Code of Conduct• Code of Conduct: Staff policy | For approval |

- | | |
|--|--------------|
| 15. Annual policy review of records management policies | For approval |
| 16. Staff handbook policy review | For approval |
| 17. 2023 Proposed Board and Committee meeting schedule | For approval |
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Conclusion

- | | |
|---|-----------------|
| 18. Any other business | For discussion |
| 19. Review of meeting | For discussion |
| 20. Date of next meeting: 23 November 2022 | For information |
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Items to be taken in private

- | | |
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| 21. HSE stress survey results and action plan
[Item to be taken in private to support the effective conduct of business] | For discussion |
| 22. Our purpose workstream: Update on Public Audit in Scotland and the new Audit Scotland corporate plan
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For discussion |
| 23. 2023/24 Budget proposal
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For discussion |
| 24. Medium Term Financial Plan 2022-23 to 2026-27
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For discussion |
| 25. 10-year review of trainee scheme provider
[Item to be taken in private to support the effective conduct of business, commercial sensitivity] | For approval |

Minutes

Audit Committee

Wednesday 1 June 2022, 09.30am
Microsoft Teams



Present:

C Crosby (Chair)
J Mann
W Moyes, Chair of the Accounts Commission

Apologies:

None

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
M Walker, Acting Director, Corporate Services Group
J So, Alexander Sloan
D Jeffcoat, Alexander Sloan
S Pringle, Wylie and Bisset LLP
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
S Ebbett, Corporate Communications Manager
S Burgess, Assistant HR Manager
G Robertson, L&D Assistant Manager

1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members and internal auditors, Wylie & Bisset LLP and David Jeffcoat, Alexander Sloan.

2. Welcome and apologies

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

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 11 May 2022

The Audit Committee members reviewed the minutes of the meeting of 11 May 2022, copies of which had previously been circulated.

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.

Gayle Fitzpatrick, Corporate Governance Manager, advised that the tracker had been updated and was for noting.

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

6. Organisational response to Covid-19

Martin Walker, Acting Director, Corporate Services Group provided a verbal update on the Covid-19 position.

Martin shared national data around Covid infection levels, hospital admissions and deaths in Scotland, noting a decline. Martin advised of the low infection rates within Audit Scotland, and that one colleague was currently absent from work due to Covid.

Martin advised that some of the restrictions around our workplaces will be relaxed mirroring national position. From Monday 6th June the 'one metre rule' for social distancing in the offices will be removed and that this would increase the number of desks available and the capacity of meeting rooms. Martin advised that the requirement for facemasks to be worn when moving around the office will also be removed. Martin advised that the Distance Aware scheme will be retained so that colleagues who wish to retain greater distancing can do so. Martin that a communication to all colleagues advising of the changes would be issued today.

The Audit Committee noted the Audit Scotland response to Covid-19 update.

7. Draft Audit Scotland Annual report and accounts 2021/22

Simon Ebbett, Corporate Communications Manager joined the meeting.

Martin Walker, Acting Director, Corporate Services, Stuart Dennis, Corporate Finance Manager and Simon Ebbett, Corporate Communications manager introduced the draft Annual report and accounts, copies of which had previously been circulated.

Simon advised that the report set out the performance of Audit Scotland in 2021/22 and provided positive assurances about the impact of the audit work over the past year and the governance arrangements in place.

Stuart advised that minor adjustments made to the quarter four financial performance report related to invoice accruals and the latest pension figures for the unfunded schemes.

The Chair noted that the committee members had received earlier drafts of the report.

The Audit Committee members discussed various aspects of the report and accounts including pensions and the provisions made in the accounts on audit fees. The Committee agreed some minor final edits to the report and discussed some suggested changes for next year's report.

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

The Audit Committee noted the next steps in the process and recommended the draft Annual report and accounts for approval by the Board.

Simon Ebbett, Corporate Communications Manager left the meeting

8. Audit summary report for the year end 31 March 2022

David Jeffcoat, Alexander Sloan introduced the audit summary report for the year end 31 March 2022, copies of which had been previously circulated.

David provided assurance that financial statements were true and fair. He advised he was satisfied with all the judgements, estimates and assumptions within the report.

David advised of forthcoming changes to IFR16 (Leases). He plans to meet with Stuart Dennis, Corporate Finance Manager, in the autumn to discuss and plan ahead on this issue.

The Audit Committee noted the draft External Audit Management opinion on financial year report.

9. Q4 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Quarter four financial performance report, copies of which had been previously circulated.

Stuart advised that the report had previously been shared, and discussed, at the Audit Committee meeting on 11 May 2022.

The Audit Committee noted the Q4 Financial report.

10. Review of Risk Register

Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Gayle advised that one risk had changed since the last meeting. Risk A3, Health, Safety & Wellbeing, has reduced from red to the upper level of amber reflecting the reduced impact of Covid-19. Assurance was provided that Management Team continues to monitor this situation on a weekly basis.

The members noted a session Risk Management Workshop is scheduled for 18 August and will be facilitated by internal auditors Wylie & Bissett and that a session on digital Infrastructure risk has been scheduled for 7 September.

The members discussed risk A6 (Failure of strategic capacity in key business critical areas to deliver business continuity and support transformation/ organisational agility) and discussed the importance of investment in IT capacity beyond cyber security. The members noted the Digital Services team are meeting service obligations and emphasised the need to continue developing systems for future proofing. The members noted that the 'deep dive session' scheduled for September will provide an opportunity to discuss these issues further.

The Audit Committee noted the review of the risk register.

11. Audit Needs Assessment 2022-2025

Stephen Pringle, Wylie & Bissett introduced the Audit Needs Assessment 2022-25 report, copies of which had been previously circulated.

Stephen provided a summary of Wylie & Bissett's responsibilities as the newly appointed Internal Auditors for Audit Scotland over the next three years. He outlined the proposed key areas for audit:

- Risk management
- Green Futures
- Hybrid Working
- Workforce planning
- Financial planning
- Review of suitability of Business Management System
- Digital Security Risk Management
- Follow up

Stephen advised that the plan was flexible and that full scoping meetings would be held prior to the start of each audit.

The members welcomed the comprehensive report and discussed the sequencing of the audits. It was noted that it may be beneficial to delay hybrid working and the suitability of the business management system audits to allow more time for the developments to become embedded. The members noted the opportunity for Audit Scotland to be recognised as leading the way with the Green Futures agenda in terms of both audit work and organisational arrangements.

The members agreed the planned areas of audit in the year one programme and agreed the initial audit needs assessment was robust.

The Audit Committee members noted the audit needs assessment 2022-25 and agreed the internal audit programme.

12. Summer Risk Management session

Gayle Fitzpatrick, Corporate Governance Manager confirmed that the summer risk management session, which will be facilitated by Wylie & Bissett, is scheduled for 18 August 2022.

The Audit Committee noted the summer risk management session update.

13. Health, Safety and Wellbeing Annual Report 2021/22

Susan Burgess, Assistant HR Manager and Gordon Robertson, L&D Assistant Manager joined the meeting.

Susan advised that the organisation continues to provide support to colleagues, with a particular focus on wellbeing. Susan highlighted the key messages in the report and the priorities which include using the Health and Safety Executive (HSE) stress tool assessment and a workstation assessment. She advised that the Developing Hybrid project team are taking forward a number of workstreams including a review of those policies and procedures will require to be refreshed in light of hybrid working.

The members noted the positive report and recognised the challenges of coming out of Covid-19. Members also discussed the value of using the data provided to influence behaviours around carried forward leave and the recording of accidents.

The Audit Committee members noted the Health, Safety and Wellbeing annual report 2021/22.

Susan Burgess, Assistant HR Manager and Gordon Robertson, L&D Assistant Manager left the meeting.

14. Governance statement and certificate of assurance

Gayle Fitzpatrick, Corporate Governance Manager introduced the Governance statement and certificate of assurance report, copies of which had been previously circulated.

Gayle advised the report provided positive assurance on controls across all business groups.

The members approved the certificate of assurance. It was agreed that in following years it would be appropriate to sequence the meeting agenda to consider the certificate in conjunction with the Annual report and Accounts

The Audit Committee members noted the Governance statement on internal control and approved certificate of assurance report.

15. 2021/22 Annual report from the Chair of the Audit Committee to Board

Gayle Fitzpatrick, Corporate Governance Manager, introduced the annual report from the Chair of the Audit Committee to 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 in 2021/22.

The Audit Committee noted the Annual report from the Chair of the Audit Committee and recommended it to the Board.

16. Any other business

There were no items of 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 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 is scheduled for 7 September 2022.

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

Minutes Board



Wednesday 1 June 2022 at the conclusion of the
Audit Committee
Audit Scotland by Microsoft Teams

Present:

Alan Alexander (Chair)
Stephen Boyle
Colin Crosby
Jackie Mann
William Moyes

Apologies:

There were no apologies.

In attendance:

Martin Walker, Acting Director of Corporate Services
Mark MacPherson, Audit Director, Performance Audit and Best Value
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
Simon Ebbett, Communications Manager

1. Private meeting of Board members

No private meeting was held.

2. Welcome and apologies

Martin Walker, Acting Director of Corporate Services, joined the meeting.

The Chair welcomed attendees to the meeting.

3. Declarations of interest

There were no declarations of interest.

4. Order of business and items to be taken in private

It was noted that several items of business had been considered in detail by the Audit Committee at its meeting immediately before this meeting of the Board and that all members were present at that meeting.

It was also agreed that items would be considered in a different order to that set out on the agenda to support the effective conduct of business and to accommodate the availability of members and officers.

The Chair invited members to agree agenda items 21, 22, 23 and 24 be considered in private for the reasons stated on the agenda. The members agreed.

5. Governance statement and certificate of assurance 2021-22 (Agenda item 16)

The Board approved the Governance Statement and Certificate of Assurance 2021/22 for 2022 as per the recommendation of the Audit Committee (at item 14) at the Audit Committee meeting which preceded the Board meeting.

6. Audit summary report for the year ended March 2022 (Agenda item 17)

The Board noted the Audit Summary report for the year ended March 2022 as per the discussion at the Audit Committee (item 8) which preceded the Board meeting.

7. Draft Audit Scotland Annual Report and Accounts 2021/22 (Agenda item 23)

This item was taken in private.

The Board approved the Draft Annual Report and Accounts 2021/22 as per the discussion at the Audit Committee (item 7) which preceded the Board meeting.

8. Interim Corporate Plan 2022/23 (Agenda item 24)

Simon Ebbett, Communication Manager, joined the meeting.

This item was taken in private.

Simon Ebbett introduced the Interim Corporate Plan 2022/23, copies of which had been previously circulated.

The Board are invited to review and provide feedback on the interim draft plan and subject to any agreed amendments, approve the plan.

Martin highlighted that this, by design, is an interim plan for 2022/23 pending a more significant refresh of a longer-term corporate plan. He advised that this approach would provide for the new longer term corporate plan to be informed by input from the new Executive Team, the Accounts Commission's change programme and the ongoing development work on the Partnership Working Framework and Public Audit in Scotland.

The Board discussed the interim plan and its expectations for the longer-term plan (which should include more data and clear objectives and targets).

On the interim plan, the Board requested amendments be made including amendments to the introduction and in relation to the 'How we run Audit Scotland' section, with reference to the Annual Report and Accounts 2021/22.

On the longer-term plan, the Board agreed it would consider updates at its meetings in September and November 2022, with a view to agreeing the new plan at its meeting in January 2023.

Following discussion, the Board agreed the interim Corporate Plan 2022/23, subject to the suggested amendments, which would be agreed via correspondence and that the plan be published in June 2022.

Action ASB166: *Simon Ebbett to make the amendments and circulate the revised draft for agreement by the Board by correspondence. (June 2022)*

Simon Ebbett left the meeting.

9. Chair's report – verbal update (Agenda item 5)

The Chair advised of a recent meeting with Stephen Boyle, Auditor General for Scotland and Accountable Officer, William Moyes, the Chair of the Accounts Commission, Paul Reilly, Secretary to the Accounts Commission and Martin Walker, Acting Director of Corporate Services on the Accounts Commission Change Programme.

The Board welcomed the update.

10. Accountable Officer's report – verbal update (Agenda item 6)

Stephen Boyle advised of his engagement with the external auditors on the Annual Report and Accounts 2021/22.

Stephen provided an update on building strategic capacity. He advised that Antony Clark (Executive Director: Performance Audit and Best Value) and John Cornett (Executive Director: Audit Services Group) are already in post. Stephen also advised that Kenny Oliver joins Audit Scotland on 13 June as (Executive Director: Innovation and Quality) and that Vicki Bibby will join us on 22 August as Chief Operating Officer.

Stephen noted that there is ongoing engagement with the Scottish Parliament and advised the Public Audit Committee continues to take evidence on the reports on ferries and major capital projects.

He also advised that he and Martin Walker recently met with the Auditors General from UK and Ireland and respective Chief Operating Officers.

Following discussion, the Board welcomed the update.

11. Accounts Commission Chair's report – verbal update (Agenda item 7)

William Moyes advised the Accounts Commission change programme was now underway. He also provided an update on the plans to recruit Accounts Commission members and advised that the recruitment process for the role of Controller of Audit was underway.

Following discussion, the Board welcomed the update.

12. Review of minutes (Agenda item 8)

Board meeting: 17 May 2022

The Board considered the minutes of the meeting of 17 May 2022, copies of which had been previously circulated.

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

13. Review of action tracker (Agenda item 9)

The Board noted the updates provided on the action tracker and agreed no further updates were required at the meeting.

The Chair advised a date had now been agreed for the Board Strategic Session and that this would address actions ASB 160, 163 and 164.

The Board noted the updated action tracker.

14. Covid-19 – verbal update (Agenda item 10)

The Board noted the verbal update as provided at the Audit Committee (item 6) which preceded the Board meeting

15. 2021-22 Annual report from the Chair of the Audit Committee to the Board (Agenda item 12)

The Board approved the Annual Report from the Chair of the Audit Committee as per the discussion at the Audit Committee (item 15) which preceded the Board meeting

16. 2021/22 Annual report: Remuneration and Human Resources Committee (Agenda item 13)

The Board considered the 2021/22 Annual report: Remuneration and Human Resources Committee, which had been previously circulated.

Jackie Mann introduced the report and invited the Board to consider and approve the report.

Following discussion, the Board approved the 2021/22 Annual report: Remuneration and Human Resources Committee.

17. Draft international work annual report for 2021-22 (Agenda item 14)

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

Mark MacPherson introduced the draft international work annual report for 2021-22, copies of which had been previously circulated.

Mark advised one of our colleagues attended the EURORAI conference in person this year to present on our digital audit work. Looking forward the focus will be on how to best utilise

some of the new hybrid working arrangements and how we can use international activity to drive improvement in our work.

Mark invited the Board to consider and approve the draft international work annual report for 2021-22.

During discussion, the Chair noted the reference to self-evaluation and invited the team to explore whether there may be a form of external validation.

Following discussion, the Board approved the draft international work annual report for 2021-22.

Action ASB167: *Mark MacPherson to explore external validation options in relation to international work. (Date: tbc)*

Mark MacPherson and Parminder Singh left the meeting.

The Chair left the meeting at 11:40 am and Colin Crosby chaired the remainder of the meeting.

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

18. Strategic Improvement Programme update (Agenda item 11)

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

Martin invited the Board to note the progress update on the Strategic Improvement Programme and next steps. He advised that significant project milestones have been reached in the new audit appointments project and the building capacity project and noted that the support for the Accounts Commission change programme now features as one of the projects within the programme.

During discussion, the members noted it would be helpful for the Board to have further information on Accounts Commission change programme and it was agreed that Bill Moyes and Martin Walker would discuss an appropriate reporting mechanism for this area of work.

The Board also noted its ongoing interest in the digital audit work that is underway and tracking the progress of this.

The members agreed Kenny Oliver would be invited to a future Board meeting to discuss the audit quality and the Strategic Improvement Programme.

Following discussion, the Board noted the report and next steps.

Action ASB168: *Bill Moyes and Martin Walker to discuss the arrangements for reporting on the Accounts Commission change programme. (Date: tbc)*

Action ASB169: *Kenny Oliver to attend a future Board meeting for a discussion on*

the plans for Innovation & Quality. (Date: tbc)

19. Policy on the provision of Non-Audit Services by Audit Scotland's external auditor (Agenda item 15)

Owen Smith introduced the Policy on the provision of Non-Audit Services by Audit Scotland's external auditor report, copies of which had been previously circulated.

Owen invited the Board to approve the policy, which remains unchanged from last year.

Following discussion, the Board approved the policy.

20. Quality of public audit in Scotland 2021/22 (Agenda item 21)

This item was taken in private.

Elaine Boyd introduced the Quality of public audit in Scotland 2021/22 report, copies of which had been previously circulated.

It was noted that an earlier draft of the report has been discussed by the Audit Committee at its meeting on 11 May 2022.

Elaine invited the Board to approve the Quality of public audit in Scotland annual report 2021/22 for publication as part of the suite of annual reports.

Elaine noted some small changes had been made to the report and that it would be further refined to reflect the publication of a recent report by the Department of Business, Energy, and Industrial Strategy.

During discussion, the Board agreed a further refinement to paragraph four.

Following discussion, it was agreed a tracked change version of the report will be circulated to the Board for approval via correspondence.

Action ASB170: Updated report to be circulated to the Board for approval via correspondence. (June 2022)

Elaine Boyd and Owen Smith left the meeting.

21. Q4 Corporate performance report (Agenda item 22)

Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.

This item was taken in private.

Gayle Fitzpatrick introduced the Q4 Corporate performance report, copies of which had been previously circulated.

Gayle invited the Board to review the performance in quarter four, review the overall performance in 2021/22 and consider whether any additional management action is required.

During discussion, Martin Walker confirmed to the Board an offer had been made for the cloud application developer role and the individual should be in post within the next 4-6 weeks.

Following discussion, the Board noted the report.

22. Any other business (Agenda item 18)

There was no other business for discussion.

23. Review of meeting (Agenda item 19)

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.

24. Date of next meeting: 28 September 2022 (Agenda item 20)

The members noted the next meeting of the Audit Scotland Board is scheduled for 28 September 2022.

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
ASB160	Board	12	Our Purpose - Workstream update	A Board meeting to be scheduled for discussion and formal approval.	26/01/2022	Jun-22	Martin Walker	Martin Walker	Complete	No	Board Strategic Session took place 18 August. Update report on the agenda for Board meeting 28/09/22.
ASB163	Board	19	Stakeholder engagement update	A further discussion on stakeholder engagement to be scheduled.	26/01/2022	Jun-22	Martin Walker	Martin Walker	Complete	No	Board Strategic Session took place 18 August. Update report on the agenda for Board meeting 28/09/22.
ASB164	Board	14	Q3 Corporate performance report	A further discussion on Communications resource, innovation and impact to form part of a future Board strategic discussion.	05/04/2022	Aug-22	Martin Walker	Simon Ebbett	Ongoing		Board Strategic Session took place 18 August. Impact and innovation project under way.
ASB165	Board	11	Mainstreaming equality and equality outcomes: Interim progress report	Further Board session on HRBA to be arranged.	17/05/2022	TBC	Carolyn McLeod	Carolyn McLeod	Ongoing		Date to be arranged
ASB166	Board	24	Interim corporate plan 2022/23	Updated interim plan to be circulated to the Board for approval via correspondence. Once approved interim plan to be published.	01/06/2022	Jun-22	Martin Walker	Simon Ebbett	Complete	No	Interim corporate plan published June 2022
ASB167	Board	14	Draft international work annual report for 2021-22	Mark MacPherson to explore external validation options in relation to international work.	01/06/2022	TBC	Martin Walker	Mark MacPherson	Ongoing		Verbal update to be provided at the meeting 28/09/22.
ASB168	Board	11	Strategic Improvement Programme update	Bill Moyes and Martin Walker to discuss arrangements for reporting on the Accounts Commission change programme.	01/06/2022	Jun-22	Bill Moyes / Martin Walker	Martin Walker	Ongoing		AC chair update and SIP Programme update are items on agenda for Board meeting 28/09/22.
ASB169	Board	11	Strategic Improvement Programme update	Kenny Oliver to attend a future Board meeting for a discussion on the plans for Innovation & Quality	01/06/2022	Aug-22	Kenny Oliver	Martin Walker	Complete	No	Took place as part of Board Strategic Session 18 August 2022.
ASB170	Board	21	Quality of public audit in Scotland 2021/22	Updated report to be circulated to the Board for approval via correspondence.	01/06/2022	Jun-22	Elaine Boyd	Martin Walker	Complete	No	Updated report approved by the Board June 2022.

Strategic Improvement Programme update

Director of Corporate Support

Item 11

Meeting date: 28 September 2022

Purpose

1. This report provides the Audit Scotland 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 2021. The key objectives of the SIP are to:
 - Drive our organisational transformation and improvement.
 - 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.
3. The Audit Scotland Board most recently considered an [update report](#) on the SIP at its meeting on 1 June 2022.

Summary

4. We continue to make sound progress over all on what is an extensive improvement programme. Since the previous update we have reached significant milestones in some key projects:
 - **New audit appointments** – the appointments have been made by the Auditor General for Scotland and the Accounts Commission and detailed planning is under way to ensure the smooth transition for the new appointments.
 - **Our purpose** – the Interim Corporate Plan 2022/23 this was agreed by the Board at its meeting on 1 June 2022 and work is under way for the refresh of Public Audit in Scotland, the new Corporate Plan and the Partnership Framework.
 - **Building Capacity** – the Phase 3 of this project is now complete, and the Chief Operating Officer and the Executive Director of Innovation and Quality are in post. The Executive Leadership Team is now at full complement.
 - **Accounts Commission Change programme** – integrated into the SIP programme in June 2022.

- **Impact and insight** – the project scope was agreed in June 2022.
 - **Auditing Best Value (BV)** – the Accounts Commission agreed the Local Government BV schedule at its meeting on 11 August 2022.
 - **Learning and development** – our new Learning Management System was launched on 15 September 2022.
5. This progress continues to be made against a backdrop of change both within and outside the organisation. The effects of the Covid-19 pandemic impacts on how we work and has shaped some aspects of the improvement programme and its delivery. During this time, we have also had significant change in terms of the strategic leadership of the organisation and will review the focus and content of the programme to reflect this and the strategic emphasis and priorities of the Auditor General for Scotland and the Accounts Commission.
 6. There has been slippage in some projects due to capacity challenges and/ or the reframing of some project objectives.
 7. At its meeting on 20 September 2022 the SIP Board discussed the programme in the context of the new Executive Team structure, the introduction of the Innovation and Quality Group and the corporate planning process. It was agreed that all of these provided a timely opportunity to review the SIP. The review will take place over the coming months, in line with the corporate planning process, and will consider:
 - The prioritisation of projects, in the context of the Auditor General for Scotland, the Accounts Commission and organisational priorities.
 - Mainstreaming projects where the development phase transitions to 'business as usual'.
 - Redefining ongoing priorities and specific improvement projects.
 - Consolidating and streamlining the programme and its constituent projects.
 - Revising the reporting arrangements to ensure the needs of stakeholders and to improve the reporting of project milestones, progress and deadlines.
 8. The sections below provide an update on progress in key areas of the SIP since the last update report in June 2022. A detailed list of the projects in the programme is attached at Appendix 1 for completeness.

Delivering world class audit – What we do

9. **The New Audit Appointments (NAA)** – in May 2022, the Auditor General for Scotland and the Accounts Commission concluded the audit appointments process and appointment letters have been issued. The new audit appointments take effect from October 2022. This project is now complete, and work is under way to ensure a smooth transition to the new appointments.
10. We continue to develop our **audit methodology** and highlight areas for noting below:
 - **Best value in councils** – the schedule for the first year of BV audits under the new approach was agreed by the Accounts Commission at its meeting on 11 August 2022 and the Commission also noted the indicative programme for the following three years.

- **Digital audit strategy** – the development of the new IT audit approach under the revised ISA 315 is progressing with the completion of pilots. Collaboration with Northern Ireland and Wales audit agencies is under way with a quality assurance review of the new digital audit approach. The Digital Audit Team provided an update to the Board at its strategic planning day on 18 August 2022 and the Scottish Commission for Public Audit (SCPA) on 31 August 2022. This included the roll out of the ASC digital audit tool and training.
- **Auditing climate change** – the approach to auditing climate change has been incorporated into the audit planning guidance and BV thematic guidance for 2022/23 and we are establishing internal and external climate change steering groups to ensure the work in this area is progressed. The auditing climate change team presented updates to the Board, Accounts Commission and SCPA during August. An auditing climate strategy is in development with a target date of October 2022.

11. Impact and Insights – the outline scope and proposals for this new project was agreed at the Executive Team meeting on 7 June. The project includes three strands: horizon scanning, stakeholder engagement and impact monitoring, evaluation and reporting. It aims to help us use existing processes and information in a more systematic way and develop new ways to:

- Support us to respond with agility to what's coming in the future.
- Improve the information we have to inform decision making.
- Support continuous improvement and innovation in our audit approach.
- Help us promote the value of public audit.

During June 2022 we shared the proposed new impact monitoring, evaluation and reporting framework with the Auditor General for Scotland and the Accounts Commission as part of the dynamic work programme update.

Being a world class organisation – How we work

- 12. People Strategy** – the Workforce Plan 2022/23 is in place and the updated People Strategy will be considered by the Remuneration and Human Resources Committee (Remco) at its meeting on 9 November 2022.
- 13. Building capacity** – phase 3 is complete, and all the Executive Team are now in post. Phase 4 is under way, this comprises of the detailed design, transition and recruitment to the Innovation and Quality Team, the appointment of the Director of Corporate Support and recruitment to the roles of Head of HR and Head of Governance.
- 14. Learning and development** – our new [learning management system](#) (LMS) went live on 15 September 2022. The system features over 200 learning events in the first phase and will be regularly updated with new learning content to support colleagues in creating bespoke learning plans to develop knowledge, skills and long-term career aspirations. The system features include: a secure cloud-hosted system that integrates with iTrent, our HR & Payroll system, access to learning anywhere and anytime and learning records for both the individual learner and managers on both the LMS and iTrent.
- 15. One Organisation working** – the action plan was approved by the Executive Team at its meeting on 14 June 2022 and project has now moved into the implementation phase.

16. **Developing Hybrid Working (DHW) and our workplaces** – three workstream groups are now well under way covering, people and policies, workplaces and technology and communications. We are making good progress towards the project end date of December 2022. We are benchmarking with the other audit agencies in the UK and Ireland on many aspects of this project.
17. **Estate strategy** – this project is integrated with the DHW project. The SIP programme board considered a project scope and a report from external consultants at its meeting on 26 July 2022. The report provided an initial assessment of workspace requirements, market availability and costing and also provided options for further consideration. We have engaged professional design consultants to draw up more detailed plan and options.
18. **Medium term financial planning** – the Board has discussed the Medium Term Financial Plan (MTFP) at various points over the year, most recently at the strategic session on 18 August 2022 and it was also the focus of some discussion with the SCPA at its Business Planning Day on 31 August 2022. It is also on the agenda for today's meeting of the Board.
19. **Digital Services Strategy** – The Digital Services team continue to focus on mitigating the cyber security threats and will be introducing mandatory Cyber security training and a cyber incident response plan later in the year. The mobile phone replacement project is now fully complete, and we successfully achieved ISO recertification in August. Cyber security has been the subject of discussion with the Audit Committee, the Board and the SCPA over recent weeks.

Our purpose

20. The project team has been engaging with the Leadership Group on a range of areas including the external and internal operating environments (using PESTLE and SWOT analyses respectively) and with the Auditor General for Scotland and the Accounts Commission. This engagement will inform the suite of strategic documents and plans covered by this workstream. Proposals for further internal and external engagement are in development.
21. An updated planning framework and project plan covering **Public Audit in Scotland** and the **Corporate Plan** was considered by the SIP Board at its meeting on 20 September.
22. Considerable engagement has taken place on the **Partnership Working Framework** (PWF) in recent weeks, and this will inform both the scope and the delivery of the project.
23. In June 2022 the Secretary to the Accounts Commission shared the Accounts Commission change programme. The programme is made up of seven workstreams and work is progressing in all of these:
 - Resource control and transparency.
 - Relationships with audit partners – the PWF project noted above.
 - Relationship with other stakeholders – including engagement with Parliament, the Scottish Government, Councils and other stakeholders.
 - Commission support – where the Executive Team considered a proposal at its meeting on 23 August 2022.
 - Audit quality.

- Communications – where the Commission agreed its communications and engagement strategy at its meeting on 11 August 2022.
- Work programme – where the Commission considered the latest work programme update at its meeting on 8 September 2022 and discussed the sustainability of the work programme at its strategy seminar on 21 September 2022.




Programme governance and reporting

- 24.** The SIP programme board is responsible for the oversight and delivery of the Strategic Improvement Programme and is comprised of members of Executive Team.
- 25.** The programme board met most recently on 20 September 2022. At that meeting it considered updates on the programme over-all, learning and development (including the new LMS), strategic planning, digital audit, impact and insight and the Audit Scotland annual conference 2022. The next meeting of the SIP Board is on 15 November 2022.
- 26.** SIP related business also takes place at Executive Team to ensure that timely progress is being made and project reports and updates feature regularly on the Executive Team agenda.

Recommendations

- 27.** The Board is invited to note the progress update on the Strategic Improvement Programme and next steps.

SIP Project summary

 What we do	 How we work	 Our purpose
<ul style="list-style-type: none"> • Dynamic work programme (mainstreamed) • Code of Audit Practice (complete) • New audit appointments (complete) • Audit quality action plan (mainstreamed) • Audit approach (including financial audit approach, BV in LG, BV in IJBs, less complex bodies, following the pandemic pound and auditing climate change) • Digital Audit • Electronic working papers • Diversity & equality • Parliamentary engagement • Impact and Insights (new) 	<ul style="list-style-type: none"> • People strategy (inc workforce plan and learning and development offer) • Building capacity (phase 3 complete) • One organisational deployment • Medium term financial strategy (including fees and funding) • Developing Hybrid Working • Our workplaces - Covid-secure (complete) and longer- term office strategy) • Digital services strategy (mainstreamed) • Business Management System - phase 1 (complete), phase 2 under way • Green future • Shaping our future - Audit Scotland 2021 (complete), Audit Scotland 2022 	<ul style="list-style-type: none"> • Public audit in Scotland • Partnership Framework • Corporate Plan • Business Plans (2022 complete) • Accounts Commission Change Programme (new) • ISQM

Q1 Corporate performance report

Corporate Governance Manager

Item 12

Meeting date: 28 September 2022

Purpose

1. This report provides the Board with a review of organisational performance in quarter one (Q1) 2022/23.

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 audit budgets).
 - We manage our resources effectively (where the main impact is on organisational 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).

Delivering world class public audit

4. There were 109 publications in Q1 comprising: 69 Annual Audit Plans, 28 Annual reports and accounts, one statutory report, two Performance reports, one Overview report and eight other reports.
5. Media mentions and social media engagements are up on the same quarter last year, while downloads are lower than the same quarter last year.
6. There was evidence of significant impact of work within the media during Q1 from the following reports: New Vessels for the Clyde and Hebrides, Financial response to Covid-19, the Local Government overview and the report on Social Security: Progress on implementing the devolved benefits.

Being a world class organisation

7. The outturn on core funding was 2,166k which was £284k (11.6%) better than budget. This is in part due to new posts in Executive Team structure not yet being filled and the phasing of audits.
8. We had 324.1 (94.1%) whole time equivalent colleagues in place at the end of the quarter against a budget establishment of 341.4.
9. The absence rate remains low 1.11 days although this is slightly higher than the corresponding period last year (1.03 days).
10. During Q2 the results of the staff survey on stress were reported and the Chief Operating Officer updated the organisation on the next steps. The Performance and Risk Management Group (PRMG) will monitor this for any impact on the KPIs for the Q2 report.

Recommendations

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

2022/23: Q1 performance summary

Delivering world class public audit	Measure in Q1	Previous quarter	Same quarter last year	Direction (compared to same quarter last year)
We conduct relevant and timely audits and report in public				
Reports 2021/22 (Q1)	109	191	100	↑
On time (YTD)	100%	70%	82.5%	↑
Audit Budget (YTD)	-12.25%	+11.08	-1.92	↑
We get our messages out effectively				
Media mentions (Q1)	428	538	196	↑
Downloads (Q1)	150,271	144,030	161,730	↓
Social media engagements (Q1)	13,061	4,770	6,590	↑

Key performance messages in Q1:

- We delivered 109 audits/reports.
- Audits were delivered 12 per cent less than budget. This reflects where we are in the year with further expenditure due in later quarters in the year. The budgets and costs vary during the Year. PRMG will continue to monitor and report on this variance.
- Communications statistics show we are getting our messages out effectively. These include 150,271 downloads; 13,061 social media engagements and 428 media mentions of Audit Scotland and/ or the Accounts Commission.
- Our work delivered significant impact as evidenced by the media coverage in Q1. Coverage related to the following reports: New Vessels for the Clyde and Hebrides, Financial response to Covid-19, Local Government overview and the Social security: Progress on implementing the devolved benefits reports.
- We attended 16 Parliamentary Committees, 19 external working groups and responded to seven consultations.

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	Direction compared to same quarter last year
We manage our resources effectively				
Budget Variance (YTD)	+11.6%	+7.1%	+2.9%	↑
WTE establishment (YTD)	94.1	97.9%	99.4%	↓
Staff costs (YTD)	4,765k	19,153k	4,676k	↑
Agency/secondment costs (YTD)	11k	139k	75k	↓
Average cost per audit day (Q1)	485	465	470.5	↑
Proportion of audit time (Q1)	49%	53.5%	50%	↓
Absence days (YTD)	1.11	5.75	1.03 days	↑
Staff turnover (YTD)	3.01	9.4%	1.56%	↑
Exams pass rate	78%	91%	65%	↑
Training events (YTD)	71	181	42	↑
Training attendees (YTD)	586	2,313	828	↓
IT uptime	100%	100%	99.69	↑

Key performance messages in Q1:

- The outturn on core funding was £2,166k (11.6%) better than budget.
- The number of colleagues at the end of quarter one was 94.1% of the budgeted establishment.
- Absence levels year to date equates to 1.11 days, which is higher than last year (1.03 days).
- Staff turnover in the year to date (3.01%) increased compared to (1.56%) last year. We remain well below the Chartered Institute of Personnel and Development (CIPD) benchmark for all leavers.
- The exam pass rate was 78%.
- The proportion of audit time was 49%, down from 50% in the same quarter last year
- 100% IT uptime.

Key actions

The key actions for the strategic objectives are covered by the projects and workstreams in the Strategic Improvement Programme. They include projects/ workstreams on audit quality, audit methodology, capacity and resourcing, developing hybrid working and learning, development and wellbeing.

Appendix 2

Performance detail 2022/23: Quarter 1

Item 12

Meeting date: 28 September 2022

Delivering world class public audit	We conduct relevant and timely audits and report in public
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Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are relevant audits being delivered?	↔	↔	✓	✓	✓	✓	✓	✓	✓			
Are audits delivered on time?	↔	↔	✓	✓	✓	✓	↔	↔	↔			
Are audits delivered on budget?	✗	✗	✗	✗	↔	↔	↔	↔	↔			

Key messages

In Quarter one 109 audits/reports were delivered comprising: 69 annual audit plans, 28 annual reports and accounts, one statutory report, two performance reports, one overview report and eight other reports/products.

To support the quarterly work programme update to the Auditor General for Scotland (AGS) and Accounts Commission we analysed data on Performance Audit and Best Value product delivery across 2020/21 and 2021/22 and forecasted how this is looking for 2022/23. From 2020/21 to 2021/22 product delivery increased by over 150% from 29 products to 73 products. During 2022/23 we expect delivery to return to 2020/21 levels with 28 products planned.

Audit/report schedule 2022/23

	Q1	Q2	Q3	Q4
Annual Audit Plans Audit Scotland (120)	2 on time 39 late (due Q4 21/22)			
Annual Audit Plans Firms (102)	19 on time 9 late (due Q4 21/22) 5 outstanding (due Q4 21/22)			
Accounts certified Audit Scotland (124)	5 on time	NHS 10 CG 15	CG 32 LG 62 FE 2	
Accounts certified Firms (102)	10 on time	NHS 13 CG 8	CG 23 LG 39 FE 19	
Annual Audit Reports Audit Scotland (125)	5 on time	NHS 10 CG 14	CG 30 LG 62 FE 2	
Annual Audit Reports Firms (102)	8 on time	NHS 13 CG 8	CG 23 LG 39 FE 19	
Performance Audit (3)	Social security: Implementing the devolved benefits ✓			

	Q1	Q2	Q3	Q4
	Scotland's financial response to Covid-19 ✓			
Best Value Assurance Report (3)		Angus Council Shetland Council Comhairle nan Eilean Siar		
Overview Report (3)	Local government in Scotland Overview 2022 ✓			NHS in Scotland 2022: Scottish Government's NHS Recovery Plan
Statutory (6-12 tbc)	South Lanarkshire College ✓		Section 22 reports TBC in Q2 report	
Other (20-30) Key: BR = Briefing BL = Blog CS = Case studies RT = Round table OT = Other	The learner journey from school to work OT ✓ NFI pilot report - National entitlement cards OT ✓ NFI pilot report - non-domestic rates OT ✓ Working together to increase collaboration and accelerate improvement BL ✓ Children and young people who need additional support for learning BL ✓ Local bodies continue to face a challenging and	Scotland's Colleges 2022 BR Annual fraud and irregularity report 2021/22 OT National Fraud Initiative in Scotland OT Climate change: local government approach and ambitions BR Data gaps RT Tackling child poverty BR	Financial sustainability and implications for the fiscal framework OT Resourcing the benefit service (thematic study) OT Data gaps roundtable output BL	Administration of Scottish Income Tax 2021/22 OT Investing in green skills OT Local government financial bulletin 2021/22 OT

	Q1	Q2	Q3	Q4
	uncertain future (LGO promotion) BL ✓ Inequalities in Scotland: A growing crisis of harms (LGO promotion) BL ✓ Integration Joint Boards: Financial analysis 2020/21 BR ✓			
Published	109			

ASG: 62 of the 2021/22 AAPs delivered after the expected date. Firms: 12 of the 2021/22 AAPs delivered after the expected date.

On budget

The Performance and Risk Management Group (PRMG) has developed a new approach to reporting on audit budgets and costs. The approach breaks down budgets and costs by the type of product we deliver, rather than the business group the costs are associated with. This approach is in line with the one organisation working principles. In many cases ASG and PABV colleagues work together to deliver our range of audit products and audit budgets are set out by product, rather than business group. This approach reflects a more collective and collaborative approach to reporting performance data on budgets and costs.

In Q1 the audit budget and expenditure by product type is as follows:

Product	Total budget £	Total costs £	Variance £	% Variance
Annual audits	3,001,134	2,826,160	-174,974	-5.83
Best Value	134,567	167,848	33,280	24.73
Statutory reporting	11,396	13,074	1,678	14.72
Performance audits	928,285	739,748	-188,537	-20.31
Total	4,075,382	3,746,830	-328,553	-8.06

The Performance and Risk Management Group (PRMG) reviewed individual audit costs at its meeting on the 11 August 2022 and noted there are no significant issues to report for this quarter. Overall, audit expenditure was 8% lower than budget. The reason for this is lower than expected spend on research and development to support the dynamic work programme, as well as the phasing of spend on some performance audit work.

Forward look

- 61 financial audits are currently expected to be completed after the expected dates but within statutory deadlines.
- We continue to ensure we allocate colleagues to research and development to inform the future dynamic work programme. We are considering feedback from the AGS and Accounts Commission on an ongoing basis and this is:
 - informing longer-term work programme proposals
 - supporting decisions on spacing and sequencing of audit products
 - informing resource deployment

The final three Best Value Assurance Reports of this audit appointment round will publish during Q2. We are working to agree how we will manage and resource the new BV approach in line with the new audit appointments starting in October this year.

We are also closely managing product timing into Q1 2023/24 as there are a number of performance reports due to publish during that period and we want to ensure we give each enough space to maximise impact as well as not put too much pressure on colleagues internally or on the AGS and Accounts Commission members.

Risks

The main risk for this objective is our capacity to deliver both a stretching and ambitious programme of audit work alongside resourcing issues and quality requirements pushing up required inputs. Delays in planning for 2020/21 and 2021/22 ASG audits and the continued consequential effects of the pandemic on audit/ audited body capacity, as well as on service demands and capacity of audited bodies also contribute to this risk.

Delivering world class public audit

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

Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we assured about the quality of our work?	↔	↔	↔	✗	↔	↔	↔	↔	↔			
Are we improving the quality of our work?	↔	↔	↔	✗	↔	↔	↔	↔	↔			

Key messages

In Q1 we published the Quality of public audit in Scotland annual report 2021/22, the key messages from which were included in the Q4 2021/22 performance report.

- The 2020/21 internal cold review programme was completed, with findings reported to audit teams and the Audit Quality Committee.
- A root cause analysis exercise was completed to better understand the causes of quality deficiencies and good practice arising from the 2020/21 cold reviews (both internal and external reviews). The RCA findings were presented to ASGMT for consideration.
- Three super-team meetings have been attended in this quarter by the Quality Assurance team to discuss recent cold review findings.

Technical Guidance issued in the quarter included:

- the Inspection of and Statutory Objections to 2021/22 Local Government Annual Accounts and Auditor Certification of 2021/22 Non-Domestic Rate Income Returns
- The Professional Support 'help-desk' received 170 technical enquiries from audit providers and responded to all within our target response times.
- 30 Technical Briefing Notes to provide auditors with a synopsis of new technical documents
- We delivered technical updates to four ASG superteams.

- Three frequently asked questions publications highlighting emerging issues and risks
- The Audit Management Framework (AMF) was updated with new guidance
- Four annual audit report templates for NHS, central government, small audited bodies and local government.
- An updated Audit Guide to reflect aspects of the revised ISA (UK) 315 and quality review findings
- updated planning, risk assessment and financial statements audit programme
- developed a proposed approach for including Root Cause analysis (RCA) within the quality review framework for PABV. PABV Leadership Team (LT) approved this approach in May, and we will put this into action from the next round of quality reviews.
- worked with the Policy Manager to the Accounts Commission (AC) to develop a survey for AC members to gain feedback on their sponsor role on Performance Audits.
- developed draft guidance to help ensure a more consistent approach to responding to consultations
- continued to work through PABV-related actions arising from the ISQM project. We presented a paper to PABV LT in May highlighting that we are making good progress across several areas.

Forward look

- We put an indefinite hold on the publication of a Technical Guidance Note (TGN) on Whole of Government Accounts for 2020/21 due to continued delays by HM Treasury.
- Professional Support has been discussing with the Department for Work and Pensions on proposals to reduce the level of testing required for the certification of the Housing Benefit Subsidy claim. This has delayed the production of the TGN from the scheduled publication of April until Q2.

Delivering world class public audit	We get our messages out effectively											
Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we getting messages out effectively?	✓	✓	✓	✓	✓	✓	✓	✓	✓			

Key messages

We continue to get our messages out effectively. Media mentions and social media engagements were up on quarter one last year, whilst downloads were lower.

Engagement: In Q1 we attended/delivered:

- 16 Parliamentary Committees including PAC (13 times) Local Government, Housing and Planning Committee, Scottish Commission for Public Audit and Health, Social Care and Sport Committee.
- 19 external working group meetings, and
- responded to seven consultations.

Parliamentary engagement

Monthly Parliamentary Engagement summaries are available [here](#) on SharePoint.

Communications: Media mentions (428) were up on the same period last year (196), Social media engagements (13,061) were up on the same period last year (6,590) and downloads (150,271) were down from (161,730).

	Q1	Q2	Q3	Q4	YTD	21/22
Media	428					1,059
Downloads	150,271					505,670
Engagements*	13,061					19,296

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

Media in Q1:

The top three published reports by media coverage were: PA: Financial Response to Covid-19, Local Government Overview '22, PA Social Security

Though published in late March 2022, the impact of the 'New Vessels for the Clyde and Hebrides' report continued to generate large volumes of media coverage throughout Q1. Public Audit Committee sessions fed ongoing media interest in the story, as first the Auditor General for Scotland (AGS) and then witnesses from other public bodies gave evidence on the issues raised in the report.

The Scottish Government's R100 broadband roll out plans – covered in a March update from Audit Scotland – also continued to feature prominently in April and May's media coverage following PAC appearances.

The Accounts Commission blog on children's additional support needs not being met generated coverage and debate and the three performance audits – covering the financial response to Covid-19, the challenges facing local government and the expansion of the social security system – were all covered by national and local media outlets.

In total, Q1 generated twice as much coverage as the equivalent quarter in 2021/22 and four times as much as in 2020/21. There are likely two reasons for this – the impact of the ferries report and the volume of substantial publications in this Q1 compared to the peak pandemic years of 2020 and 2021.

Downloads in Q1:

The most downloaded reports were:

- Older reports, such as the 2022 NHS Overview (723 downloads) and 2021's Educational Outcomes report (512) accounted for April's most popular downloads.
- The ferries report saw a big spike in downloads in May with 1035 downloads. It is likely this was sparked by the media coverage generated by the AGS appearance at the Public Audit Committee, and the PAC announcing it would be taking further evidence from the Scottish Government and others. May also saw over 800 downloads of the Social Security report and over 740 for the Local Government Overview.
- In June, the Financial Response to Covid report had almost 800 downloads with the Local Government Overview continuing to be of interest with around another 790 downloads.

Social media activity in Q1:

The social media quarterly update now includes video views and factors in stats from the AGS and Accounts Commission's twitter accounts.

With only one report published in April, the s22 on South Lanarkshire College, the engagement rates for April were relatively low but follower growth was still steady, with 72 new followers across our platforms.

Engagements, video views and gained followers (190) increased significantly in May. Part of this is the number of reports and blogs published in May. A Controller of Audit recruitment campaign also boosted numbers. The announcements around our new Executive Team had a big impact. The post [announcing Vicky Bibby on Twitter](#), for example, was particularly well engaged with. New Executive team content on LinkedIn also performed well.

The Accounts Commission twitter account was the top performing channel for engagement in June, largely due to the high number of reports and blogs published. Geraldine Wooley's inequalities blog did particularly well on social media. It was the [Commission's top tweet for June](#) and had shares from groups [including the Poverty Alliance](#).

Facebook saw the highest video views in June, although that can in part be down to paid advertising for content supporting a recruitment campaign for new Accounts Commission members.

Overall, the Q1 videos with highest completion rates – how many people watched a video to the end - were the re-introduced 'What's coming up' videos.

By the end of the quarter Audit Scotland had nearly 10,000 followers across all its managed social media channels.

You can see the quarter's full social media stats [here](#)

Consultations in Q1:

- We responded to seven consultations including: "Proposals to Update the Code of Practice on Local Authority Accounting in the United Kingdom in respect to Infrastructure Assets" "National Fraud Initiative 2022 to 2023: proposed work programme and scale of fees", National Strategy for community Justice, Scottish Fire & rescue Service strategic plan, Education – enhanced data collection for National improvement framework, public participation at Scottish Parliament and Health, Social care and Sport Committee pre budget scrutiny.

Correspondence

New correspondence cases	Q1	Q2	Q3	Q4	YTD	21/22
Number of cases	68					185
Acknowledgement within five working days	99%					97%
Final response within 30 working days	99%					97%

FOI/EIR/Complaints in Q1:

- There were 15 FOI requests and no EIRs. 14 were responded to on time and one was late.
- There were 0 complaints responded to in quarter one.

Delivering world class public audit	We systematically deliver impact through our work											
Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Is our work delivering impact?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are our recommendations leading to improvements?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are we offering insight and foresight and making information and intelligence available to others?	✓	✓	✓	✓	✓	✓	✓	✓	✓			

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

Performance reports

New vessels for the Clyde and Hebrides, [published 23 March 2022](#).

- While the Scottish Government's official response to the report defended the vessel procurement arrangements, the First Minister subsequently stated that the report was entirely fair and justified. The Scottish Government, Transport Scotland and CMAL have all stated that they accept the recommendations in full.
- The report has raised several questions over the Scottish Government's record keeping and information management. In evidence to the Scottish Parliament's Finance and Public Administration Committee on 3 May, the Permanent Secretary stated that our report was robust with clear recommendations. He further stated that the Scottish Government will make improvements to its record keeping.
- The four audited bodies have already implemented or are working towards implementing the report recommendations. For example:
 - The Scottish Government, Caledonian Maritime Assets Limited (CMAL) and Ferguson Marine Port Glasgow (FMPG) have implemented some of our recommendations in relation to the completion of the vessels, by for example, increasing the availability and transparency of vessel progress information.
 - CMAL has implemented our recommendation to improve its contract management arrangements, by making a clear link between milestone payments and quality standards in its new Islay vessels contract.

- The report has been the subject of significant and ongoing parliamentary interest, including several discussions at First Minister's Questions and Topical Questions. On publication day, the Cabinet Secretary for Finance and the Economy gave a statement to the Scottish Parliament updating the costs and timescales for the two delayed ferries. This was followed by a Conservatives-led debate on the report and ferries in general. Two further debates took place on 20 April and 11 May. The debates raised issues covered in our report and prompted criticism about the Scottish Government's handling of the project, the contract award, lack of transparent decision making, the delays to the vessels, and the running of ferry services more generally.
- The Public Audit Committee is conducting an inquiry into the report's finding, and this will continue after the summer recess.
- The report has led to several calls for a public inquiry into the project. It has also been a catalyst for discussion and debate on the involvement of the First Minister (including accusations that she has misled Parliament), the competence of the SNP, protocols around ministerial decision making, and Scottish Government intervention in private companies. There have also been several links made between our report findings and the Scottish Government's decision to nationalise ScotRail.

Planning for skills, [published January 2022](#).

- The Minister for Higher Education, Further Education, Youth Employment & Training sent the PAC an executive summary of a key Scottish Government framework document. This was a direct result of the SG's accountable officer having given evidence to the PAC on our report. The executive summary says that 'The finalised Framework is informed also by the recommendations of Audit Scotland's Planning for Skills report, published in January 2022.'
- The NAO's team for its performance audit on skills approached the PABV skills team, requesting information on our approach and seeking advice.

Social security: Progress on implementing the devolved benefits, [published 19 May 2022](#)

- In May the Scottish Parliament held a debate on Scottish Social Security Benefits. The findings and recommendations of our report were referenced throughout the debate, with core topics in the debate drawing clearly on our audit findings. In his introductory remarks the Minister for Social Security and Local Government welcomed the report and committed to implementing the recommendations. During the debate he committed to publishing an updated programme business case by the end of 2022, responding directly to one of our recommendations.

NHS

During Q1, a number of NHS audits were completed ahead of the dates set in the planning guidance, and annual audit reports were issued. The majority of remaining audits are due for completion in Q2 and Q3. Audit work made a positive impact in the following examples:

- Our testing identified a £20 million transaction which had been incorrectly coded to miscellaneous expenditure, rather than income. This is a classification error and means that both income and expenditure were understated by £20 million. There is no impact on the net expenditure reported in the year. Given the nature of this transaction and the results of our detailed testing of other income transactions, we were able to conclude that this was an isolated instance. The accounts have been amended to correctly classify this transaction as income received in the year. Both income and expenditure have increased by £20 million and there is no impact on the net expenditure reported in the year.
- Following an Annual Audit Report recommendation in 2020/21, a formal impairment review will now be carried out annually by the Capital Planning Group and provided to the fixed asset team to support the preparation of the annual accounts. This was carried out for 2021/22.
- Following an Annual Audit Report recommendation in 2020/21, an annual update detailing the arrangements and processes in place that support each of the Best Value characteristics will now be prepared. This was carried out in 2021/22.
- Our testing of the year-end balances at 31 March 2022 identified that £12.844 million of income accruals had been netted off against the year-end FHS expenditure accrual. Netting off these balances against each other is not permitted by the NHS 2021/22 Accounts Manual. As a result, both the 'current trade and other receivables' balance and the 'current trade and other payables' balance were understated by £12.844 million in the unaudited 2021/22 annual report and accounts. Management has made the necessary accounting adjustments in the audited 2021/22 annual report and accounts. This adjustment increased both the 'current trade and other receivables' balance and the 'current trade and other payables' balance in the Consolidated Statement of Financial Position by £12.844 million, and therefore had a nil impact on the 'Assets less liabilities' figure reported at 31 March 2022.
- Following a prior year recommendation in 2019/20, the board developed Board Member training needs analyses and personal development plans, linked to the Board's corporate objectives. This had initially been delayed due to Covid but has now been completed. (NHS Orkney) Following a review in 2020/21, we identified that Registers of interest maintained by the body did not include the interests of close family members as required by IAS 24. After recommendation, we are satisfied in 2021/22 that appropriate changes to procedures have been made to ensure members are directed to include interests of close family members.
- Following a prior year recommendation in 2020/21, The Terms of Reference for the Audit and Risk Committee now make it clear what the role of the Audit and Risk Committee is in relation to risk.
- Following a prior year recommendation in 2020/21, a process for recording the authorisation of journals remotely was introduced. Audit testing confirmed that journals raised from September 2021 (allowing time for the control to be fully implemented) had appropriate authorisation in place.
- Following a prior year recommendation in 2020/21, officers confirmed that a review of leases had been undertaken and mechanisms are in place to ensure any break clauses are known and are actively considered. We have reviewed the procedures introduced and are satisfied with these. Previously, we identified that the break option on a property leased by the board which was no longer needed was missed and the board is now contractually liable for the full lease payments or a negotiated settlement.

- Our audit work highlighted that the inflation rate used to estimate future PFI commitments disclosed in the body's unaudited accounts was not applied in line with the body's accounting policy. This has been corrected in the audited accounts, lowering the estimated future commitment value by £71m from £1,221m to £1,150m. These figures are solely for disclosure purposes and the amendment had no impact on the body's reported expenditure or liabilities in 2021/22.
- Following an Annual Audit Report recommendation in 2020/21, the 2021/22 unaudited performance report provided by the Board was of a higher standard than in 2020/21.
- Our audit procedures identified that the Integration Joint Board figures were not included in the unaudited annual report and accounts presented to audit. Management have corrected this in the audited 2021/22 Annual Report and Accounts.
- Following a prior year recommendation in 2020/21, the body has revised the financial monitoring reports presented to the Board and Healthcare Governance and Audit Committee to include their share of the Integration Joint Board. All reports presented to the HGAC in 2021/22 contained a paragraph documenting the underlying deficit in the IJB, the high risk of overspend, and the requirement for the body to bear 50% of any payment required to meet this overspend. An estimated value for the risk is included and revised over the course of the year.

Delivering world class public audit

We develop new and improved processes, products and services

Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are new processes, products and services being developed?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are products and study programmes suitable and appropriate for emerging issues?	✓	✓	✓	✓	✓	✓	✓	✓	✓			

Key messages:

Improved processes, products and services included:

- The 'Asc' data analytics audit tool was successfully rolled out and used on some Health Board audits for 2021/22. This enabled detailed ledger analysis and journal risk assessment on NHS ledgers to increase audit efficiency and enhance coverage.
- We are considering how both the AGS and Commission can use the space in the work programme during Q3 and Q4 to engage with stakeholders and get messages out on key areas, potentially drawing on their back catalogue of audit work. We are supporting the Accounts Commission to deliver an Local Government Organisation (LGO) Symposium in Q3, targeted at key strategic stakeholders from the local government sector, around the theme 'opportunities and challenges for Scottish local government'. This is part of the Accounts Commission's promotional plan agreed as part of the Local Government Overview 2022 report, published in May. We are working with the AGS to engage with the Scottish Parliament's Public Audit Committee on the longer-term work programme and plan to undertake formal consultation with Parliament on the programme in early 2023.
- We have agreed proposals for an insights programme, which includes three strands: horizon scanning, stakeholder engagement and impact monitoring, evaluation and reporting. The programme has the potential to help us be more agile, improve decision making, support continuous improvement and innovation, and make the case for the value of public audit. It responds to feedback from the AGS and Accounts Commission on the importance of understanding the impact of the work programme and improving stakeholder engagement on the work programme. The Executive Team has agreed the insights proposals should be part of the Strategic Improvement Programme. We are initially focusing on the impact strand of the programme and have agreed with the AGS and Accounts Commission a revised approach to impact

monitoring, evaluation and reporting. Importantly this is a holistic, Audit-Scotland wide approach and we are now working with teams across the organisation to implement the new framework. We expect to introduce improved reporting about impact aligned to the new framework in March 2023.

- During Q1 the project team working on the one organisation working SIP project presented its recommendations and draft action plan to Management Team, who approved it in full, noting its potential to tackle an issue we have struggled to address for a number of years. The action plan centres around a set of aims and principles and includes a wide range of organisational changes to areas such as:
 - how we plan and resource our work, both strategically and operationally
 - the systems and processes we have for developing staff and ensuring we are better, fairer and more consistent in how we deploy skills and knowledge across our work.
 - improving the quality and consistency of how we share intelligence and monitor and report on what we do.

Being a world-class organisation

We manage our resources effectively and maximise efficiency

Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing our resources effectively	×	×	×	×	↔	↔	↔	↔	↔			
Are we maximising efficiency?	×	×	×	×	↔	↔	↔	↔	↔			

Key messages

In the three months to 30 June 2022 Audit Scotland's Net Operating Expenditure was £2,166k which was £284k (11.6%) better than budget. At the end of June 2022, we were at 94.1% of establishment. The underspend was due to the phasing of income and spend and it is expected this will balance out in future quarters.

Resource management

In the three months to 30 June 2022 Audit Scotland's Net Operating Expenditure

	Q1	Q2	Q3	Q4	21/22
Actual	(2,166)				(15,296)
Budget	(2,450)				(16,464)
Variance K	284				1,168

Staff

The average number of staff in the quarter was 94.1% of establishment.

	Q1	Q2	Q3	Q4	21/22
2022/23 establishment w.t.e	341.4				321.8
Average no. of staff employed in 2022/23 w.t.e:	321.2				314.0
No. of staff at end of quarter w.t.e:	324.1				315.2

Staff and Agency costs

The total staff costs in three months to 30 June 2022 were £4,676k (3%) better than budget.

	Annual Budget £000	Actual YTD	Budget YTD	Variance	Actual Average WTE	Budget WTE
Total Staff costs 2022-23	21,225	4,765	5,164	399	320.3	337.9
Total agency & secondments 2022-23	15	11	4	(7)		
Q1 Staff costs 2021-22	20,272	4,676	4,691	15	301.1	302.9
Q1 agency & secondments 2021-22	75	55	44	(11)		

Legal, professional and consultancy: The timing of this expenditure is variable in nature however current projections anticipate that expenditure against this budget will be fully utilised. A substantial proportion of the budget has already been utilised in Q1. This is due to legal advice on matters relating to recruitment, compliance with accessibility legislation, enhanced audits, and updates to our terms in conditions.

	Q1	Q2	Q3	Q4
Actual	73			
Budget	106			

Prior year spend	88
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Estate

	Q1	Q2	Q3	Q4
Actual	223			
Budget	236			
Prior year spend	194			

Costs of travel

The current position is an underspend of £20k and savings of £30k saving due to reduced car lease expenditure. We have incurred very little travel and subsistence expenditure as we continue to deliver most of our audit work remotely.

	Q1	Q2	Q3	Q4
Actual	73			
Budget	123			
Prior year spend	75			

Capital Expenditure:

The capital budget for 2022/23 is £250k with the capital programme focusing on potential office re-configuration and new IT hardware and software. The total capital expenditure year to date is £33k which is the final payments to Midland MHR for implementation of the new business management system.

Digital Services

There was an outage of ADFS over the Jubilee weekend however no-one was affected and the Uptime for colleagues was 100%.

IT Network	Q1	Q2	Q3	Q4	21/22 average
IT uptime (%)	100%				99.8
Working hours lost	0				423
Average time lost per person	0				1.2

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

- 99.06% of the requests were accepted within the response time Service Level Agreement (SLA).
- 90.43% of the requests were closed within the fix time SLA.
- An average of 3 incidents were logged per user.

Business group audit and non-audit time

Audit time is defined as any time charged through Time Recording System (TRS) 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 49% which is lower than Q1 last year (50%). In Q1 we changed the way we calculate this figure to improve consistency between the business groups. Digital Services has supported this change by creating reports that automatically generate this data for any given time period so we no longer have to rely on manual calculations. This means the data is more accurate and we have been able to re-run the data for 2021/22 to ensure we are comparing like for like with the same period last year.

	22/23 (%)				21/22 (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASG	57				59	64	45	59
PABV	41				41	41	36	48

From Q1 2022-23 we have started using the new Time recording reports created by Digital Services, which draw on all audit days, rather than manual calculations, which previously drew on audit delivery costs only rather than all audit time. The Q1 average cost per audit day is:

Business Group	Q1	Q2	Q3	Q4
ASG	489			
PABV	481			

The average cost per audit day 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.

Being a world-class organisation**We manage information and intelligence effectively (internal)**

Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing information and intelligence effectively (Internal)	✓	✓	✓	✓	✓	✓	✓	✓	✓			

Key messages**During Q1:**

The Strategic Improvement Programme update was reported to Audit Scotland's Board on the 1 June 2022.

We are making good progress on what is an extensive improvement programme. Since the previous update significant milestones have been achieved in Information and intelligence projects including:

- Business management system – where the new payroll and HR system went live in February 2022.

In July a test Phishing exercise was run to test colleagues' responses to this type of threat. In August, Digital Services gave an update on this exercise and provided details on how colleagues can identify Phishing emails.

Issues/risks

- Hybrid working increases the risk on managing information and impacting on how we work given the increased transit of devices between home and office.
- Phishing emails are a risk to Audit Scotland's cyber security

Being a world-class organisation

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

Key Performance Questions	2020-21				2021-22				2022-23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are our people empowered and engaged?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are our people highly skilled?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are people performing well?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
How effective is communication and collaboration across the organisation?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Are career paths offered across the organisation?	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Do we understand and support diversity within the workforce?	✓	✓	✓	✓	✓	✓	✓	✓	✓			

Key Messages:

- There has been a modest increase in the average number of sick days per employee between Q1 2021/22 and 2022/23.
- There has been an increase in staff turnover and resignations between Q1 2021/22 and 2022/23. This is expected in line with the end of a number of fixed term contracts, planned retirements and natural turnover following an upturn in a post-lockdown labour market.
- Most exams sat in Q1 were the first block of TPS (2nd year) classes. This is the first time since 2019 that these classes have had some face-to-face teaching, with some face to face, some online and some self-study. ICAS noted that trainees across the board engaged less in face-to-face situations than people had previously and expect that trainees will take some time to get more used to being back face-to-face. These trainees have not had any face-to-face classes pre-Covid.

Wellbeing:

- Cost of living is still a focus for many colleagues and finding ways to support colleague's financial wellbeing is something that we should perhaps consider as an organisation.
- Results of the stress risk survey are being considered in August 2022 (this risk assessment was introduced following Best Companies data insights and pulse survey responses). It is intended that another stress survey will be held during September 2022.

Career Paths:

Vacancies filled	22/23 YTD	21/22
Internal	8	25
External	20	45
Total	28	70

Absence levels remain low despite a small increase compared to Q1 last year.

	Q1 days	Q2 days	Q3 days	Q4 days	YTD days
Audit Scotland – 22/23	1.11				
Audit Scotland – 21/22	1.03	1.55	1.55	1.62	5.75
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

Staff turnover:

We remain well below the Chartered Institute of Personnel and Development (CIPD) benchmark for all leavers although our figures are higher than last year.

	Q1	Q2	Q3	Q4	YTD	21/22	CIPD benchmark
Resignations %	2.11					3.94	n/a
All Leavers %	3.01					6.95	16%

Exam results:

	Q1	Q2	Q3	Q4	YTD	21/22
Exams taken	32					165
Exams passed	25					134
% Pass rate	78					81

Training:

[illegible]

	Q1	Q2	Q3	Q4	YTD	21/22
Organisational Development	30	207				65 609
Technical Training	18	150				68 1031
Total	71	586				181 2313

Other training included:

- Large volume of Excel skills delivered in April/May
- Introduction sessions to PABV, PAC, Audit Quality and to the AMF
- Sessions on audit methodologies, scoping a performance audit and recording evidence and judgements and interview skills

Forward look

- Implementation of new Learning Management System with new learning, development and performance management to be shared from iTrent
- Mental Health Learning roll out
- Developing Hybrid working project (People and Policies)
- New occupational health provider being sourced as the current contract with Wellness comes to an end
- Annual Diversity and Equality report being drafted and will be shared with Exec Team in mid-September 2022

Issues/ risks

- Tough recruitment market and we anticipate more recruitment activity in Q2 – Q4 including a further Graduate campaign to top up the volume of candidates secured for 2022 previously. This is not unique and recognised widely across the UK, other audit agencies and other firms.

Q1 Financial performance report

Corporate Finance Manager

Item 13

Meeting date: 28 September 2022

Purpose

1. This report presents the financial results for the three months to 30 June 2022.

Background

2. The detailed finance performance report is provided in Appendix 1 to this paper.
3. The report was discussed by Executive Team on 2 August and Audit Committee on 7 September.

Discussion

4. At the end of the June 2022 Audit Scotland's Net Operating Expenditure was £2,166k which was £284k (11.6%) better than budget.
5. In-house income was in total £156k (7.6%) worse than budget. Fee income for 2021/22 audits has a negative volume variance of £220k and a positive price variance of £24k. The prior year income of £40k is the balance recognised following the completion of the 2021 EAFA audit.
6. Fee income earned for audits carried out by external firms net of fees and expenses paid to the firms was £20k worse than budget. Income recognition was £47k better than budget with fees and expenses payable to the external firms being £60k worse than budget. The reason for the adverse variance is due to the budget phasing of non-chargeable audit expenditure and this will correct itself in the next quarter.
7. Staff costs including agency expenditure was £392k (7.6%) better than budget.
8. Other expenditure £71k (7.6%) better than budget. The main positive variances were recorded in travel & subsistence (£50k), legal, professional and consultancy (£33k), training (£24k) and printing and office costs (£13k). The main adverse variance is in information technology (£43k).
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.

Virement

10. There were no instances of budget virement in excess of £20k in the three months to 30 June 2022.

Recommendation

11. The Board is invited to note the financial results for the three months to 30 June 2022.

Headline Results

The summary financial position to 30 June 2022:

£000	Annual Budget	Actual	Budget	Var.	% Var.	Prior Year	Note
Fee Income - In House	8,243	1,896	2,052	(156)	-7.6%	1,895	1
Fee Income - Audit Firms	5,202	1,308	1,261	47	3.7%	1,341	2
Central Charges	5,769	1,426	1,427	(1)	0.1%	1,411	
Rebate	0	0	0	0	-	0	
Interest	0	0	0	0	-	0	
Other Income	0	(2)	0	(2)	-	0	
IAS 19 Income	0	0	0	0	-	0	
TOTAL INCOME	19,214	4,628	4,740	(112)	-2.4%	4,647	
Approved auditors	4,520	1,157	1,090	(67)	-6.1%	1,171	2
Staff salaries and oncosts	21,080	4,765	5,164	399	7.7%	4,676	3
Payroll provisions incl. severance	45	0	0	0	-	0	
Agency and secondment costs	15	11	4	(7)	-175.0%	55	3
IAS 19 Pension costs	100	0	0	0	-	0	
Property costs	1,046	223	236	13	5.5%	194	
Travel and subsistence	525	73	123	50	40.7%	75	4
Legal, professional and consultancy	928	73	106	33	31.1%	88	5
Training	523	47	71	24	33.8%	83	6
Recruitment	180	89	82	(7)	-8.5%	50	
Printing and office costs	235	39	52	13	25.0%	56	7
Information technology	526	174	131	(43)	-32.8%	158	8
Audit	60	20	15	(5)	-33.3%	16	9
Depreciation	340	109	102	(7)	-6.9%	74	
Other costs	478	14	14	0	0.0%	15	
EXPENDITURE	30,601	6,794	7,190	396	5.5%	6,711	
NET OPERATING (EXPENDITURE)	(11,387)	(2,166)	(2,450)	284	11.6%	(2,064)	

Funded by Scottish Consolidated Fund	11,387	2,166	2,450	(284)	2,064
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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 expected fees originally budgeted and is based on additional work undertaken and agreed with the audited body.

The table below shows the performance by sector as at 30 June 2022 for in-house audits:

Sector	2021/22 Audit Year			Prior Years	Total
	Volume		Price		
	WIP %	£	£	£	£
Local Government	-0.62	-29	+16	-	-13
Health	-0.06	-1	+6	-	+5
FE	-14.57	-8	-	-	-8
Central Government	-11.53	-122	+2	-	-120
Non-statutory	-12.58	-60	-	+40	-20
Total – June 22	-2.84	-220	+24	+40	-156

Local Government

Local Government audits for 2021/22 are 0.62% behind planned budget leading to a negative volume variance of £29k. There is a positive price variance of £16k with the most significant increases being applied to Aberdeenshire Council, Angus Council, Dundee City Council, Fife Council, Moray Council, Renfrewshire Council, Scottish Borders Council and South Lanarkshire Council. The main reason for the increase in fees at this stage of the audit process is due to the additional audit work required on charitable trust accounts.

Health

The 2021/22 health audits are 0.06% behind plan leading to a minor negative volume variance. This has been covered by the positive price variance with fee increases being applied to NHS National Services Scotland and NHS Tayside.

Further Education (FE)

ASG undertake 2 FE audits, Dundee & Angus College and Edinburgh College. Both these audits are in progress but behind the phased plan. It is expected that these audits will be complete by the target deadline of the end of December.

Central Government

Central Government chargeable audits are 11.53% behind plan leading to a negative volume variance of £122k. There is a minor positive price variance due to an increase in fee being identified for the new public body, Office of The Scottish Biometrics

Commissioner. There are no indications that audits in this sector will not be complete by the target deadline.

Non-statutory

The European Agricultural Fund Account (EAFA) audit for 2020/21 is now complete and is recognised in the prior year adjustment of £40k. The fee level for 2021/22 remains at the prior audit year level of £550k. Currently we are 12.58% behind plan leading to a negative volume variance of £60k. It is projected that the audit will be complete by the target deadline of February 2023.

2. Fee income and expenditure – Audit Firms

The positive income variance of £47k is reduced by the negative expenditure variance of £67k for approved auditors. The adverse variance in expenditure is due to the budget phasing of non-chargeable audits which will correct itself as part of the quarter 2 result.

Audit firms can negotiate fee increases within set parameters above expected 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 2022:

Sector	2021/22 Audit Year		Prior Years	Total
	Volume	Price		
	WIP %	£	£	£
Local Government	-1.68	-50	+7	-43
Health	-1.67	-18	+35	+17
Water	+12.62	+19	-	+19
FE	+7.47	+35	+11	+46
Central Government	-0.28	-2	+10	+8
Total – June 22	-0.45	-16	+63	+47

Local Government

Audits in the local government sector for 2021/22 are 1.68% worse than budget leading to a negative volume variance of £50k. Currently the audit firms have agreed fees above expected fees leading to a positive price variance of £7k. The most significant increases in the sector have been applied to Highland Council, City of Edinburgh Council, Lothian Pension Fund and West Lothian Council.

Health

Health audits for 2021/22 are slightly behind schedule leading to a negative volume variance of £18k. This has been compensated by fee increases that recognizes £35k additional income. The main increases have been applied to Public Health Scotland and NHS Lothian.

Water

The 2021/22 audit is complete and ahead of schedule leading to the positive volume variance of £19k.

Further Education (FE)

2021/22 audits are 7.47% ahead of plan leading to a positive volume variance of £35k. There is also a positive price variance of £11k. This is mainly due to agreed fee increases being applied to Lews Castle College, North Highland College, Perth College and South Lanarkshire College.

Central Government

Central government chargeable audits for 2021/22 are slightly behind plan. The positive price variance mainly is due to agreed fee increases for Crown Estate Scotland and SEPA.

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	10,778	2,570	2,683	113	179.6	182.8	a)
ASG agency & secondments	15	0	4	4			
PABV staff costs	5,381	1,192	1,345	153	77.8	85.5	b)
PABV agency & secondments	0	0	0	0			
CSG staff costs	2,547	580	637	57	38.0	41.2	c)
CSG agency & secondments	0	11	0	(11)			
Business Support staff costs	932	213	233	20	20.9	23.6	d)
Business Support agency & secondments	0	0	0	0			
Governance & Other staff costs	1,587	210	266	56	4.0	4.8	e)
Governance & Other agency & secondments	0	0	0	0			
Total staff costs	21,225	4,765	5,164	399	320.3	337.9	
Total agency & secondments	15	11	4	(7)			

- a) There is an underspend (£113k) year to date with the actual average whole time equivalent (w.t.e.) being 3.2 less than budget, which equates to £46k. The price variance of £67k is mainly due to the national insurance and employer pension budgets including the impact of the cost of living pay award, which is yet to be agreed. This will reduce on implementation and backdating of the annual pay award.

There have been no agency costs year to date.

- b) PABV underspend of £153k is due to the current level of vacant positions which are currently going through the recruitment process. The w.t.e. saving of 7.7 equates to £118k for the first quarter. As mentioned in a) above the price variance element of £35k is mainly due to the delayed implementation of the 2022 pay award.
- c) The average staff resource in CSG has been 3.2 w.t.e. less than budget leading to year to date underspend of £49k. The price variance of £8k also relates to the delayed 2022 pay award.

Agency costs relate to the requirement for a temporary HR Advisor and a Comms position which are being funded by the savings generated through vacant posts.

- d) Business support underspend generated through vacant posts that we are in the process of recruiting to. The w.t.e. saving of £28k has been reduced by a £8k adverse variance in price, which relates to the payment of outstanding leave due to colleagues leaving the organisation.
- e) The expenditure in Governance & Other is less than budget mainly due to savings generated by the Chief Operating Officer (COO) and Executive Director Audit Services Group (EDASG) vacancies. The EDASG post has been filled and the COO position takes up post on 22 August 2022. There is a new post of Executive Director Innovation & Quality which has been filled and will be funded from savings generated in the first two quarters of the financial year with the balance to be met from management contingency.

4. Travel and subsistence

We have incurred very little travel and subsistence expenditure as we continue to deliver the majority of our audit work remotely. The current position is an underspend of £20k.

Savings of £30k have also been generated in this expenditure heading due to reduced car lease expenditure. 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.

5. Legal, professional and consultancy fees

Professional fees savings in PABV is the main reason for the current underspend and the timing of this expenditure is variable in nature. Current projections anticipate that expenditure against this budget will be fully utilised.

6. Training

The budget for training has been phased on the basis of prior year expenditure patterns and to date this has been less than expected. Training expenditure will increase for the remainder of the year to outturn within the budget allocation.

7. Printing and office costs

The underspend is mainly attributable to reduced expenditure on photocopier/printer costs. With most staff continuing to work from home and using the offices on a needs basis it is expected that this trend will continue.

8. Information technology

Overspend relates to unbudgeted expenditure in relation to the livestreaming pilot for the Accounts Commission, software development and software licences. All this expenditure is being met through budget savings generated in other expenditure headings.

9. Audit costs

The main reason for the overspend in audit costs is a final BDO invoice being received for work undertaken in the previous year. This is not material and can be met from savings generated in other subjective headings.

Contingency and Financial risks

The 2022/23 budget includes a contingency allocation of £500k with the Executive Team (ET) responsible for its allocation.

As at the end of June budget transfers of £100k have been approved by ET to meet the additional costs of the Edinburgh office rent review and also the balance due in respect of senior management recruitment costs. It is expected that there will be a requirement for further contingency allocations to meet the additional costs of the new posts as part of the management restructuring programme.

The financial risks that could impact on our ability to deliver within the 2022/23 budget allocation include:

- Pay award uncertainty and cost of living pressures
- Impact of firms' procurement exercise on fees
- Accounts Commission additional support
- Work in progress position for 2022/23 audits as at 31 March 2023
- Resourcing pressures and additional cost of audit
- Pension fund pressures
- Inflationary pressures

Longer-term financial planning and preparation of the 2023/24 budget proposal will need to consider the implications of the following:

- SCF funding pressures
- SCPA continue to support funding increase
- Review of fees and funding model
- Accounts Commission change programme
- Auditing post Covid-19 (onsite, remote, hybrid)
- Digital and climate change audit
- Carbon emission targets
- EAFA audit
- Estate Strategy

Capital Expenditure and Funding

The capital budget for 2022/23 is £250k with the capital programme focusing on potential office re-configuration and new IT hardware and software.

The total capital expenditure year to date is £33k which is the final payments to Midland MHR for implementation of the new business management system.

Stuart Dennis
Corporate Finance Manager
19 July 2022

Annual review of corporate governance policies

Corporate Governance Manager

Item 14
Meeting date: 28 September 2022

Purpose

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

Background

2. The Standing Orders state that the Audit Committee is to keep under review the Standing Orders, Financial Regulations and 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, Scheme of Delegation and the Codes of Conduct for members and staff. The policies are scheduled to be considered by the Board at its meeting on 28 September 2022.
6. In reviewing and applying proposed amendments to the suite of corporate governance policies, the following national guidance was considered:
 - Scottish Government publication, 'On Board' guidance (2015)
 - The UK Corporate Governance Code (2018)
 - The Financial Reporting Council's Revised Ethical Standard (2019)
 - Scottish Government publication, 'Members of devolved public bodies: model code of conduct' (2021).
7. All proposed changes are shown as tracked changes in the attached documents.
8. Subject to approval by the Board on 28 September 2022, the policies will come into effect on 1 October 2022.

Annual review of corporate governance policies

9. A review of our Standing Orders, Financial Regulations and Scheme of Delegation took place in August 2022. The review found that some amendments were required to reflect recent structural changes. References are now made to the Executive Team rather than Management Team, and the Executive Directors rather than Directors. It also refers to the new Executive Director of Innovation and Quality.

10. The documents are attached, and changes are tracked 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 minor amendments were applied to reflect the new structure within Audit Scotland.

13. The Code of Conduct for members has been reviewed and the following amendments have been proposed to remain consistent with the national guidance (referenced above):

- changing language, terminology or phrasing to ensure consistency with recent guidance across the code
- strengthening and widening out guidance on general conduct, gifts and hospitality, confidential information, remuneration, registration of interests, lobbying and access; and definitions
- clarifying objective tests for determining activities which may compromise Board members and/or Audit Scotland.

14. Both documents are attached, and changes are tracked for completeness.

Recommendations

15. The Board is invited to:

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

Standing Orders

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 ~~MS Teams 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 ~~MS Teams 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 MS ~~Team~~ ~~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 response~~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 ExecutiveManagement 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 ExecutiveManagement 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 ExecutiveManagement Team.
 - Recommend appointments and changes affecting ExecutiveManagement 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 ExecutiveManagement 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.

Scheme of Delegation

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 Executive Management Team or their nominees.
3. The following areas are matters reserved for the Auditor General for Scotland and the Accounts Commission under the provisions of the Local Government (Scotland) Act 1973 and the Public Finance and Accountability (Scotland) Act 2000:
 - 3.1. Appointment of auditors
 - 3.2. Approval of audit work programme

Conditions of delegation

4. The delegations made in this Scheme are subject to the following conditions:
 - 4.1. All delegated powers will be exercised in accordance with the relevant policies decided by the Board.
 - 4.2. 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.
 - 4.3. Delegated powers will not be exercised in a manner which is likely to be a cause for public concern.

Reservations to the Board

5. The following matters are reserved for determination by the Board:
 - 5.1. Approval of the Corporate Plan.
 - 5.2. Approval of annual estimates of expenditure and income.
 - 5.3. 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).
 - 5.4. Approval of Standing Orders, Financial Regulations and Scheme of Delegation.

- 5.5. Approval of Annual Accounts and Annual Reports.
- 5.6. Approval of internal audit arrangements.
- 5.7. Approval of conditions of service affecting all employees.
- 5.8. Approval of specific matters referred to in the attached Schedule.
- 6. 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.
- 7. 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 Executive 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

- 8. The quorum for the Executive Management Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others.
 - 8.1 In the event of a vacancy at Executive Management Team level, a member of staff at Audit Director ~~or Associate Director~~ level may attend Executive Management Team and will count towards the quorum.
 - 8.2 In the event of a vacancy in the role of Chief Operating Officer a member of staff nominated by the Accountable Officer and approved by the Board may take their place for the purposes of Executive Management Team quorum.

Making, revocation and variation

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

Schedule

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

2.6	Variation of conditions of service for members of the Executive Management Team	Board	
2.7	Variation of conditions of service for Associate /Audit Directors and all other staff	Executive 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"> • ExecutiveManagement Team • All other employees 	Board Executive Management Team	
3	Financial matters		
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"> • Virement between budget groups • Virement between budget heads • Virement between budget lines 	Executive Management Team Relevant Executive 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.	Accountable Officer and Chief Operating Officer	Financial Regulation 31 – 32 See also Credit Card Procedures.

	<p>(To be reported at next <u>ExecutiveManagement</u> Team meeting)</p> <p>Credit Card default limits:</p> <ul style="list-style-type: none"> • <u>ExecutiveManagement</u> Team £1,500 • Other staff £1,000 		<p>Default amounts may be varied by <u>ExecutiveManagement</u> Team, Incident Management Team (IMT) for individuals on either a permanent or temporary basis.</p>
3.6	<p>Acceptance of tenders and placing of orders:</p> <ul style="list-style-type: none"> • Above £250,000 • Between £100,000 and £250,000 • Up to £100,000 • Below £50,000 	<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>Financial Regulations 51 (appointment of auditors)</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"> • Any budget group • Specific budget group • Specific cost centre budget 	<p><u>ExecutiveManagement</u> Team</p> <p>Relevant <u>Executive</u> 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"> • Above £50,000 • Below £50,000 	<p><u>ExecutiveManagement</u> Team</p> <p>Member of <u>ExecutiveManagement</u> Team or as delegated</p>	<p>Financial Regulations 52 – 58</p> <p>Delegated signatories are approved by <u>ExecutiveManagement</u> 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</p>

			staff, but the limit of authority granted must be notified to <u>Executive Management</u> Team and Finance who will maintain a list of those approved.
3.10	Payment of accounts for orders placed using electronic purchase orders.	Member of <u>Executive Management</u> 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.	<u>Executive Management</u> 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"> • The order has been marked as received in the electronic purchase order system, • The value shown on the invoice is within the parameters of +5% or - 10% of the value authorised for that order. <p>Any invoice where the value is outwith these parameters must be sent</p>

			for an additional, manual, authorisation before payment can be made.
3.12	Certification of accounts for payment to approved auditors: <ul style="list-style-type: none"> Interim invoices up to £50,000 and final invoices up to £10,000 Interim invoices over £50,000 and final invoices over £10,000 	A member of the Audit Quality and Appointments team Associate Director, Audit Quality and Appointments or member of <u>Executive Management</u> Team	Financial Regulations 60
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 <u>Executive</u> 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 <u>Executive Management</u> Team and Finance who will maintain a list of those approved.

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

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

Financial Regulations



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 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 ~~Executive Management~~ Team” consists of the Auditor General for Scotland, the Chief Operating Officer, the ~~Executive~~ Director of Audit Services, ~~and~~ the ~~Executive~~ Director of Performance Audit and Best Value and the Executive Director of Innovation and Quality, 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 ~~Executive 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 ExecutiveManagement 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 ExecutiveManagement 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 [SharePointthe 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 Executive 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 ExecutiveManagement Team, the invoice will be accepted and paid. (Scheme of delegation 3.10)

59. ExecutiveManagement 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 ExecutiveManagement 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 Executive 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 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.

Members' Code of Conduct



Audit Scotland Board
September 202²⁴

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 publications [“On Board – a guide for board members of public bodies in Scotland”](#) and [“Members of devolved public bodies: model code of conduct - revised edition December 2021”](#). ~~These publications is 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

~~5-6.~~ 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.

6.7. 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

7-8. 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 ~~treat~~ respect the chair, your colleagues and employees of Audit Scotland ~~in~~ meetings with courtesy and respect. This includes in person, in writing, at meetings, when you are online and when you are using social media.

8-10. 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

11. Audit Scotland values and promotes diversity and equality of opportunity. You will carry out your duties following the principles within our Diversity and Equality policy.

12. 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, and understand the policies of Audit Scotland in relation to bullying and harassment in the workplace and also lead by exemplar ~~behaviour~~ behaviour. You will accept exhibiting certain behaviours is as important as what you communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.

13. You will not become involved in operational management of Audit Scotland, except where it is explicit within your role. You acknowledge and understand that operational management is the responsibility of the Chief Operating Officer and the Executive Team.

14. You will not undermine any individual employee or a group of employees, or raise concerns about their performance, conduct or capability in public. You will raise any concerns on such matters in private with the Executive Team as appropriate

15. You will not take, or seek to take, unfair advantage of your position in dealing with employees of Audit Scotland or bring undue influence to bear on employees to take a certain action. You will not ask or direct employees which you know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.

9-16. You will accept the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, you will support that decision, even if you did not agree with it or vote with it.

~~10-17.~~ 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

~~11-18.~~ You must comply with any rules of Audit Scotland regarding remuneration, allowances and expenses.

Bribery and corruption

~~12-19.~~ 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.

~~13-20.~~ 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.

~~14-21.~~ It is also important to be aware that an act of bribery by an individual may render Audit Scotland liable of committing an offence.

~~15-22.~~ Audit Scotland has a zero tolerance to bribery and corruption therefore corrupt actions, including bribery, can lead to dismissal and prosecution.

Gifts and hospitality

~~23.~~ You must never ask ~~or seek for~~ gifts or hospitality.

~~16-24.~~ 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.

~~17-25.~~ 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~~ minor nature or token of modest intrinsic value offered on an infrequent basis, the value of which must not exceed £50;
- normal hospitality associated with your duties, hospitality which has been approved in advance by Audit Scotland and which would reasonably be regarded as appropriate; or
- gifts received on behalf of Audit Scotland.

18-26. 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 or would influence my judgement~~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.

27. You must not accept repeated hospitality from the same source.

28. You will not allow the promise of money or other financial advantage to induce you to act improperly in your role as a Board member. You accept that the money or advantage (including any gift or hospitality) does not have to be given to you directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.

19-29. You will not accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to business with Audit Scotland.

20-30. 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.

24-31. 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.

22-32. 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

33. 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.

23.—You will only use confidential information to undertake your duties as a Board member.

24-34. 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.

25-35. 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.

26-36. 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 resources facilities

37. 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.

27-38. You will not use, or in any way enable others to use Audit Scotland's resources imprudently, unlawfully, for any political activities or matters relating to these, or improperly.

Other Appointments

28-39. 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

29-40. 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

30-41. 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 or within one month of 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.

34-42. 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

32-43. 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;
- appointed or nominated by Audit Scotland to another body; or
- undertaking a trade, profession or vocation or any other work.

33-44. In relation to ~~42~~³⁴ above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.

34-45. 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' or 'Other roles'.

35-46. If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

36-47. 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.

37-48. 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.

38-49. When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and provide information about the ~~give a broad~~

nature of its business, indication, organisation, undertaking, partnership or body as appropriate. You will recognise that certain employments may be incompatible with your role as a Board member of Audit Scotland in terms of lobbying and access of its business.

39-50. 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.

40-51. Registration of a pension is not required as this falls outside the scope of the category.

Related undertakings

41-52. 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.

42-53. 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.

43-54. 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

44-55. 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 **59-60** 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.

45-56. You must register a description of the contract, including its duration, but excluding the consideration.

Houses, land and buildings

46-57. 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.

47-58. 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

48-59. 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.

49-60. 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

50-61. 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, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

54-62. 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 in Audit Scotland.

Related party disclosure

52-63. 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.

53-64. 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

65. 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.

The objective test involved in determining whether you should make a declaration of your interests fall into three stages: connection, interest and participation as set out below:

Connection

65.1. For each particular matter you are involved in as a Board Member, you will first consider whether you have a connection to that matter.

65.2. You understand that a connection is any link between the matter being considered and you, as a person or body you are associated with. This could be a family relationship or a social or professional contact.

65.3. A connection includes anything that you have registered as an interest.

65.4. A connection does not include being a member of a body to which you have been appointed or nominated by Audit Scotland, unless (a) the matter being considered by Audit Scotland is quasi-judicial or regulatory, or (b) You have a personal conflict by reason of your actions, your connections, or your legal obligations.

Interest

65.5. You understand your connection is an interest that requires to be declared where the objective test is met - that is where a member of the public with knowledge of the relevant facts would reasonably regard your connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

65.6.

Participation

65.7. You will declare your interest as early as possible in meetings. You will not remain in the meeting nor participate in any way in those parts of the meetings where you have declared an interest.

65.8. You will consider whether it is appropriate for transparency reasons to state publicly where you have a connection, which you do not consider amounts to an interest.

65.9. You note that you can apply to the Standards Commission and ask it to grant a dispensation to allow you to take part in the discussion and decision-making on a matter where you would otherwise have to declare an interest and withdraw (as a result of

having a connection to the matter that would fall within the objective test). You note that such a dispensation is sought and that you cannot take part in any discussion or decision-making on the matter in questions, unless, and until, a conclusion is reached.

65.10. You note that public confidence in a public body is damaged by the perception that decisions taken by that body are substantially influenced by factors other than public interest. You will not accept a role or appointment if doing so means you will have to declare interests frequently at meetings in respect of your role as a Board member. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or personal affiliations, you will not accept the appointment or nomination.

54.

55-66. 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.

56-67. 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.

57-68. 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.

58-69. 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~~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

59.70. 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.

60.71. You will also have other private and personal interests and may serve, or be associated with, bodies, ~~societiessocieties~~, 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

61.72. 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).

62.73. 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.

63.74. 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

64.75. You must declare, if it is known to you, any non-financial interest if:

- (i) that interest has been registered under ~~Non-Financial~~Non-Financial Interests (paragraphs 52 and 53) of the Code; or
- (ii) that interest would fall within the terms of the objective test.

65.76. 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.

66.77. 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

~~67-78.~~ 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.

~~68-79.~~ 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.

~~69-80.~~ 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.

~~70-81.~~ 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.

~~74-82.~~ 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

~~72-83.~~ 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.

73-84. 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.

74-85. There is only a need to withdraw from the meeting if the interest is clear and substantial.

Making a declaration

75-86. 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.

76-87. 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

77-88. 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

~~79-90.~~ 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.

~~80-91.~~ 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.

~~81-92.~~ 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

93. You understand that a wide range of people will seek access to you as a Board member and try to lobby you, including individuals, organisations and companies. Using the objective test below, you must distinguish between:

93.1. Any role you have in dealing with enquiries from the public;

93.2. Any community engagement where you are working with individuals and organisations to encourage their participation and involvement, and;

93.3. Lobbying, which is where I am approached by any individual or organisation who is seeking to do business with Audit Scotland.

~~82-94.~~ 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.

83-95. 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.

84-96. 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.

85-97. Before taking any action as a result of being lobbied, you should seek to satisfy yourself by applying the objective test 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.

86-98. 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.

87-99. 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. "Bullying" is inappropriate and unwelcome behaviour, which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated, or insulted.
3. "Chair" is the individual discharging a similar function to that of a Chair or Convenor under alternative decision-making structures
4. "Confidential information" includes:
 - 4.1. Any information passed on to Audit Scotland by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
 - 4.2. Information of which the law prohibits disclosure (under statute or by the order of a Court);
 - 4.3. Any legal advice provided to Audit Scotland, or;
 - ~~87-1-4.4.~~ any information which could reasonably be considered a breach of confidence should it be made public.
- ~~88-5.~~ "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.
- ~~89-6.~~ "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.
- ~~90-7.~~ "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.
- ~~91-8.~~ "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.

~~92.9.~~ “A person” means a single individual or legal person and includes a group of companies.

~~93.10.~~ “Any person” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

~~94.11.~~ “Spouse” does not include a former spouse or a spouse who is living separately and apart from you.

~~95.12.~~ “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.

~~96.13.~~ “Code” code of conduct for members of public bodies.

Code of Conduct

Staff policy

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 [4039](#) - [424](#)). 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 [appropriate](#) 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 ~~f~~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 John Cornett
Corporate Services	Diane McGiffen Vicki Bibby
Innovation & Quality	Kenneth Oliver
Performance Audit & Best Value	Antony Clark

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 [Freedom of Information and Environmental Information Regulations](#) 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 ~~and~~ hospitality in relation to work with other countries. Gifts to visiting delegations are given as mementoes of their visit to Audit Scotland. They should 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 and Human Resources.

45.46. ~~/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.

46.47. 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 Head of HR & OD Manager.

Disclosure

47.48. 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 in line with our Security Clearance policy which can be found in the Staff Handbook.

48.49. Baseline Personnel Security Standard (BPSS) is the entry level check and forms part of a package or 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.

49.50. The next level is called Standard Disclosure and is required for all workers across Audit Services and some across Performance Audit & Best Value. Only those who are accountants by definition require a standard check. Some workers in Corporate Finance team, HR and Digital may be required to participate in checks to this level due to the nature of their work as accountants. Standard Disclosure enables Audit Scotland to check for certain spent convictions.

50.51. 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.

54.52. 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

52.53. 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

53.54. 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.

54.55. 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

55.56. 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 + director.~~

Health and safety at work

56.57. 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.

57.58. You have a duty under the Health and Safety at Work Act **1974** 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

58.59. 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.

59.60. 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.

60.61. 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

61.62. 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.

62.63. Working from home can be required by the Incident Management Team for all staff during a national pandemic, and for an unspecified duration.

63.64. ~~During the time you work from home~~While working from home, we expect you to adhere to our policies, practices and procedures on digital security and data protection.

64.65. 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: 28 September 2022

Purpose

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

Background

2. Audit Scotland has a policy, records management plan and procedures in place to ensure compliance with the Public Records (Scotland) Act 2011 (PRSA).
3. Records management is regularly discussed at the internal forum, the Knowledge, Information and Technology Governance Group (KITGG) which meets six times a year. Records management is a standing item for scrutiny via Information Risk Register.
4. Information Asset Owners (IAOs) from across the organisation undertake an annual review of the Information Asset Register (IAR) to ensure that all records are managed effectively and efficiently.
5. The policy is reviewed on an annual basis to ensure it is up to date and submitted to the KITGG, Executive Team and Board for approval.
6. This also forms part of the annual assurance process in support of the Accountable Officer's Governance Statement.

Annual review of Records Management Policy

7. The Corporate Governance Manager and KITGG carried out a review of the Records Management Policy during August 2022.
8. The review found the policy required a minor amendment to reflect Audit Scotland's Records Management Plan, 2021-26.
9. In October 2020, the National Records of Scotland (NRS) invited Audit Scotland to submit a five-year plan for assessment in January 2021. The submission was made within timescale and Audit Scotland provided its assessment response in December 2021.
10. Following the submission of additional evidence, the Keeper of the Records [wrote](#) to Audit Scotland on 31 August 2022 to confirm their approval of the new plan.

Recommendations

11. The Board is invited to approve the updated records management policy.

Records Management Policy

Owned and maintained by:	Corporate Governance Manager				
Approved from:	September 202 2 ⁴	Next review:	September 202 3 ²	Version:	0 9 ⁸

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:

- [Audit Scotland Records Management Plan, 2021-26](#)
- 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.

Staff handbook policy review

HR Assistant Manager

Item 16

Meeting date: 28 September 2022

Purpose

1. This report is to invite the Board to conduct an annual review of policies held within our staff handbook on SharePoint that requires final approval by the Board.

Background

2. PCS and the Executive Team have been consulted on the proposed amendments to our Whistleblowing policy and their suggested changes are incorporated within the version included for your review.

Considerations

3. Our Executive Team is keen to ensure that we support colleagues who wish to raise a whistleblowing concern and that our policy is supported by suitable clear processes.
4. The inclusion of detail around an investigating officer should allow for more flexibility in having a pool of suitable investigators available.
5. We are keen to undertake a wider benchmarking exercise of our policy and guidance available in relation to other public sector bodies and would propose that this is conducted within the year, with a return to the Board for approval.

Recommendations

6. The Board is invited to:
 - note the report
 - approve the changes proposed subject to any discussion today.

Whistleblowing Policy

Owned and maintained by:	Human Resources
Date Checked/created:	June 2019 June 2022
Next review date:	June 2024 ¹

Introduction

1. Audit Scotland encourages an open culture in dealings between its employees and all people with whom we engage. In particular, we recognise that effective and honest communication is essential if concerns about breaches or failures are to be effectively dealt with and the organisation's success ensured.
2. All of us at one time or another have concerns about what is happening at work. Usually, these concerns are easily resolved. However, when they are about unlawful conduct, financial malpractice or actions that could damage the reputation of Audit Scotland it can be difficult to know what to do.
3. Audit Scotland has introduced this policy to enable all those who work with or within the organisation to raise their concerns about such malpractice at an early stage and in the right way. We would rather you raised the matter when it is just a concern rather than wait for proof.
4. If something is troubling you and you think we should know about it, please follow the section on how to raise a concern internally. However, if you are aggrieved about your personal position, please use the Grievance Policy within the staff handbook on Sharepoint. This policy is primarily for concerns where the interests of others or of the organisation itself are at risk. It should be read in conjunction with our Counter Fraud Policy.
3. —
- 4.5. There may be occasions when, due to individual acts, omissions or failings, it may be necessary to bring certain matters ~~which give cause for serious concern~~ to the attention of Audit Scotland's Executive Management team. If you are concerned about an aspect of individual behaviour or ~~Audit Scotland~~ practice, you should raise it. Your concerns may fall under one (or more) of the following categories:
 - A criminal offence has been committed, is being committed or is likely to be committed.
 - A person has failed, is failing or is likely to fail to comply with any legal obligation to which they are he/she is subject.
 - A miscarriage of justice has occurred, is occurring or is likely to occur.

- The health and safety of any individual has been, is being or is likely to be endangered.
- A person has supplied, is supplying or is likely to supply Audit Scotland and / or client information, without appropriate authorisation.
- The environment has been, is being or is likely to be damaged.
- Information tending to show any matter falling within any of the above has been, is being or is likely to be deliberately concealed.

Personal and Vicarious Liability

6. Amendments made to the Public Interest Disclosure Act 1998 which came into force in 2013 included new rules introducing personal and vicarious liability. These changes mean that individuals can face personal liability to whistleblowers, and employers can be “vicariously” liable for the acts of their staff (irrespective of whether the acts are done with their knowledge or approval).

~~5. You may be worried about raising such issues or may want to keep the concerns to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or the organisation. You may decide to say something but find you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.~~

~~6. If something is troubling you and you think we should know about it, please follow the section on how to raise a concern internally. However, if you are aggrieved about your personal position, please use the Grievance Policy within the staff handbook in ishare. This policy is primarily for concerns where the interests of others or of the organisation itself are at risk. It should be read in conjunction with our Counter Fraud Policy.~~

Our Assurances to you

Your safety

7. The Board and Executive Management Team are committed to this policy. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result. Provided you are acting in the public interest, and Audit Scotland's Executive Management Team is are satisfied you had a genuine belief of the wrongdoing committed and no personal gain was involved, it does not matter if you are mistaken. ~~Of course, we do not extend this assurance to someone who maliciously raises a matter they know is untrue.~~
8. If your concern is subsequently shown to be false or inaccurate, employees will be informed of the discrepancy between their report and the facts at hand.

Your confidence

9. We will not tolerate the harassment or victimisation of anyone raising a genuine concern. However, we recognise that you may nonetheless want to raise a concern in confidence under

this policy. If you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent. If the situation arises where we are not able to resolve the concern without revealing your identity (e.g. because your evidence is needed in court), we will discuss with you whether and how we can proceed.

~~10. Remember if you do not tell us who you are, it is much more difficult for us to look into the matter, protect your position or give you feedback. Accordingly, w~~While we will consider anonymous disclosures reports, this policy is not appropriate for concerns raised anonymously.

~~11.10. We strive to create a working environment that promotes dignity and respect for all. No form of bullying, harassment or victimisation will be tolerated against any member of staff on the grounds of them raising a concern.~~

~~12. If you believe that you are being subjected to a detriment as a result of raising concerns under this policy, you should raise the matter under the staff grievance policy and procedure, as appropriate. Any staff member who victimises or retaliates against those who have raised concerns under this policy will be subject to disciplinary action.~~

How we will handle the matter

~~13.11.~~ Once you have told us of your concern, we will look to assess what action should be taken. This may involve an internal inquiry or alternative a more formal investigation. We will tell you who is handling the matter, how you can contact them and whether your further assistance may be needed. If you request, we will write to you summarising your concern and how we propose to handle it, together, with the relevant outcome (once known) save for in instances where an obligation of confidentiality arises.

~~12.~~ Due to the varied nature of these sorts of concerns, which may involve internal investigators and / or the police, it is not possible to lay down precise timescales for such investigations. The investigating officer will ensure that the investigations are undertaken as quickly as possible without affecting the quality ~~of and depth of the~~ these investigations.

~~14.13. The investigating officer will be a senior individual from Audit Scotland, but the officer will not work within the same business area from where a concern has been raised against.~~

~~15.14.~~ When you raise the concern, you may be asked how you think the matter might best be resolved. If you do have any personal interest in the matter, you should tell us at the outset. If your concern falls more properly within the Grievance Policy, we will decide whether to uphold your proposal ~~tell you.~~

~~16. While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can.~~

~~17. If requested, we will confirm our response to you in writing. However, please note that we may not be able to tell you the precise action we take where this would infringe a duty of confidence owed by us to someone else.~~

~~19.15.~~ We will keep summary details of each whistleblowing matter raised and investigated to enable annual reporting of disclosures made under this policy.

How to raise a concern internally

~~19.16.~~ **Step one** - If you have a concern about malpractice, we hope you will feel able to raise it first with your manager. This may be done orally or in writing.

~~20.17.~~ **Step two** - If you feel unable to raise the matter with your manager, for whatever reason, please raise the matter with ~~the Chief Operating Officer or another member of the Executive Management team~~ ~~Diane McGiffen, Chief Operating Officer on 0131 625 1608~~. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.

~~24.18.~~ **Step three** - If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact ~~Alan Alexander~~ ~~Heather Logan~~, Board Member on ~~07770 492 475~~ or ~~Colin Crosby, Chair of the Audit Committee on 07976 631 836~~ ~~07976 631 836~~.

~~Personal and Vicarious Liability~~

~~22.1.~~ ~~Amendments made to the Public Interest Disclosure Act 1998 which came into force in 2013 included new rules introducing personal and vicarious liability. These changes mean that individuals can face personal liability to whistleblowers, and employers can be "vicariously" liable for the acts of their staff (irrespective of whether the acts are done with their knowledge or approval).~~

Independent advice

~~23.19.~~ If you are unsure whether to use this procedure or you want independent advice at any stage, you may contact:

- your union (if applicable); or
- the independent charity Protect (formally known as Public Concern at Work) on 020 3117 2520. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work. Alternatively, visit their [website](#).

External contacts

~~24.~~ While we hope this policy gives you the reassurance you need to raise such matters internally, we recognise that there may be circumstances where you can properly report matters to outside bodies, such as regulators or the police. Protect (or, if applicable, your union) will be able to advise you on such an option and on the circumstances in which you may be able to contact an outside body safely.

~~If you are dissatisfied~~

~~25.~~ ~~If you are unhappy with our response, you can go to the other levels and bodies detailed in this policy. While we cannot guarantee we will respond to all matters in the way you might wish, we~~

will try to handle all matters fairly and properly. By using this policy, you will help us achieve this. In the event of your dissatisfaction, you should speak with any of the organisations or other relevant bodies mentioned in this policy.

20.

2023 Proposed Board and Committee meeting schedule

Chief Operating Officer

Item 17
Meeting date: 28 September 2022

Purpose

1. This report invites the Board to approve the proposed meeting schedule for the Board and its committees during 2023.

Background

2. The Board typically agrees its schedule of meeting dates for the year to come in September/October of each year. In 2022 six Board meetings were scheduled.
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. Currently all meetings are scheduled to be held in West Port. However, we propose holding a meeting in the Glasgow office to allow the opportunity for members to meet colleagues.
6. The Standing Orders provide for any additional meetings to be called should they be required.

Recommendations

7. The Board is invited to approve the proposed meeting dates for 2023.
8. The Board is invited to approve the option of holding a meeting in the Glasgow office annually.

Proposed meeting schedule 2023

Audit Committee*	Human Resources and Remuneration Committee*	Board ⁺
		24 January 2023
7 March 2023	7 March 2023	
		4 April 2023
16 May 2023	16 May 2023	23 May 2023
6 June 2023 (AR&Accs)		6 June 2023 (AR&Accs)
5 September 2023		26 September 2023
14 November 2023	14 November 2023	21 November 2023

⁺ Board meetings will be held in West Port and will be open to the public.

^{*} Committee meetings will be held in West Port.

Appendix 2

Indicative Work Programme 2023 – Audit Scotland Board

24 January 2023	4 April 2023	23 May 2023	6 June 2023	26 September 2023	21 November 2023
Agenda items include: <ul style="list-style-type: none">• Standing items• SIP update• Environmental scan• Publication programme• SCPA report on budget submission• Openness and transparency/Board development• Best companies results	Agenda items include: <ul style="list-style-type: none">• Standing items• SIP update• Q3 performance reporting• Annual report and accounts timeline and outline plan• Equality outcomes• Board development• Draft Corporate Plan	Agenda items include: <ul style="list-style-type: none">• Standing items• Draft Annual report and accounts• Review of information, governance and security policies	Agenda items include: <ul style="list-style-type: none">• Standing items• SIP update• Q4 performance reporting• Annual report and accounts• Annual reporting• Governance and assurance reporting	Agenda items include: <ul style="list-style-type: none">• Standing items• SIP update• Q1 performance reporting• Audit Scotland's draft budget submission• PSRA Annual statements• Openness and transparency/meeting schedule• Review of FOI, EIR and records management policies	Agenda items include: <ul style="list-style-type: none">• Standing items• SIP update• Q2 performance reporting• Audit Scotland's budget submission• Review Scheme of delegation/Financial regulations and Standing orders• Board development/self-evaluation