

Agenda

10.00 Tuesday 23 May 2023
Audit Scotland, 102 West Port



-
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: | |
| • Board meeting: 4 April 2023 | For approval |
| • Audit Committee meeting: 7 March 2023 | For information |
| • Remuneration and Human Resources Committee meeting: 7 March 2023 | For information |
| 9. Review of action tracker | For assurance |
| 10. Health, Safety and Wellbeing – verbal update | For information |

Annual reporting

- | | |
|---|---------------|
| 11. 2022/23 Annual report on information governance and security | For assurance |
| 12. 2022/23 Annual report on complaints | For assurance |
| 13. 2022/23 Annual report on Freedom of Information and Environmental Information | For assurance |

Business planning, performance and governance

- | | |
|---|---------------|
| 14. Q4 Financial Performance report | For assurance |
| 15. Information Security Management Policy review | For approval |

- | | |
|---|--------------|
| 16. Staff handbook policy review | For approval |
| - Diversity & Equality | |
| - Bullying & Harassment | |

- | | |
|---------------------------------------|---------------|
| 17. Best Companies survey 2023 | For assurance |
|---------------------------------------|---------------|
-

Conclusion

- | | |
|-------------------------------|----------------|
| 18. Any other business | For discussion |
|-------------------------------|----------------|

- | | |
|------------------------------|----------------|
| 19. Review of meeting | For discussion |
|------------------------------|----------------|

- | | |
|--|-----------------|
| 20. Date of next meeting: 6 June 2023 | For information |
|--|-----------------|
-

Items to be taken in private

- | | |
|--|--------------|
| 21. Our purpose workstream: Public Audit in Scotland and Corporate Plan | For approval |
|--|--------------|

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

Minutes Board



Tuesday 4 April 2023, 10.00am
Audit Scotland, 102 West Port and Microsoft Teams

Present:

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

Apologies:

There were no apologies.

In attendance:

Vicki Bibby, Chief Operating Officer
Martin Walker, Director of Corporate Support
John Cornett, Executive Director of Audit Services
Kenny Oliver, Executive Director of Innovation and Quality
Antony Clark, Executive Director of Performance Audit and Best Value
Michelle Borland, Business Manager, Performance Audit and Best Value (item 11 and 19)
Sara Tait, Corporate Support Officer (item 12)
Ian Metcalfe, Corporate Performance Officer (item 12 and 14)
Stuart Dennis, Corporate Finance Manager (item 13 and 21)
Simon Ebbett, Communications Manager (item 19, 20 and 21)
Jillian Matthew, Senior Manager (item 15)
Natalie Cornish, Audit Officer (item 15)
Gordon Robertson, Learning and Development Assistant Manager (item 15)
Sharon Kewley, Business Support Manager (item 21)
Andrew Reilly, Andrew Reilly Associates (item 21)
Howard Brooke, Andrew Reilly Associates (item 21)

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

Vicki Bibby, Chief Operating Officer, and Martin Walker, Director of Corporate Support, John Cornett, Executive Director of Audit Services, Kenny Oliver, Executive Director of Innovation and Quality and Antony Clark, Executive Director of Performance Audit and Best Value joined the meeting.

The Chair welcomed attendees to the meeting.

3. Declarations of interest

There were no declarations of interest noted.

4. Items to be taken in private

The Chair invited members to agree that items 19, 20, 21, 22 and 23 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

5. Chair's report – verbal update

The Chair advised of regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer and Vicki Bibby, Chief Operating Officer.

The Chair highlighted his attendance and participation at the Audit Scotland Staff Conference, noting the constructive discussion and energy from colleagues and panel session participants. The delivery team was thanked for producing a great event.

The Chair advised of his introductory meeting with three of the new Accounts Commission members.

The Chair advised the next Board Development session will be scheduled for the end of September and noted his thanks to Members for being available at short notice to attend a series of special meetings concerning a HR related matter.

The Chair advised the Scottish Commission for Public Audit (SCPA) has begun the process for re-appointment for non-Executive Directors.

In addition, the Chair advised of his attendance at the Audit Committee and Remuneration and Human Resources Committee meetings in March.

Following discussion, the Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle advised of his regular engagement with the Chair and the Chair of the Accounts Commission.

Stephen invited members to note the recent publications; including FMPG and CFES S22, NHS Scotland Overview, COVID 19 Finances update and attendance at the Public Audit Committee on Scottish Income Tax (SIT), CFES S22, the Scottish Government Consolidated Accounts and our draft work programme on which the Committee will now consult the Subject Committees for comment.

Stephen invited the Board to note some of his external engagements with the HM Treasury in respect of the fiscal framework, ICAS dinner and ICAS Public Sector Panel, and Janice Crerar discussing the evaluation and code of conduct of office holders.

Finally, Stephen highlighted the Audit Scotland Conference and passed his thanks to the team for delivering a successful event.

Following discussion, the Board welcomed the update.

7. Accounts Commission Chair's report – verbal update

William Moyes invited the Board to note that the Accounts Commission Change Programme is gathering momentum and the Commission Support team is bedding in nicely.

William noted the positive progression of the Commission performance reporting and the Partnership Working Framework.

William advised members recruitment is underway for the new Commission members due on board later this year.

William highlighted the external engagement with Parliament Committees, Scottish Government Directors General, COSLA and SOLACE.

Following discussion, the Board welcomed the update.

8. Review of minutes

Board meeting: 24 January 2023

The Board noted the minutes of the Board meeting of 24 January 2023, copies of which had been previously circulated.

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

In addition, the Board also noted the SCPA approval of our budget, the minutes of the extraordinary meeting on 20 February 2023 and the confidential correspondence item circulated on 1 March 2023.

Audit Committee: 9 November 2022

The Board noted the minutes of the Audit Committee meeting of 9 November 2022, copies of which had been previously circulated.

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

The Chair invited the Board to consider how to complete the outstanding Audit Committee action to undertake a COVID 19 lessons learnt exercise to review how Audit Scotland performed as an organisation and explore some of the governance to ensure that good governance was not compromised.

Martin advised on the COVID 19 inquiry and the requirement of an Audit Scotland response to comply under the Rule 8 Notice.

Following discussion, the Board agreed to review a report by correspondence in line with the timing of the COVID 19 Inquiry with a followup discussion at a subsequent Board meeting, if required, to conclude the lessons learned exercise.

- | | |
|-----------------------|---|
| Action ASB200: | Martin to produce a report a COVID 19 lessons learnt report for consideration by correspondence. (June 2023) |
| Action ASB201: | Martin to engage with the Accounts Commission on the COVID 19 Inquiry. (April 2023) |

Remuneration and Human Resources Committee: 9 November 2022

The Board noted the minutes of the Remuneration and Human Resources Committee meeting of 9 November 2022, copies of which had been previously circulated.

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

9. Review of action tracker

The Board noted and approved the updated action tracker.

10. Health, Safety and Wellbeing – verbal update

Martin Walker provided a verbal update on matters related to Health, Safety and Wellbeing, highlighting that the item has been refocussed to report on broader health, safety and wellbeing issues, drawing on the Public Health Scotland and Office of National Statistics as sources of information around health.

In relation to the external operating environment, the recent reporting has seen the number of calls to NHS24 on respiratory issues hit baseline. However, there is an increase in hospital admissions on influenza and Covid-19 along with death recordings to Covid-19.

Following discussion, the Board noted the update.

11. Strategic Improvement Programme Review

Michelle Borland, Business Manager joined the meeting.

Kenny Oliver introduced the Strategic Improvement Programme (SIP) Review, copies of which had been previously circulated.

The Board was invited to approve the refreshed list of projects within the SIP programme and the proposed criteria, and to note the next steps and the links to the corporate plan.

Kenny highlighted the key piece of work to refresh the current projects and set flexible criteria for upcoming projects to be implemented into the SIP going forward.

During discussion, members requested further detail to be included around indicative completion dates to note progress and metrics to measure success of each project from the outset, for the next update.

During discussion, members were also invited to note the work developing with the People Strategy that will demonstrate to the Board and Remco progress on developing our people, recognising the volume of change underway.

In relation to governance arrangements, William sought assurance around the Accounts Commission inclusion to the influencing of projects that involves them. The Board agreed that such inclusion should be ensured.

Following discussion, the Board welcomed the review, noted the assurance of work progressing on producing success metrics and approved the refreshed list of projects and proposed criteria set.

- Action ASB202:** *Governance discussion between Vicki Bibby and William Moyes (April 2023).*
- Action ASB203:** *Kenny Oliver to include additional indicative timelines and metrics detail for next report (September 2023).*

Michelle Borland left the meeting.

12. Q3 Performance Report

Sara Tait, Corporate Support Officer and Ian Metcalfe, Corporate Performance Officer joined the meeting.

Martin Walker introduced the Q3 Performance report, copies of which had been previously circulated.

The Board was invited to:

- review the performance in Q3 year to date;
- consider the issues affecting performance, the actions identified, and whether any additional management action is required; and
- review and provide feedback on the content and format of the new performance report.

Martin highlighted the developments in reporting following previous feedback and the key areas for messaging in relation to audit delivery and resourcing audit work.

During discussion, members noted work is progressing to implement systems to support performance data and that discussions had already taken place with the National Audit Office to consider their processes.

In relation to communications internally on performance, the Board noted that Martin will identify ways to have the reporting more visible to colleagues.

Following discussion, members welcomed the developments in presentation and content, noted the performance in Q3 and agreed further detail to be included on the definition of non-audit time.

- Action ASB204:** *Martin Walker and Ian Metcalfe to include additional detail on audit time against non-audit time in future reporting (June 2023).*

Sara Tait and Ian Metcalfe left the meeting.

13. Q3 Financial Performance Report

Stuart Dennis, joined the meeting

Stuart Dennis introduced the Q3 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the nine months to 31 December 2022 which had been scrutinised by the Audit Committee at its meeting on 7 March 2023.

During discussion, the Board noted the updated work in progress levels were on target with forecast that the overspend on recruitment costs was due to Accounts Commission recruitment, which is being built into their processes going forward.

Following discussion, the Board noted the financial results for the nine months to 31 December 2022.

Stuart Dennis left the meeting.

14. Annual policy review of Freedom of Information, Data Protection and Environmental Information requests

Ian Metcalfe re-joined the meeting

Martin Walker and Ian Metcalfe introduced the Annual policy reviews of Freedom of Information, Data Protection and Environment Information requests, copies of which had been previously circulated.

The Board was invited to approve Audit Scotland's Freedom of Information and Environmental Information Policy for a further year and note the update in relation to potential future changes to the Freedom of Information legislation.

During discussion, the Board noted the proposed amendments to incorporate minor changes to operational arrangements.

Following discussion, the Board approved Audit Scotland's Freedom of Information, Data Protection and Environmental Information Policy subject to further amendment as new legislation emerges later this year.

Ian Metcalfe left the meeting.

15. Mainstreaming equality and equality outcomes: progress report

Jillian Matthew, Senior Manager, Natalie Cornish, Audit Officer and Gordon Robertson, Learning and Development Assistant Manager joined the meeting

Kenny Oliver, Jillian Matthew, Natalie Cornish and Gordon Robertson introduced Mainstreaming equality and equality outcomes: progress report, copies of which had been previously circulated.

The Audit Scotland Board was invited to consider and approve the attached draft mainstreaming report, comment on progress against the equality outcomes and agree plans for publication and promotion of the report as set out in paragraphs 7 and 8.

During discussion, members noted that we are a good employer in terms of equality on sex and gender but the disability characteristic could be better recorded. The Board would like to understand further what is included in the disability characteristic along with the how the national figure is constituted compared with the Audit Scotland figure.

Board members also noted that they found the report very informative and welcomed the progress on embedding equalities in our audit work.

Following discussion, the Board approved the report for publication and noted the progress against the equality outcomes thus far.

Jillian Matthew, Natalie Cornish and Gordon Robertson left the meeting.

16. Any other business

There was no other business for discussion.

17. Review of meeting

The Chair invited members to comment on the papers and the conduct of the meeting.

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.

18. Date of next meeting: 23 May 2023

The members noted the next meeting of the Audit Scotland Board is scheduled for 23 May 2023.

Items taken in private

19. Our purpose workstream: Draft Public Audit in Scotland and the Audit Scotland corporate plan

Michelle Borland and Simon Ebbett, Communications Manager joined the meeting.

Michelle and Simon introduced Our purpose workstream: Draft Public Audit in Scotland (PAIS) and the Audit Scotland corporate plan (CP), copies of which had been previously circulated.

The Board was invited to review and feedback on the draft of PAIS attached at appendix 1; review and agree the outline structure for the corporate plan attached at appendix 2, including the plans for the performance measurement framework; note the governance for signing off PAIS and corporate plan as set out at paragraph nine; and agree the proposals for revising the timescales for finalising these strategic documents.

Michelle highlighted that in developing the external environmental analysis to support the plan complex challenges were identified facing both public services and the audit profession. Our new strategy is an important way to signal our intent to develop and change as an organisation, proposes moving away from the world class audit / world class organisation structure and adopting the three horizons model for planning for longer-term change and proposing a performance measurement framework that cuts across PAIS and the CP.

During discussion, the Board noted minor editorial changes and re-ordering the outcomes, that the outcomes were quite audit-focused, and the to communicate them externally in such a way as to ensure that they are understandable to the public. The Chair also noted

the PAIS meets expectations around being aspirational but further amendments on the wording of outcomes so we challenge ourselves to ensure that they are clearly outcome rather than output focused.

The Board also noted that the Accounts Commission expected more consultation and involvement with them to ensure the corporate plan is driven by Commission priorities as well, but is assured by the commitment to working with them on emerging Commission strategy and how that is addressed across the corporate plan and dynamic work programme.

Following discussion, the Board agreed the outline structure, noted the governance set out in paragraph nine and agreed the timescales to finalise the documents.

Action ASB205: *Simon Ebbett, Michelle Borland and William Moyes to meet for further consultation on the Corporate Plan (April 2023).*

Action ASB206: *Simon Ebbett, Michelle Borland and Alan Alexander to discuss further reflections on the outcome descriptions (April 2023).*

Action ASB207: *Michelle Borland to arrange final joint sign-off meeting for the documents (May 2023).*

Michelle Borland left the meeting.

20. External Engagement

Kenny Oliver and Simon Ebbett introduced External Engagement, copies of which had been previously circulated.

The Board was invited to review and feedback on the proposed external engagement project, and note the results of the 2022 MSP survey in Appendix One.

Simon Ebbett highlighted the integration with the Insights programme to provide oversight and better use of intelligence from stakeholder engagement across the organisation.

During discussion, the Board welcomed the paper and the opportunities to coordinate and learn from engagement across the piece to provide better impact.

During discussion, the members were invited to note the live survey with stakeholders to understand views on the Accounts Commission. The Board agreed the results should be presented at a future meeting for consideration to assist the Accounts Commission with increased impact from its work.

Following discussion, the Board noted the external engagement report and agreed to explore alternative survey options to further understand stakeholder opinions.

Action ASB208: *Simon Ebbett to provide alternative options for stakeholder surveys (September 2023).*

Action ASB209: *Accounts Commission stakeholder survey results to a future meeting (June 2023).*

Simon Ebbett left the meeting.

21. Estates Strategy Update

Stuart Dennis, Corporate Finance Manager, Sharon Kewley, Business Support Manager, Howard Brooke, and Andrew Reilly joined the meeting.

Martin Walker, Stuart Dennis, Sharon Kewley and Andrew Reilly introduced the Estates Strategy Update, copies of which had been previously circulated.

The Board was invited to approve the proposal for an extension of the office lease at West Port in Edinburgh with a view to reducing the actual floor space required by up to a third, and approve the proposal to increase the office accommodation capacity and extend the existing lease requirement in Glasgow to meet increased demand.

During discussion, the Board noted further investigation is required around the alignment of lease dates, the lease lengths and related incentives.

During discussion, the Board welcomed the papers and agreed to accept the requirements for the proposals while ensuring flexibility for the future as our ways of working develop and assurance that no budget revision was required this year.

Following discussion, the Board approved the direction of travel and agreed to explore clear costings and benefits on the length of the Glasgow lease.

Action ASB210: *Stuart Dennis to provide detailed costings on the length of Glasgow lease (September 2023).*

Stuart Dennis, Sharon Kewley, Howard Brooke and Andrew Reilly left the meeting.

22. Timeline and Themes: Audit Scotland Annual Report and Accounts 2022/23

Simon Ebbett, re-joined the meeting.

Simon Ebbett introduced Timeline and Themes: Audit Scotland Annual Report and Accounts 2022/23, copies of which had been previously circulated.

Simon invited the Board to approve the suggested structure and themes and note the key dates for the drafting, submission and publication of Audit Scotland's Annual report and accounts.

The Board considered the proposed structure and themes of Audit Scotland's Annual report and accounts and following discussion approved the suggested structure and themes proposed.

Simon Ebbett left the meeting.

23. Ethical Standards Policy

Kenny Oliver introduced Ethical Standards Policy, copies of which had been previously circulated.

The Board was invited to agree the proposed change to the Ethical Standards Policy.

The Board considered and approved the proposed changes.

Minutes

Audit Committee



Tuesday 7 March 2023, 10.00am
Audit Scotland, 102 West Port, Edinburgh / MS 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
V Bibby, Chief Operating Officer
M Walker, Director of Corporate Support
D Jeffcoat, Alexander Sloan
J So, Alexander Sloan
G Gillespie, Wylie & Bisset
S Pringle, Wylie & Bisset
S Dennis, Corporate Finance Manager
D Robertson, Digital Services Manager
S Burgess, Head of HR
G Robertson, L&D Manager
I Metcalfe, Corporate Governance Officer

1. Private meeting with Wylie & Bisset LLP

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

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted no issues arising from the private meeting. The Chair noted that Gayle Fitzpatrick, Corporate Governance Manager was not able to attend attending the meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 9 November 2022

The Audit Committee members reviewed and agreed the minutes of the 9 November 2022 meeting, 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.

The members discussed action AC153 and noted that regular structured engagement between the Chair of the Accounts Commission and the Auditor General for Scotland (AGS) is in place.

Martin Walker, Director of Corporate Support, advised that Audit Scotland has been approached to provide information to the Scottish Covid-19 Inquiry. Martin advised that the information provided will inform our lessons learned action AC151 (draft remit for Covid 19 Lessons Learned session). A draft terms of reference will be circulated this week and a suitable date for the session is being sought.

Martin also advised that the Risk Management Workshop, a date for which is being sought, may incorporate a deep dive session. The members agreed that a deep dive session before early June 2023 would be preferred and could incorporate a general review of risks.

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

6. Q3 Financial report

Stuart Dennis, Corporate Finance Manager, introduced the Q3 financial performance report, copies of which had been previously circulated.

Stuart advised that, as the year end approaches, Audit Scotland is on budget. Stuart updated the members with the areas that are being closely monitored and noted the Scottish Parliament's approval of the 2023/24 budget.

The members discussed specific expenditure items as detailed in Appendix 2, and elements of the 2023/24 budget bid. The members welcomed the summary and presentation using infographics.

The Audit Committee welcomed the discussion and noted the Q3 Financial report.

7. 2022/23 Year-end statutory accounts timetable and accounting policies, key accounting estimates and judgements

Stuart Dennis, Corporate Finance Manager, introduced the 2022/23 Year-end statutory accounts timetable and accounting policies, key accounting estimates and judgements reports, copies of which had been previously circulated.

Stuart advised that the timetable for the 2022/23 year end statutory accounts is similar to previous years. Stuart noted the significant changes which included Lothian Pension Fund IAS19 pension costs, the changes to IFRS16 leases and the lease liabilities around property and vehicles.

The members noted the increase in the annual audit fee was last year's fee plus Consumer Price Index (CPI).

The Audit Committee members noted the 2022/23 Year-end statutory accounts timetable and accounting policies, key accounting estimates and judgements

8. 2023/24 External Audit Plan

David Jeffcoat, Alexander Sloan introduced the 2023/24 External audit plan, copies of which had been previously circulated.

David advised that the audit plan had been approved and Audit Scotland were satisfied with the fees. The key estimates and assumptions are appropriate and consistent with previous years and the pension disclosures are correct.

The members were reassured that the risks identified match the risks captured in the Audit Scotland risk register.

The Audit Committee noted the 2023/24 External Audit Plan.

9. Review of risk register

Martin Walker, Director of Corporate Support, introduced the Review of Risk Register report, copies of which had been previously circulated.

Martin advised the risk register was considered by the Executive Team on 21 February 2023. He noted changes to risks A1, A6 and A8 and advised that the risk around the 2023/24 budget has now been removed from the register in light of Parliamentary approval. The risk around Health, Safety and Wellbeing has been moved to the risks for monitoring register and continues to be monitored closely.

The members discussed the need to review the wording for risk A9 and agreed a discussion offline was required.

The members discussed the data for risk A4 and the requirement for a deep dive into capacity, deployment and skills to ensure the Auditor General for Scotland and the Accounts Commission's needs are met in delivering their statutory functions. The members noted the benefit of a deep dive session.

The members agreed that risk A4 should be reframed to provide the reassurance needed.

The Audit Committee members welcomed the discussion and noted the review of the risk register.

157AC: S Boyle, Accountable Officer and Auditor General for Scotland, W Moyes, Chair of the Accounts Commission and M Walker, Director of Corporate Support to consider the wording of risk A9.(April 2023)

158AC: C Crosby, Chair of the Audit Committee and M Walker, Director of Corporate Support to reframe risk A4 to provide the reassurance required. (April 2023)

159AC: M Walker, Director of Corporate Support to draft scope for the deep dive session. (April 2023)

10. Review of Risk Management Framework

Martin Walker, Director of Corporate Support, introduced the Review of Risk Management Framework, copies of which had been previously circulated.

Martin advised that the Risk Management Framework (RMF) is reviewed every two years and noted that an additional review was carried out and the framework was also updated in 2021 due to the increased risks because of the Covid-19 pandemic. Martin advised that the proposed changes to the framework are refinements and that recommended changes are around the Business group risk leads meetings and wording around the definition of a red risk.

Martin advised that risk interrogation reports were used prior to the pandemic to consider risks in more detail. He advised that the updated RMF provides for a regular deep dive into one or more risks using a more flexible approach and that the nature of the deep dive can vary dependant on the subject area and be flexible to accommodate new risks where required.

The members discussed exhibit 3 in the RMF report noting that there may be a benefit to extending the diagram to recognise the interests of the Auditor General and the Accounts Commission.

The Audit Committee noted the review and approved the Risk Management Framework

160AC: M Walker, Director of Corporate Support to review the diagram in exhibit 3 to reflect the interests of the Auditor General and the Accounts Commission. (April 2023)

Ian Metcalfe, Corporate Governance Officer, joined the meeting.

11. Internal audit plan 2022/23

Graham Gillespie, Wylie & Bisset provided an update on the internal audit plan 2022/23.

Graham advised that the 2022/23 plan is on track to complete the plan within the year. Two reports (item 12 and item 13 at this meeting) are currently with Management for comments, and two reports are to be completed. A audit is to be completed in April and a suite of reports will be considered at the Audit Committee meeting in May 2023.

The Audit Committee welcomed the update.

David Robertson, Digital services Manager, joined the meeting.

12. Internal Audit Report: Digital strategy

Stephen Pringle, Wylie & Bisset introduced the Digital strategy internal audit report, copies of which had been previously circulated.

Stephen advised that the audit provided a strong level of assurance over the organisation's Digital Services Strategy. He advised that there were seven good practice points from the review and processes in place which enabled digital projects, initiatives, and requests to be aligned with the Digital Services Strategy. Stephen confirmed that the reporting arrangements that are in place are appropriate and that there were sufficient skills and expertise amongst the Team responsible for delivering the Digital Services Strategy. One observation was raised around the way in which the progress of the Digital Services Strategy is being communicated.

The members acknowledged that the Digital team are now fully staffed and that the benchmarking reflected the advanced position Audit Scotland is in.

The Audit Committee noted the IAR report on Digital strategy.

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

13. Internal Audit Report: Review of Business Management system

Graham Gillespie, Wylie & Bisset introduced the Review of Business Management system report, copies of which had been previously circulated.

Graham advised that the audit provided a strong level of assurance surrounding the controls in place for the selection and implementation of the new Business Management System. They were able to confirm that the Business Management System is operating as intended, with 20 areas of good practice being identified and one low grade recommendation for improvement.

The members welcomed the report.

The Audit Committee noted the IAR report on Review of Business Management system and noted thanks to Wylie & Bisset and the participants.

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

14. Review of cooperation between internal and external audit

Graham Gillespie, Wylie & Bisset introduced the Review of cooperation between internal and external audit report, copies of which had been previously circulated.

Graham confirmed cooperation between the internal and external auditors. Similar to the way Alexander Sloan worked with the previous external auditors (BDO), there is liaison around planning, joint working, and interaction at Audit Committee meetings. Graham provided reassurance to the Committee members that joint working is in place with no concerns raised.

The Audit Committee noted the review of cooperation between internal and external audit report.

15. Review of implementation of Internal Audit recommendations

Martin Walker, Director of Corporate Support introduced the Review of implementation of internal and external audit recommendations, copies of which had been previously circulated.

Martin advised that the report provides assurance that the actions and recommendations made in the internal audit reports by Wylie & Bisset are being progressed. Martin advised that all the recommendations made have been dealt with or are being actively progressed.

The Audit Committee noted the review of implementation of Internal Audit recommendations.

16. Q3 Data Incidents / Loss report

Martin Walker, Director of Corporate Support, introduced the Q3 data incidents/loss report, copies of which had been previously circulated.

Martin advised that there were four data incidents recorded during quarter three. All four incidents did not merit reporting to the Information Commissioner's Office (ICO) given the low risk level associated with the incidents and swift action undertaken afterwards.

The members noted that the incidents were low level and were human error. Martin confirmed that re-emphasising messages for constant vigilance would continue.

The Audit Committee noted the data incidents/loss report.

17. Digital security update

David Robertson, Digital Services Manager, introduced the Digital security update, copies of which had been previously circulated.

David provided details of the changes to Audit Scotland's digital security risk profile and arrangements since the previous update on 30 August 2022. He noted the length of the report and advised the report would be edited, with more use of infographics, prior to presenting at the next Audit Committee meeting. David also advised that the Cyber Incident Response plan has been delayed but remains a top priority.

The members discussed the report and recognised the classification of the risks as red, this was felt appropriate and reflected the seriousness of the risk.

The Audit Committee noted the Digital Security update.

David Robertson, Digital services Manager, left the meeting.

18. Overview of annual assurance and statement of control processes

Martin Walker, Director of Corporate Support, introduced the overview of annual assurance and statement of control processes report, copies of which had been previously circulated.

Martin advised the report reflects the comprehensive processes that are in place to provide assurance, and that the process underpins Audit Scotland's governance statement and the signing of the 2022/23 accounts. The members noted and welcomed the controls that are in place.

The Audit Committee members noted the overview of annual assurance and statement of control processes report.

19. Any other business

There were no items of other business

20. 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.

21. Date of next meeting

The next meeting of the Audit Committee is scheduled for 16 May 2023.

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

DRAFT

AUDIT SCOTLAND BOARD ACTION TRACKER 2023

ITEM 9

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
ASB165	Board	11	Mainstreaming equality and equality outcomes: Interim progress report	Further Board session on HRBA to be arranged.	17/05/2022	Sep-23	Jillian Matthew	Jillian Matthew	Ongoing		Short life working group considering next steps for work on HRBA is meeting on 24 November. At that meeting, consideration will be given to the most appropriate timing for a further session with Board members. 6/2/23 - update paper issued to Board Members by correspondence in March. Further discussion at Board September 2023 (TBC)
ASB171	Board	9	Review of action tracker	Relating to action update against ASB167, agreed the International Manager examine any work undertaken on evaluation processes in relation to international work by other audit agencies.	28/09/2022	Nov-22	Mark MacPherson	Kenny Oliver	Complete		Feedback from other agencies indicates that they do not undertake any specific evaluation activity as international work, like in AS, is largely based on 121 engagement, conferences and sharing approaches. The strategic oversight of international work has now transferred to I&Q. During future international engagement I&Q will ask about evaluation processes. The Executive Team has requested updates every 6 months on international activity.
ASB182	Board	11	Q2 Performance Report	William Moyes, Vicki Bibby, Martin Walker and Gayle Fitzpatrick to meet and discuss presentation requirements for the Accounts Commission performance reporting.	23/11/2022	Jan-23	Vicki Bibby/ Martin Walker	Martin Walker	Complete		Accounts Commission Support Team included in working group to produce new performance reporting information/templates. New format of reporting to Board and Accounts Commission in April.
ASB200	Board	8	Review of Minutes: Audit Committee meeting: 9 November 2022	Produce a report a COVID 19 lessons learnt report for consideration by correspondence, and option to discuss at later Board meeting	04/04/2023	Jun-23	Martin Walker	Martin Walker	Ongoing		Lessons Learned report will be issued to Board members late May 2023.
ASB201	Board	8	Review of Minutes: Audit Committee meeting: 9 November 2022	Engage with Accounts Commission on COVID 19 Inquiry Audit Scotland response	04/04/2023	Apr-23	Martin Walker	Martin Walker	Complete		Draft submission circulated to Board members 02/05/23. Submission issued to Inquiry Team 10/05/23.
ASB202	Board	11	Strategic Improvement Programme Review	Discussion on Governance for SIP with Accounts Commission	04/04/2023	Apr-23	Vicki Bibby	Kenny Oliver	Complete		Discussion held with Controller of Audit and AC Secretariat. Agreement to remove AC change programme from SIP, but to keep PWF in. AC Secretariat to develop reporting to AC, which will work in tandem with SIP reporting to Board.
ASB203	Board	11	Strategic Improvement Programme Review	additional indicative timelines and metrics detail for next report	04/04/2023	Sep-23	Kenny Oliver	Gemma Diamond	Ongoing		Noted for the next update report due to September Board meeting.
ASB204	Board	12	Q3 Performance Reporting	include additional detail on audit time against non-audit time in future reporting	04/04/2023	Jun-23	Martin Walker	Ian Metcalfe	Complete		Q3 report on agenda for June 2023 with additional detail included
ASB205	Board	19	Our purpose workstream: Draft Public Audit in Scotland and the Audit Scotland corporate plan	Engagement with Accounts Commission on consultation on Corporate Plan content	04/04/2023	Apr-23	Michelle Borland	Michelle Borland	Complete		Meeting 28/4/23
ASB206	Board	19	Our purpose workstream: Draft Public Audit in Scotland and the Audit Scotland corporate plan	Discussion with Alan Alexander on outcome descriptions	04/04/2023	Apr-23	Michelle Borland	Michelle Borland	Complete		Arranged for 17/4/23
ASB207	Board	19	Our purpose workstream: Draft Public Audit in Scotland and the Audit Scotland corporate plan	Arrange final joint sign-off meeting for documents	04/04/2023	May-23	Michelle Borland	Michelle Borland	Complete		Placeholder in for 6/6/23
ASB208	Board	20	External Engagement	Provide alternative options on survey options	04/04/2023	Sep-23	Kenny Oliver	Simon Ebbett	Ongoing		Confirmed September Board meeting for proposal

AUDIT SCOTLAND BOARD ACTION TRACKER 2023

ITEM 9

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
ASB209	Board	20	External Engagement	Accounts Commission stakeholder survey results to a future meeting	04/04/2023	Sep-23	Kenny Oliver	Simon Ebbett	Ongoing		Confirmed September Board meeting to share results
ASB210	Board	21	Estates Strategy Update	Detailed costings on length of Glasgow lease	04/04/2023	Sep-23	Martin Walker	Stuart Dennis	Ongoing		Scheduled for September Board meeting in planner

Annual report on information governance and security 2022/23

Corporate Governance Manager and
Digital Services Manager

Purpose

This report provides assurance on our annual assessment of information governance and security management at Audit Scotland. This report forms part of a suite of assurance reports in support of the Accountable Officer's governance statement in the annual report and accounts.

Recommendations

Board is invited to:

- note the contents of this report.

Background

The information governance and security management assurance process was introduced in 2009/10 and is an annual process. The assurance process covers a review of our work on information governance, risk and security management, staff surveys, assurance checklists and horizon scanning for changing legislation.

1. The Knowledge, Information and Technology Governance Group (KITGG) oversee the arrangements for information governance, risk and security management within Audit Scotland.
2. This report has been considered by the KITGG and Executive Team and it contributes to the Accountable Officer's governance statement for 2022/23.
3. The KITGG met seven times via Microsoft (MS) Teams in 2022/23 to consider and discuss reports on information, knowledge, risk and technology issues. The information risk register was reviewed, discussed and updated on six occasions over the year. In addition, the Information Security Management System (ISMS) Management Review group meet on a quarterly basis and are responsible for evaluating the effectiveness of information security. The group consider any potential weaknesses in information security and ways of implementing improvements.
4. Audit Scotland maintains its commitment to the Information Security Standard ISO 27001:2013 through six-monthly surveillance audits that are led by accredited body LRQA. Audit Scotland achieved re-certification to the ISO 27001:2013 standard in August 2022. The next surveillance audit is scheduled for 19 & 20 April and will be performed remotely. The agenda for the two days is awaited from LRQA. A new version of the Standard ISO 27002:2022 has been released and we have until 2025 to complete the transition.
5. In November 2021 an Information security survey was made available to Audit Scotland staff. The survey was completed by 61.3 per cent of colleagues, an increase of 10.3 per

cent on the previous year's survey. The results provide positive assurance about level of awareness and knowledge regarding information security practice throughout the organisation. There is evidence of good practice in many areas including knowledge and understanding of policies and procedures. The next Information Security Survey will be held again in Spring 2023 in line with reverting to the pre-pandemic cycle of 18 monthly surveys.

6. This year, the Information Asset Owners (IAOs) completed the assurance review checklists for Accountable Officers and Boards and Records Management Compliance during March 2023.
7. The findings from the annual assurance review checklists provide positive assurance about our information governance arrangements.
8. We produced several briefing papers and blogs during the year to remind colleagues of our information and data security arrangements. This year they included:
 - Freedom of Information blog in support of International Right to Know in September 2022.
 - Information Management Guidance updated in November 2022.
 - Data protection blog in support of Data Protection Day in January 2023.
 - Data Protection Policy update in April 2023.
 - During 2022-23 the Corporate Governance team posted two blogs on Data Protection, and seven Yammer posts on data protection, information security and records management.
 - During 2022-23 the Digital Services Teams posted 39 Cyber Security Yammer posts and 13 detailed blogs on SharePoint Online including a review of the SEPA ransomware attack, guidance on securing personal devices and improving privacy settings.

Information governance, security and incidents in 2022/23

9. The Information Security Management Policy is scheduled for Executive Team review on 9 May and the Audit Scotland Board on 23 May.
10. This year Digital Services have completed on the following actions to improve our information security and governance:
 - Reached establishment, with the Data and Development Manager and Digital Security Specialist joining the Digital Services Team in December 2022 and with the Cloud Application Developer role being filled earlier in Summer 2022.
 - Improved the advanced threat protection process to add a secondary scan of all emails and file uploads and remote links for malicious or suspected malicious content, in addition to existing multi layered email scanning and web filtering defences. Blocking new attack vectors from Office Macros, remote Office Document components and browser extension web stores.

- With the exceptions of Orkney and Victoria Quay all Audit Scotland equipment has now been removed from remote audit sites significantly reducing the surface area of our network and the number of devices requiring managing and security updates.
- All colleagues are now equipped with a laptop, external display, keyboard, mouse, and secure mobile phone that provides a 5G hotspot. All Audit Scotland devices are required to have security updates applied on the day of deployment, and Digital Services continue to alert colleagues of important security updates for their personal devices.
- Implemented a new backup solution that provides on-premises offline backups and will provide backups to a cloud-based immutable storage delivering unchangeable daily backups and continuing to maintain an 'air-gapped' immutable backup solution for MKI/Pentana data to provide an additional level of protection against a successful ransomware.
- Maintained a Cyber Incident Response (CIR) organisation to provide immediate expert advice, malware and phishing analytics, on-site incident response as well as incident response training, exercises, and workshops.
- Deployed cloud-powered endpoint management and threat protection tools to all our mobile devices, Apple Silicon Mac's and Account Commission laptops, providing enhanced malware and network protections as well as remote management and real-time suspicious/malicious behaviour monitoring.
- All telephony is now delivered via Teams with increased sensitivity for detecting spam calls and blocking them together with greater granular controls for colleagues to individually block some numbers and set up priority access for others.
- Increased the sensitivity of the checks that identity of the sender of an email message to better block non-certified or spoofed email and use external NCSC services to verify the websites colleagues visit are legitimate as well as check the security and availability of our external services including our website.
- Completed a security review and implemented improvements to our existing architecture for cloud development environment, scripting and code repository.
- Successfully performed an annual systems recovery testing to test our incident management procedures and ensure we can recover all systems after a simulated incident.
- Completed an ISO re-certification audit in August 2022 with one Minor Non-Conformity – The development of a Cyber Incident Response Plan and one Opportunity for Improvement – The development of a legal compliance register to address before then.
- Completed two independent third party NCSC-certified penetration tests of our network, servers, and laptop security. The previous test produced eight recommendations for improvement of which 3 low risk recommendations remain under review.
- Continued with mandatory user training for increased phishing awareness supplemented by regular blogs and short Yammer posts to maintain awareness.

11. There have been no detected successful cyber-attacks, however, since the last report there have been fourteen cyber security threats which, while not directly targeting Audit Scotland, proved major risks to Audit Scotland's digital infrastructure and required immediate action/mitigation.
12. 2022/2023 has seen attackers attempting to leverage unknown and zero-day vulnerabilities as well as utilising the short time frame after patches are released to penetrate networks and deliver malicious payloads to counter this, we apply security patches to our most vulnerable systems patched on the day of release. With most services now cloud based, web browsers have become the most targeted applications to compromise with vulnerability exploits and we continue to rapidly patch our systems, devices, and browsers, notifying our hybrid workers to update their personal devices and now blocking unpatched devices and browser from accessing our services.
13. Email continues to be the primary source of both directed and environmental attacks. Colleagues' response to previous phishing testing has shown that education is an area in which we must improve. Cyber criminals are actively using previously breached usernames and passwords some via hacked online password vaults together with new methods to circumvent MFA services to provide 'legitimate credentials' to allow direct access to an organisations network and their more secure cloud services. New attacks are also focusing on hybrid workers home devices such as routers, personal mobile devices, and web browsers to use these to then access an organisations' secured network.
14. Ransomware still poses the greatest threat to our on-premises systems. The successful attack on the Royal mail, US education, European medical services and Australian health insurance providers provide continued evidence of how damaging such an attack can be. We continue to mitigate against a ransomware attack, improving our backup provision while continuing to test the effectiveness and economics of moving critical systems such as MKI to a cloud-based service to further mitigate the risk. We are also adapting our defences together with improving our recovery services and process as part of our delayed Cyber Incident Response Plan, which is now planned for completion by the end of May 2023.
15. As defences on commercial systems and services improve attackers continue to seek less well protected systems and devices which present an easier target. Our cloud-based Linux Audit Data Analytics platform and its associated tools such as GitHub is now being subject to more effective attack types, and we are therefore strengthening its defences and mitigating the effects of a successful attack.
16. We continue to be on alert for a possible cyber-attack from an extremely well-equipped state actor, focusing on damaging the public sector infrastructure and will include this as a possible recovery scenario in our Cyber Resilience Plan.

Key information legislative and governance developments

17. There have been a number of developments to the information governance regulatory and legislative frameworks during the year, including work to improve our internal processes through certification and membership of information security workgroups to:
 - maintain ISO 27001:2013 certification and begin the transition to the new 2022 standard
 - participate in Scottish Governments Public Sector Action Plan (PSAP) achieving the advanced tier of preparedness

- participate in the National Cyber Security Centre (NCSC) Cyber Security Information Sharing Partnership (CiSP).

Information governance, risk and security mitigation actions

- 18.** We continue to make good progress in embedding information management and security into our corporate culture with:
- an established information risk hierarchy, from the Accountable Officer to the Senior Information Risk Officers and through to Information Asset Owners in business groups
 - a KITGG, chaired by the Director of Corporate Support, overseeing our information management and risk arrangements. The work of the KITGG is raised by IAO's at the leadership teams of all business groups where appropriate
 - timely updates on any active or possible cyber security threats between the Digital Services Management Team and the Director of Corporate Support
 - the undertaking of data protection impact assessments in the event of policy/procedural changes.
 - an information risk register, which is reviewed and updated every two months at KITGG
 - an annual evaluation of our information risk and security, through the completion of assurance checklists
 - mandatory staff training on information security and data protection
 - identifying cyber incident management training for the Executive Team
 - identifying a new cyber training package that will be mandatory for all staff
 - The provision of a Chief Information Security Officer (CISO) role
 - six monthly reporting on information risk and security to Executive Team and the Audit Committee.

Risk management

- 19.** The KITGG maintains an information risk register which is reviewed at each of the meetings taking place over the year. The register shows there are currently twenty-three main information and security risks for Audit Scotland. Thirteen of these are active risks and ten are for monitoring due to the low net risk scores.
- 20.** One of the active risks has a high gross risk score (red), and the remaining have amber net risk scores defined as 'acceptable level of risk that requires constant active monitoring.'

Conclusion

- 21.** The arrangements and results summarised above provide positive assurance on Audit Scotland's information governance security.

Annual report on complaints 2022/23

Corporate Governance Manager

Item 12
Meeting date: 23 May 2023

Purpose

1. This is the 2022/23 annual report on complaints received by Audit Scotland about its work. This report forms part of a suite of assurance reports in support of the Accountable Officer's governance statement in the annual report and accounts.

Recommendations

2. Board is invited to:
 - note the report.

Background

3. The Public Services Reform (Scotland) Act 2010 (the Act) required the Scottish Public Services Ombudsman to introduce a set of complaint handling principles, to which all public bodies must adhere.
4. The complaints procedure is a two-stage process, stage one is front line resolution within five working days or if more complex, or are not resolved at stage one, stage two is resolved within 20 working days.
5. Audit Scotland, the Auditor General and the Accounts Commission introduced a joint complaint handling process in December 2012. The joint complaints handling process was reviewed and updated in 2014 and again in December 2018.
6. In January 2020 the Scottish Public Services Ombudsman published a revised Model Complaints Handling Procedure (MCHP). The Ombudsman expected the revised MCHP to be fully implemented by 1 April 2021. The updated MCHP was approved by the Board, six months ahead of schedule in September 2020.
7. The new MCHP requires us to report on four key performance indicators (KPIs):
 - Total number of complaints
 - For each complaint stage the number and percentage closed within time scales
 - Average working days to respond per stage
 - The outcome of each complaint at each stage
8. All KPIs are included in this report.

Complaints received

9. The Corporate Governance team maintains the register of complaints received. The register shows there were three complaints received in 2022/23 (this was the same in in 2021/22).
- Complaint one concerned complaints about compliance of the Audit Scotland Annual report. The complaint was investigated and was not upheld. The complainant referred our response to the SPSO who declined to consider his referral.
 - Complaint two expressed dissatisfaction with responses to emails to Audit Scotland. The complaint was investigated and was not upheld.
 - Complaint three expressed dissatisfaction with the outcome of correspondence with Audit Scotland. The complaint suggested Audit Scotland withheld information, made derogatory remarks and breached Data protection. The complaint was investigated and was not upheld.

SPSO Complaint KPIs

Stage 1 closed with 5 days	Stage 1 closed with 5 days %	Stage 2 closed with 20 days	Stage 2 closed with 20 days %	Average working days to respond stage 1	Average working days to respond stage 2	Upheld	Partial	Not upheld
3	100%	2	67%	4	13	0	0	3

10. One complaint was late at stage two, by two days, due to the complexity of the complaint.

Appeals to the Scottish Public Services Ombudsmen (SPSO)

11. The Scottish Public Services Ombudsman Act 2002 (the Act) provides a framework for matters that can be considered by the SPSO for investigation. During 2022/23 one complainant asked the Scottish Public Services Ombudsman (SPSO) to review their complaint. The SPSO concluded the complaint was not one that could be taken further.

Conclusion

12. This report on complaints handling 2022/23 concludes that there are no significant issues that should be brought to the attention of the Board.

Annual report on Freedom of Information and Environmental Information 2022/23

Corporate Governance Manager

Item 13
Meeting date: 23 May 2023

Purpose

1. This is the 2022/23 annual report to the Executive Team on our Freedom of Information (FOI) and Environmental Information Regulations (EIRs) arrangements, requests and performance. This report forms part of the suite of assurance reports in support of the Accountable Officer's governance statement in the annual report and accounts.

Recommendations

2. Board is invited to:
 - note the performance in 2022/23.

Background

3. Audit Scotland, the Auditor General and the Accounts Commission are subject to the Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EIRs).
4. Audit Scotland developed and implemented suitable joint arrangements for the discharge of FOISA/EIRs in 2005 for all three bodies. These arrangements are reviewed annually.
5. The Scottish Ministers' Code of Practice on the discharge of functions by Scottish public authorities under FOISA and the EIRs require us to monitor our handling of information requests.
6. Since 1 April 2013 public bodies are required to submit their FOI and EIR handling statistics, to the Scottish Information Commissioner (SIC) on a quarterly basis. Audit Scotland has complied timeously with this requirement.

FOI/EIR overview for 2022/23

7. This annual report has been prepared to fulfil our FOI/EIR good practice requirements under the Scottish Ministers section 60 Code of Practice and incorporates our SIC quarterly returns.

Governance

8. The Knowledge, Information and Technology Governance Group (KITGG) provides oversight of our FOI/EIR arrangements and reports its activity to Executive Team, the Audit Committee and the Board as necessary. The Corporate Governance Manager is responsible for day-to-day management of our FOI/EIR arrangements.

9. The FOI/EIR policy was reviewed by the KITGG and Executive Team and re-approved by the Board on 4 April 2023. Staff acknowledged compliance with the policy via the Fit and Proper form in January 2023.
10. We reviewed our FOI publication scheme, in October 2022, to ensure it remains up to date.

Approach to requests

11. It is our policy to be as open and transparent as possible and our approach to FOI/EIR requests is to treat them as a 'business as usual' activity. This means that we normally supply information to those requesting it in the normal course of business and do so without treating them as FOI/EIR requests.
12. More complex 'business as usual' requests and all other requests, which may have to be considered by a FOI panel, are recorded in our FOI/EIR system.
13. Where it is appropriate, we can apply exemptions and exceptions to the information being requested. Audit Scotland have established a group of colleagues trained in considering FOI/EIR exemptions and exceptions to complex requests. Members of this group form a Freedom of Information Panel of three members. The membership of each panel varies to ensure independence and objectivity.
14. A refresh of the Panel members occurred in Jan to March 2023 which resulted in 25 new recruits. The panel members received advanced level Freedom of Information training which completed in March 2023. The following statistics and analysis are based on our recorded FOI/EIR requests for 2022/23.

Statistics and Analysis

Number of requests received

15. Audit Scotland recorded 70 FOI and no EIR requests this year (compared to 37 requests in 2021/22). These were received in:

Requests received	2022/23		2021/22	
	FOI	EIR	FOI	EIR
Q1 (April – June)	15	0	3	0
Q2 (July – September)	14	0	10	0
Q3 (October – December)	14	0	10	0
Q4 (January – March)	27	0	14	0
Total	70	0	37	0

Type of requestor

16. We categorise the requests we receive for analysis purposes. This year we received:

Requester type	2022/23		2021/22	
	FOI	EIR	FOI	EIR
Media	8	0	2	0
MSP/MP	18	0	1	0
Organisation	13	0	22	0
Members of the public	29	0	12	0
Public Body	2	0	0	0
Other	0	0	0	0
Total	70	0	37	0

17. Themes emerging from the information being requested are:

- 59% - Reports, draft reports and correspondence relating to those reports
- 7% - Data held on other organisations
- 21% - Audit Scotland's governance, policies, procedures or expenditure
- 13% - Contract information: Information technology, equipment, other contracts.

Responding to requests

18. Information requested was released in full on 27 (39%) occasions, partially released on 28 (39%) occasions and the information requested was not held by us on 11 (16%) occasions. In three requests (4%) clarification was not provided and one was withdrawn.

Cost of administrating and responding to requests

19. The time spent on specific requests is generally recorded to the job code for the audit work concerned. In addition, the time spent on FOI/EIR training is coded to the general learning and development job code.

20. Fourteen colleagues recorded 385 hours (compared to 155 in 2021/22) for administering our FOI systems and procedures, replying to some requests and dealing with complex requests at FOI panels. This equates to approximately £11,614 (compared to £7,650 in 2021/22) using the average hourly rate from the Time Recording System. It is acknowledged that the full cost to Audit Scotland of complying with FOI/EIRs will be higher due to the way some FOI/EIR work and training is recorded.

Time taken to respond

21. FOISA and the EIRs require public bodies to reply to requests within 20 working days and within 40 working days for complex EIRs. Audit Scotland met this requirement for 60 per cent of the requests. Twenty-five of these were late due to an unprecedented influx of 17 requests being received in one day. Following this we informed the requestor we would be unable to meet the 20 day deadline and agreed an extension. For the other eight requests their complexity necessitated time intensive meticulous handling.

Charging for dealing with requests

22. Public bodies can make charges for dealing with FOI and EIR requests. We issued no fee notices in 2022/23.
23. Public bodies are also able to refuse a request where it will cost more than £600 to process. Where public bodies estimate the cost to be greater than £600, they are to inform the requester that they may be able to supply some information if they narrow their request.
24. No requests were refused on excessive cost of compliance this year.

FOI/EIR panels, reviews, and appeals

25. Five FOI Panels met this year to consider applying exemptions to some or all the information being requested.
26. The Panels applied exemptions relating to Audit Function, Personal Information, commercial interests and the economy, Prejudice to effective conduct of public affairs and confidentiality.
27. Where an applicant is not satisfied with our initial response to their request, they can ask Audit Scotland for a review. In 2022/23 there were two requests for a review.
28. If an applicant remains dissatisfied with how we dealt with their request after a review they can make an appeal to the Scottish Information Commissioner (SIC). There was one appeal to the SIC this year. This appeal is still ongoing with the Scottish Information Commissioner.

FOI/EIR Training

29. Audit Scotland staff undertake basic FOI/EIR training when they join Audit Scotland and are required to undertake refresher training every two years. In addition, staff updates are published when changes to legislation occur.
30. Freedom of information training is now being issued through Audit Scotland Learning Management system and certification will be done every two years and the next round will be issued and completed by the end of 2023.

Conclusion

31. The report concludes that our FOI/EIR arrangements are working well and that there are no significant issues which require to be brought to the attention of the Board.

Q4 Financial Performance report

Corporate Finance Manager

Item 14
Meeting date: 23 May 2023

Purpose

1. This report presents the un-audited financial results for the twelve months to 31 March 2023.

Recommendation

2. The Board is invited to note the financial results for the twelve months to 31 March 2023.

Background

3. Appendix 1 provides a Financial Performance Executive Summary.
4. The detailed finance performance report is provided in Appendix 2 to this paper.
5. The report was discussed by Audit Scotland's Executive Team on 25 April and Audit Committee on 16 May.

Discussion

6. At the end of the March 2023 Audit Scotland's Net Operating Expenditure was £15,548k which was £1,039k (6.3%) better than budget. Excluding the IAS 19 pension underspend the actual budget underspend for 2022/23 in respect of operational activity was £234k (1.4%).
7. In-house income was in total £419k (4.6%) worse than budget. Fee income for 2021/22 audits has a negative volume variance of £135k and a positive price variance of £61k. Audit work for 2022/23 has commenced and is currently £387k behind plan. The prior year income of £42k is the balance due on the completion of the 2021 EAFA audit.
8. Fee income earned for audits carried out by external firms net of fees and expenses paid to the firms was £57k worse than budget. Income recognition was £818k (13.3%) worse than budget with fees and expenses payable to the external firms being £761k (14.0%) better than budget.
9. Staff costs including agency expenditure was £457k (2.2%) better than budget.
10. IAS 19 pension costs were £794k (17.4%) better than budget. This underspend is attributable to the unfunded scheme, which is £335k better than budget and the funded scheme, which is £459k better than budget. The improvement in the unfunded scheme is due the significant adjustment to the discount rate reducing the overall liability. A key factor for the current service cost is the paybill for the year and the contributions that this generates. As this was lower than budget it has an impact on the charge for the year.
11. Other expenditure £94k (1.9%) better than budget. The main positive variances were recorded in travel & subsistence (£147k), depreciation (£50k) and other costs (£277k). The main adverse variances appear in information technology (£138k), recruitment (£60k) and

property (£108k). Other costs includes the unallocated management contingency budget of £276k.

- 12.** A new Financial Performance Executive Summary has been prepared and is in Appendix 1 attached to this report. This is subject to further development to support improved scrutiny of the strategic management of Audit Scotland's financial position.
- 13.** The detailed variance analysis and explanation is provided in Appendix 2 attached to this report.

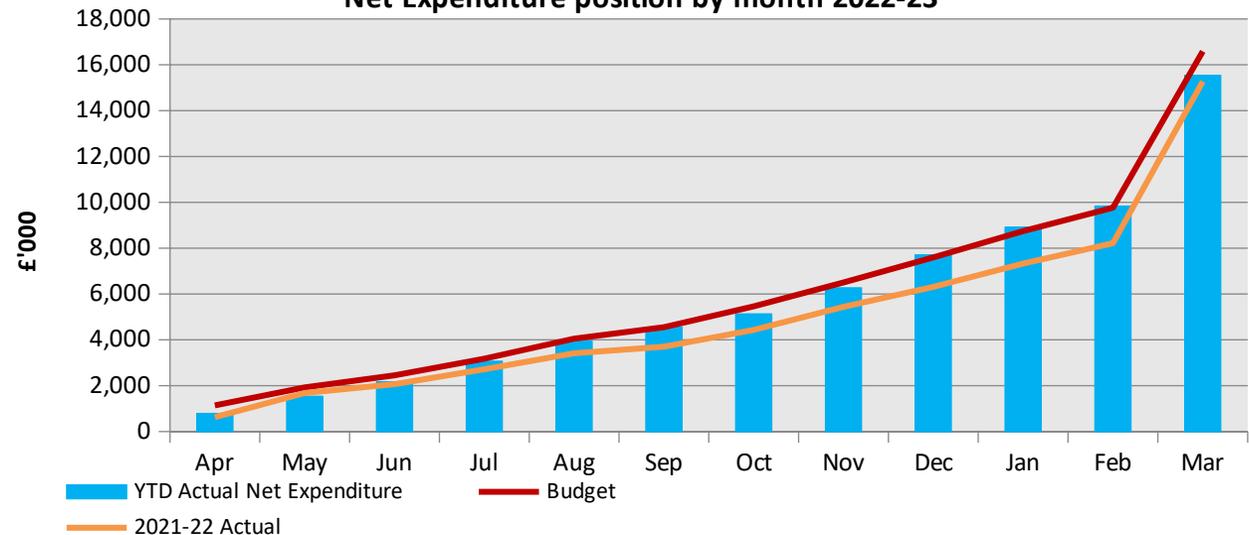
Budget adjustments

- 14.** The impact of the new audit appointments has led to budget adjustments to fee income, central charge income and firms expenditure budgets. The adjustments have been made to improve transparency and have no impact on the overall core budget requirement for 2022/23.
- 15.** As approved by the Board and Parliament there is a Spring Budget Revision budget adjustment for £5.2 million to cover the impact of IAS 19 pension charges.
- 16.** Following these adjustments the revised Scottish Consolidated Fund budget is £16.587 million.

Financial Position

- **Income** - behind plan on completion of 21/22 audits and commencement of 22/23 audits. Impact of change in central charges approach under new best value regime.
- **Pay** - underspend broken down into pay (£457k) and IAS 19 pension adjustments (£794k). The pay underspend is due to the average whole time equivalents (w.t.e.) position being 13.9 below funded establishment which has been reduced by the increase in the final pay settlement. The pension position reflects an underspend of £459k in the adjustment for the funded scheme and an underspend of £335k for the unfunded schemes.
- **Non-pay** - underspend in firms expenses, travel & subsistence, depreciation and other costs reduced by overspends in IT, recruitment and property.
- **Capital** – expenditure on laptops, furniture, mobiles, office enhancements and business management system.
- **Management contingency** - £224k allocated to meet increase in Edinburgh office rent, depreciation adjustment and recruitment costs. Unallocated balance £276k.

Net Expenditure position by month 2022-23



Q4 Financial Performance Report by Business Group

The financial position as at March for each business group is detailed here.

- **Overall** - at the end of 2022/23 the revenue financial position was £1,039k (6.3%) better than budget.
- **Audit Services Group** - 21/22 and 22/23 audit work behind plan leading to reduced fee income recognition. Pay underspend due to lower than planned average w.t.e and savings generated in travel and lease car expenditure.
- **Performance Audit and Best Value** - pay costs underspend with average w.t.e. 6.7 below funded establishment. Vacant posts in the process of being filled. Non-pay costs reflect reduced expenditure on subscriptions and professional fees/consultancy.
- **Corporate Services Group and Corporate Costs** - income variance relates to corporate central charges and impact of new best value regime. Underspend in pay with average w.t.e. below plan and underspend generated by IAS 19 pension costs.
- **Approved Auditors** - fee income worse than revised budget reduced by savings generated in firms payments and expenses. Net overspend due to increase in allocation of non-chargeable audits under the new appointments.
- **Accounts Commission and Secretary** - pay overspend due to Controller of Audit post partially offset by savings made at start of year with vacant Commission member positions. Overspend in non-pay due to recruitment and livestream costs.
- **Board, AGS and Exec Team** - pay costs reflect increase in Exec Team posts. Non-pay is final balance for senior recruitment higher than planned and cost of staff conference.

Headline Results

The summary financial position to 31 March 2023:

£000	Annual Budget	Actual	Budget	Var.	% Var.	Prior Year	Note
Fee Income - In House	9,046	8,627	9,046	(419)	-4.6%	7,656	1
Fee Income - Audit Firms	6,168	5,350	6,168	(818)	-13.3%	5,915	2
Central Charges	4,884	5,083	4,884	199	-4.1%	5,660	3
Rebate	0	(36)	0	(36)	-	(1,320)	4
Interest	0	9	0	9	-	1	
Other Income	0	(13)	0	(13)	-	11	
IAS 19 Income	(736)	(725)	(736)	11	1.5%	(939)	
TOTAL INCOME	19,362	18,295	19,362	(1,067)	-5.5%	16,984	
Approved auditors	5,440	4,679	5,440	761	14.0%	4,978	2
Staff salaries and oncosts	21,080	20,559	21,080	521	2.5%	19,039	5
Payroll provisions incl. severance	9	0	9	9	-100.0%	114	
Agency and secondment costs	15	88	15	(73)	-486.7%	140	5
IAS 19 Pension costs	4,564	3,770	4,564	794	-17.4%	4,610	6
Property costs	1,046	1,154	1,046	(108)	-10.3%	919	7
Travel and subsistence	525	378	525	147	28.0%	324	8
Legal, professional and consultancy	841	843	840	(3)	-0.4%	636	
Training	523	560	523	(37)	-7.1%	452	9
Recruitment	180	240	180	(60)	-33.3%	235	9
Printing and office costs	235	270	235	(35)	-14.9%	225	10
Information technology	613	751	613	(138)	-22.5%	666	11
Audit	60	59	60	1	1.7%	56	
Depreciation	465	415	465	50	10.8%	320	12
Other costs	353	77	354	277	78.2%	38	13
EXPENDITURE	35,949	33,843	35,949	2,106	5.9%	32,752	
NET OPERATING (EXPENDITURE)	(16,587)	(15,548)	(16,587)	1,039	6.3%	(15,768)	

Funded by Scottish Consolidated Fund	16,587	15,548	16,587	(1,039)	15,768
--------------------------------------	--------	--------	--------	---------	--------

Income and Expenditure Summary

1. Fee Income – In House

A major target in the medium term is to recover to the audit deadlines achieved before the impact of the Covid-19 pandemic. The fee income budget reflects this ambition and is a reason why there is a volume variance against the 2022/23 audit year.

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 31 March 2023 for in-house audits:

Sector	2021/22 Audit Year			2022/23 Audit Year			Prior Years	Total
	Volume		Price	Volume		Price		
	WIP %	£	£	WIP %	£	£		
Local Government	-2.87	-135	+57	-3.34	-223	+4	+1	-296
Health	-	-	-	-2.48	-46	-	-	-46
FE	-	-	-	-17.71	-80	-	-	-80
Central Government	-	-	+4	-0.86	-16	+3	-	-9
Non-statutory	-	-	-	-5.08	-27	-2	+41	+12
Total – Mar 23	-2.87	-135	+61	-3.24	-392	+5	+42	-419

Local Government

Local Government audits for 2021/22 are 2.87% from completion and subsequently behind budget leading to a negative volume variance of £135k. There is a positive price variance of £57k 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 is due to the additional audit work required on charitable trust accounts.

Audit year 2022/23 is year 1 of the new audit appointments and the work to date is currently behind plan, leading to an adverse volume variance of £223k.

Health

The 2021/22 health audits are complete.

Audit work for 2022/23 is 2.48% behind plan leading to a negative volume variance of £46k.

Further Education (FE)

ASG are responsible for the delivery of two 2021/22 audits, Dundee & Angus College and Edinburgh College. Both these audits are complete.

For the 2022/23 new audit appointments ASG have been allocated 8 FE audits and work is 17.71% behind budget leading to a negative volume variance of £80k.

Central Government

Central Government chargeable audits for 2021/22 are complete with a minor positive price variance due to an increase in fee being identified for a new public body, Office of The Scottish Biometrics Commissioner.

Work on 2022/23 audits has commenced with the current position being a negative volume variance of £16k, reduced by a positive price variance of £3k.

Non-statutory

The European Agricultural Fund Account (EAFA) audit for 2020/21 is now complete and is recognised in the prior year adjustment of £41k. The fee level for 2021/22 remains at the prior audit year level of £550k. This audit was completed by the target deadline of February 2023.

2. Fee income and expenditure – Audit Firms

There is a negative income variance of £818k and a positive expenditure variance of £761k for approved auditors. The overall £57k negative variance is due to the increased allocation of non-chargeable audits for the 2022/23 new audit appointments.

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 31 March 2023:

Sector	2021/22 Audit Year			2022/23 Audit Year			Prior Years	Total
	Volume		Price	Volume		Price		
	WIP %	£	£	WIP %	£	£		
Local Government	-4.40	-132	+152	-16.93	-712	+12	-	-680
Health	-	-	+2	+2.14	+32	+5	-	+39
Water	-	-	-	-20.07	-84	-	-	-84
FE	-0.83	-4	+71	-19.35	-110	-	-	-43
Central Government	-4.11	-24	+41	-8.04	-65	-2	-	-50
Total – Mar 23	-3.74	-160	+266	-2.68	-939	+15	-	-818

Local Government

Audits in the local government sector for 2021/22 are not complete and are 4.40% worse than budget leading to a negative volume variance of £132k. Currently the audit firms have agreed fees above expected fees leading to a positive price variance of £152k. The most significant increases in the sector have been applied to Aberdeen City Council, Falkirk Council, Highland Council, Midlothian Council, City of Edinburgh Council and West Lothian Council.

Audit work for 2022/23 has commenced leading to a negative volume variance of

£712k which is reduced by a minor positive price variance of £12k.

Health

Health audits for 2021/22 are complete.

Audit work for 2022/23 is 2.14% ahead of budget leading to a positive volume variance of £32k. There is also recognition of a minor price variance of £5k.

Water

The 2021/22 audit is complete and the 2022/23 audit is 20.07% behind plan which is based on completion rates from previous years.

Further Education (FE)

2021/22 audits are 0.83% behind plan leading to a minor volume variance of £4k. There is also a positive price variance of £71k. This is mainly due to agreed fee increases being applied to Fife College, Levenshulme College, North Highland College, Perth College and South Lanarkshire College.

Audit work for 2022/23 has commenced and is 19.35% behind plan which leads to a negative volume variance of £110k.

Central Government

Central government chargeable audits for 2021/22 are 4.11% behind plan. The positive price variance relates to agreed fee increases with the largest being applied to Crown Estate Scotland, Crofting Commission and SEPA.

The 2022/23 audits in the sector are 8.04% behind plan with a negative volume variance of £65k being recognised.

3. Central charges

The central charges budget for 2022/23 has been reduced due to the change in approach for best value audit work. For the new audit appointments commencing in 2022/23 best value is now included within the auditor remuneration fee and not recovered through central charges. Fee income budget for local government audits has increased, which is offset by the reduction in central charges budget.

There is a favourable outturn in the year-end position due to the write back of the pooled costs element of central charges. The closing work-in-progress position has improved from prior years enabling the recognition of more central charge income.

4. Rebate

An adjustment to the rebate provision covers a potential rebate of some of the pooled costs charged in the 2021/22 audit fees. The actual expenditure incurred on travel and subsistence and firms expenses continues to be less than planned as developments are made in delivering audit from the office, on-site and at home.

The total provision in the balance sheet now stands at £418k and a strategy will be required to reduce future fees to include this adjustment.

5. 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	10,942	10,705	10,942	237	178.3	182.8	a)
ASG agency & secondments	15	0	15	15			
PABV staff costs	5,431	5,154	5,431	277	78.8	85.5	b)
PABV agency & secondments	0	0	0	0			
CSG staff costs	2,629	2,452	2,629	177	38.5	41.2	c)
CSG agency & secondments	0	32	0	(32)			
Business Support staff costs	994	926	994	68	22.6	23.6	d)
Business Support agency & secondments	0	56	0	(56)			
Governance & Other staff costs	1,084	1,322	1,084	(238)	5.8	4.8	e)
Governance & Other agency & secondments	0	0	0	0			
Total staff costs	21,080	20,559	21,080	521	324.0	337.9	
Total agency & secondments	15	88	15	(73)			

a) There is an underspend (£237k) for the year with the actual average whole time equivalent (w.t.e.) being 4.5 less than budget, which equates to £270k. The negative price variance of £33k is due to the pay settlement being higher than budgeted, which has been reduced by the pay scale position of staff compared to budget (e.g. more trainees funded by vacancies in auditor posts).

There has been no agency costs.

b) PABV underspend of £277k is due to the level of vacant positions which we are in the process of filling. The w.t.e. saving of 6.7 equates to £431k. The adverse price variance of £154k is the impact of the pay award.

c) The average staff resource in CSG has been 3.7 w.t.e. less than budget leading to a volume underspend of £172k. There has also been a minor positive price variance of £5k.

Agency costs totalling £32k have been required to provide for a temporary HR Advisor and a Comms position. These costs are being funded by the savings generated through vacant posts.

d) Business support underspend generated through vacant posts throughout the year. There is a w.t.e. saving of £41k and a price variance of £27k.

Agency expenditure of £56k relates to temporary cover requirements for vacant Executive Assistant posts during the year.

e) The expenditure in Governance & Other is over budget due to year-end adjustments for holiday pay, provisions and senior posts created in year with no budget allocation. This has been addressed for 2023/24.

6. IAS 19 Pension costs

IAS 19 pension costs are £794k (17.4%) better than budget. The unfunded scheme is £335k better than budget due the significant adjustment to the discount rate reducing the overall liability as at 31 March 2023.

The funded scheme is £459k better than budget. A key factor for the current service cost is the paybill for the year and the contributions that this generates. As this was lower than budget it has an impact on the charge for the year included the Actuary

report.

7. Property

Overspend in property expenditure mainly due to provision for the impact of rent reviews (£32k), dilapidations provision (£37k), security enhancements (£13k) and cleaning (£11k).

8. Travel and subsistence

We have incurred lower than planned travel and subsistence expenditure as we continue to deliver the majority of our audit work remotely. The position for 2022/23 is an underspend of £84k.

Savings of £63k 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 a lease car.

9. Training and Recruitment

Overspend in training due to the costs of the annual staff conference in Glasgow and the associated costs of this event.

Recruitment overspend attributable to the unbudgeted recruitment costs of a Controller of Audit post (£33k) and new members of the Accounts Commission (£23k).

10. Printing and office costs

Overspend mainly due to unbudgeted expenditure in respect of the AV Livestreaming of Accounts Commission meetings.

11. Information technology

Overspends in software development, communications and licences are the main reasons for the adverse variance within information technology. There have been instances of dual running of systems as we migrate from the old to new (e.g. HR, payroll, telephone system). This position has been forecast throughout 2022/23 and was being funded by savings within other Digital Services expenditure headings. The actual final outturn was £15k better than the projections made in December.

12. Depreciation

In the Spring Budget Revision an adjustment was made to cover increased depreciation costs. While the full adjustment was not required due to the timing of 2022/23 capital expenditure there was still a requirement for additional budget to meet increased expenditure.

13. Other costs

The budget underspend is due to the management contingency budget which at the end of the financial year had an unallocated balance of £276k.

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 March budget transfers of £224k have been approved by ET to meet the additional costs of the Edinburgh office rent review, the balance due in respect of senior management recruitment costs and an allocation to support

increased depreciation costs following the additional capital investment in 2021/22.

Longer-term financial planning and the 2023/24 budget proposal identifies that the following factors need to be carefully managed to deliver within budget in 2023/24:

- Future pay award settlements
- SCF funding pressures
- SCPA continue to support funding increase
- Impact on fees and funding
- 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 total capital expenditure in 2022/23 was £203k, £47k less than budget. The budget planned to spend the allocation on potential office re-configuration and new IT hardware and software.

The expenditure incurred in the year enabled us to start the laptop replacement programme (£163k), replace chairs in the Glasgow office (£15k), provide mobile phones to new colleagues (£16k), replace coffee machines (£6k) and make the final payment due for the business management system (£3k).

Stuart Dennis
Corporate Finance Manager
2 May 2023

Information Security Management Policy review

Digital Project Manager

Item 15
Meeting date: 23 May 2023

Purpose

1. The purpose of this report is an annual review of the Audit Scotland Information Security Management Policy.

Recommendations

2. The Audit Scotland Board is invited to:
 - Note the updated policy and provide approval and final sign off.

Background

3. The Information Security Management Policy sets out Audit Scotland's information security objectives, with clearly defined roles and responsibilities.
4. The ISO 27001 standard requires that to maintain our ISO 27001 certification, we need to have a defined approved by management policy that is available to employees and relevant external parties. Once approved, the updated version will be published internally on our Staff Handbook and externally on the Audit Scotland website.
5. The proposed policy updates were approved by the Knowledge, Information, Technology & Governance (KITGG) on 22 March 2023 and the Executive Team on 9 May 2023.
6. Approval of our Information Security Management Policy by the Executive Team and the Board is a positive way of demonstrating that information security is a priority for Audit Scotland. We use evidence of the policy approval process at ISO 27001 surveillance audits. The most recent audit was completed in April 2023 and conducted by the certification body LRQA, with no new recommendations made.
7. As part of this review, only one minor amendment was made to our information security objectives and this is to improve information security training. All other changes proposed are to reflect organisational change in the last year and these have been included as tracked changes for ease during the policy review process.
8. KITGG considered the current objectives to be effective and how we achieve these is captured through annual review of our Information Security Management Framework.
9. Minor updates were made to the visio diagram in the policy Appendix and again this was to reflect organisational change and merging of documentation to avoid duplication.

Financial Implications

10. There are no financial implications resulting from this update.

Considerations

- KITGG approval of proposed updates on 22 March 2023
- Executive Team approval 9 May 2023
- Minor change to improve information security training and other updates to reflect organisational changes in 2022/23
- Appendix title updated.

Conclusion

- 11.** Approval and final sign-off of the policy required by the Audit Scotland Board, as part of annual review process.

Information Security Management Policy

Owned and maintained by:	Digital Services / Head of Digital Services
Date checked/ created:	22 March 2023 approved by KITGG
Next review date:	9 May Executive Team, then 23 May Board

Introduction

1. This policy sets out that in respect of the information Audit Scotland holds and processes it will have arrangements in place to:
 - protect and maintain the confidentiality, integrity, quality and availability of all the information it holds and processes
 - manage all the information it holds and processes to meet its contractual, legal and regulatory obligations.
2. This policy is supported by [the Information Security Management System documentation policies, standards, procedures and these are](#) shown in the diagram at Appendix 1.

Scope

3. This policy is mandatory for all employees, contractors and consultants employed by Audit Scotland. Failure to comply with this policy and supporting information security policies may result in disciplinary action.

Information Security Objectives

4. Audit Scotland will:
 - treat information security as business critical, whether that be for Audit Scotland information or client data managed by Audit Scotland
 - seek to ensure the confidentiality, integrity and availability of Audit Scotland's and client owned information, held by and managed by Audit Scotland
 - produce, maintain and test business continuity plans to ensure the availability of its information and information systems
 - ensure that wherever possible its information is open, not restricted by financial or legal agreements
 - meet legislative and regulatory requirements (including intellectual property rights)
 - comply with all relevant data protection regulations and implement privacy by design in all information systems

- identify and implement appropriate controls for information assets proportionate to levels of risk
- manage information security risks to an acceptable level, as defined in the Risk Framework
- communicate all appropriate information security policies to all employees, contractors, consultants, clients and other stakeholders
- allocate individual accountability for compliance with all appropriate information security policies, standards, guidance and procedures
- report and investigate all information security breaches, whether actual or suspected and ensure they are reported and investigated in line with approved policies.
- continue to improve information security management and [training to](#) raise awareness of the importance of information security regularly to our colleagues.
- develop, implement and maintain an Information Security Management System (ISMS) in accordance with guidance contained within ISO/IEC 27001:2013 standard.

Responsibilities

5. Audit Scotland's Board through its Audit Committee has oversight of risks, including information risks.
6. Audit Scotland's Accountable Officer, with support from the [Management Executive](#) Team, has overall responsibility for ensuring this policy is effectively implemented and delivered.
7. Audit Scotland's Senior Information Risk Officer (SIRO) is the Chief Operating Officer, who is responsible for the overall management of the organisation's information risks.
8. ~~A monthly or if needed more frequent, cyber security update is scheduled with the SIRO and a member of t~~**The Digital Services Management Team (DSMT)** that ensures the latest updates are provided to Senior Management demonstrating leadership and commitment to ISO 27001:2013.
9. In addition to the regular SIRO update, a 6-monthly update on Digital Security is provided to [Management Executive](#) Team and then the Audit Committee.
10. Audit Scotland's [Management Executive](#) Team will implement and manage appropriate controls to enable conformance to information security policies within their own areas of responsibility and will ensure individual accountability for control performance.
11. The Knowledge, Information and Technology Governance Group (KITGG) will support the Accountable Officer, Senior Information Risk Officer and [Management Executive](#) Team by assessing and mitigating information security risks through standing agenda items on Digital Security and Corporate Risk Register review, both providing assurance.
12. The KITGG will maintain this policy and associated information security policies ensuring they are communicated, reviewed and updated in response to changes in risks faced by Audit Scotland, legislation, and internal operational working practices.

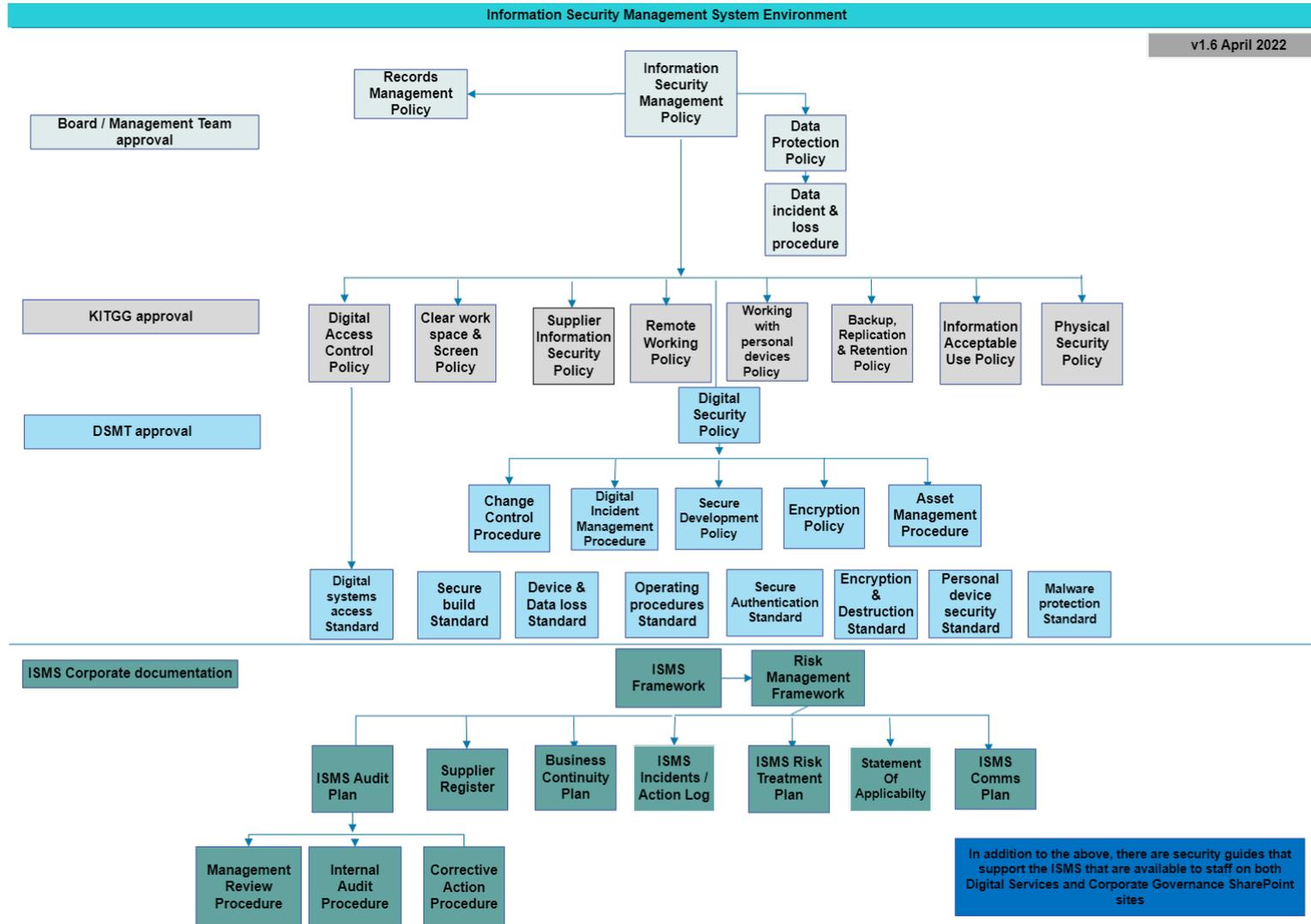
13. The KITGG will review and monitor all information security policies and our performance in meeting their requirements is monitored and reviewed on an annual basis.
14. The DSMT will maintain the Digital Services Strategy, information security standards, guidance and procedures ensuring they are communicated, reviewed and updated in response to changes in risks faced by Audit Scotland, legislation, and internal operational working practices.
15. The Digital Services Team will deliver the Digital Services Strategy ensuring that all the Audit Scotland's digital systems and services provide an environment that is independent of location, where colleagues can work safely, securely, and effectively, while supporting high quality audit work.
16. The Corporate Governance Manager (CGM) is the designated Data Protection Officer for Audit Scotland, responsible for updating Audit Scotland's Data Protection Policy. In addition, the CGM is the organisation's Records Manager managing data subject access requests and providing governance and compliance advice to staff.
17. Information Asset Owners must understand what information is held by their business group, and approve the permissions required to access it.
18. All Managers will be responsible for implementing and communicating appropriate information security policies, guidance and procedures.
19. All employees, contractors and consultants employed by Audit Scotland are required to play an active role in the protection of Audit Scotland's assets and treat information security appropriately, in order that this purpose can be achieved.

Change Log

Date	Author	Description
01/05/19	Digital Services Manager	Annual effectiveness review by KITGG, Management Team and the Board. Minor changes made to policy. Appendix 1 diagram updated to reflect current ISMS documentation.
13/05/20	Digital Services Manager	Annual refresh, additional objective included, CGM role updated and removed reference to Cyber Essentials Plus as superseded by ISO 27001. Board approved.
22/09/21	Digital Services Manager	Delayed annual refresh, minor change to responsibilities to include the Digital Services Strategy and Digital Services Team. KITGG and Management Team approved, with final sign off by the Audit Scotland Board on 22/09/21.
17/05/22	Digital Services Manager	Annual effectiveness review of policy and review timing aligned with all other ISMS documentation. Renamed Commitments section to be aligned with ISMS

		Framework & Scope. Additional objectives included with an emphasis on risk and raising awareness of information security. ISMS environment diagram updated to reflect document changes. Board approved.
<u>23/05/23</u>	<u>Head of Digital Services</u>	<u>Annual review of policy by KITGG, Executive Team and the Audit Scotland Board.</u>

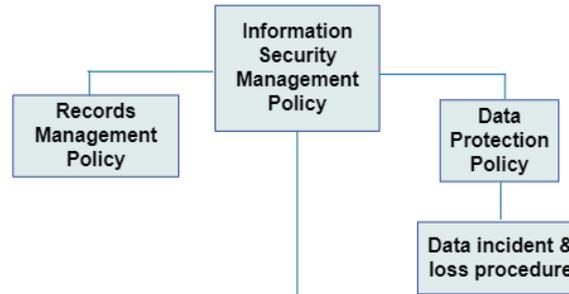
Appendix 1



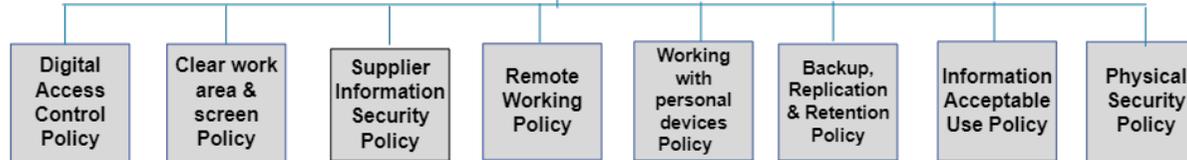
Information Security Management System Environment

January 2023

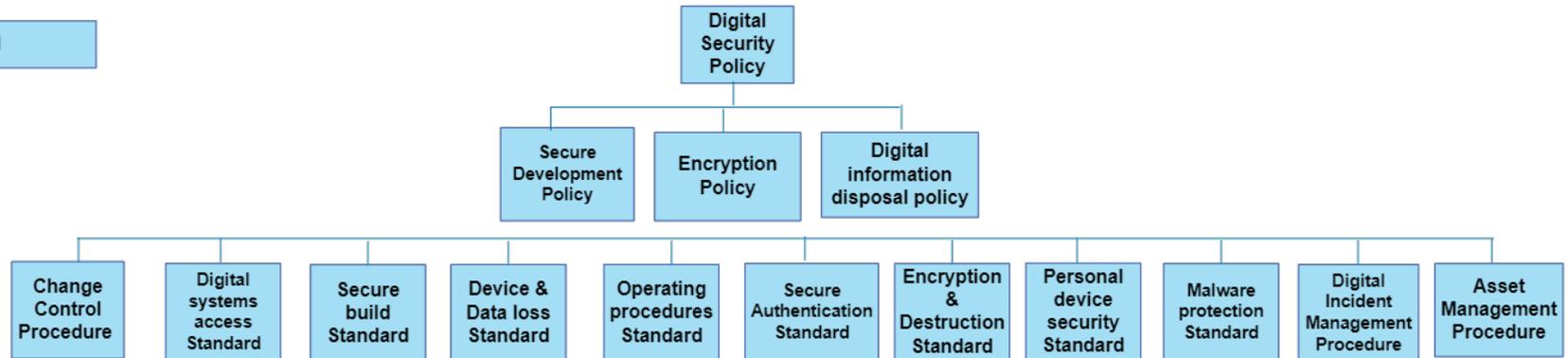
Board / Executive Team approval



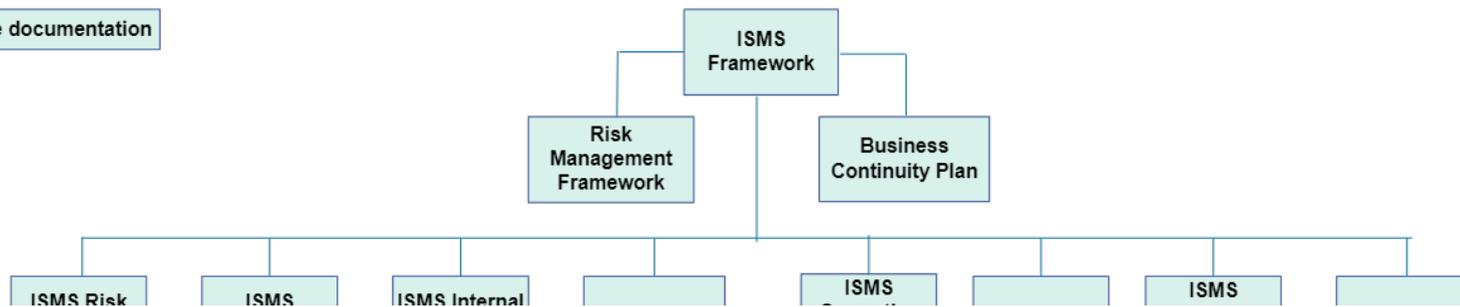
KITGG approval



DSMT approval



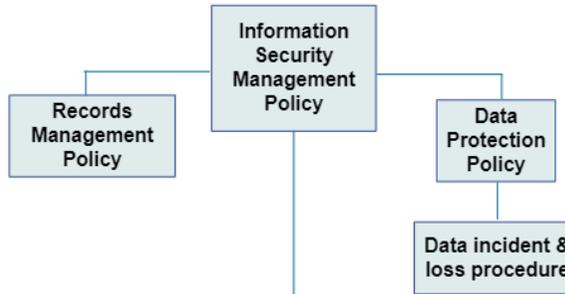
ISMS Corporate documentation



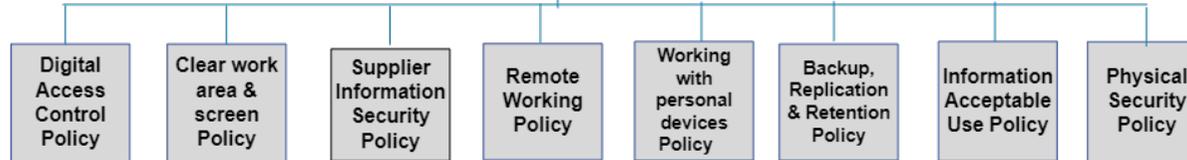
ISMS structure & supporting documentation

January 2023

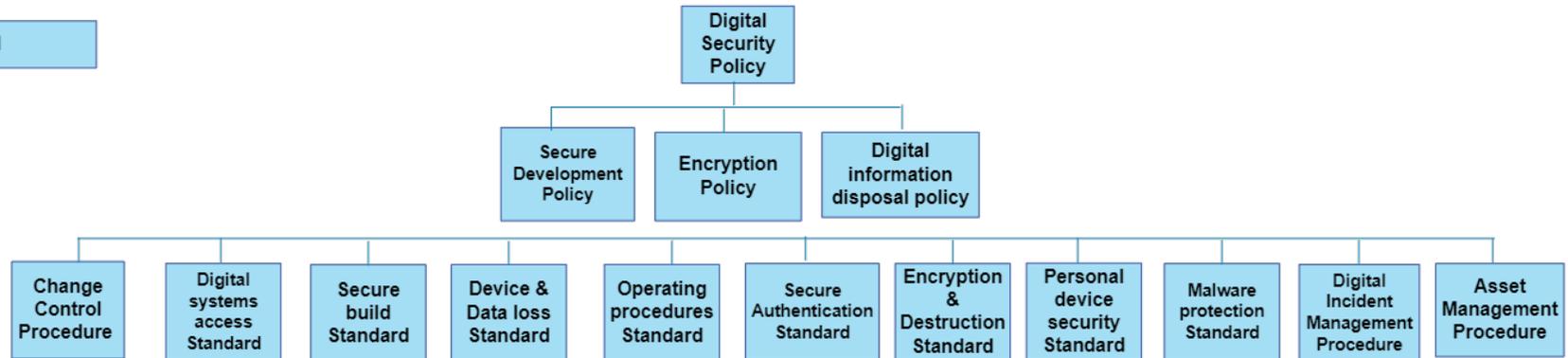
Board / Executive Team approval



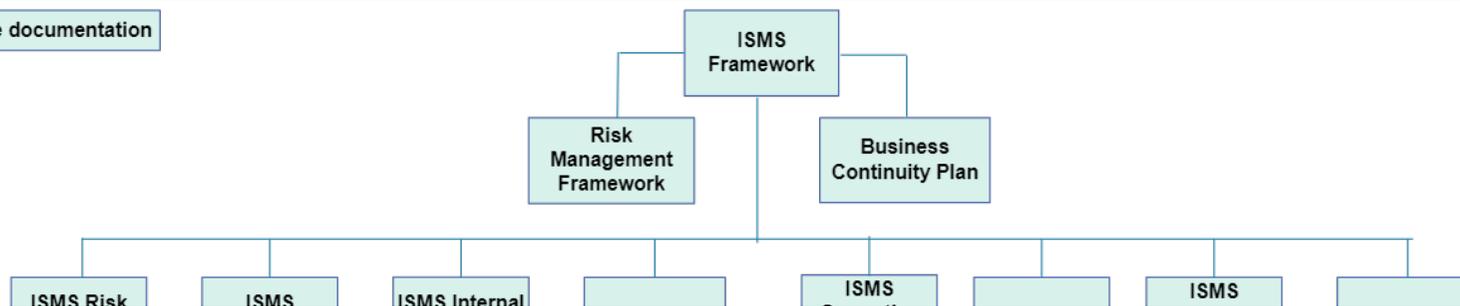
KITGG approval



DSMT approval



ISMS Corporate documentation



Staff Handbook policy review

Head of Human Resources (HR)

Item 16
Meeting date: 23 May 2023

Purpose

1. This report invites the Board to conduct an annual review of two policies held within our staff handbook on SharePoint, Bullying and Harassment and Diversity and Equality.

Recommendations

2. The Board is invited to:
 - Note the report
 - Approve the proposed changes to both policies.

Background and considerations

3. During 2022, Executive Team shared the findings of a stress survey with colleagues which highlighted some incidences of bullying and harassment by colleagues. As a result of this, one of our actions included the demonstration of a zero-tolerance approach to any bullying or harassment at Audit Scotland with this policy now going via the Board for approval, rather than Executive Team only.
4. The Bullying and Harassment policy was reviewed in 2022. Typically, this policy would be reviewed two yearly. Due to the important focus on the findings received, we agreed a further policy review of the policy again in 2023 would be helpful.
5. Our Diversity and Equality policy is typically reviewed on an annual basis. During 2023 we welcome looking forward to working again with [Business in the Community](#) who will continue to help us further develop our strategy and associated policies around diversity, equality and inclusion.
6. Our HR team use a tool called [XpertHR](#) to ensure our policies and templates remain compliant and up to date with best practice in employment law.
7. Our Public and Commercial Services (PCS) union have been consulted on both draft policies and their suggested changes have been accounted for in the final drafts.

Conclusion

8. A summary of the changes proposed can be found in the below table for ease:

Policy description	Review outcome	Approval level
Bullying and Harassment policy	Inclusion of information about support and training on offer to all colleagues.	Board

	Other small, non-substantive changes proposed.	
Diversity and Equality policy	<p>Inclusion of information about our range of employee network groups which can offer support, advice and guidance to colleagues.</p> <p>Other small, non-substantive changes proposed.</p>	Board

9. Subject to Board approval, the draft policies will be shared on Yammer with all colleagues and updated within the staff handbook on SharePoint.

Diversity and Equality policy

Owned and maintained by:	Human Resources
Date checked/ created:	June 2021 <u>May 2023</u>
Next review date:	June 202 <u>5</u> 3

Introduction

Audit Scotland is committed to eliminating discrimination, valuing and promoting equality and diversity amongst our workforce and will work towards increasing the diversity of our employees. It is our policy to treat all job applicants and employees fairly and equitably regardless of age, disability, sex, gender reassignment status, marriage or civil partnership status, maternity or pregnancy, race, religion or belief or sexual orientation¹.

We will strive to take a leading role in advancing equal opportunities practices and diversity both as an employer and in our auditing role. In relation to employment, this policy statement applies to recruitment and selection, promotion, training, terms and conditions of employment, pay and benefits and every other aspect of employment, including general treatment at work and the processes involved in the cessation of employment.

This policy applies to all to job applicants (internal and external), employees, secondees, agency staff, clients, suppliers and contractors, whether permanent or temporary.

Audit Scotland will do all it reasonably can to promote good practice in this area in order to eliminate discrimination, harassment and victimisation, advance equality of opportunity and promote good relations.

Audit Scotland aims to be an organisation which is broadly representative of the communities it serves. We will demonstrate our commitment by:

- Ensuring diversity and equality is at the heart of policy-making and taking a lead role in demonstrating best practice.
- Actively promoting equality of opportunity through circulating recruitment vacancy details as widely as possible and monitoring our recruitment practices.

¹ These characteristics are called 'protected characteristics' as defined by The Equality Act 2010. Audit Scotland considers Disability under the social model of disability. We recognise that it is often the barriers in society that exclude people with disabilities, rather than individual impairments and conditions.

- Treating all our employees with respect and equality of opportunity in order that their selection and subsequent development is based entirely on merit.
- Creating a working environment that promotes dignity and respect for all. No form of discrimination², bullying, harassment or victimisation will be tolerated against any current or prospective employee on the grounds of their age, disability, sex, gender reassignment, marriage or civil partnership, maternity or pregnancy, race, religion or belief or sexual orientation.
- Raising employee awareness about equality and valuing diversity and enabling managers to promote and be accountable for equality of opportunity through 3D developmental discussion and training for all employees.
- Positively valuing the different attributes, perspectives and skills of employees and making full use of these.
- Putting in place any reasonable adjustments to the job or working conditions for a disabled colleague or prospective employee.

Recruitment and selection

We will carefully consider whether vacancies should be advertised internally or externally. Where externally advertised, we are committed to developing and monitoring our recruitment and employment policies to ensure they are accessible to all sections of the community.

When establishing criterion for recruitment into vacant posts, we will consider carefully what is relevant and necessary for the effective performance of the job. Criterion will not be imposed unless there is a proper job-based reason why they are necessary.

All job applicants will be asked to complete an online diversity monitoring section including details of their age, disability, ethnic origin, sex and race, religion or belief, and sexual orientation³. Audit Scotland guarantees the information provided will be used solely for the purposes of monitoring the effectiveness of our diversity and equality policy and will be kept confidential by the Human Resources (HR) team.

All managers involved in any form of recruitment or selection will first complete recruitment and selection training, which includes a dedicated diversity and equality module. Our separate on-line diversity training package for managers also provides practical examples of diversity and equality issues in relation to recruitment and selection. Members of the HR

² The non-discrimination principle in this policy includes the prohibition of discrimination against an individual because they associate with someone with a protected characteristic, for example, an employee who is married to someone from a minority ethnic group. It applies equally to situations where someone thinks or perceives (rightly or wrongly) that a colleague has a particular protected characteristic e.g. they are undergoing or have undergone gender reassignment or have a disability.

³ This is voluntary and includes a “prefer not to say” option.

&OD team work closely with managers at all stages of the recruitment process, advising and supporting them on good practice and helping with individual questions that arise.

Monitoring

We are committed to our monitoring requirements under the Equality Act 2010 and meeting our general and specific duties under this act.

To ensure accuracy in our reporting, employees are asked to update their diversity information annually. This includes details of their protected characteristics including disability, religion or belief and sexual orientation. We guarantee that the information provided will be used solely for the purpose of monitoring the effectiveness of our diversity and equality policy and will be held securely.

All business groups have representatives on the Equality and Human Rights Steering Group (EHRSG). This group is responsible for our Equality Outcomes and Mainstreaming reporting, a full report is produced every four years. Annual reporting is carried out on equality and diversity across our workforce and recruitment activity by the HR-&OD team.

This reporting information is used to promote discussion and inform future policy and enhance business processes.

Further information on what information we ask employees to provide and how we use it can be found in Appendix One.

Our diversity policies and network groups

Audit Scotland has a number of diversity policies in place, including an equal pay policy statement, religion and belief observance policy, gender reassignment policy, and bullying and harassment policy.

Any employee can use the bullying and harassment or grievance policies to complain about discriminatory conduct. Audit Scotland is keen to ensure that all employees feel comfortable about raising such complaints. Employees should be able to raise a concern in the knowledge that their complaint will not be held against them unless it is made in bad faith e.g. out of malice. All diversity policies can be accessed through our staff handbook.

[There are also a variety of employee network groups which can provide guidance and support to colleagues where requested. For example our Disability Confident working group, our Race, Ethnicity and Cultural Heritage group and our LGBTQ+ group. Details of the groups available can be found on our intranet site here.](#)

Disability Confident employer

Audit Scotland has received accreditation as a Disability Confident employer (Level 2) under the Disability Confident scheme, awarded by the [Department for Work and Pensions](#). We have made an ongoing commitment to recruitment, retention and development of employees with disabilities.

A disability is a physical or mental impairment which has an adverse effect on a person's ability to carry out normal day-to-day activities. A more detailed definition can be found in the Equality Act 2010.

Employees who have a disability or health condition or who become disabled in the course of their employment are encouraged to inform HR. ~~This can be done in person or by email.~~ This is voluntary but participation will help Audit Scotland monitor and improve our policies and working practices. Any information provided is held in confidence and cannot be seen by line managers, although sharing this information with line managers is encouraged to ensure the right support is put into place.

Under the Equality Act 2010, we have a duty to make reasonable adjustments to the job or working conditions for a disabled colleague or prospective employee. Some examples include:

- adjustments to the workplace to improve access or layout; moving tasks to more accessible areas;
- giving some of the disabled person's duties to another person;
- getting new or adapting existing equipment, eg chairs, desks, computers;
- modifying instructions or procedures, eg by providing in bigger text or Braille;
- improving communication, eg providing a reader or interpreter, having visual as well as audible alarms; and
- changes to working hours, location or working patterns.

Employees can discuss any reasonable adjustments they require with HR or their line manager and are encouraged to suggest any adjustments that they believe would be helpful. Careful consideration will be given to any proposals and, where reasonable, such adjustments will be made.

Personal counselling is also available to all Audit Scotland employees. This can help with a broad range of individual and/or social situations, for example, dealing with physical pain, depression or stress. More details can be found in our Occupational Health and Wellbeing policy.

Audit Scotland is committed to supporting employees who become disabled in the course of their employment to enable them to continue in their current job or a suitable alternative post.

Employee Training

All employees will receive training in diversity and equality of opportunity as a part of their induction. Further training and development is available to all employees as part of our rolling programme of learning across Audit Scotland.

Every person working for Audit Scotland has a personal responsibility for implementing and promoting diversity and equality principles in their day to day dealings with clients and with each other.

Retirement

Audit Scotland does not operate any compulsory retirement age, and each employee may choose for themselves when to stop working, subject to them continuing to be fit to perform their job to a satisfactory standard.

Appendix One

Why do you want my diversity information and what information do Audit Scotland ask for?

We currently ask you to provide information on your:

- Age
- Disability
- Ethnicity
- Sex
- Marital or civil partnership status
- Nationality
- Race
- Religion or belief
- Sexual orientation.

These characteristics (alongside maternity or pregnancy) are covered under the Equality Act 2010 as protected characteristics. The Act bans unfair treatment of people because of a protected characteristic they have.

Why do you want my information and how will you use it?

We want to ensure our practices, systems and policies are not directly or indirectly treating people unfairly. Therefore, each year we produce a report which includes an analysis of employee information (the latest report is available from the Audit Scotland website).

We also produce an equal pay review showing pay gap differences (our latest report is also available on our website). Under the public sector equality duty, we have a legal obligation to gather information on our employees, particularly in relation to recruitment, development and retention across all of the protected characteristics.

We must use the information to better perform the equality duty⁴ and publish a report to show a breakdown of information and details of the progress we have made in gathering and using this information.

We are also required to produce gender pay gap information showing the percentage difference between male and female average pay.

Example:

If our analysis showed a significant difference in the pay between men and women doing work of equal value or a lower proportion of minority ethnic group applicants were making it through our selection processes, then we would examine this further and take action as appropriate.

Why should I tell you about my religion or sexual orientation? It has nothing to do with my job.

We understand that this information is particularly personal and sensitive and you may not want to share it with us. However, we want to ensure our practices, systems and policies are fair and non-discriminatory. If we want to be able to do this, we need your information. Therefore, we encourage you to share your details.

What will happen if I disclose a disability?

If you indicate you have a disability, HR will work with you to determine your particular circumstances and discuss any reasonable adjustment(s) that could be made to support you in your role. However, we acknowledge that often those with a disability don't need or want additional support or assistance. We will not make any assumptions, but will listen to you and agree what, if any, support is required.

Who will see the information you hold about me?

Only you and the **Human Resources** team will be able to access your diversity information. Line managers will not have access. You complete and update the information confidentially on **Cascade the HR system** and it is protected by the General Data Protection Act 2018. We actively encourage you to review and update this information at least annually to ensure any changes are made.

When employee information is reported and published, it is not possible to identify individuals. For example, a report will show the percentage/number of LGBTQ+ employees compared to the percentage of those who are heterosexual/**straight**. However, no breakdown is provided where fewer than five employees are in a particular category.

We take confidentiality very seriously and you can be assured we will keep your information safe and secure.

Do I have to disclose my information?

⁴ to eliminate discrimination, victimisation, harassment and other prohibited conduct; advance equality of opportunity and foster good relations across the nine protected characteristics.

No. It is absolutely up to you. However, we would urge you to seriously consider sharing it with us, as it will help us ensure we are not treating people unfairly.

There is some information we need you to provide e.g. date of birth (age) and marital/civil partnership status for payroll / pension purposes and nationality for establishing your right to work in the UK.

Who can I go to if I have a question?

You can discuss with your line manager in the first instance or contact a member of the HR team. Alternatively, the [employee network groups or the Equality and Human Rights Steering Group \(EHRSG\)](#), will be happy to answer any questions. A list of current members is on SharePoint (Equality and Human Rights – Steering Group). All discussions will be treated confidentially.

Bullying and Harassment Policy

Owned and maintained by:	Human Resources
Date checked/created:	November 2022 April 2023
Next review date:	June 202 5 3

Statement of intent

Audit Scotland is committed to providing a working environment that is free from bullying and harassment of any nature. A workplace culture, where bullying or harassment is tolerated, is harmful to the wellbeing of our colleagues, as well as the wider organisation. We ~~will~~ take a zero-tolerance approach to non-inclusive behaviours.

Employees have the right to be treated with dignity and respect irrespective of their age, disability, sex, gender re-assignment, marriage or civil partnership, maternity or pregnancy, race, religion or belief and sexual orientation. No form of bullying and harassment will be condoned ~~at work or outside work~~, if it has a bearing on the working relationship. Any such action will be treated as a serious disciplinary offence.

All managers have a duty to establish and maintain a working environment free from bullying and harassment. All employees must comply with these guidelines and take steps to ensure that bullying and harassment does not occur. Disciplinary action, including dismissal, will be taken against those failing to fulfil their responsibilities.

Audit Scotland welcomes the support of PCS in seeking to secure a working environment free from bullying and harassment.

Principles

This policy has been designed to inform employees about the type of behaviour that is unacceptable and sets out the procedure for dealing with bullying and harassment.

Audit Scotland will not tolerate harassment or bullying of:

- job applicants and new recruits
- employees
- contractors
- agency workers
- clients

This policy also applies to work-related functions held outside of normal working hours, either on or off the organisation's premises, such as office parties, celebrations, working lunches, etc. The organisation will also not tolerate harassment of staff by third parties, for example, by clients, and will take appropriate action to deal with all instances which are reported.

Definitions of Bullying and Harassment

Bullying and harassment often take place with no witnesses. ~~Research suggests that bullying and harassment is just as likely to be perpetrated by females as by males and that bullying and harassment happens equally to men and women.~~

Victims may not always recognise what is happening and ~~end up feeling trapped, feel~~ isolated and powerless. They often believe their concerns will not be taken seriously and that further retribution will follow if they do complain. Individuals may have problems facing up to what is going on and employees need to be aware of a checklist of early warning signs. These include feeling persistently "got at", being criticised for work that has always been acceptable to previous ~~management bosses~~ and feeling blamed for other people's ~~mistakesactions~~.

Bullying

- There is no legal definition of bullying. The Dignity at Work Partnership's definition of bullying states, "Bullying can take many forms. It is generally accepted as unwanted behaviour that offends, persecutes or excludes someone. It includes treating individuals in a demeaning and unacceptable way and can be intimidating, malicious or insulting, or a misuse of power to undermine, humiliate, threaten or cause injury."
- Bullying can be physical, verbal or non-verbal conduct. It is not necessarily face to face and can be done by email, phone calls, online (cyber-bullying) or on social media. Bullying may occur during working hours or outside of work. See examples in Appendix One.

Harassment

- Is unwanted conduct that intentionally or unintentionally violates an individual's dignity or creates an intimidating, hostile, degrading, humiliating or offensive environment for that individual.
- Can take many forms, occur on a variety of grounds and may be directed at one person or a group of people. People can be subjected to harassment on a wide variety of grounds, for example, because of their sex, age or disability.
- Can also include sexual harassment. Sexual harassment is behaviour that has a sexual content or sexual connotation. Examples could include unwelcome physical touching, making sexual remarks to or about a person, telling jokes with a sexual content or displaying sexually explicit images on a computer screen. See further examples in Appendix One.

Victimisation

- ~~Victimisation is subjecting a person to a detriment because they have, in good faith, complained (whether formally or otherwise) that someone has been bullying or harassing them or someone else, or supported someone to make a complaint or given evidence in relation to a complaint. This would include isolating someone because they have made a complaint or giving them a heavier or more difficult workload.~~

Microaggression

- A microaggression is a subtle verbal or non-verbal behaviour, committed consciously or not, that is directed at a member of a marginalised group such as a racial or ethnic minority, and has a harmful, derogatory effect.
- Microaggressions cause others to feel dismissed, alienated, insulted, or invalidated. They make differences in power and privilege more apparent and perpetuate stereotypes and racism.
- Examples of these can include continued mispronunciation of names, asking someone who is a visible minority, "where are you really from" or a situation where someone tells a colleague who is LGBTQ that they "don't seem gay" or some other similar phrase.

Provided that you act in good faith, i.e. you genuinely believe that what you are saying is true, you have a right not to be victimised for making a complaint or doing anything in relation to a complaint of bullying or harassment. The and the organisation will take appropriate action to deal with any alleged victimisation, which may include disciplinary action against anyone found to have victimised you.

Victimisation

- Victimisation is subjecting a person to a detriment because they have, in good faith, complained (whether formally or otherwise) that someone has been bullying or harassing them or someone else, or supported someone to make a complaint or given evidence in relation to a complaint. This would include isolating someone because they have made a complaint or giving them a heavier or more difficult workload.

Making a complaint that you know to be untrue, or giving evidence that you know to be untrue, may lead to disciplinary action being taken against you.

In cases of bullying and harassment one incidence is sufficient for harassment to be deemed to have taken place. The test of whether the harasser ought to have known that the behaviour amounted to harassment is whether a reasonable person in possession of the same information would have known it did. Therefore, harassment can be an offence even if it is not intentional.

Legal Considerations

Audit Scotland has a legal and ethical responsibility as an employer to ensure that staff are not subjected to behaviour which may affect either their performance or, more importantly, their health and well-being.

An employer's responsibilities under the Health and Safety at Work Act 1974 include the provision of a safe and healthy working environment. Bullying and harassment is a cause of stress, which amounts to a serious health and safety issue. The Health and Safety Executive has published guidelines on stress at work, which include a section on dealing with bullying and harassment.

Under the Equalities Act 2010, employees are able to complain of behaviour that they find offensive even if it is not directed at them. In addition, the complainant need not themselves possess the relevant characteristic (for example, race or religion or belief) - it can be because of a perception or association with a person who has a particular characteristic.

Audit Scotland, together with any managers who fail to take steps to prevent harassment or investigate complaints, may be held liable for their unlawful actions. The intention of the perpetrator is irrelevant; it is the impact on the individual that determines whether bullying or harassment has taken place.

Effects of Bullying and Harassment

Bullying and harassment in the workplace can cause stress and anxiety, and affect the personal lives of those who suffer, as well as undermining morale and productivity. It can also lead to accidents, illness, and poor performance.

The symptoms of bullying and harassment include absenteeism, underperformance and high staff turnover. Preoccupied and anxious employees may become unwilling to make decisions or take the initiative, and may become quietly disruptive and demoralised. For examples of what might constitute bullying and/or harassment see Appendix One.

Making a Complaint

In the event of any member of staff being bullied or harassed, they have a right to, and are encouraged to, raise the matter informally with their line manager/a member of Human Resources ([HR](#)) or formally using the grievance procedure. It is the responsibility of all managers to take seriously, treat confidentially and thoroughly and speedily investigate any complaint of bullying or harassment.

There are two procedures by which an employee can make a complaint of bullying or harassment – informal and formal. The employee must decide which procedure to use and [can consider](#) whether to ask for confidential counselling. When appropriate, every effort will be made to resolve the situation informally. Some incidents, however, by virtue of their serious nature will need to be dealt with immediately under the formal procedure.

[Confidentiality will be maintained as far as possible. You may or may not want your manager or HR representative to talk to the individual on your behalf and, where possible, we will respect your wishes. However, if the welfare or safety of you or others is at risk or where your allegations are particularly serious, we may have to approach the individual and instigate a formal investigation. In such a case we will, where possible, discuss this with you first.](#)

1. Informal Procedure

- Employees are encouraged to keep a written record of any incidents of bullying or harassment, including the date, time, nature of incident(s), the names of those involved and the names of any witnesses.
- If possible, the person who is bullying or harassing should be told by the individual who is being bullied or harassed that the behaviour is offensive and unwanted and must stop. A colleague, manager or union representative can act as a witness when this statement is made. Alternatively, an appropriate manager or a member of the **Human Resources** team can be asked to speak to the alleged bully or harasser.
- Whenever possible, any complaint of bullying or harassment should be made in the first instance to the immediate line manager. Alternatively, you should speak with another appropriate member of the **Executive-business group's mManagement** team.
- **Human Resources** will give confidential support and advice to all parties as requested.
- Mediation provisions can also be considered to encourage early resolution.

Where informal methods fail, or the employee chooses not to use them or considers that the problem is sufficiently serious, a formal complaint can be made.

2. Formal Procedure

- The complaint should be made in writing, describing the incident(s) as fully as possible¹ to the **Human Resources & Organisational Head of HR Development Manager**, the Chief Operating Officer or another appropriate member of the Executive **Management** Team.
- A senior manager **or Director**, from another business group (to ensure impartiality), **may will** be appointed to investigate the complaint. They will interview the complainant², the person against whom the allegations are made and any relevant witnesses. These interviews will be conducted in confidence. All parties to these proceedings can be accompanied by a colleague or trade union representative.
- In some cases, an external investigator may be appointed at this stage to ensure impartiality, for example if the complaint is about a senior manager, member of the Executive Management team or a member of the HR team.

¹ The employee may consult with **HRuman-resources** if they are unsure how to present a written complaint.

² The aim is to establish all the evidence and employees who raise a complaint will be asked to disclose: the name of the person alleged to have breached this policy; what they personally observed, including words said, tone of voice, manner and other surrounding circumstances (as far as the employee can remember); the times and dates of alleged incidents and the names of anyone else present.

- All complaints will be handled and investigated in a timely manner. Wherever possible, the investigation will be concluded within two weeks of the complaint being received. If this is not possible, the complainant and the person against whom the allegations are being made will be advised of this and when the investigation is likely to be completed. Employees shall be guaranteed a fair and impartial hearing whether they are the alleged bully or the bullied.
- It may be necessary for one or both parties to be temporarily transferred to different teams while the investigation is carried out or for working from home to be considered. Only in the most serious cases of bullying or harassment will suspension be considered necessary. Such action is undertaken only with the prior approval of HR and in line with the guidance detailed within our Disciplinary Policy.
- The investigating manager's report, indicating whether there is evidence to support the claim of bullying or harassment will be submitted to Human Resources and to the complainant and the person(s) against whom the allegation has been made.
- If the complainant is dissatisfied with the outcome, or with the way in which the complaint was handled, then a written request for reconsideration should be made to the Human Resources & Organisational Development Manager/Head of HR within seven days of receiving the investigating manager's decision.
- If disciplinary action is justified, a disciplinary hearing will be arranged within ten working days of either the decision of the investigating manager, or if the matter was referred for reconsideration, the decision of the Human Resources & Organisational Development Manager/Head of HR.
- The employee against whom the allegation has been made will have the right to be accompanied at this hearing by a work colleague or trade union representative and will have the opportunity to challenge the evidence and to state their case. The hearing will be conducted in accordance with Audit Scotland's disciplinary policy.
- Any disciplinary action taken will reflect the severity of the offence and may include the transfer of the employee accused of bullying or harassment, on a temporary or permanent basis, or dismissal. The employee may appeal against the penalty or warning in accordance with the appeals procedure.
- Where the outcome of the investigation is that the complaint is not founded, or the nature of the complaint justifies counselling/advice, this will be discussed with all parties and Human Resources/HR.

Confidentiality will be maintained as far as possible. However, if an employee decides not to take any action to deal with the problem and the circumstances are very serious, Audit Scotland reserves the right to investigate the situation since it has an overall duty of care to ensure the safety of all employees who may be adversely affected by the alleged behaviour of others.

Note: if a claim of bullying or harassment is made by a member of Audit Scotland staff against a member of staff who works for an audited body whilst on a non – Audit Scotland site then the policy of the hosting organisation will apply. Any complaint made by non-Audit Scotland staff whilst on Audit Scotland premises, will be dealt with under this policy. Audit Scotland staff should therefore make themselves aware of the host organisation's policy in this respect.

Employees who experience bullying and harassment by a member of an audited body on a non-Audit Scotland site, however, should inform their line manager and/or a member of the **Human Resources** team. While the matter may be formally dealt with by the host organisation's policy, all reasonable efforts will be made to reduce an employee's exposure to bullying or harassing behaviours. In such circumstances, alternative arrangements will be explored.

Any complaints found to be false and malicious may result in disciplinary action being taken against the complainant.

Employee Training

All employees will receive training in diversity and equality as a part of their induction. Further training and development is available to all employees as part of our rolling programme of learning across Audit Scotland.

Every person working for Audit Scotland has a personal responsibility for implementing and promoting diversity and equality principles in their dealings with clients and with each other. This includes consistently conducting ourselves in line with our values as an ~~organisation~~**organisation**. ~~of:~~

We expect all of our colleagues to proactively support our equality, diversity and inclusion initiatives by attending events and workshops organised by Audit Scotland's Learning and Development and HR teams and employee network groups to educate themselves on the challenges faced by others and how to help alleviate these in the workplace.

All complaints and information received will be handled in line with our Data Protection policy which can be found in our staff handbook.

Additional support

Guidance for line managers in handling bullying or workplace conflict can be found on our Management Development intranet page.

Information on the following areas of relevant training can be obtained from **Human Resources**:

- implementing and clearly communicating these guidelines
- corporate induction training

- diversity and equality (including bullying and harassment)
- assertiveness skills
- time management
- personal development
- stress management

Access to a professional counsellor through our Occupational Health & Wellbeing partners may be appropriate. This could help victims prepare their case and recover self-confidence.

Informal contacts in the form of someone designated to lend a sympathetic ear and provide support if needed can be colleagues, [Human Resources](#), trade union representatives or occupational health [specialists](#) staff.

Appendix One

Examples of bullying and harassment

Bullying

- Derogatory remarks.
- Insensitive jokes or pranks.
- Insulting or aggressive behaviour, both verbal and physical.
- Ignoring or excluding an individual.
- Setting unrealistic deadlines.
- Public criticism.
- Substituting responsible tasks with menial or trivial ones.
- Withholding necessary information.
- Constantly undervaluing effort.

Harassment

- Unwanted non-accidental contact ranging from unnecessary touching to assault and coercing sexual relations.
- The display of pornographic or sexually suggestive pictures.
- Conduct that denigrates or ridicules a colleague because of their race.
- Making fun of disability and use of inappropriate terms e.g. 'cripple'.

These lists are not exhaustive. The actions listed above must be viewed in terms of the distress they cause the individual. It is the perceptions of the

recipient that determine whether any action or statement can be viewed as bullying or harassment.

What is not generally considered to constitute bullying and harassment?

Line managers are responsible for ensuring that staff who report to them perform to an acceptable standard. Legitimate, justifiable, appropriately conducted monitoring of an employee's behaviour or job performance does not therefore constitute bullying and harassment. Managers must carry out these functions in a fair, effective and consistent manner. It is important to differentiate between fair and effective management and bullying and harassing behaviour.

Fair and effective management	Bullying and harassing behaviour
Consistent and fair.	Aggressive and inconsistent.
Results focused but reasonable and flexible.	Unreasonable and inflexible.
Clear about their plans but willing to consult before drawing up proposals.	Believes they are always right and are not prepared to listen to others.
Will discuss in private, any problems with a member of the team or the team itself.	Loses temper when things go wrong.
Respects other colleagues	Degrades colleagues in front of others.

Best Companies Survey 2023

Learning and Development Manager

Item 17
Meeting date: 23 May 2023

Purpose

1. This report updates the Board on the latest results of the Best Companies Survey from 2023 and highlights the planned next steps.

Recommendations

2. The Board is invited to:
 - Consider and comment on the results of the Best Companies Survey.

Background

3. We first took part in the Best Companies survey in 2009. This is our thirteenth year taking part in Best Companies. The survey is one way in which we assess levels of engagement and listen to feedback from colleagues.
4. The survey was completed by colleagues between 27 February 2023 and the 10 March 2023.
5. An executive level summary of the results was sent to the Executive Team on the 17 March 2023.
6. Leadership Group met on the 26 April 2023 and have identified several actions for additional consideration to address our areas of strategic focus and how the results can inform our future planning and priorities. These include:
 - Ensuring organisation clarity is provided through corporate plan
 - Consideration on impact of resources on audit activity
 - Additional support of line managers.
7. Executive Team has additionally reviewed results on 9 May 2023.

Considerations

8. Our Best Companies Index (BCI) score 659.4 is lower than last year score of 670.2.
9. We are now rated as “one to watch”, “a good company to work for” rather than “one star” “a very good company to work for”. The margin for that change is 0.1, a one-star benchmark starts at 659.5.
10. Best companies have noted that 47% of organisations surveyed during quarters one to four in 2022, who also surveyed during 2021, have experienced a decline in overall BCI score by

an average of 23.4 points. Audit Scotland changed by 10.8 points from our previous survey in February 2022.

11. We've seen a lot of change in Audit Scotland over the past year and we're not immune to the challenges facing other public bodies, as society recovers from the Covid-19 pandemic and experiences the ongoing effects of the cost-of-living crisis. To some extent, our results reflect that.
12. There are five factors that had no significant change: My Manager, Personal Growth, My Team, Wellbeing and Giving Something Back
13. There are three factors where the score has moved down by 3% or more: **Leadership, My Company** and **Fair Deal**.
14. We achieved our highest participation rate ever at 82.89% in comparison to 80.18% last year. In equivalent companies to Audit Scotland the completion rates are on average 68.62%.
15. We raised £562 for MND Scotland.
16. Best Companies identify 3 areas of strategic focus for Audit Scotland to consider: -
 - Reinforce **Organisational Clarity**, by creating excitement about where the organisation is going
 - Encourage greater **Managerial Engagement**, by encouraging managers to help fulfil the potential of their team members
 - Encourage **Managers to take more of an active interest in their colleagues' wellbeing** enabling employees to feel more positive about remuneration levels
17. Employees describe Audit Scotland as a 'values driven' organisation, that has the 'best interests' of the people of Scotland at heart.
18. Resourcing issues are identified as an area of concern for some business groups of the organisation

Conclusion

19. Next Steps:
 - The Best Companies results will be shared in line with the 2023 Best Companies Staff Engagement Plan (Appendix 1).
 - An additional Best Companies survey will take place in September 2023. This will be a shorter survey focussing on the 25 questions associated with the BCI score.

Appendix 1

Best Companies staff engagement

Aims:

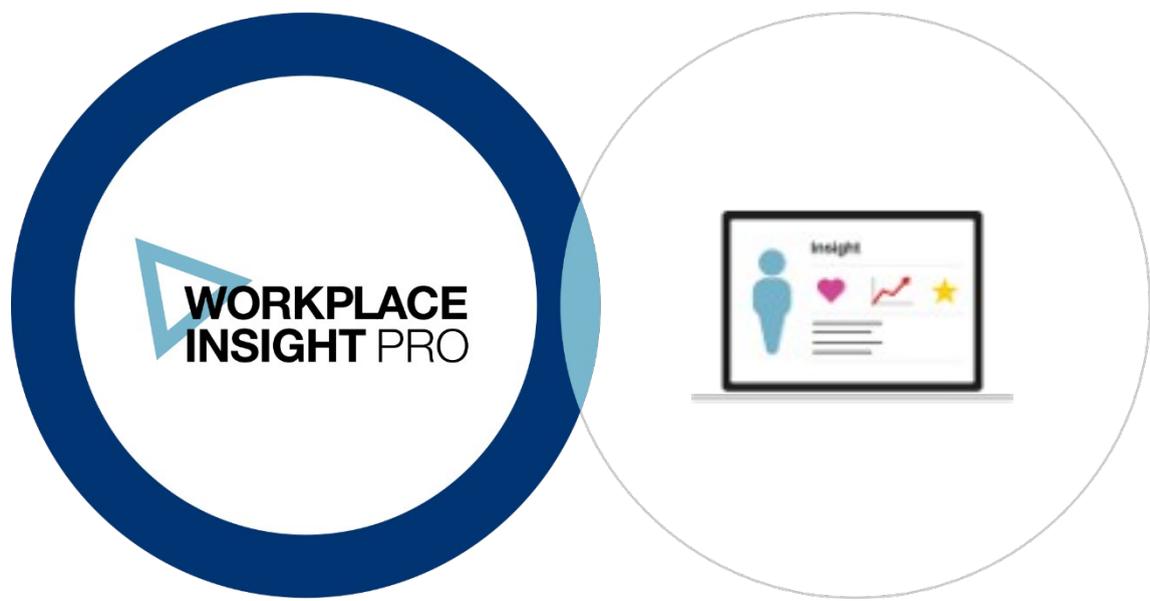
- Inform colleagues of the results and key areas
- Provide opportunities for colleagues to engage with Leadership Group about the results and issues
- Facilitate focussed conversations about the three priority areas

Approach:

There are four strands to the communications and engagement around the 2022 Best Companies results:

1. Broadcast of findings and key messages from ET and LG
2. Exploration and discussion of results at business group and team level
3. Targeted engagement on priority areas of resourcing, manager support and organisational clarity
4. Ongoing two-way communication with staff about developments, concerns

Strand	Activity	Timings	Who
Broadcast	All staff email All staff video All staff PDF summary	10/5	ET, Comms
Explore	Presentations and discussion at business group and team meetings Relevant ED supported by other ET member	From 11/5	GR, EDs
Engage	<u>Resourcing:</u> People leads to discuss resourcing plans with focus groups of cross-section of organisation Revise and specify actions in response <u>Manager support:</u> Workshops with 10 grade 2 and 3 line managers to discuss key issues and solutions Support programme developed in response and rolled out as part of L&D plan for 2023/24 <u>Organisational clarity:</u> Delivered through PAIS and CP organisational engagement.	14 June 2023 From early June	MO, CC, GD, MW I&Q LG, Comms
Ongoing comms	Drop-box/Slido on Sharepoint for colleagues to ask questions or make suggestions to ET on solutions or key areas ET respond through revamped weekly ET update	After business group presentations	ET Support



Board Summary

Employee survey

Survey distributed 27th February 2023 until 10th March 2023



Overall picture and key messages



Key Messages

Best Companies 2023

This year's Best Companies results are in and we achieved our highest participation rate ever; 281 colleagues took part, raising £562 for MND. Scotland. Thank you to everyone who took the time to share their views.

Vicki Bibby



Audit Scotland is a **good place to work** but we can do better in some areas



There has been a **decrease** in six survey factors since 2022

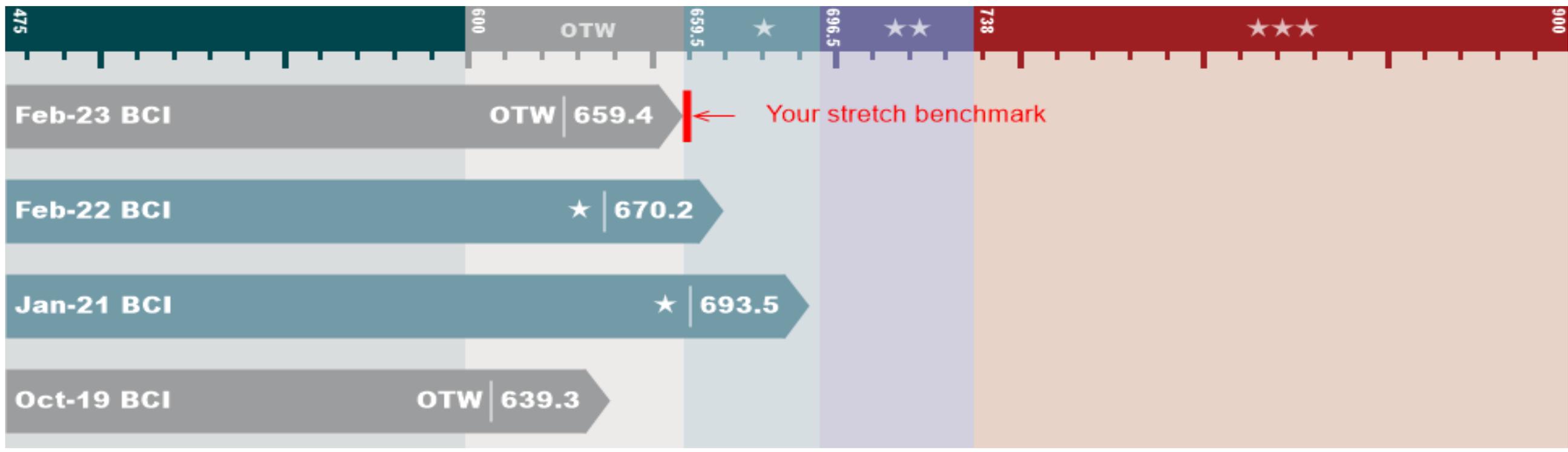


Personal Growth & Giving Something Back have improved and stabilised



Engagement Scores & Response Rate

Audit Scotland Overall



Survey	No. of Responses
Audit Scotland Feb-23	82.89% (281/339)
Audit Scotland Feb-22	80.18% (263/328)
Large Companies Average, Accreditation 2022	68.62%

How to read the results

The bars and the speech bubbles



Red bar – Audit Scotland's overall performance this year.
 Grey bar – overall performance last year.

On the feedback and service graphs some questions have only one bar.
 These are new questions with no benchmark.



Speech bubbles show by percentage whether our performance is better or worse than last year's.
 Generally in the survey, movements of + or – 3% are statistically significant.

The axis measurement



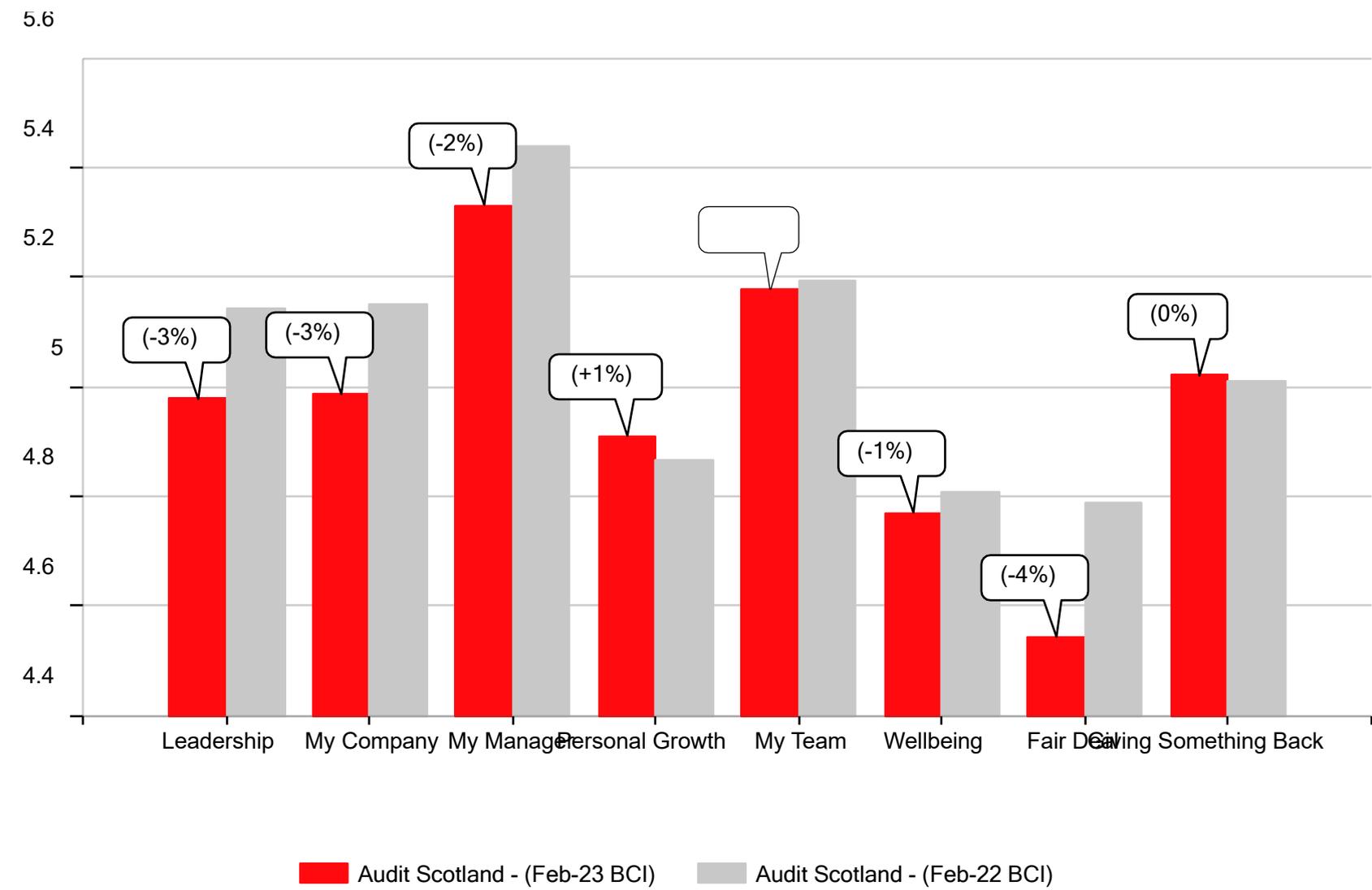
The numbers along the axis represent the level of agreement or disagreement with a particular question. The scoring ranges from one to seven.



A score of four is neutral; a score above four is positive and below four is negative.
 A score of seven represents strong agreement with positively phrased questions and strong disagreement with negatively phrased questions. Therefore, for each question, the higher the score, the better our performance.



Audit Scotland vs. Feb-22





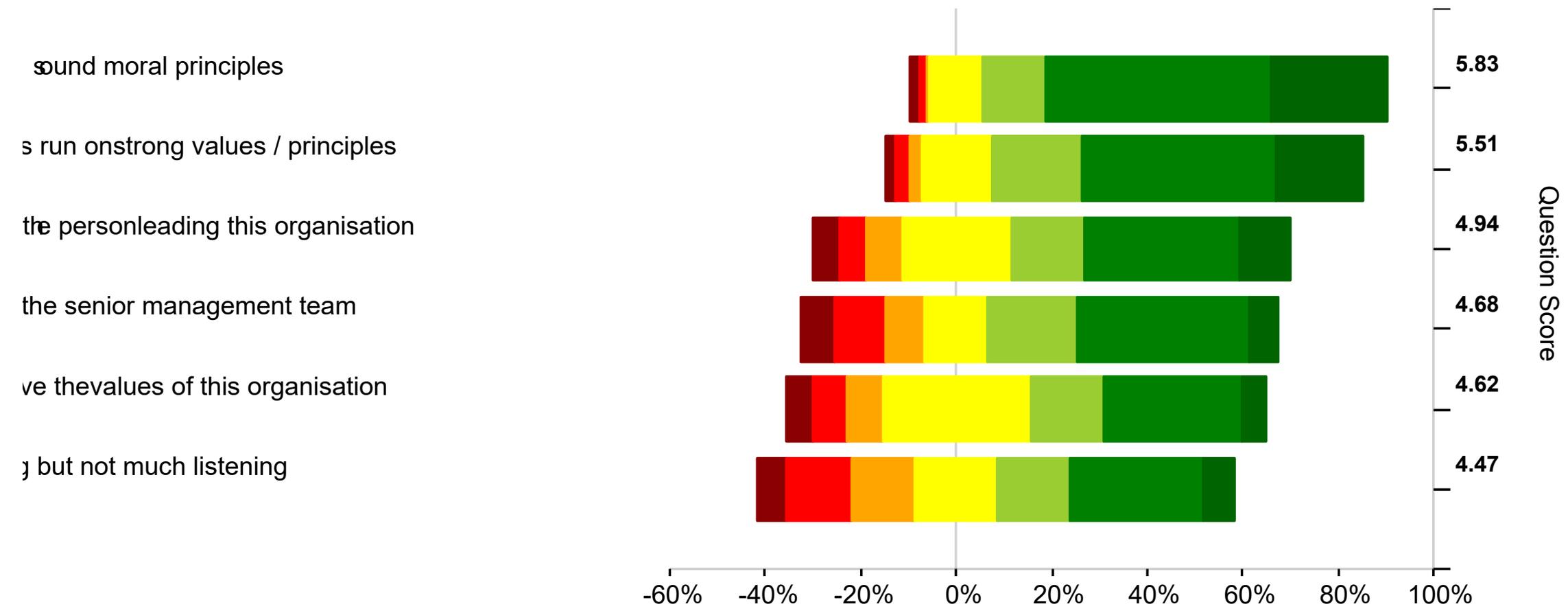
Individual Factor Results





best companies™

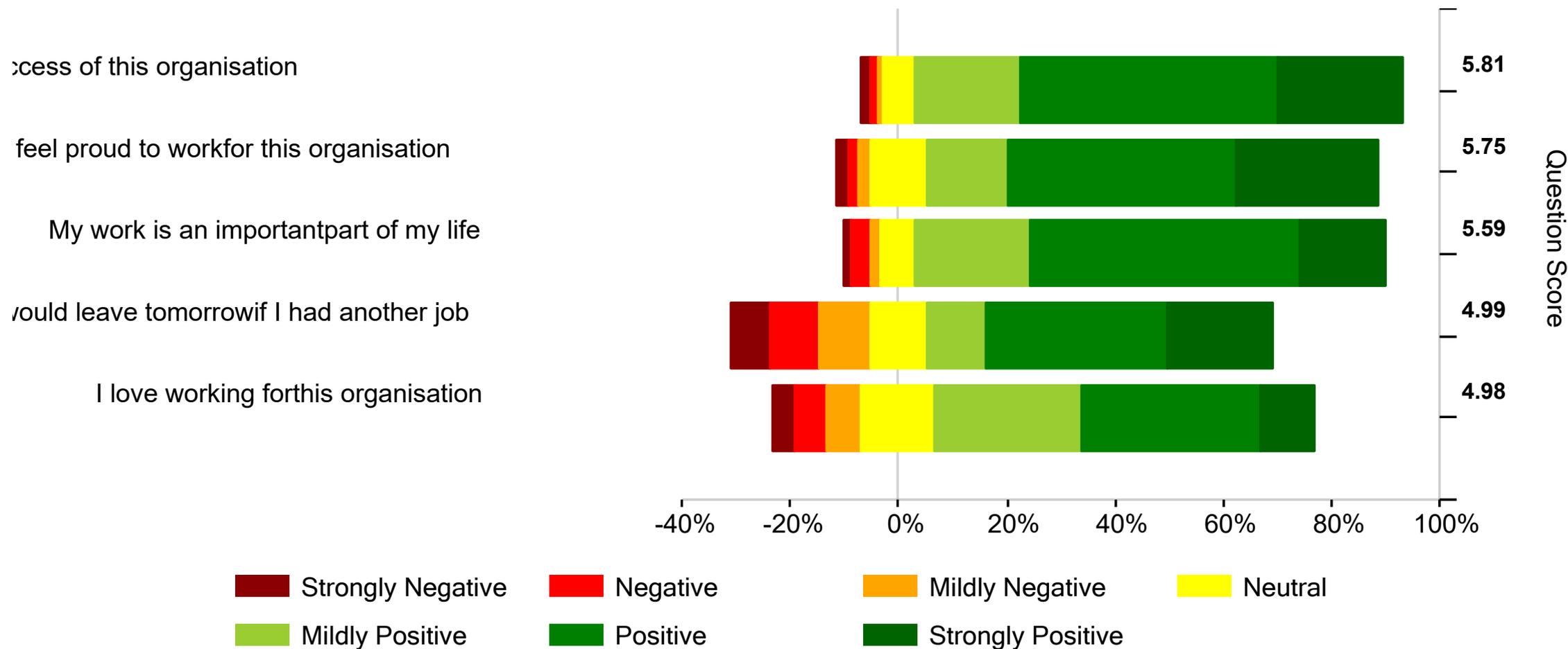
Leadership Heatmap



* Responses available on heatmap are from all job grades combined



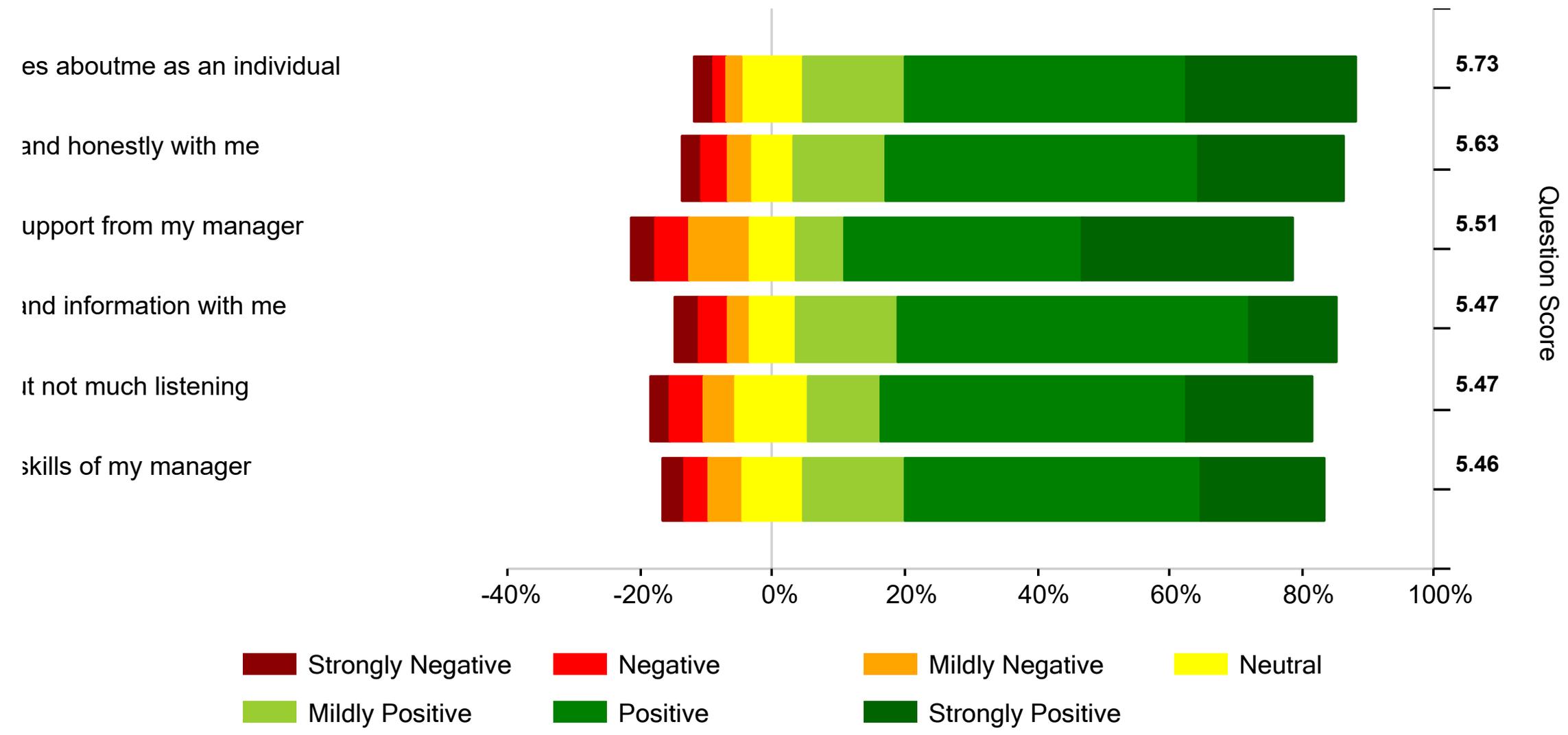
My Company Heatmap



* Responses available on heatmap are from all job grades combined



My Manager Heatmap (1 of 2)

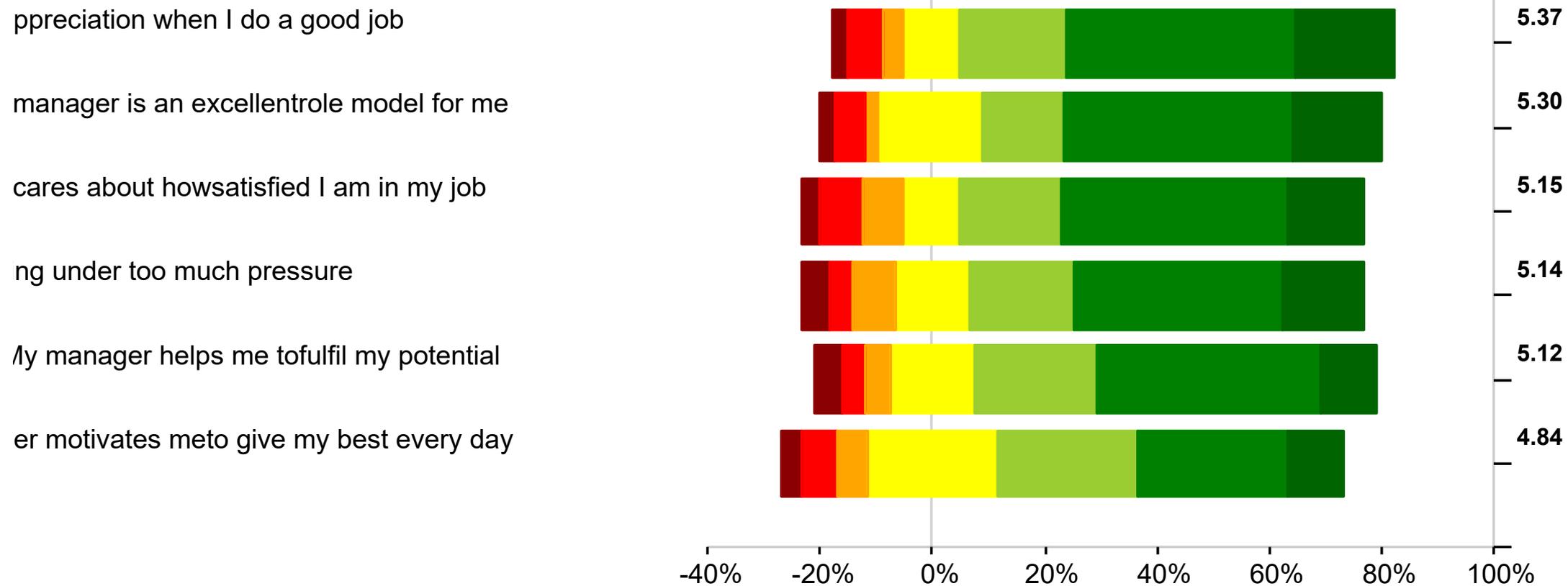


* Responses available on heatmap are from all job grades combined



best companies™

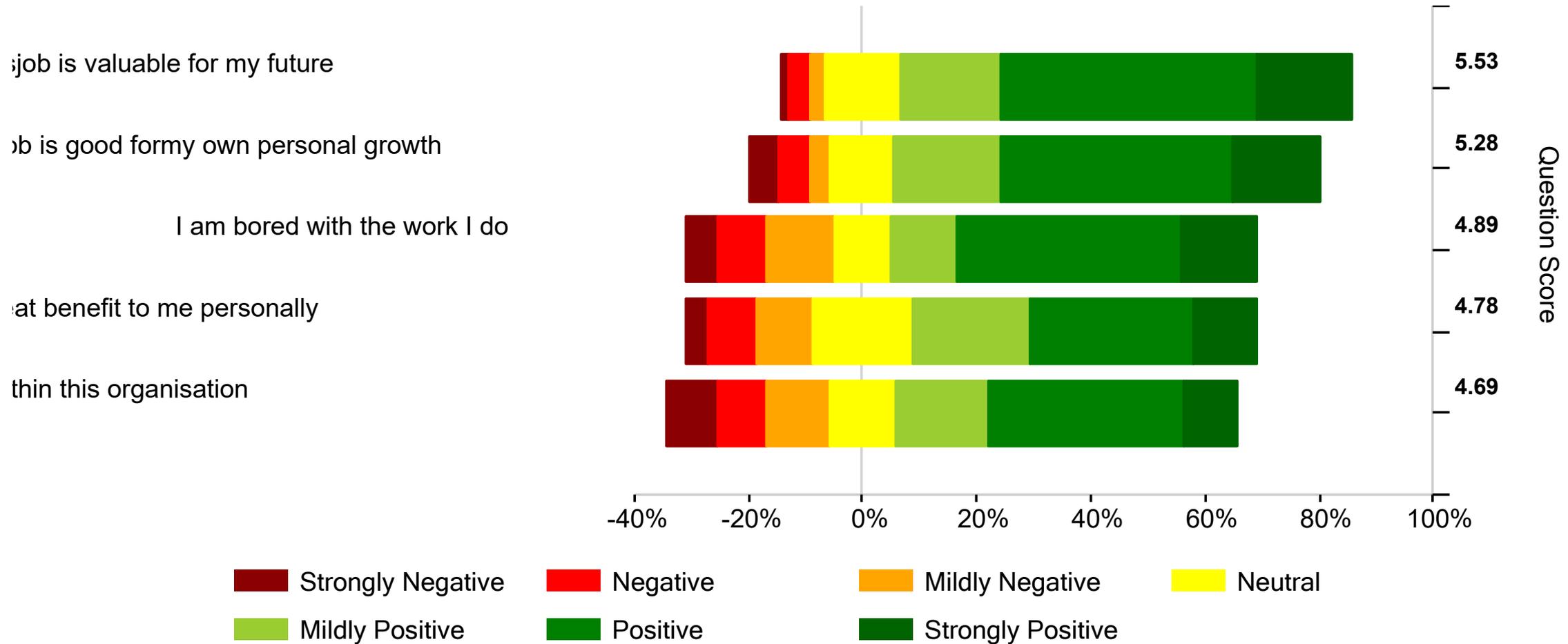
My Manager Heatmap (2 of 2)



* Responses available on heatmap are from all job grades combined



Personal Growth Heatmap

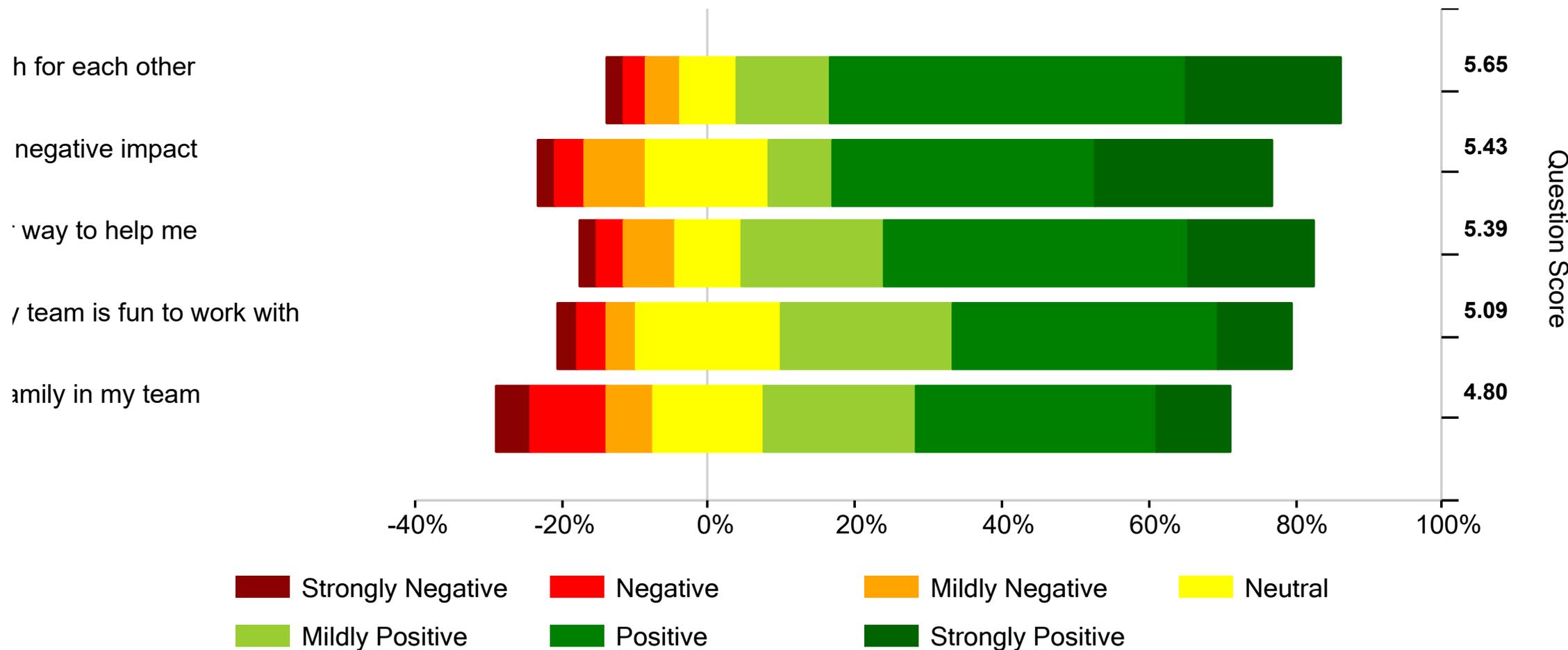


* Responses available on heatmap are from all job grades combined



best companies™

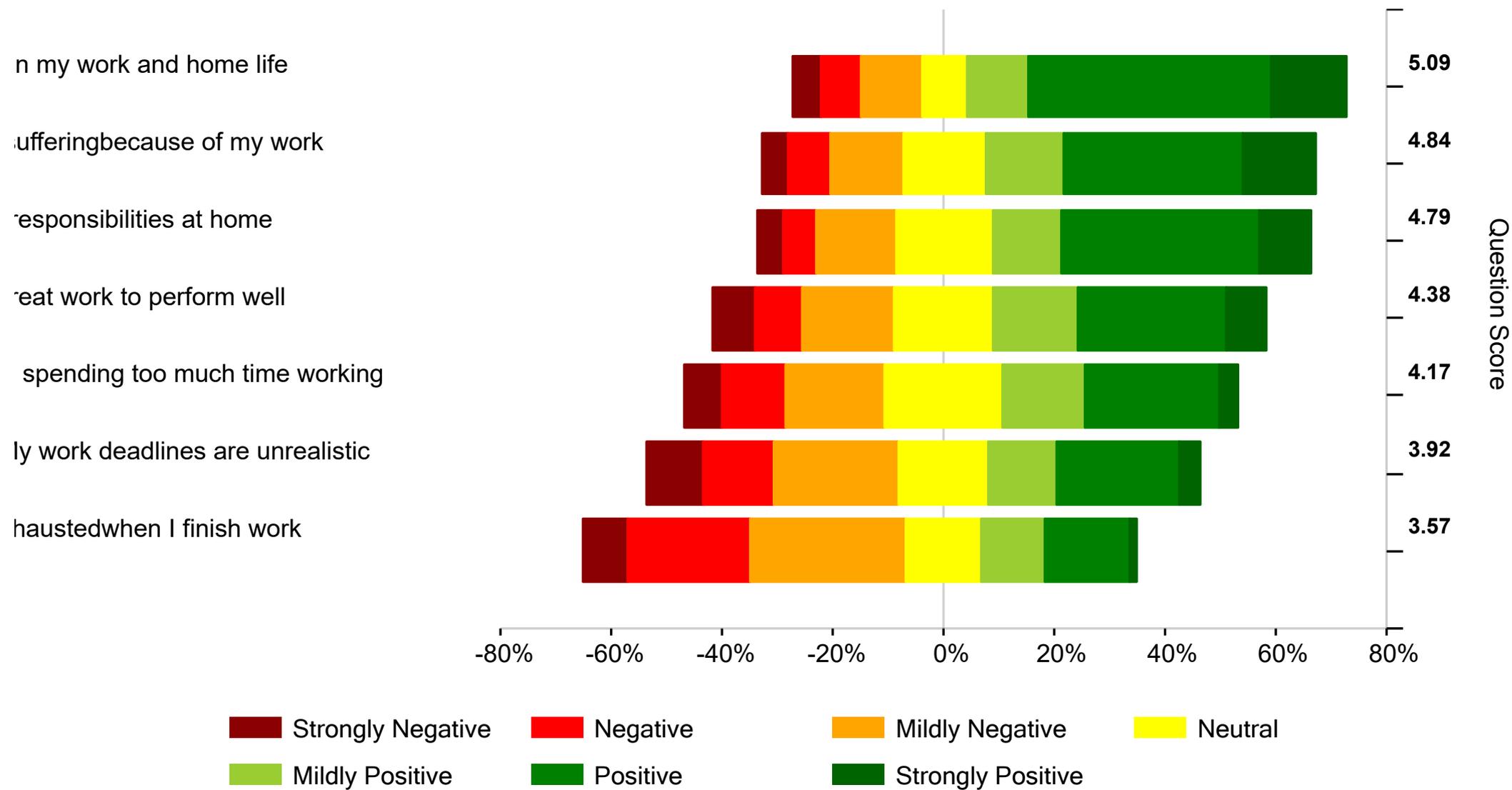
My Team Heatmap



* Responses available on heatmap are from all job grades combined



Wellbeing Heatmap

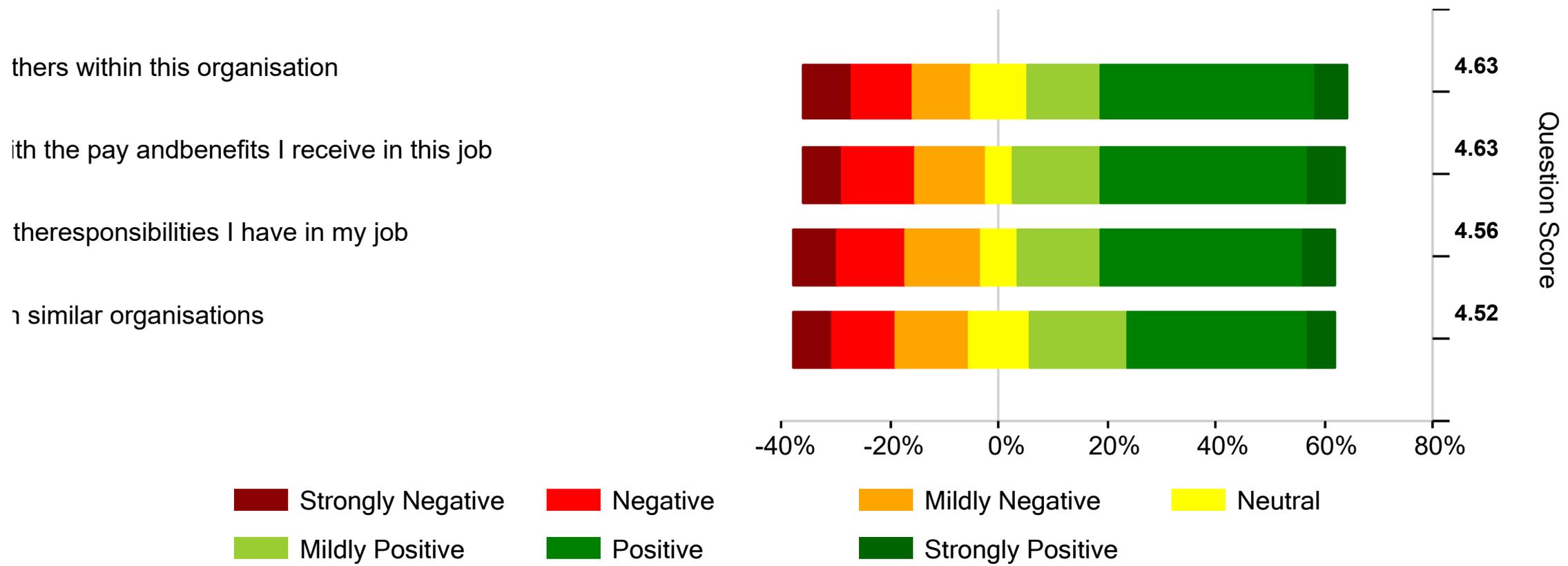


* Responses available on heatmap are from all job grades combined



best companies™

Fair Deal Heatmap

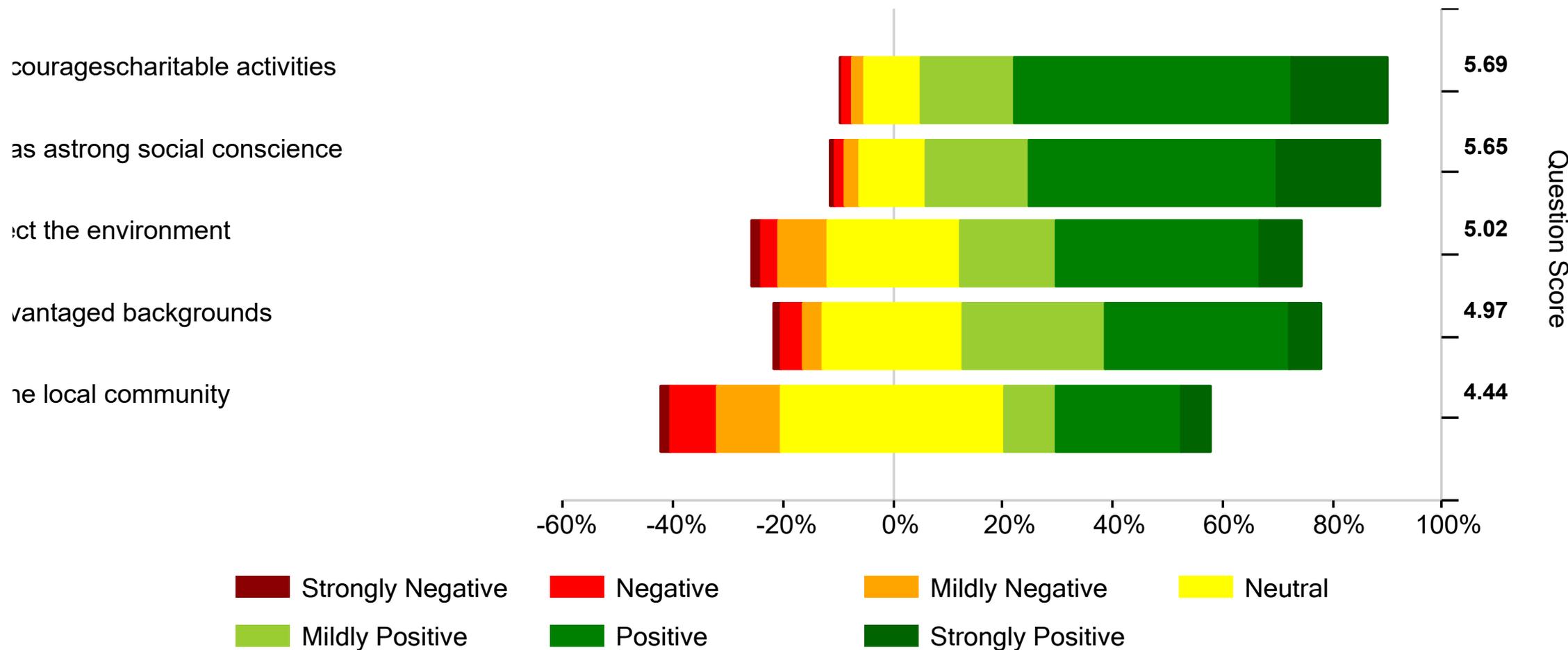


* Responses available on heatmap are from all job grades combined



best companies™

Giving Something Back Heatmap



* Responses available on heatmap are from all job grades combined



“Helping to make the world
a better workplace”